

SUSTAINABLE CORPORATE GOVERNANCE POLICY

2024

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1. Principles and objectives of sustainable governance at Antibiotice S.A.

Sustainable corporate governance at Antibiotice SA integrates sustainability principles into decision-making and operational processes, contributing to the company’s long-term success. It involves a formal framework that supports responsible resource management, environmental protection, regulatory compliance and the promotion of social responsibility.

An essential element of corporate governance is the transparent reporting of sustainability objectives and progress, which enables the company to remain accountable to employees, consumers, authorities, business partners and other stakeholders. This commitment ensures trust and integrity in all its activities.

The pharmaceutical industry has a significant role to play in achieving the global goals set by the UN 2030 Agenda for Sustainable Development and the Paris Agreement on climate change. Sustainable corporate governance contributes directly to global health, environmental protection and equitable development and is aligned with these objectives.

Antibiotice SA is committed to providing products that improve health and quality of life. Sustainability in this area means not only providing safe and effective medicines, but also minimising negative impacts on the environment and society. Sustainable governance ensures that these commitments are integrated into the company’s strategy.

Risks associated with the pharmaceutical industry such as affordability of treatments, antimicrobial resistance, pollution and hazardous waste management are addressed through a sustainable governance framework. This framework supports the identification and management of risks, ensuring continuity of operations and protecting the company’s reputation.

Adopting sustainable practices stimulates innovation and efficiency in production and distribution processes, reducing resource consumption and environmental impact. This helps improve cost-effectiveness and develop sustainable products.

Sustainable corporate governance is an integral part of the company’s strategic vision and is included in “The Future Together” Business Plan. Through this framework, Antibiotice SA promotes decisions that have a long-term positive impact on the environment, society and the economy.

This governance influences organisational culture, promoting values such as social responsibility and environmental protection. It is a central pillar of the company's strategy for maintaining competitiveness, innovation and accountability, contributing to its long-term success.

Governance Principles

Antibiotice SA's Corporate Governance Code and Code of Ethics establish the following fundamental principles:

1. Transparency

- Ensure open and accessible communication of financial, operational and sustainability information.
- Promote a high level of trust between the company and its stakeholders.

2. Business ethics

- High moral and professional standards in all company decisions and actions.

3. Responsibility

- Undertaking the consequences of decisions taken and honouring commitments to sustainability and social responsibility.

To this respect, Antibiotice SA:

- Ensures that its operations comply with national and international regulations, including those on environmental safety and public health.
- Responsibly manages waste and pollution associated with the production of medicines, minimising environmental impact.
- Continuously contributes to the common good through corporate social responsibility programmes.

2. Governance structure. Responsibilities

The company is administered according to the unitary system of administration by a 7-member Board of Directors. The manner of establishment, dismissal of directors, term of office, powers and role of the board are defined in the company's Articles of Incorporation and in the following applicable regulations: Law no. 31/1990 on companies, Government Emergency Ordinance no. 109/2011 on the corporate governance of public enterprises and Government Decision 639/2023 on the implementing rules of Government Emergency Ordinance 109/2011.

The Board of Directors of Antibiotice SA has the power to perform all acts necessary for the management of the company, except those which, by law, are exclusively attributed to the General Meeting of Shareholders or those delegated to the General Manager. The constitution, revocation, duration of mandates, powers and role of the Board are defined in the Articles of Incorporation of Antibiotice SA, drawn up in accordance with the provisions of Law no. 31/1990 on commercial companies and Government Emergency Ordinance no. 109/2011 on corporate governance of public enterprises.

The company has a well-structured governance system, which ensures a clear demarcation between the powers and duties of the General Meeting of Shareholders, the Board of Directors and the executive management. The Legal and Corporate Governance Directorate plays a key role in the implementation and monitoring of the measures within this system, contributing to the fulfilment of corporate governance standards.

Three advisory committees operate within the Board of Directors to ensure efficient management: Audit Committee, Nomination and Remuneration Committee and Risk Management Committee. They support the Board in the decision-making process, in compliance with the provisions of the Organisational and Functioning Regulation, an integral part of the Corporate Governance Code of Antibiotice SA.

