1. Declaration of the Managing Board of BIOTON S.A. on applying the corporate governance rules

1.1. Indication of the collection of corporate governance rules BIOTON S.A. is subject to, and the place where the collection of rules is available to the public

In 2015 BIOTON S.A. was subject to "The Best Practices of WSE Listed Companies" as applicable until 31.12.2015. The contents of "The Best Practices (…)" is available at the web site of the Warsaw Stock Exchange [Giełda Papierów Wartościowych w Warszawie S.A.] dedicated to the tasks related to corporate governance - www.corp-gov.gpw.pl

1.2. Indication of the provisions of the collection of corporate governance rules BIOTON S.A. has waived, explanation of the circumstances and reasons of the waiver and specification of the methods of remedying possible effects of such decision or information what measures it intends to take in order to reduce the risk of non-application of a given provision in the future

The Managing Board of BIOTON S.A. informs that, sharing the ideas and assumptions being the grounds of respective rules of "The Best Practices of WSE Listed Companies" - in view of the practices applicable in the Company or provided for in the Statute, which require departure from the model of management and supervision provided for in some corporate governance rules - it cannot apply constantly and within the full scope the rules presented below.

The Managing Board of the Company wishes to emphasize that departure from the model or expression of certain reservations, as regards some of the rules, does not have any adverse effect on the transparency of the rules of supervision and management of BIOTON S.A. as well as on implementation of good practices, and with the same it does not breach the assumptions being the grounds of corporate governance. The Managing Board of BIOTON S.A. shall assess the principles of management and supervision in the Company on regular basis and shall also check the expectations of investors as regards Company's position within the scope of rejected good practices, and should it be decided that it is necessary to introduce changes, there will be made a decision on adopting specific rules in the reading as proposed by the Warsaw Stock Exchange. In case it is required to obtain decision of another body of the Company to apply such rules the Managing Board of the Company shall file a motion to such body with a request to give the appropriate decision.

Identification of the rule	The rule whose application cannot be guaranteed by the Company constantly or within the full range	Explanation
PART I:	**Recommendations concerning good practices of the listed companies**	
Rule I.5.	The Company should establish a remuneration policy and determine the rules of its establishment. The remuneration policy should in particular define the form, structure and level of remuneration of the members of supervisory and managing bodies. While establishing the policy of remuneration of supervisory and managing bodies the directive of the European Commission of 14 December 2004 on support of appropriate remuneration system of managers of listed companies (2004/913/EC), supplemented with the CE directive of 30 April 2009 (2009/385/EC) should apply,	Due to detailed provisions in the Company's Statute, the Company may not accept the entire rule in question with the present reading. Pursuant to §23 clause 3 of the Statute *"Remuneration of the members of the Managing Board is established by the Supervisory Board."* Whereas the remuneration of the members of the Supervisory Board, is established according to Art. 392 §1 of the Code of Commercial Companies, by way of a resolution of the General Meeting of the Company.
Rule I.12.	The Company should make it possible for the shareholders to exercise the voting right during a general meeting, personally or through a	In the opinion of the Company, the risk of disruption of the proper course of the session due to technical and logistics reasons, whose

	proxy, outside the place at which such general meeting is held, with the use of electronic communication means.	complete elimination cannot be guaranteed by the Company, shall go beyond the shareholders' benefits resulting from the use of the above mentioned rule. The Company's position is that the present rules of participation in the general meeting ensure proper and effective exercising the rights resulting from the shares held and sufficiently secure the interests of all shareholders, including the minority shareholders.
Part II	**Good practices applied by the managing boards of listed companies**	
Rule II.1.	The Company maintains a corporate web site and publishes there, beside information required by the applicable legal regulations:	
Rule II.1.1.	• basic corporate documents, in particular the Statute and company bodies' regulations,	Due to Company position as regards rule IV.2, the Company cannot publish on its web site the regulations of the general meeting.
Rule II.1.9a.	• publication of the record of the course of a general meeting's agenda in the audio or video format,	The Company practice to date, as well as the practice of many public companies does not confirm the need to broadcast the session, register and make the session minutes of the general meeting available to the public. It is Company's position that the information on convening and the course of the General Meeting published by the Company as required by the applicable law, is sufficient for the shareholders and other persons who are not participating in the Meeting, to become acquainted with the issues on the agenda.
Rule II.3.	Before conclusion of any significant agreement with an affiliate, the Managing Board applies to the supervisory board for approval of the given transaction/agreement. The above obligation does concern typical transactions which are entered into under market conditions within the scope of operating activities of the Company with an affiliate in which the Company holds majority capital share. For the purpose of the present set of rules there is assumed a definition of an affiliate as provided for in the resolution of the Minister of Finance issued on the grounds of Art. 60 clause 2 of the act of 29 July 2005 on public offering and conditions of introduction of financial instruments to organised turnover system and on public companies (Journal of Laws No. 184, item 1539 as amended).	The Company shares the opinion that the Managing Board should seek approval of the Supervisory Board for conclusion of a significant agreement with an affiliate. Due to detailed provisions in the Company's Statute, the Company may not accept the entire rule in question with the present reading. Pursuant to §21 clause 1 of the Statute, the competence of the Supervisory Board shall include: *„2) granting approval to conclusion of agreements between Affiliates and the Company and performing other actions for Company's Affiliates, in case the value of such agreements or actions exceeds during consecutive 12 (twelve months) the amount of 500,000 EUR or its equivalent in other currencies, except for typical and routine actions taken under market condition between the affiliates, whose nature and conditions result from the current operating activity conducted by the Company or any of its affiliates."*

