

Current Report No. 4/2014 of 31 March 2014

Information on the application of Code of Best Practice for WSE Listed Companies by the Issuer

The Management Board of Farmacol S.A. with its registered office in Katowice (further referred to as "the Issuer"), acting pursuant to Section 29.3 of the Rules of the Warsaw Stock Exchange and with reference to the representation drawn up according to the contents of Par. 91.5.4 of the Minister of Finance's Regulation of 19 February 2009 on current and periodic information to be published by issuers of securities and conditions for recognition as equivalent of information whose disclosure is required under the laws of a non-member state, which constitutes an element of the Issuer's 2013 Annual Statement, as well as with reference to the previously presented information and representations, hereby announces the current information regarding the Issuer's compliance with the Code of Best Practice for WSE Listed Companies in its current wording.

The Management Board of Farmacol S.A. represents that it complies with the corporate governance rules contained in the "Code of Best Practice for WSE Listed Companies" document in its currently valid version attached to the Resolution no. 19/1307/2012 of the Supervisory Board of the WSE of 21 November 2012. The aforementioned set of rules is available on the WSE website: www.corp-gov.gpw.pl. Moreover, the Management Board of Farmacol S.A. represents that it does not apply any other rules of corporate governance. The Issuer indicates that the Company is only partially compliant with some of the good practices in the aforementioned catalogue and that it is not fully compliant with the others, as well as that the partial or full incompliance with the aforementioned practices is of a permanent nature. The Management Board of Farmacol S.A. gives a detailed explanation and indicates that the company is not (fully or partially, as explained below) compliant with the following practices:

- **Practice no. 1 letter 1 group I** - information presentation on the Company's website is partially different from the model presented on the investor's relations service www.naszmodel.gpw.pl; the scope of the information presented, however, does cover the catalogue of the model service;
- **Practice no. 5 group I** - the remuneration policy of the Company is not compliant with the recommendations of the European Commission of 14 December 2004 with further recommendations of 30 April 2009. The rules of remuneration are at any time established by the Supervisory Board, and the rules and the amount of the Supervisory Board members' remuneration is determined by the shareholders during the General Meeting.

The members of the Issuer's governing bodies do not receive high remuneration, which could otherwise constitute a premise for the threat of the emergence of negative influence on the investors' business. Therefore, the Management Board of the Company is of the opinion that, in

the case of the Issuer, referring to the formalised recommendations of the European Commission is neither necessary nor justified;

- **Practice no. 12 group I** - presently the Issuer does not enable shareholders to participate in a General Meeting using means of electronic communication.

The practice within this scope has not been implemented as so far there has been no interest in such participation in the General Meeting on the part of the shareholders, which allows Farmacol to assume that the Company's shareholders prefer to participate in General Meetings in person.

- **Practice no. 1 pt. 2) group II** - the curricula of the members of Farmacol bodies are not presented separately on the corporation's website, but only as part of the annual statements containing the information about appointment of a particular person to the Company's governing bodies;
- **Practice no. 1 pt. 7 group II** - the company does not publish shareholders' questions regarding the matters included in the agenda of the General Meeting, which are asked during the meeting as, following the assumption resulting from certain provisions, these questions and answers are not included in the General Meeting minutes drawn up at any time by the Notary Public.
- **Practice no. 2 group II** - the Issuer provides an English version of its corporate website solely in the scope including, according to the Issuer, the complete information about the Company.
- **Practice 6 group III** - The Company presently does not have two members of the Supervisory Board that meet the criteria of independence from the Issuer and the subsidiaries remaining **significantly interrelated with it.**
- **Practice 8 group III** - no separate committees have been appointed due to a small number of members of the Supervisory Board, this role and tasks are fulfilled jointly by all Supervisory Board members;
- **Practice no. 10 group I** - as established above, presently the Issuer does not enable shareholders to participate in a General Meeting using means of electronic communication. Concurrently, the Management Board of the Company informs that the present Articles of Associations do not contain any provisions within this scope within the meaning of the provisions of the Commercial Companies' Code.

Signatures of duly authorised representatives of the company:

- 1.) Barbara Kaszowicz - Vice-President of the Management Board
- 2.) Kamil Kirker - Member of the Management Board