

INITIAL COMPONENT OF THE SELECTION PLAN FOR THE POSITIONS OF MEMBERS ON THE MANAGEMENT BOARD OF ANTIBIOTICE S.A.

According to art. 1 paragraph 4 of Annex no. 1 to GD 639/2023, this initial component includes the letter of expectations, key aspects of the selection procedure, the calendar, the responsible parties and their roles, the identified risks, the documents that must be submitted until the appointment of the administrators.

I. **LETTER OF EXPECTATIONS** – attached to this initial component

II. **KEY ASPECTS OF THE PROCEDURE**

1. General information

Antibiotice SA is a joint-stock company, organized in accordance with the provisions of Law no. 31/1990, G.E.O. 109/2011, as well as the articles of association.

The scope of activity: manufacturing of basic pharmaceutical products, CAEN code 2110. The company has been listed on the Bucharest Stock Exchange since 1997 in the Premium category, being regulated by the specific legislation of the capital market, namely the Law no. 24/2017 on issuers of financial instruments and market operations and the Regulation no. 5/2018 on the issuers of financial instruments and market operations.

The shareholder structure:

Shareholder	Shares	Percentage
MINISTRY OF HEALTH BUCHAREST COUNTY SECTOR 1	355,925,135	53,0173 %
INFINITY CAPITAL INVESTMENTS S.A. loc. CRAIOVA jud. DOLJ	197,475,826	29,4153 %
Natural persons	86,399,526	12,8697 %
Legal persons	31,537,553	4,6977 %
TOTAL	671,338,040	100 %

Public Supervisory Authority according to GEO no. 109/2011 on the corporate governance of public enterprises: Ministry of Health.

Management bodies: General Meeting of Shareholders, Board of Directors, General Manager.

Number of board members: 7 (seven).

Board term in office: 18.04.2020 – 18.04.2024 extended with provisional terms until 16.09.2024.

Selection procedure start date: 14.09.2023.

Request for renewal of term for 1 (one) administrator: 12.10.2023.

2. Principles

This initial component of the selection plan is drawn up for the purpose of recruiting and selecting 7 (seven) members of the Management Board of Antibiotice S.A., in compliance with the provisions of G.E.O. no. 109/2011 and G.D. no. 639/2023. Six members are selected through the procedure provided for in article 29 of G.E.O. no. 109/2011 and article 2 and following up to article 23 of GD no. 639/2023. One member of the board requested the renewal of his mandate in accordance with the provisions of article 29 paragraph 14 of G.E.O. no. 109/2011 and article 25 of GD no. 639/2023.

The selection procedure for candidates for the position of member of the Management Board of Antibiotice S.A. is carried out in compliance with the principles of non-discrimination, equal treatment and transparency and taking into account the specifics of the field of activity of the public enterprise. The selection procedure is carried out with the aim of ensuring the transparency of the selection and the professionalism of the members of the Management Board, according to the corporate governance standards of public enterprises and it contains the primary information of the selection of candidates for the position of member of the Management Board of Antibiotice S.A. according to the requirements and specifications contained in the GD no. 639/2023, the G.E.O. no. 109/2011, the Law no. 31/1990 and the Articles of Association of the Company.

3. The starting date

The start date of the selection procedure, according to the provisions of article 3, paragraph 1, letter b) of Annex no. 1 to the Government Decree no. 639/2023 is the date on which the General Meeting of Shareholders decided to initiate the selection procedure for the members of the Management Board.

By the Decision no. 4/14.09.2023, the Ordinary General Meeting of Shareholders approved the initiation of the selection procedure for the company's administrators according to the provisions of article 3, paragraph 1 of Annex no. 1 to Government Decree no. 639/2023 for the approval of the methodological norms for the application of Government Emergency Ordinance no. 109/2011 on the corporate governance of public enterprises, correlated with those of article 28, paragraph 5¹ of Emergency Ordinance no. 109/2011 on the corporate governance of public enterprises, including by requesting the renewal of the mandates for administrators whose activity was favorably evaluated, according to the provisions of article 29, paragraph 14, of GEO no. 109/2011 on the corporate governance of public enterprises and article 25 of Annex no. 1 of the Government Decree no. 639/2023 for the approval of the methodological norms for the application of the Government Emergency Ordinance no. 109/2011 on the corporate governance of public enterprises.

4. Date of notification to the Public Supervisory Authority and AMEPIP regarding the initiation of the procedure

On 14.09.2023, the board of directors of the public enterprise notified the Ministry of Health as the Public Supervisory Authority and AMEPIP as the authority with the role of establishing the corporate governance policy, coordinating the implementation of the rules in the field at the level of the tutelary public authorities, monitoring and evaluating thereof and applying sanctions for identified violations.