Part III	Good practice applied by members of the supervisory boards	
Rule III.1.	Beside the activities specified in the applicable legal regulations a supervisory board should:	
Rule III.1.3.	● review and give opinions on matters being the subject matter of resolutions of the general meeting.	The Company shares the need to review and provide opinion on matters being the subject matter of resolutions by the general meeting by the supervisory board. However, the Company cannot guarantee, that it will obtain opinion of the supervisory board on each matter that is to be the subject matter of a resolution of the general meeting in time sufficient to enable the shareholders to get acquainted with it. Sometimes it may be required, due to practical reasons, that the general meeting is convened quickly and the supervisory board itself will not have enough time to issue opinion before the general meeting or to consult experts prior to issuing the opinion.
Rule III.2.	A member of the supervisory board should provide the managing board of the Company with information concerning its links with a shareholder holding shares which represent not less than 5% of the overall number of votes at the general meeting. The above obligation pertains to links of commercial, family or other nature, which may influence the position of the member of the supervisory board in a matter recognised by the board.	It is Company's opinion that it could not guarantee procedures enabling information on all links of "other nature" due to the ambiguity of this term. In the opinion of the Company, non-disclosure of such information shall not affect transparency of Company operations, due to Company's intent to apply the rules of corporate governance providing for that in case there is a conflict of interests or it is likely to take place, a member of the supervisory board should notify the supervisory board and refrain from participation in a discussion and voting in the case, with regard to which such conflict has occurred.
Rule III.6.	At least two members of the supervisory board should fulfil the criteria of independence from the company and other entities significantly affiliated to the company. As regards the criteria of independence of members of the supervisory board, there should apply Appendix II to the European Committee Order of 15 February 2005 concerning the role of non-executive directors or directors not being members of supervisory boards of listed companies and (supervisory) board committee. Notwithstanding the provisions of item b) of the aforementioned Appendix, a person who is not an employee of the company, a subsidiary or an affiliate cannot be deemed as fulfilling the criteria of independence referred to therein. Moreover, a link with a shareholder, excluding the independence of a member of the supervisory board as provided for herein, shall be actual and significant link with a shareholder entitled to exercise 5% and more of the overall	The Company acknowledges that good corporate governance should include independent members' participation in the supervisory board. Due to detailed provisions included in §18 of the Company's Statute, the Company may not accept the entire rule in question with the present reading. According to §18 of the Company's Statute: „*1. One of the members of the Supervisory Board appointed by the General Meeting should comply with all of the following conditions:* *1) has been appointed in the mode as provided for in clause 3;* *2) cannot be an Entity Affiliated to the Company or a subsidiary of the Company;* *3) cannot be an Entity Affiliated to a holding company or another subsidiary of the holding company, or*

	number of votes at the general meeting.	*4) cannot be a person who is in any way related to the Company or any of the entities specified under item 2) and 3), who could significantly influence such person's ability, as a member of the Supervisory Board, to make impartial decisions.* *2. To avoid any doubts, the links referred to under clause 1 item 2)-4) do not pertain to being a member in the Supervisory Board of the Company.* *3. Appointment of a member of the Supervisory Board that should fulfil the conditions specified under clause 1, takes place in a separate ballot. With the reservation of clause 4, the right to propose candidates for members of the Supervisory Board fulfilling the conditions specified under clause 1 shall be given to the shareholders present at the General Meeting, whose aim is appointment of a member of the Supervisory Board referred to under clause 1. The proposal is submitted in writing to the Chairman of the General Meeting and is attached a written statement of a given candidate that he consents to being a candidate and complies with the conditions as specified under clause 1 item 2)-4). Should the shareholders fail to propose the candidates in the manner specified in the preceding sentence, candidates for the Supervisory Board, complying with the conditions specified under clause 1 item 2)-4), shall be proposed by the Supervisory Board.* *4. Authorized Founder is not entitled to propose candidates for a member of the Supervisory Board referred to under clause 1."* Moreover, according to § 21 clause 2 of the Statute *"resolutions concerning issues as specified under clause 1 item 1 to be valid require that their adoption is voted for by a member of the Supervisory Board who fulfils the conditions specified under § 18 clause 1 of the Statute."* However, pursuant to § 21 clause 1 item 1 of the Statute, such resolutions include the resolutions concerning: *"appointment of the entity performing audit or review of consolidated and standalone financial statements of the Company, giving consent to conclusion of agreements with a given entity or its subsidiaries, subordinate entities, holding companies or subsidiaries or subordinate entities of its holding*

		companies and for any other actions which may negatively affect independence of such entity while performing the audit or review of the financial statements of the Company".
Rule III.8.	As regards the scope and functioning of committees acting within the supervisory board, there should be applied Appendix I to the *European Committee Order of 15 February 2005 concerning the role of non-executive directors (...)*.	See clarification to rule III.6
Rule III.9.	Conclusion of an agreement / transaction between the company and an affiliate, as referred to in part II item 3 shall require approval of the supervisory board.	See clarification to rule II.3
Part IV	**Good practice applied by the shareholders**	
Rule IV.1	Representatives of mass media should have the possibility to attend general meetings.	In principle, the Company acknowledges the assumptions behind this rule and considers it a good corporate practice. In its operation the Company takes numerous actions aiming at maintaining good relations with mass media and carries out efficient information policy. However, one cannot exclude a situation where the Company does not provide the representative of mass media with a possibility to attend the general meeting due to the necessity to ensure efficient course of the session.
Rule IV.2	The rules of the general meeting shall not prevent the shareholders from participating in the general meeting and exercising their rights. Any amendments of the rules should become binding not earlier than starting from the next general meeting.	The Company practice to date, as well as the practice of many public companies does not confirm the need to introduce the rules of the general meeting that would specify in details the rules of carrying out the general meeting. Therefore, it is Company's opinion that the appropriate regulations of the Commercial Companies Code should be sufficient grounds to efficiently conduct the general meeting in the Company, including voting in separate groups.
Rule IV.10.	the Company should provide the shareholders with the possibility to participate in the General Meeting with the use of the means of electronic communication, consisting in: 1) broadcasting the General Meeting session in real time, 2) two-way communication in real time, providing the shareholders with the possibility to take part in the discussion under the meeting while staying at some other place than the location of the meeting.	See clarification to rule I.12

1.3. Description of the main features of the internal control and risk management systems applied by the Company with regard to the process of drawing up standalone and consolidated financial statements

The internal control and risk management system in the process of drawing up financial statements in BIOTON S.A. is based on:

- internal regulations providing for the obligations, rights and responsibility of respective organisation sections, including the ones participating in the process of drawing up the financial statements,
- internal procedures specifying the circulation of financial and accounting documents (including the principles of documents control),
- keeping accounts books in information technology system,
- operations of the Audit Committee appointed within the Supervisory Board of the Company, including but not limited to: preliminary assessment of the Managing Board reports on the operations of the Company and the Group and providing opinion in the elementary rules of the existing internal control and risk management system and providing the Supervisory Board with motions and recommendations concerning legitimacy of its change and keeping the Supervisory Board informed of any irregularities of such system or risks related to its organisation and functioning known to the Committee,
- audit and review of financial statements by an independent chartered auditor, appointed by the Supervisory Board of the Company on the basis of recommendation from the Audit Committee.