The composition of the Board and its committees reflects an appropriate balance of skills, experience, gender diversity, knowledge and independence. This balance enables members to fulfil their duties and responsibilities. Each Board member allocates sufficient time to contribute to the company's success.

Board Committees

The Board of Directors has set up advisory committees to fulfil the following tasks:

The **Nomination and Remuneration Committee** shall make recommendations on the selection and remuneration of the directors and the managing director;

The **Audit Committee** monitors the financial reporting process, monitors the effectiveness of Antibiotice SA's internal control, internal audit, as appropriate, and risk management systems, monitors the statutory audit of the annual financial statements, verifies and monitors the independence of the statutory auditor or audit firm and, in particular, the provision of additional services to the audited entity.

The **Risk Management Committee** shall ensure that control activities are consistent with the risks generated by the activities and processes subject to control, identify, analyse, evaluate, monitor and report on identified risks, the plan of measures to mitigate or anticipate them, other measures taken by the executive management.

3. Remuneration of Board members

Antibiotice SA endeavours to maintain a balanced level of remuneration in order to attract, retain and motivate qualified individuals to the Board of Directors. The Remuneration Policy (has been drawn up by the Nomination and Remuneration Committee of the Board of Directors and includes the principles, mechanisms and maximum limits applicable for determining the remuner-ation of directors and executives.

Principles and Regulations

Remuneration policy complies with the following internal rules and documents:

- **The company's Articles of Incorporation;**
- **Government Emergency Ordinance No 109/2011** on the corporate governance of public enterprises and the methodological rules for its application;
- Reporting on the fulfilment of the financial and non-financial objectives assumed in the mandate contracts of the Directors and the Managing Director.

The Board of Directors ensures the transparency of the remuneration policy by providing shareholders with relevant information on the principles applied and the performance indicators that determine the remuneration components.

Remuneration structure

1. Non-executive directors:

- They are entitled to a fixed monthly indemnity fixed by the mandate contracts approved by the General Meeting of Shareholders (AGA), in accordance with Government Emergency Ordinance no 109/2011.

2. Executive Director/Managing Director:

- Remuneration is made up of two components:
 - Fixed monthly allowance, paid monthly;
 - Variable allowance, paid annually, depending on the degree of achievement of financial and non-financial performance indicators.
- The amount of the remuneration is fixed by the contract of mandate approved by the Board of Directors.

Performance Indicators

Financial and non-financial performance indicators are essential for determining the variable component of remuneration and are aligned with:

- Performance objectives of executive management (executive directors and executive managers);
- Operational managers' objectives.

The payment of the variable component for Executive Directors, Executive Managers and Operational Managers is conditional on the achievement of these indicators, as set out in the Salary and Motivation Policy.

Sustainability Team

Within Antibiotice SA, the Sustainability Team (G4) was established in 2022 by decision of the CEO and its composition was updated in 2024. Its mission is to integrate sustainability principles into all company processes, supporting the achievement of strategic objectives and reporting on progress.

Objectives of the Sustainability Team

- 1. Unified reporting:** Financial and sustainability reporting in accordance with legislative requirements and international standards.
- 2. Monitoring:** Monitor sustainability targets and regularly report on progress.
- 3. Identification and communication:** Define ESG objectives (environmental, social, governance) and communicate results to internal and external stakeholders.

Team Structure and Functioning

The team is coordinated by the Sustainability and Strategic Projects Manager and includes representatives from organisations such as: Legal and Corporate Governance; Human Resources; Environmental Protection; Quality; Financial; Risk Management; Procurement; Medical; Research; Strategic Planning.

The team meets regularly to review progress and draft sustainability reports, which are then submitted to the Managing Director for approval. These reports are integrated into the overall company strategy.

Reporting and Using Performance Indicators (KPIs)

The Sustainability Team provides quarterly and annual reports to the Board of Directors that include specific performance indicators such as: Reducing greenhouse gas emissions; Increasing energy efficiency; Using recycled materials; Reducing pharmaceutical waste; Diversity and inclusion commitments.

These reports allow the Board to assess progress against the objectives set, identify challenges and adjust strategies to achieve the proposed targets.

