

SOPHARMA AD

REMUNERATION POLICY

of the members of the

Board of Directors of

SOPHARMA AD

**Sofia
2013**

CHAPTER I. GENERAL PROVISIONS.

1. The present Remuneration Policy in Sopharma (hereinafter for brevity referred to as Policy) was developed to establish clear and objective principles in forming the remuneration of the members of the management body of the Company - the Board of Directors.

2. (1) The Board of Directors of the Company prepares the policies and is responsible for its implementation after approval of the policy by the General Meeting of Shareholders of the Company. Amendments of the policy approved by the General Meeting of Shareholders shall be adopted in accordance with the process of its preparation and approval.

(2) The Board of Directors is responsible for the timely disclosure of the approved by the General Meeting of Shareholders Remuneration Policy and subsequent amendments thereto.

3. The policy outlines the principles to be applied in forming the remuneration of the members of the Board of Directors.

4. With the present Policy the Company adopts as guidelines in its activity concerning the remuneration of members of the Board of Directors the principles of Recommendation 2009/386/EC supplementing Recommendation 2004/913/EC and Recommendation 2005/162/EC with regard to the remuneration of directors of listed companies whose securities are admitted to trading on a regulated market, introduced by Regulation №48 from 20 March 2013 by the Financial Supervision Commission.

CHAPTER II. BASIC PRINCIPLES.

5. In forming the remuneration of the members of the Board of Directors of the Company the following basic principles shall be applied:

5.1. Stimulation of the long-term sustainability of the Company and guaranteeing that the remuneration of the members of the managing body are formed on the basis of the operating results.

5.2. Correspondence to the business strategy, goals, values and long-term interests of the Company;

5.3. Exclusion of discrimination, conflict of interests and unequal treatment of persons in determining the remuneration;

5.4. Provision and guaranteeing of independent and conscientious execution of the functions of the Remuneration Committee, including when these functions are executed by the Board of Directors as a body which develops the Policy.

6. (1) The Policy and its implementation are subject to regular (at least an annual) review of the remuneration of the members of the Board of Directors and the Executive Director, with special attention to avoiding the creating of incentives for excessive risk taking, conflict of interests or other behavior, leading to adverse effects.

(2) The Company shall annually disclose in front of its shareholders the method of implementation of the Policy by preparing a report as a separate document attached to the Annual financial statements. The report shall contain as a minimum the items, outlined in art.13 of Regulation №48 by the FSC.

CHAPTER III.
PRINCIPLES FOR DETERMINING THE REMUNERATION OF MEMBERS OF THE BOARD OF DIRECTORS AND THE EXECUTIVE DIRECTOR.

7. The following principles shall be followed in determining the remuneration of members of the Board of Directors and the Executive Director:

7.1. The salaries and bonuses of the members of the Board of Directors and the Executive Director of the Company shall be determined by the Annual General Meeting of Shareholders.

7.2. (1) Members of the Board shall receive a regular salary determined by the General Meeting of Shareholders, payable under the terms and conditions of the management contracts between them and the Company.

(2) According to the Articles of Association of the Company, when a positive financial result /profit/ is present and after a decision by the General Meeting, the Executive Director is entitled to a one-time bonus amounting to one percent of the net profit of the Company.

(3) The payment of 40% of the bonus under art. 7.2, par.2 shall be differed over a period of three years. The payment of the differed part of the variable bonus shall be conducted proportionally, in equal monthly installments.

(4) The principles under art. 7.2, par.2 and 3 shall be applied accordingly to the members of the Board of Directors upon a subsequent amendment in the Company's Articles of Association permitting them to receive variable remuneration linked to financial performance.

7.3. (1) The Members of the Board of Directors shall provide within 7 (seven) days of their election a guarantee for their management, which shall be determined by the General Meeting of Shareholders and may not be less than their three (3)-month gross salary. The guarantee shall be blocked in a bank account in favor of the Company, opened in a bank chosen by the Company and on the territory the country.

(2) In the event the guarantee is not provided within the prescribed period, the respective person shall not receive remuneration as a member of the Board of Directors until the full amount of the guarantee is provided.

(3) The guarantee will be repaid:

a) in favor of the person who provided it – after the date of the decision of the General Meeting of Shareholders for discharging of liability of the person and after their dismissal from the position;

b) in favor of the Company – after a decision by the General Meeting of Shareholders in the event of determining of caused damages to the Company.

(4) The General Meeting of Shareholders may discharge from liability a member of the Board of Directors in the existence of audited Annual financial statements for the previous year, approved by the Annual General Meeting of Shareholders and interim financial statements for the period from the beginning of the current year until the last day of the month preceding the month in which the invitation to the General Meeting is published.

7.4. The members of the Board of Directors shall not be remunerated through shares, options on shares or other rights to acquire shares. The remuneration of the Board members shall not be based on changes in the share price of the Company.

8. The principles of item 7 are applicable in regard to a hired procurator of the Company.

9. The adoption of the Policy and the amendments thereto shall be included as a separate item on the agenda of the Annual General Meeting of the Company announced in the

invitation as per art.115, par.2 of POSA and approved by the General Meeting of Shareholders.

CHAPTER IV REQUIREMENTS TO THE MANAGEMENT CONTRACTS

10. The management contracts concluded on behalf of the Company with members of the Board of Directors shall include a clause allowing the Company to reclaim the variable remuneration paid, based on the principles in art. 7.2, par. 2, 3 and 4. Subject to reclaiming is remuneration paid on the basis of data which subsequently proved to be false. The decision to reclaim shall be taken by the General Meeting of Shareholders.

11. Upon early termination of the management contract of a member of the Board of Directors or of the Executive Director, the total amount of compensation payable in respect of the early termination, as well as payments related to the notification period or provisioned in the clause prohibiting working for or as a competitor, shall not exceed the sum of the annual salary paid to the person for two years. Compensations of that type shall not be paid if the contract is terminated due to unsatisfactory performance and / or faulty behavior of a member of the Board of Directors or the Executive Director.

CHAPTER V. DISCLOSURE.

12. The disclosure of the Policy and the remuneration practices shall be conducted in accordance to the requirements of Regulation №48 from 20 March 2013 for the requirements to remuneration, issued by the Financial Supervision Commission.

13. The Company is required to disclose the Policy and any subsequent amendments of it in a clear and accessible way, without revealing sensitive information or other information that is legally protected.

ADDITIONAL REGULATIONS

§1. The present Policy shall be adopted in accordance with Regulation №48 from 20 March 2013 and has been developed in accordance with the provisions of the Public Offering of Securities Act for the remuneration of members of the management and supervisory bodies of a public company.

§2. The present policy was developed by the Board of Directors of the public company Sopharma AD in exercising of its powers under art.11, par.2 of Regulation №48 from 20 March 2013 and shall enter into force on the date on which a decision for its adoption is taken by the General Meeting of Shareholders.