1.4. Indication of shareholders holding, directly or indirectly, significant packs of BIOTON S.A. shares including the number of shares held by respective entities, their percentage share in the share capital, number of votes resulting therefrom and their percentage share in the overall number of votes at the general meeting

The ownership structure of the share capital of the Company as at 31.12.2015, is presented in the table below:

No.	Shareholder	Number of shares / votes (in pcs)	% of the share capital / votes
1	NovoTek Pharmaceuticals Ltd	15,775,708	18.37
2	Basolma Holding Ltd[1] (formerly Bimeda Holding Ltd)	6,151,852	7.16
3	AIS Investment 2 Sp. z o.o.	5,151,852	6.00
5	Brokton Investments Sp. z o.o.	9,769,771	11.38
6	Troqueera Enterprises Ltd	8,480,570	9.88
7	Others	40,534,447	47.21
Total		**85,864,200**	**100.00**

1.5. Indication of the holders of all securities which give special rights to control BIOTON S.A., including the description of such rights

According to the provisions of the Statute of BIOTON S.A., PROKOM Investments S.A. ("**Prokom**") has got the status of the so called authorized founder which has a number of individual rights specified in the Articles, including the right to appoint and dismiss the President and Vice President of the Managing Board, as well as one member of the Supervisory Board and the right to appoint the Chairman and Vice Chairman of the Supervisory Board. The restriction of the voting right provided for in the Statute does not apply to Prokom. The above personal rights shall not be granted, if Prokom's share in the share capital of the Company drops below 20%.

[1] Basolma Holding Ltd is the holding entity of AIS Investment 2 Sp. z o.o.

Prokom's personal rights were deleted from the Statute of the Company by a resolution of the Extraordinary General Meeting of the Company held on 22.02.2016.

1.6. Indication of any restrictions concerning exercising the voting right, such as the restriction to exercise the voting right by the holders of a specified part or number of votes, temporary restrictions concerning exercising the voting right or subscription, according to which, in cooperation with the Company, the capital rights linked to the securities are separated from the ownership of the securities

With the reservation of the restrictions provided for in the Statute as specified hereunder, pursuant to article 411 clause 1 of the Code of Commercial Companies, one share gives right to one vote at the General Meeting. Voting right is granted to the shareholders as from the date of full payment for the shares.

Pursuant to §26 clause 1 of the Statute of the Company, the voting right of the shareholders has been restricted in such way that no shareholder may exercise more than 20% of the overall number of votes at the General Meeting, with the assumption that the above mentioned restriction is not applied to establish the obligations of acquirer of a significant pack of shares, as specified in the act of 29 July 2005 on public offering and conditions of introduction of financial instruments to the organised trading system and on public companies (Journal of Laws No. 184, item 1539) with the reading as at the date of registration of the Resolution No. 1 of the General Meeting on the change of the Statute of 09.05.2006. ("**The Act on Public Offering**").

The restriction of the voting right referred to hereinabove shall not apply to:

- the shareholders who, on the date of registration of BIOTON Sp. z o.o restructuring into a joint stock company with the National Court Register, held shares constituting at least 20% of the share capital (i.e. PROKOM Investments S.A. - Prokom's personal rights were deleted from the Statute of the Company by a resolution of the Extraordinary General Meeting of the Company held on 22.02.2016), and
- the shareholder which shall acquire, after introducing the shares to the public turnover (acting on its own behalf and for its own account) and register at the General Meeting shares constituting at least 75% of the overall number of votes in the share capital of BIOTON S.A., provided that all shares in the quantity exceeding 10% of the overall number of shares in the share capital of the Company have been acquired by such shareholder:
    - by way of invitation to subscription for sale of all shares of the Company announced in accordance with the regulations of the Act on Public Offering from the shareholders who are not related to such shareholder in a manner specified under art. 87 clause 1 items 2-6 of the Act on Public Offering or who do not cooperate with such shareholder under another agreement whose purpose is to evade the restrictions as specified under § 26 clause 1, or
    - in the initial public offering (as defined in the Act on public offering).

1.7. Indication of all restrictions concerning transfer of ownership of BIOTON S.A. securities

Pursuant to Art. 337 § 1 of the Code of Commercial Companies the shareholders are entitled to dispose of the shares without restriction.

1.8. Description of the rules concerning appointment and dismissal of managing persons and their rights, in particular the right to make a decision on issue or buyout of shares

The Managing Board shall comprise of not more than 4 people, including the President and Vice President. The number of members of the Managing Board is determined by the Supervisory Board.

The Shareholder, who on the day of registration of the transformation of BIOTON from a limited liability company into joint stock company in the Entrepreneurs Register, held the biggest number of shares in the share capital of the Company, shall be granted an individual right to appoint and dismiss the President and Vice President (such right is granted to PROKOM Investments S.A. - Prokom's personal rights were deleted from the Statute of the Company by a resolution of the Extraordinary General Meeting of the Company held on 22.02.2016.

Other members of the Managing Board are appointed and dismissed by the Supervisory Board. Members of the Managing Board are appointed for a three-year term.

Declarations of will and affixing signatures on behalf of the Company can be made by: the President of the Managing Board jointly with another member of the Managing Board or with a commercial proxy or by Vice President of the Managing Board with another member of the Managing Board or with a commercial proxy.

The competence of the Managing Board shall include the issues provided for in the Commercial Companies Code and in the Statute. The Managing Board conducts the Company's affairs and represents it outside.

Pursuant to Art. 444 of the Code of Commercial Companies and § 11 clauses 1 and 2 of the Statute, the Managing Board was authorized to increase the initial capital of BIOTON S.A. through issue of new shares of the total face value not exceeding 209,090,909.20 PLN by way of a single or several consecutive increases of the initial capital within the limits as specified hereinabove (target capital). Within the authorization to increase the initial capital within the target capital the Managing Board is entitled to issue subscription warrants referred to under art. 453 § 2 of the Code of Commercial Companies, with the time limit for exercising the right to subscribe expiring not later than the period for which this authorization has been granted.

