

**CODE OF CONDUCT OF THE
BOARD OF DIRECTORS OF
SOPHARMA AD**

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I. GENERAL PROVISIONS

Goal

Art. 1. /1/ The present code of conduct is intended to specify the rights and obligations of the Board of Directors of "Sopharma" AD, and to ensure effective organization of its work.

/2/ For the sake of brevity hereafter this code of conduct shall be referred simply as the "CODE", "Sopharma" AD - just as the "COMPANY" and the Board of Directors - the "BOARD."

Composition

Art. 2. /1/ In order to better organize their work, the Board of Directors shall elect among themselves a CHAIRMAN and one EXECUTIVE MEMBER (EXECUTIVE DIRECTOR).

/2/ When a member of the Board of Directors is a legal entity, it shall appoint /a/ representative/s/ to meet their obligations in the Board. Legal person - Board member is jointly and severally liable for obligations arising from the actions of their agent.

/3/ The members of the Board of Directors shall meet the requirements of the Bulgarian legislation and Articles of association of the Company.

Functions

Art. 3. /1/ The Board of Directors is a collective body to manage the Company. For its activity it is accountable to the General Meeting of Shareholders.

/2/ The Board operates in accordance with the requirements of the current legislation and Articles of association of the Company.

Status of the Board members

Art. 4. /1/ The members of the Board of Directors shall have equal rights and obligations, regardless of the internal distribution of functions between them as well as the additionally provided management and representation rights and duties of the Executive Director (Member).

/2/ They are obliged to perform their duties in the interest of the Company and to protect all its secrets during their mandate.

/3/ They are jointly and severally liable for any damage culpably caused to the Company. Each member of the Board may be exempted from liability if found not guilty for the damage.

Guarantees for good management

Art. 5. /1/ The members of the Board of Directors provide a guarantee for the term of their management in an amount determined by the General Meeting of Shareholders, but not less than their quarterly gross pay.

II. CONDUCT OF THE BOARD OF DIRECTORS

Rights and obligations

Art. 6. /1/ The members of the Board of Directors have equal rights and obligations regardless of:

/A/ the internal distribution of functions among the members of the Board;

/B/ the provisions which provide the right of management and representation to the executive members.

/2/ The Board members are required to perform their duties in the interest of the Company and keep its secrets also after they cease to be members of the Board.

/3/ The Board of Directors are entitled to remuneration as determined by the rules adopted by the General Meeting of Shareholders in compliance with the legal requirements governing the formation of the fee.

Competence

Art. 7. The Board of Directors shall decide on matters concerning:

1/ Prepares and submits for approval to the General Meeting the annual report for the Company, the annual financial statement and balance sheet and draft decisions of the competence of the General Meeting;

2/ Approves plans and programs for the business of the Company;

3/ Approves the organizational and management structure, the regulations for internal business expenses, payroll and other internal regulations of the Company;

4/ The formation of monetary funds and determines the procedures for their raising and spending;

5/ Proposes to the General Meeting an increase or a decrease of the capital, amendments and/or additions to the Articles of association, changes in the composition of the Board of Directors, dismissal or approval of a new Board.

6/ Closing or transfer of subsidiaries or major parts of them, a substantial change in the Company's business, substantial organizational changes, long-term cooperations essential for the Company and establishing a branch;

7/ Entering into credit contracts;

8/ Conclusion of transactions resulting in the transfer or the granting for use to other parties of assets totalling more than 50% of the value of assets on the balance sheet of the Company only after the explicit authorization by the General Meeting.

Responsibility and accountability

Art. 8. /1/ The members of the Board of Directors provide a guarantee for their management in an amount determined by the General Meeting of Shareholders, but not less than their quarterly gross pay.

/2/ Members of the Board of Directors are jointly and severally liable for the damages caused culpably to the Company. Each member may be exempted from liability if found not guilty for caused damages.

/3/ The Board of Directors reports to the General Meeting of Shareholders.

/4/ Persons holding together or separately at least 5% of the capital of the public Company, in case of inaction of its governing bodies, which endangers the interests of the Company, may file in court claims of the Company against third parties. The Company is summoned as a party in the case as well.

/5/ The persons under par. 4 may file a claim in the district court of the Company's headquarters for compensation of significant damages, caused to the Company with intent or gross negligence through the actions or inactions of the Board members. The claim must be filed within 14 days of discovery of the damage, but no later than one year from the execution of the action, respectively, from the beginning to the inaction.

Prohibited activity

Art. 9. /1/ The Board of Directors has no right to execute transactions and other acts which under the Articles of association and the law require a prior decision by the General Meeting of the Shareholders.

Incompatibility

Art. 10. /1/ Members of the Board of Directors, respectively persons representing them in accordance with Art. 234 of the Commercial Act, during their term of management may not:

- a) be sentenced to imprisonment for an intentional criminal offense of general character;
- b) be members of the Board of Directors if they were members of a management or a supervisory body of a Company closed due to bankruptcy in the past two years preceding the date of the declaration of bankruptcy, if unsatisfied creditors remain.

III. MEETINGS OF THE BOARD OF DIRECTORS

Schedule of the meetings

Art. 11. /1/ The Board of Directors shall hold regular meetings at least once every three months to discuss the status and development of the Company.

Calling of meetings

Art. 12. /1/ Each member of the Board may request from the Chairman to call a meeting to discuss particular issues. In this case the Chairman shall call a meeting by sending notices within one week before the meeting date, unless in view of the urgency, there is a need to call the meeting within a shorter period.