5. Operationalization date of AMEPIP

The Agency for Monitoring and Evaluation of Public Enterprises' Performance became operational on 06.03.2024.

III. THE TIMETABLE

Administrator selection

No.	Action	Responsible	Deadline	Document/Notes
1	Launching the selection procedure	GMS	14.09.2023	GMS Decision no. 4/14.09.2023
2	Notification of the Public Guardianship Authority	Management Board	14.09.2023	Notification no. 2982P/14.09.2023
3	AMEPIP notification	Management Board	14.09.2023	Notification no. 2982P/14.09.2023
4	Operationalization of AMEPIP	Ministry of Health	06.03.2024	Information address issued by AMEPIP
5	Appointment of members of the Selection and Nomination Committee	AMEPIP	09.04.2024	AMEPIP Order no.174/09.04.2024
6	Selection / appointment of independent expert	AMEPIP	09.04.2024	AMEPIP Order no.174/09.04.2024
7	Developing the initial component of the Selection Plan	Ministry of Health	23.04.2024	Initial component of the selection plan
8	Publication of the initial component of the Selection Plan	Ministry of Health	24.04.2024	GMS Decision No. 4/14.09.2023, Announcement regarding the operationalization of AMEPIP of 06.03.2024, Order no.174/09.04.2024 of AMEPIP, Initial component of the selection plan Letter of Expectations
9	Completion and approval of the initial component of the Selection Plan	Ministry of Health	07.05.2024	Order No. /.....05.2024 of the Ministry of Health
10	Appointment of Selection and Nomination Committee	Ministry of Health	07.05.2024	Order No. /.....05.2024 of the Ministry of Health

11	Developing the integral component of the Selection Plan	Selection and Nomination Committee	17.05.2024	It will be completed after the selection and nomination committee is established
12	Publication of the integral component of the Selection Plan	Ministry of Health	17.05.2024	It will be completed after the selection and nomination committee is established
13	Completion of the integral component of the Selection Plan	Ministry of Health	23.05.2024	It will be completed after the selection and nomination committee is established
14	Approval of the integral component of the Selection Plan	General Meeting of Shareholders of SC Antibiotice SA	28.05.2024	It will be completed after the selection and nomination committee is established
15	Publication of the selection announcement	MS/Board President	29.05.2024	It will be completed after the selection and nomination committee is established
16	Submission of applications		01.07.2024	It will be completed after the selection and nomination committee is established
17	Quantitative evaluation of files and preparation of the long list of candidates	Selection and Nomination Committee	03.07.2024	It will be completed after the selection and nomination committee is established
18	Evaluating candidates from the long list, assigning scores and preparing the short list of candidates	Selection and Nomination Committee	05.07.2024	It will be completed after the selection and nomination

				committee is established
19	Interview with shortlisted candidates, ranking and preparation	Selection and Nomination Committee	22/23.07.2024	It will be completed after the selection and nomination committee is established
20	Submit Final Report to AMEPIP for approval	Selection and Nomination Committee	24.07.2024	It will be completed after the selection and nomination committee is established
21	Issuance of the AMEPIP notice	AMEPIP	29.07.2024	It will be completed after the selection and nomination committee is established
22	Publication of the Final Report on the website of the Ministry of Health, AMEPIP and Antibiotice SA	MH/AMEPIP/Chairman of the Board	05.08.2024	It will be completed after the selection and nomination committee is established
23	Convening of the GMS for the appointment of selected administrators/renewed mandates	Ministry of Health	06.08.2024	It will be completed after the selection and nomination committee is established
24	GMS meeting for the appointment of selected administrators / renewed mandates	Company's shareholders	10.09.2024	It will be completed after the selection and nomination committee is established

Renewal of administrators' mandates

No.	Action	Responsible	Deadline	Document/Notes
1	Launching the selection procedure	GMS	14.09.2023	GMS Decision no. 4/14.09.2023
2	Notification of the Public Supervisory Authority	Management Board	14.09.2023	Notification no. 2982P/14.09.2023