As at 31.12.2015 the Managing Board completely used the applicable authorization to increase the share capital of the Company within the target capital.

With the reservation of contrary provisions of the Commercial Companies Code or the Statute, the Managing Board shall make decisions in all matters related to the increase of the share capital within the target capital. The Chairman of the Supervisory Board approves the issue price and issue of shares in return for cash contributions. Moreover, upon approval of the Supervisory Board, the Managing Board may restrict the subscription right of the shareholders, entirely or partially, with regard to the shares or subscription warrants issued within the target capital.

1.9. Description of the principles of change of the Statute of BIOTON S.A.

Any change of the Statute of the Company shall require a resolution of the General Meeting and an entry in the register. The resolution on the change of the Statute has to be adopted with the majority of 3/4 of votes. Moreover, pursuant to Article 415 § 3 of the Code of Commercial Companies, a resolution concerning the change of the Statute, which results in the increase of shareholders' benefits or limiting the rights granted personally to the shareholders, shall require consent of all shareholders it pertains to.

1.10. Method of operation of the general meeting and its main rights and description of the rights of the shareholders and method of their exercising, in particular the rules resulting from the regulations of the general meeting, if any, provided that information within this scope does not result directly from the legal regulations

General Meetings Convening

According to the Commercial Companies Code, general meetings may be held as ordinary (Ordinary General Meeting) or extraordinary (Extraordinary General Meeting).

Entities authorized to convene the General Meeting

The General Meeting is convened by the Managing Board. The Supervisory Board may convene Ordinary General Meeting if it is not convened by the Managing Board within six months from the end of the accounting year of the Company, and Extraordinary General Meeting, if it deems it necessary. The right to convene Extraordinary General Meeting is also granted to the shareholders of the Company who represent at least half of the share capital of the Company or at least half of the overall number of votes in the Company. In such case the shareholders of the Company appoint a chairman of such General Meeting.

Moreover, a shareholder or shareholders of the Company representing at least 1/20 of the share capital of the Company may demand convening Extraordinary General Meeting and putting specific issues in its agenda. The demand to convene Extraordinary General Meeting should be filed to the Managing Board in writing or in electronic form. If, within two weeks from the date of filing the demand to the Managing Board, the General Meeting is not convened, registration court may authorize the shareholders of the Company filing such demand to convene Extraordinary General Meeting. The court shall appoint the chairman of such General Meeting.

Method of convening the General Meeting

The General Meeting is convened by announcement on the Company web site and in the manner defined for submitting current information pursuant to the act of 29 July 2005 on public offering and conditions of introduction of financial instruments to organised turnover system and on public companies (Journal of Laws of 2005, No. 184, item 1539 as amended) ("**Act on Public Offering**") and the regulation of the Minister of Finance of 19 February 2009 on current and periodical information submitted by issuers of securities and conditions of deeming equivalent the information required by the regulations of a state being a non-member state (Journal of Laws of 2009 No. 209, item 1744, as amended) ("**Regulation on Current and Periodical**

Information"). The announcement should be made at least twenty six days prior to the date of the General Meeting. The announcement should include in particular: (i) date, time and venue of the General Meeting and detailed agenda, (ii) precise description of procedures concerning participation in the General Meeting and exercising the voting right, (iii) date of registration of participation in the General Meeting, (iv) information that the right to participate in the General Meeting is granted only to persons being shareholders of the Company on the date of registration of participation in the General Meeting, (v) indication where and how the person authorized to participate in the General Meeting may obtain the full text of documentation which is to be presented to the General Meeting and drafts of resolutions, or in case no resolution adopting is planned, remarks of the Managing Board or Supervisory Board concerning the issues put in the agenda of the General Meeting or issues to be introduced to the agenda prior to the date of the General Meeting and (vi) indication of web site address, where information concerning the General Meeting shall be available.

Pursuant to the Regulation on Current and Periodical Information, the Company is obliged to submit in the form of a current report of, among others: date, time and venue of the General Meeting including its detailed agenda. Moreover, in case of a planned change of the Statute, the current report to be submitted should include the reading of the proposed changes and in case the scope of the changes should be more extensive, the Company should make a decision on preparing new uniform text, the report includes the text of the new Statute, including the list of the new provisions. The drafts of resolutions and appendices to the drafts which should be the subject of the session of the General Meeting, significant for the resolutions to be adopted are also subject to the announcement in the form of a current report.

The right to put specific issues on the agenda of the General Meeting

A shareholder or shareholders of the Company representing at least 1/20 of the share capital of the Company may demand putting particular issues on the agenda of the immediate General Meeting. The demand should be filed to the Managing Board not later than twenty one days prior to the planned date of the General Meeting. The demand may be filed in electronic form. The Managing Board is obliged to announce forthwith, however not later than eighteen days prior to the scheduled date of the General Meeting, the changes in the agenda as requested by the shareholders of the Company. The announcement is made in the manner applicable for convening the General Meeting.

The right to propose drafts of resolutions to the Company

A shareholder or shareholders of the Company representing at least 1/20 of the share capital of the Company may, prior to the date of the General Meeting, submit to the Company, in writing or with the use of means of electronic communication, drafts of resolutions concerning the issues put on the agenda of the General Meeting or issues which are to be put on the agenda. The Company announces the drafts of resolutions on its web site forthwith.

The right to demand disclosure of the list of shareholders and copies of the motions

A shareholder of the Company may demand sending him the list of the shareholders authorized to participate in the General Meeting, free of charge, by e-mail, providing the e-mail address to which such list should be sent. Moreover, each shareholder of the Company is entitled to demand providing him with the copies of motions concerning issues covered by the agenda of the immediate General Meeting. Such demand should be submitted to the Managing Board. Copies of motions should be delivered not later than within a week prior to the General Meeting.

Participation in the General Meeting

The method of participation in the General Meeting and the method of exercising the voting right

The Shareholders may attend the Meeting and exercise their voting right either personally or through their attorneys. A Shareholder of the Company intending to attend the General Meeting through his attorney shall grant his power of attorney in writing or in the electronic form. A specimen of the power of attorney is put by the Company in the announcement on convening the General Meeting. The Company takes appropriate measures to identify a shareholder of the Company and an attorney in order to verify validity of the power of attorney granted in electronic form. Detailed description of the method of verification of the power of attorney granted in electronic form includes the reading of the announcement on convening the General Meeting.