Integration of Sustainability Risks

Sustainability risks, such as climate change, scarcity of natural resources and the impact of pharmaceutical pollution, are integrated into the overall risk management process. In this way, strategic and investment decisions are aligned with the potential impact of these factors on the company's long-term performance.

Management's Role in Sustainability Reporting

Sustainability information is included in the company's Integrated Annual Report or Sustainability Statement. They are checked by the management team, reviewed and approved by the Board of Directors before being published on the company's website. Transparent communication of sustainability progress helps to strengthen the company's reputation and maintain stakeholder trust.

Collaboration and Consultation with Stakeholders

The Sustainability team gathers relevant information from external stakeholders (investors, customers, NGOs, authorities) and liaises with the Board's advisory committees to integrate ESG initiatives into strategic decisions. These consultations ensure the company's alignment with market requirements and sustainability regulations.

Performance Assessment and Compliance with International Standards

The Board of Directors regularly reviews the company's performance against international standards, such as the **European Sustainability Reporting Standards (ESRS)** or the **Global Reporting Initiative (GRI)**, to ensure compliance with the highest sustainability requirements.

4. Due diligence and risk assessment process

Antibiotice SA, through risk management, aims to identify, assess and manage risks in order to ensure the fulfilment of the company's objectives in an efficient and responsible manner. The process complies with applicable legal requirements and integrates good corporate governance practices.

Risk Management

Risk management is coordinated by the Legal and Corporate Governance Directorate, which:

- Manages the risk management system;
- Performs specific due diligence checks;
- Coordinates the implementation of the necessary measures to keep risks within tolerable limits.

Stages of the Risk Management Process

a. Identification and assessment: Within the organisational structures, specific risks are identified annually, analysed and prioritised according to their significance for the achievement of the company's objectives.

b. Risk profile and tolerance limits: The risk profile and tolerance limits are established and approved by the management.

c. Planning: An annual “Implementation Plan for Control Measures for Significant Risks” shall be drawn up detailing management strategies.

d. Review: Key risks are regularly reviewed to assess the likelihood of occurrence and potential consequences, confirming the level of exposure and the effectiveness of the strategies adopted.

Monitoring and Audit

- **Internal audit:** The Internal Audit Office annually assesses the risk management process and provides recommendations for its improvement and reports to the Audit Committee.
- **Report:** Findings on risks and control measures are integrated into the company’s regular reports.

Main Categories of Identified Risks

- a. Business risks:** economic, legislative, partner-generated.
- b. Integrity risks:** associated with compliance and ethics.
- c. Financial risks:** foreign exchange, liquidity, interest rate, commercial.
- d. Operational risks:** personnel, information technologies, information security.
- e. Health and safety risks:** labour protection.
- f. Environmental risks:** impact of operations on the environment.
- g. Climate risks:** caused by climate change.

Integration of Sustainability Risks

Sustainability risks such as climate change, scarcity of natural resources or pharmaceutical pollution are integrated into the overall risk assessment process. This ensures that strategic and investment decisions are correlated with the potential impact of these factors on long-term performance.

5. Environmental and social governance at Antibiotice S.A.

The governance system includes policies covering the three pillars of sustainability - ESG.

Environment pillar policies:

1. Environmental Policy
2. Annexes to the Environmental Policy
3. Rational Use of Resources Policy

Social pillar policies:

1. Human Resources Policy
2. Salary and Motivation Policy
3. Diversity, equality and inclusion policy
4. Occupational Health and Safety Policy
5. Human Rights Policy
6. Clinical Trials Policy
7. Access to Medicines Policy

Governance pillar policies:

1. Sustainable Corporate Governance Policy
2. Code of Conduct for Partners
3. Sustainable Procurement Policy
4. Data protection and cyber security policy
5. Public Interest Whistleblower Protection Policy

7. Evaluating and updating the provisions of this policy

The objectives and measures proposed in this policy will be assessed quarterly through the Performance Indicator Review Mechanism and annually through internal audit missions.

This Policy on Sustainable Corporate Governance was approved by the Board of Directors of Antibiotice S.A. at its meeting of 28 October 2024 and is valid for a term of 3 years.

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