3	AMEPIP notification	Management Board	14.09.2023	Notification no. 2982P/14.09.2023
4	Request for renewal of mandate	The administrator who was favorably evaluated	12.10.2023	Request for renewal of mandate no. 3212P/12.10.2023
5	Declaration of intent for adherence to the Letter of Expectations	The administrator who was favorably evaluated	12.10.2023	Request for renewal of mandate no. 3212P/12.10.2023
6	Report on the renewal of the mandate	Corporate Governance Department Ministry of Health	04.12.2023	Approval report no. 22189/04.12.2023
7	AMEPIP's notice	AMEPIP	Within 10 days of receiving the documentation sent by the Public Supervisory Authority	AMEPIP's notice
8	Order of the Minister of Health for renewal of mandate	Ministry of Health	Within 45 days from the date of request	Order of the Ministry of Health
9	GMS decision for appointment as administrator	Company's shareholders	10.09.2024	It will be completed after the selection and nomination committee is established

IV. RESPONSIBLE PARTIES AND THEIR ROLES

This section defines the main responsibilities of the parties involved in the selection process for members of the Management Board of Antibiotice S.A. for the purpose of the good management of the selection process.

a. The General Meeting of Shareholders has the following powers:

- It decides on the initiation of the selection procedure for the members of the Management Board;
- It approves the entire component of the selection plan;
- It appoints the selected administrators;
- It appoints the administrators whose mandate has been renewed.

b. The Management Board has the following powers:

- It notifies the Authority regarding the initiation of the selection procedure;
- It notifies AMEPIP regarding the initiation of the selection procedure;
- It convenes the General Meeting of Shareholders when necessary.

b. The Ministry of Health has the following powers:

- It designates two members of the selection committee;
- It establishes the selection committee by administrative act;
- It develops and publishes the draft of the initial component of the selection plan on its own website and on that of the public enterprise;
- It consults the shareholders/associates holding at least 5% of the share capital in order to complete the initial component of the selection plan;
- It provides the secretariat of the selection and nomination committee;
- It develops the board profile and the candidate profile;
- It publishes the draft of the board profile on its own website, on the public enterprise website and it sends it to AMEPIP, establishing the deadline for the formulation of proposals by shareholders holding at least 5% of the share capital of the public enterprise;
- It approves the full component of the selection plan;
- It evaluates the activity of the administrators in office who request the renewal of their mandate;
- It approves by administrative act the renewal of the mandates for the administrators who requested it, within 45 days;
- It publishes the announcement regarding the selection of members of the Management Board in at least two widely circulated economic and/or financial newspapers and on the public enterprise's website, at least 30 days before the deadline for submitting applications;
- It convenes the General Meeting of Shareholders, after the completion of the selection procedure, in order to appoint the selected administrators.

c. AMEPIP has the following powers:

- It designates, by order of the president, two members of the selection and nomination committee;
- It relates to the Ministry and to the public enterprise, the order of the president designating the members of the selection committee, as well as information regarding the selected independent expert;
- It receives the final report of the selection and nomination committee from the Ministry, within 3 working days from the completion of the procedures for the selection and nomination of administrators.

-Within 10 days from the date of receipt of the report, it issues a consent opinion approving or canceling the procedure, ordering remedial measures as they will be regulated by the methodological norms for the application of OUG no. 109/2011;

- It determines on the request for renewal of the administrators' mandate, if applicable, and it issues the opinion within 10 days from the receipt of the report prepared by the corporate governance department within the public supervisory authority.

d. The Selection Committee has the following powers:

- It establishes the criteria for the collective or individual evaluation of candidates for the position of member of the board;

- It draws up the long list of candidates;

- It evaluates the candidates;

- It draws up the short list of candidates;

- It draws up the final report and sends it to AMEPIP for approval.

According to article no. 7 of Annex 1 to the GD 639/2023: "(1) The selection and nomination commission is established by administrative act of the public supervisory authority, according to the provisions of art. 49 of Government Emergency Ordinance no. 109/2011 and of art. 3-6 of these methodological norms. (2) The president of the selection and nomination commission is appointed from among the representatives of the public supervisory authority. (3) The public supervisory authority ensures the secretariat of the selection and nomination commission."

According to article no. 49 of GEO 109/2011: "(1) The selection and nomination committee established at the level of the central public supervisory authorities has the following composition: a) 2 members appointed by order by the head of the public supervisory authority; b) 2 members appointed by AMEPIP, by order of the president; c) an independent expert, selected by AMEPIP. (2) The president of the selection and nomination committee is appointed from among the representatives of the public supervisory authority."

e. The independent expert

According to the provisions of article no. 4 of Annex no. 1 to the G.D. no. 639/2023, the Agency for Monitoring and Evaluation of Public Enterprises Performance shall initiate the selection procedure for the independent expert or designate the previously selected independent expert, in accordance with the provisions of Law no. 98/2016 on public procurement and it shall relate to the Ministry of Health and Antibiotice S.A. the order of the president provided for in article no. 4, paragraph 1, letter a), of Annex no. 1 to the G.D. no. 639/2023 as well as information regarding the selected independent expert.