A shareholder of the Company holding shares registered at more than one securities account may appoint separate attorneys to exercise rights from shares registered at each of the accounts.

If a shareholder of the Company appoints a member of the Managing Board, a member of the Supervisory Board, a receiver, an employee of the Company or a member of the bodies or an employee of a company or cooperative subsidiary to the Company to be his attorney at the General Meeting, such power of attorney may

authorize for representation at one General Meeting only. The attorney is obliged to disclose to the shareholder of the Company any circumstances that indicate an existing or potential conflict of interest. In such case granting further powers of attorney is unacceptable. The attorney referred to hereinabove shall vote according to the instructions given by the shareholder of the Company. An attorney may represent more than one shareholder of the Company and vote differently from the shares of respective shareholders.

A shareholder of the Company may not vote, personally or through an attorney, for adopting resolutions pertaining to his liability towards the Company for whatever reason, including acknowledgment of fulfilment of duties, release from an obligation towards the Company and any dispute between the said shareholder and the Company. The above restriction does not concern voting by a shareholder of the Company as an attorney of another shareholder while adopting resolutions concerning himself, as referred to hereinabove.

Persons authorized to participate in the General Meeting and to exercise voting rights

The right to participate in the General Meeting shall be granted only to persons who were shareholders of the Company, sixteen days before the date of the General Meeting (the date of registration of participation in the General Meeting).

In order to participate in the General Meeting, the persons authorized under the truncated bearer shares of the Company should demand that the entity keeping their securities account issues an individual certificate on the right to participate in the General Meeting. Such demand should be submitted not earlier than after publication of announcement on convening the General Meeting and not later than on the first banking day following the date of registration of participation in the General Meeting.

The persons authorized under registered shares and temporary certificates, lien holders and users having the voting right, shall have the right to participate in the General Meeting if they are registered in the shares book on the date of registration of participation in the General Meeting.

The list of persons authorized to participate in the General Meeting is prepared by the Company on the grounds of the list drawn up by the entity keeping the depository for securities pursuant to the Act of 29 July 2005 on trading with financial instruments (Journal of Laws of 2005, No. 183, item 1538, as amended) ("**The Act on Turnover with Financial Instruments**") and the information revealed in the shares book of the Company on the date of registration of participation in the General Meeting. The above mentioned list is made available at the Managing Board premises for three banking days preceding the General Meeting.

A shareholder of the Company may transfer shares in the period between the date of registration of participation in the General Meeting and the date of closing the General Meeting.

Competence of General Meetings

Pursuant to the regulations of the Commercial Companies Code, all types of resolutions may be adopted by the shareholders at Extraordinary General Meeting, with the exception of several resolutions, which require adoption at Ordinary General Meeting.

According to the provisions of the Commercial Companies Code, the agenda of an General Meeting covers: (i) review and approval of financial statement for the previous accounting year and Managing Board's report on the operations of the Company, (ii) adoption of the resolution on apportionment of profit or covering the loss, and (iii) adoption of the resolution on acknowledgement of fulfilment of duties by the members of the Managing Board and Supervisory Board.

Resolutions of the General Meeting are in principle adopted by the absolute majority of votes cast, with the reservation of the provisions of the Statute and absolutely applicable regulations of the Commercial Companies Code providing for qualified majority.

According to the regulations of the Commercial Companies Code, the following issues shall require resolutions of the General Meeting:

- changes of the Statute, redemption of shares, increase of the share capital, decrease of the share capital of the Company, issue of exchangeable bonds and bonds with preferential right, disposal of the enterprise and winding up of the Company (requires the majority of 3/4 of votes),
- appointment, dismissal and suspension of the members of the Supervisory Board,
- making changes in the Statute in order to authorize the Managing Board to increase the share capital of the Company within the target capital (shall require the majority of 3/4 of votes of persons present at the meeting with participation of shareholders representing at least 1/3 of the share capital); if the

General Meeting convened for the purpose of adopting resolutions in the above mentioned case does not take place because of the lack of quorum, the following General Meeting may adopt such resolutions regardless of the number of shareholders present at the given General Meeting,

- making a significant change of the object of activity of the Company (shall require the majority of 2/3 of votes regardless of the number of shareholders present at such General Meeting),
- merger with other companies, which requires the majority of 2/3 of votes cast, unless the Statute provide for more strict requirements,
- division of the Company and adjourning the session of the General Meeting (requires the majority of 2/3 of votes),
- issue of subscription warrants (requires the majority of 4/5 of votes),
- partial or complete deprivation of the pre-emptive right of the shareholders (requires the majority of 4/5 of votes at the General Meeting),
- a change of the Statute increasing the benefits of the shareholders or limiting individual rights granted to respective shareholders (according to Art. 354 of the Code of Commercial Companies shall require consent of all shareholders concerned),
- conclusion by the Company of credit, loan, guarantee agreement or other similar agreement with a member of the Managing Board, Supervisory Board, commercial proxy, receiver or for any of the above mentioned persons, shall require the consent of the General Meeting.

According to the provisions of the Statute, the following resolutions of the General Meeting shall require the majority of 3/4 of the votes cast:

- resolutions on redemption of shares in case as provided for under Art. 415 § 4 of the Code of Commercial Companies,
- resolutions on acquisition of shares (own shares), which are to be offered for purchase by the employees or persons who have been employed by the Company or any of its subsidiaries for minimum three years,
- resolution on authorization to acquire own shares in case as provided for under Art. 362 § 1 item 8 of the Code of Commercial Companies,
- resolutions on mergers with other public companies.

According to the provisions of the Statute, a resolution of the General Meeting dismissing or suspending some or all members of the Managing Board shall require the majority of 4/5 of the votes cast.

Voting right

With the reservation of limitations provided for in the Statute, referred to under item 28.6. hereof, pursuant to Art. 411 § 1 of the Code of Commercial Companies, one share gives right to one vote at the General Meeting. Voting right is granted to the shareholders as from the date of full payment for the shares. A shareholder may vote differently from each of the shares held.