/2/ The notice shall contain: the place, date, time of the meeting and the proposed agenda.

/3/ A notification under the preceding paragraph is not necessary in case at the previous meeting of the Board the members present were informed of the place, date, time, and agenda of next meeting.

/4/ The Board of Directors may meet without adhering to the outlined procedure if all its members agree.

Quorum

Art. 13. /1/ / The Board of Directors may meet and take decisions if at least half of its members, in person or represented by another member of the Board, are present. No member may represent more than one absent member.

/2/ The Board of Directors may take decisions in absentia if all its members have expressed written consent with the decisions.

/3/ The Board of Directors shall adopt decisions by simple majority, except when specifically provisioned in the CA and the present Code of Conduct that a larger majority is required.

Minutes

Art. 14. /1/ Minutes shall be kept for the decisions of the Board of Directors which shall be signed by all members present. The minutes of the meetings of the Board of Directors constitute a trade secret. Facts and circumstances of them may be published, announced and brought to the attention of third parties at the sole discretion of the Board of Directors.

Keeper of the minutes

Art. 15. /1/ The Board of Directors may elect keeper of the minutes who keeps the minutes of the meetings and prepares copies and extracts.

Availability of the minutes

Art. 16. /1/ Each member of the Board of Directors can acquaint themselves in the Company with all decisions of the Board of Directors.

/2/ Transcripts of the minutes containing decisions of the Board may be provided to each shareholder for free use at the Company's headquarters based on an order by the Chairman of the Board.

Documentation of the Board

Art. 17. /1/ The documentation of the Board of Directors shall be kept by an official person, determined by the Board

/2/ Access to the records of the Board of Directors shall be granted to its members and to persons determined by the Board of Directors or by an act.

/3/ In addition to the Board's minute book, as documentation of the Board shall be considered:

- a) the Articles of association of the Company;
- б) the Code of Conduct of the Board of Directors;
- в) the management contract of the Executive members;
- г) any contracts for management of the members of the Board;
- д) plan for the activity of the Board of Directors;
- е) development programs for the Company;
- ж) the reports of the Board of Directors;
- з) the book of shareholders of the Company;
- и) the minute book of the General Meeting of the Shareholders of the Company.

Information provisioning of the meetings

Art. 18. /1/ The issues raised for resolution by the Board of Directors shall generally be reviewed on the basis of written information prepared by the importer and submitted within an appropriate period prior to the date of the meeting.

/2/ With regard to the nature of the issues reviewed on the meetings may be present employees of the Company and other persons (experts, etc.), whose professional competence is in relation to the matters discussed by the Borders.

/3/ Issues related to the labour and social policy of the Company, further training and retraining of employees and improving labour conditions, can be reviewed and resolved together with representatives of labour union organizations established within the Company.

/4/ For the sake of its fluent operation, the Board of Directors shall have full access to all documents and Company departments and all of its employees shall be obliged to cooperate fully when inquiries and inspections are carried out.

IV. REPRESENTATION AND MANAGEMENT

Representation of the Company

Art. 19. /1/ The Company shall be managed and represented by the Board of Directors. It shall consist of three to nine persons.

/2/ The Board shall allocate functions among its members, make decisions and assign their execution to its members.

/3/ Before third parties the Company shall be represented by its Executive Director.

Chairman of the Board of Directors

Art. 20. The Chairman of the Board of Directors shall:

- a) manage the preparation and execution of Board meetings;
- b) call the meetings of the Board;
- c) prepare the agenda for Board meetings, bring it to the attention of the Board members and bring for review the supporting materials, prepared by a minute keeper, pre-determined by the Board;
- d) receive, process, summarize and give an opinion on the proposals received from the Board members;
- e) keep record of decisions taken at Board meetings, coordinate and supervise their implementation;
- f) commission in the country and abroad the Executive Member of the Board
- g) exercise other functions provisioned by law or the Articles of association.

Executive Director

Art. 21. /1/ The Executive Member (Director) shall represent the Company and perform the functions assigned to him by the Articles of association or by decisions of the Board of Directors.

/2/ They shall meet the requirements of the Commercial Act and the Articles of association.

/3 / The Executive Director may be dismissed at any time by a decision and at the discretion of the Board of Directors.

Management contract

Art. 22. /1/ The Chairman of the Board of Directors shall enter on behalf of the Company into contract with the Executive Director, which shall stipulate their specific rights and obligations, remuneration, benefits and other conditions.

Powers of the Executive Director

Art. 23. /1/ The Executive Director shall:

- a) organize the implementation of decisions by the Board of Directors;

- b) organize the business of the Company, carry out its operational management, provide management and protection of its property;
- c) enter into contracts with employees in the Company;

V. ADDITIONAL REGULATIONS

Art. 24. /1/ For cases not regulated by this Articles of association, the provisions of the Commercial Act, POSA and the existing legislation in Bulgaria shall be applied.

/2/ Upon changes in legislation, at the next General Meeting of Shareholders the Articles of association shall be amended and supplemented in order to align its provisions with those of the existing legislation. Until then, the affected parts of the Articles of association shall be interpreted in accordance with the Constitution and laws of the country.

/3/ Legislative changes which repeal or amend mandatory provisions of this Articles of association shall not repeal the Articles of association as a whole.

/4/. These current code of conduct is adopted on the basis of art. 244, par. 2 of the Commercial Act and art. 23, par. 1 of the Articles of association of the Company with decision № of 200... of the Board of Directors of the Company.