V. The identified risks

The failure to comply with the terms and conditions of the GD 639/2023, due to the delayed operationalization of AMEPIP.

The uncertainties regarding the application of article no. 401 of GEO no. 109/2011 on the corporate governance of public enterprises.

The uncertainties regarding the powers related to the approval of the integral component of the selection plan.

The lack of candidates who fully comply with the requirements regarding the professions and the necessary experience in the administration of public enterprises.

The failure to fulfill each act of the selection procedure within the legal deadlines.

VI. Documents that must be submitted prior to the appointment of administrators

The GMS Decision on the initiation of the selection and renewal procedure

Notification of the Public Supervisory Authority

In accordance with article no. 3 paragraph 1 letter b of Annex 1 to GD 639/2023, by Notification no. 2982 P/14.09.2023, Antibiotice S.A. immediately related to the Public Supervisory Authority the Decision no. 4 /14.09.2023 of the General Meeting of Shareholders regarding the initiation of the selection and renewal procedure.

Notification of AMEPIP

In accordance with article 3 paragraph 3 of Annex 1 to GD 639/2023, the Management Board notified AMEPIP, within 2 working days from the date of adoption of the administrative acts/decisions of the general meeting provided for in paragraph (1), regarding the initiation of the selection procedures.

The request for the renewal of mandate by incumbent administrators whose activity has been favorably evaluated through at least two annual reports.

According to article no. 25 of Annex no. 1 to GD 639/2023, the incumbent administrators whose activity has been favorably evaluated through at least two annual reports may request the renewal of mandate.

The request for renewal of mandate is made 6 months prior to its expiration, after the selection procedure has been initiated and the selection plan has been approved.

The report on renewal of mandate issued by the Ministry of Health

According to article no. 25 of Annex no. 1 to GD 639/2023, the Corporate Governance Department within the public guardianship authority, based on the annual evaluation reports provided for in paragraph (1) and the declaration of intent provided for in paragraph (4), prepares the report on renewal of mandate, which is submitted to the head of the public supervisory authority. If the report is approved, it is related to AMEPIP in order to issue the consent.

The renewal of the mandate is approved by the tutelary public authority, by administrative act, within a maximum of 45 days from the date of the request. In the case of companies, the administrative act

is annexed to the final report of the selection and the nomination committee regarding the appointments of the new management board and it is related to the general meeting of shareholders in order to designate the entire management board.

The AMEPIP notice for the renewal of the mandates of the incumbent administrators

AMEPIP is obliged to rule on the request for renewal, respectively to issue and communicate the consent, within 10 days from the date of registration of the report provided for in paragraph 5 of article 25 of Annex no. 1 of GD no. 639/2023.

The selection plan

According to the provisions of article 1, points 4 and 5 of Annex 1 of GD 639/2023 for the approval of the methodological regulations for the application of the Government Emergency Ordinance no. 109/2011 on the corporate governance of public enterprises, the selection plan for members of the management board of public enterprises has two components:

- the initial component of the selection plan - a working document that is prepared by the public supervisory authority and it includes, but is not limited to, the letter of expectations, key aspects of the procedure, the calendar, the responsible parties and their roles, the identified risks, the documents that must be submitted until the appointment of administrators;
- the integral component of the selection plan - a working document prepared by the selection and nomination committee and completed by the publication of the announcement, which contains, without being limited to these, necessary elements such as the board profile, the candidate profile, the interview plan, the deadlines for the stages between the date of the selection procedure and the date of presentation of the final report, as well as the initial component of the selection plan.

The initial component is developed to provide a foundation for the full component of the selection plan. Based on the initial component of the selection plan, terms of reference for the independent expert are proposed. The full component of the selection plan will be carried out by the recruited independent expert.

COUNCIL PROFILE AND CANDIDATE PROFILE

The board profile includes the set of skills, capabilities and traits that the board must possess at a collective level, considering the organizational context, the mission, the requirements expressed in the letter of expectations and the existing or developing organizational strategy elements.

The candidate profile includes the specific experience, capabilities, traits and skills that the candidate must demonstrate, in accordance with the mission and objectives of the public enterprise, as well as its stage of development. The candidate profile is drawn up based on the board profile, in order to meet the shareholders' expectations, expressed in the letter of expectations.