The right to dispose of shares

Pursuant to Art. 337 § 1 of the Code of Commercial Companies the shareholders are entitled to dispose of the shares without restriction. Moreover, the shareholders are entitled to establish lien or usufruct over shares.

Other shareholders' rights

Moreover, the shareholders shall have the following rights:

- the right to acquire shares of new issue depending on the number of shares held (subscription right). Pursuant to Art. 433 of the Code of Commercial Companies, the shareholders have the pre-emptive right to acquire new shares depending on the number of shares held, whereas the subscription right is also granted in case of issue of securities exchangeable with shares or incorporating the right to subscribe for shares,

- the right to demand election of the Supervisory Board by separate groups. Pursuant to Art. 385 §3 of the Code of Commercial Companies, to the request of shareholders representing at least 1/5 of the initial capital, the election of the Supervisory Board should be made by the immediate General Meeting by way of voting by separate groups, even if the Statute provide for another method of election of the Supervisory Board,

- the right to demand information concerning the Company. Pursuant to Art. 428 of the Code of Commercial Companies during the General Meeting the Managing Board is obliged to provide the shareholders, upon their request, information concerning the Company, if it is justified for assessment of the issue covered by the agenda of the General Meeting. The Managing Board refuses to provide information if it could harm the Company, a company affiliated with the Company or a company or cooperative subsidiary to the Company, in particular through disclosure of technical or trade secrets or proprietary information concerning organisation of the enterprise. A member of the Managing Board may refuse to provide information if such disclosure could be grounds of his penal, civil or administrative liability. In justified cases the Managing Board may provide information to a shareholder, also in writing, not later than within two weeks from the date of closing the General Meeting. The Managing Board may also provide a shareholder with information concerning the Company outside the General Meeting, but such information should also be disclosed by the Managing Board in writing in the materials submitted to the immediate General Meeting. A shareholder who was refused requested information during the General Meeting and who has lodged a complaint to the minutes, may, within a week from the date of closing the General Meeting, file a motion to the Register Court for the obligation of the Managing Board to disclose such information. A shareholder may also file a motion to the Register Court for obligation of the Company to announce information disclosed to another shareholder outside the General Meeting. Pursuant to §38 clause 1 item 12 and 13 of the Regulation on Current and Periodical Information information disclosed to a shareholder outside the general meeting under Art. 428 § 5 or 6 of the Code of Commercial Companies and on the grounds of 429 § 1 of the Code of Commercial Companies resulting from the obligation of the Managing Board by the Registration Court to disclose information to a shareholder who has lodged a complaint concerning refusal to disclose information requested at the General Meeting, as well as information the Issuer was obliged to disclose on the grounds of Art. 429 § 2 of the Code of Commercial Companies, by the Register Court, and which has been disclosed to another shareholder outside the General Meeting, shall be made available to the public in the form of a current report,

- the right to bring an action for revocation or declaring invalid a resolution of the General Meeting. Pursuant to Art. 422 of the Code of Commercial Companies, a resolution of the General Meeting contrary to the Statute or good practice and harming the interest of the Company or aiming at aggrieving a shareholder may be appealed against by way of bringing action against Company for revocation of the resolution. The action for revocation of a resolution should be brought within one month from the date of receiving information on the resolution, however not later than within three months from the date of adoption of the resolution. Pursuant to Art. 425 of the Code of Commercial Companies, a resolution of the General Meeting may also be appealed against by way of bringing action against the Company for declaring the resolution of the General Meeting contrary to the act invalid, whereas the action should be brought within thirty days from its announcement, however not later than within a year from the date of adoption of the resolution. Expiry of the above mentioned deadlines does not exclude the possibility to claim that the resolution contrary to the act is invalid. The action for revocation or declaring invalid a resolution of the General Meeting can be brought by: (i) a shareholder who voted against the resolution and after its adoption demanded that his objection was recorded in the minutes, (ii) a shareholder who was denied participation in the General Meeting without justified reasons, and (iii) a shareholder who was not present at the General Meeting, only in case the General Meeting was improperly convened or there was adopted a resolution which was not on the agenda. The Code of Commercial Companies provides for certain modifications of general rules within the scope of appealing against the resolutions on merger, division and transformation of companies which are provided for by Art. 509, Art. 544 and Art. 567 of the Commercial Code, respectively,

- the right to share in the profit indicated in the financial statement audited by a chartered auditor, which was allotted by the General Meeting to be paid to the shareholders. Pursuant to Art.347 § 2 of the Code of Commercial Companies, the profit is distributed depending on the number of shares held, and in case the shares are not fully paid-up, such profit is distributed depending on the payments made for shares,

- the right to demand, pursuant to Art. . 6 of the Code of Commercial Companies, that a commercial company, which is a shareholder of the Company, provides information whether it is a parent company or a subsidiary of the given commercial company being a shareholder of the Company. The authorized

entity may also demand disclosure of the number of shares or votes which such commercial company has got in the capital company referred to hereinabove, also as a lienholder, user or under agreements with third parties. Answers to the questions provided above should be given to the authorized entity and appropriate capital company within ten days from the date of receipt of the demand. If the demand for providing answers reaches the addressee later than two weeks before the date for which the general meeting has been convened, the period for providing the answer starts on the day following the day on which the shareholders meeting or general meeting have been completed. As from the beginning of the period for providing answers until the date of its providing, a commercial company cannot exercise its rights from the shares in a capital company as referred to hereinabove,

- the right to demand, pursuant to Art. . 410 of the Code of Commercial Companies, granted to the shareholders which hold 1/10 of the initial capital represented at the given General Meeting, inspection of the list of attendance of the General Meeting, by a committee established especially for this purpose and comprised of at least three persons,
- the right to bring an action concerning compensation of damage incurred by the Company, pursuant to Art.486 of the Code of Commercial Companies, if the Company does not bring an action for compensation within a year of the date of disclosure of the damaging act,
- the right to a share in the assets in case of winding up the Company. Pursuant to Art. 474 of the Code of Commercial Companies, the assets remained after satisfaction or securing the Company's creditors is divided among the shareholders of the Company depending on their respective payments to the initial capital.

1.11. Personal composition and its changes within the last accounting year and description of operation of managing and supervising bodies of BIOTON S.A. and their committees

Management

In the accounting year 2015 the composition of the Managing Board was as follows:

- Sławomir Ziegert - President of the Managing Board,
- Adam Wilczęga - a Vice-President of the Managing Board (until 02.12.2015),
- Piotr Błaszczyk - a Member of the Managing Board (until 02.12.2015),
- Adam Polonek - a Member of the Managing Board.

On 08.06.2015, following the Ordinary General Meeting of the Company, and with regard to expiry of the terms of Sławomir Ziegert and Adam Wilczęga, the President and Vice President of the Managing Board of BIOTON S.A., respectively, on the day of the Meeting, the resolutions of the Supervisory Board of the Company of 08.05.2015 took effect and thus:

- Sławomir Ziegert has been appointed to hold the position of the President of the Managing Board,
- Adam Wilczęga has been appointed to hold the position of a Vice President of the Managing Board of the Company.

On 02.12.2015 the Supervisory Board of the Company dismissed:

- Adam Wilczęga from the function of a Vice President of the Managing Board of the Company.
- Piotr Błaszczyk from the function of a Member of the Managing Board of the Company.

On 24.02.2016 the Supervisory Board of the Company appointed Marek Dziki to hold the function of a Member of the Managing Board.

Declarations of will and affixing signatures on behalf of the Company can be made by: the President of the Managing Board jointly with another member of the Managing Board or with a commercial proxy or by Vice President of the Managing Board with another member of the Managing Board or with a commercial proxy.

The competence of the Managing Board shall include the issues provided for in the Commercial Companies Code and in the Statute. The Managing Board conducts the Company's affairs and represents it outside.

The works of the Managing Board are specified in detail by the Regulations of the Managing Board as adopted by the Supervisory Board. According to the Regulation, Meetings of the Managing Board are convened and conducted by the President of the Managing Board, and in case he is absent, by the Vice President of the

Managing Board. Managing Board's meetings may be attended by persons invited from outside the Managing Board upon prior arrangement with the person convening the meeting. Managing Board meetings are held as the need might be, on a date indicated by the President of the Managing Board and in case he is absent, by the Vice President of the Managing Board, at least twice a month. According to the Regulations of the Managing Board, the Managing Board specifies the strategy of development and goals of the Company and their performance, which are subject to approval by the Supervisory Board. Pursuant to the Regulations, the Managing Board is obliged to submit to the Supervisory Board at least quarterly reports concerning significant occurrences in the operation of the Company. Such report should include the report on revenues, costs, financial result, sum of liabilities and basic balance sheet data of the Company. The Managing Board shall also inform the Supervisory Board of any changes in the strategy and operation goals of the Company.

The Supervisory Board

In the accounting year 2015 the composition of the Supervisory Board was as follows:

- Marcin Dukaczewski - a Member of the Board (from 21.09.2015, until 21.09.2015 the Chairman of the Board),
- Keith Mellors - Chairman of the Board (since 22.09.2015; since 21.09.2015 a Member of the Board),
- Maciej Grelowski - a Vice Chairman of the Board (until 21.09.2015),
- Jin Hu - a Vice Chairman of the Board (since 22.09.2015, since 21.09.2015 a Member of the Board)
- Dariusz Trzeciak – a Vice Chairman of the Board,
- Tomasz Buzuk - a Member of the Board (until 21.09.2015),
- Artur Gabor - a Member of the Board (since 21.09.2015),
- Wojciech Grzybowski - a Member of the Board (until 21.09.2015),
- Barbara Ratnicka – Kiczka - a Member of the Board (until 21.09.2015),
- Jacek Ślotała - a Member of the Board (since 21.09.2015),
- Wiesław Walendziak - a Member of the Board (until 21.09.2015),
- Xue (Carrie) Xiang - a Member of the Board (since 21.09.2015).

The Extraordinary General Meeting of the Company which was held on 21.09.2015:

- dismissed the previous Supervisory Board of the Company,
- appointed the following persons to be members of the Supervisory Board of the Company:
    1. Artur Gabor (as a Member of the Board meeting the requirements specified in § 18 clause 1 item 2 - 4 of the Company's Statute),
    2. Jacek Ślotała,
    3. Keith Mellors,
    4. Marcin Dukaczewski,
    5. Jin Hu,
    6. Xue (Carrie) Xiang,
    7. Dariusz Trzeciak.

The Supervisory Board consists of 5 to 13 members, including the Chairman and two Vice Chairmen (one appointed by the shareholder who, on the date of registration of Company transformation from limited liability company into joint stock company in the Register, held the biggest number of shares in the share capital of the Company, i.e. . PROKOM Investments S.A. - PROKOM Investments S.A. personal rights were deleted from the Statute of the Company by a resolution of the Extraordinary General Meeting of the Company held on 22.02.2016). The Supervisory Board is appointed in the following manner: one member of the Supervisory Board is appointed and dismissed by PROKOM Investments S.A. (PROKOM Investments S.A. personal rights were deleted from the Statute of the Company by a resolution of the Extraordinary General Meeting of the Company held on 22.02.2016), and further members of the Supervisory Board are appointed and dismissed by the General Meeting. Pursuant to §18 of the Statute, one member of the Supervisory Board appointed by the General Meeting should meet all of the following conditions: (i) has been appointed in the mode as provided for in §18 of the Statute; (ii) s/he cannot be an affiliate (according to the definition in the Statute) to the Company or any subsidiary of the Company; (iii) s/he cannot be an affiliate of the holding entity of the Company or other subsidiary of the holding entity of the Company (according to the definition in the Statute); or (iv) cannot be a person who has any relations with the Company or any of the entities specified under items (ii) and (iii) hereinabove, which could significantly influence such person's ability to make impartial decisions as a Member of the Supervisory Board. Authorised founder (PROKOM Investments S.A.) is not entitled to propose candidates

for a member of the Supervisory Board referred to hereinabove. The number of members of the Supervisory Board shall be determined by the General Meeting. In case of voting by separate groups, the number of members of the Supervisory Board shall be 13. The Supervisory Board, whose composition, due to expiry of mandates of some of the members of the Supervisory Board (for other reasons than dismissal), is reduced to lesser number than the one specified by the General Meeting, however consists of at least 5 members, shall be capable of adopting valid resolutions by the time its composition is completed. Members of the Supervisory Board are appointed for a common term of three years. Pursuant to §19 clause 1 of the Statute, the authorized founder (PROKOM Investments S.A.) indicates the Chairman and Vice Chairman of the Supervisory Board from among the persons appointed for the Supervisory Board under the provisions of the Statute of regulations of the Code of Commercial Companies. The above personal rights are not granted when PROKOM Investments S.A. share in the share capital of the Company drops below 20% - PROKOM Investments S.A. personal right was deleted from the Statute of the Company by a resolution of the Extraordinary General Meeting of the Company held on 22.02.2016.

In order to ensure validity of resolutions of the Supervisory Board it is required that all members of the Board are invited and at least half of them, Chairman and Vice Chairman included, attend the meeting. Resolutions of the Supervisory Board are adopted by absolute majority of votes. The Resolutions of the Supervisory Board concerning suspension of members of the Managing Board are adopted by the majority of 4/5 of the votes cast. In case the number of votes is even, the vote of the Chairman shall prevail. In case it is necessary, resolutions of the Supervisory Board may be adopted in writing or with the use of the means of distance communication. In such case they become binding after being signed by at least half of the members of the Supervisory Board, including the Chairman. The meetings of the Supervisory Board may be attended by the members of the Managing Board or other persons invited, as the need might be.

The Supervisory Board acts collegially which does not exclude the possibility of permanent or temporary delegation of respective Members of the Supervisory Board to perform independently specified supervisory actions.

The competence of the Supervisory Board shall include the issues as provided for in the Commercial Companies Code. The Supervisory Board exercises constant supervision over all areas of operation of the Company, in particular it assesses the report of the Managing Board on operation of the Company, financial statement for the previous financial year and suggestions of the Managing Board concerning apportionment of profits or covering loss and submits to the General Meeting a written annual statements concerning the findings from all of the above mentioned assessments. The Supervisory Board may also suspend, for important reasons, some or all members of the Managing Board. Supervisory Board rights may be extended by virtue of the Statute.

Moreover, according to the Statute, the Supervisory Board (i) appoints the entity performing audit or review of the consolidated and standalone financial statements of the Company and gives consent to conclude agreements with such entity, and (ii) gives consent to conclusion of agreements by the affiliates of the Company or carrying out other activities for Company affiliates in case the value of such agreements or activities exceeds, during 12 consecutive months, the amount of 500 thousand EUR or its equivalent in other currencies, except for typical and routine activities carried out on arm's length basis between the affiliates whose nature and conditions result from the current operating activity of the Company or its subsidiary. To become effective, the resolutions concerning issues referred to under item (i) require that a member of the Supervisory Board appointed by the General Meeting according the mode specified in the Statute votes for its adoption, and such member does not have any relations with the Company that could have significant impact on his ability, as a member of the Supervisory Board, to make impartial decisions, in particular he is not an entity affiliated to the Company. The Supervisory Board determines remuneration of the members of the Managing Board.

According to the Regulations of the Supervisory Board, the members of the Supervisory Board should participate in the sessions of the General Meeting of the Company in the composition providing for the possibility to give factual answers to the questions asked during the General Meeting. Pursuant to the Regulations, the members of the Supervisory Board should take reasonable measures to obtain from the Managing Board regular and comprehensive information on all significant issues pertaining to the operation of the Company and risk related to such operation and methods of risk management. The Chairman and Vice Chairman of the Supervisory Board are particularly responsible for maintaining contacts with the Managing Board and for representation of the Supervisory Board in relations with third parties.

In the accounting year 2015 within the scope of the Supervisory Board of the Company there was functioning the Audit Committee consisting of:

- Artur Gabor - Chairman of the Committee (since 22.09.2015),
- Maciej Grelowski - the Chairman of the Committee (until 21.09.2015),

- Dariusz Trzeciak - a Vice Chairman of the Committee,
- Marcin Dukaczewski - a Member of the Committee (until 22.09.2015),
- Keith Mellors - a Member of the Committee (since 22.09.2015).

The Committee consists of 3 members as the minimum, including the Chairman and Vice Chairman of the Committee. The number of members of the Committee is determined by the Supervisory Board. Members of the Committee, including the Chairman and Vice Chairman, are appointed by the Supervisory Board from among its members. At least one of the members of the Audit Committee has to fulfil the conditions of independency and be qualified within the field of accountancy and financial revision, as specified under Art. 86 clause 4 of the Act of 7 May 2009 on chartered auditors and their self-government, entities authorised to audit financial reports and public supervision (Journal of Laws of 2009, No. 77 item 649).

According to the Regulations of the Audit Committee, the Committee is acting collegially. The scope of action of the Committee covers consultancy and providing opinions within the scope of the competence of the Supervisory Board as regards the following areas of operation, as far as it is permitted by the applicable regulations – of the capital group of the Company: (i) financial reporting, (ii) annual and quarterly financial planning, (iii) execution of the financial plans submitted to the Supervisory Board, (iv) audit of the financial statements by a chartered auditor, (v) internal and external control system, including internal audit, (vi) risk management system.

In order to fulfil its obligations Audit Committee uses the rights of the Supervisory Board as provided for in Art. 382 § 4 of the Code of Commercial Companies and§ 22 of the Statute, and in particular it may audit all documents, demand that the Managing Board and employees of the Company provide it with reports and explanations, revise the assets of the Company and carry out control of the current and planned expenses of the Company.

Committee meetings are convened by its Chairman, and in case he is absent- Vice Chairman or any member of the Committee indicated by the Chairman. Decisions of the Committee are made in the form of resolutions adopted by votes cast by the members of the Committee. Resolutions of the Committee are adopted by absolute majority of votes. In case of equal number of votes, the Chairman shall have the casting vote, and in case he is absent- the Vice Chairman of the Committee shall have the casting vote. To ensure that the resolutions of the Committee are valid, all members of the Committee have to be invited to the meeting and at least half of them has to be present, including the Chairman or Vice Chairman of the Committee. The resolutions of the Committee may be adopted with the use of the means of direct distance communication. The resolutions adopted with the use of this method are valid when all members of the Committee have been informed of the reading of the draft of the resolution in question.