

**Current Report**

**Current Report according** Law no. 297/2004 and Regulation no.1/2006

**Date of the report:** - 04.01.2016  
**Name of the issuer** - S.C. ZENTIVA S.A.  
**Main seat:** - Bd. Theodor Pallady nr.50, Bucuresti  
**Tel. /Fax no.:** - 021-3047200 /021-345.40.04  
**Unique Code:** - 336206  
**Registration No.** - J/40/363/1991  
**Shared capital** - 41.696.115 RON  
**Capital market** - Bucharest Stock Exchange

**Significant events to be reported:**

Status of compliance with the Bucharest Stock Exchange Corporate Governance Code.

Appendix 1: Status of compliance with the provisions of the BSE Corporate Governance Code as of 31 December 2015.

**Zentiva SA**

**Simona Cocos**  
*General Manager*



**Code Compliance- December 31, 2015**

<b>Code provisions</b>		<b>Complies</b>		<b>Does not comply or partially complies</b>	<b>If NO, then EXPLAIN</b>
<b>A1</b>	All companies should have internal regulation of the Board which includes terms of reference/responsibilities for Board and key management functions of the company, applying, among others, the General Principles of Section A.			X	The main aspects in relation to the Board of Directors functioning /attributions are identified within the Company Constitutive Deed published on the Company website in the dedicated Investor Relations section.
<b>A2</b>	Provisions for the management of conflict of interest should be included in Board regulation. In any event, members of the Board should notify the Board of any conflicts of interest which have arisen or may arise, and should refrain from taking part in the discussion (including by not being present where this does not render the meeting non-quorate) and from voting on the adoption of a resolution on the issue which gives rise to such conflict of interest.			X	The main aspects in relation to the conflict of interests situations are identified and solved according to the current applicable local/group procedures (i.e. Conflict of Interest Policy, Code of Ethics). However the management of the conflict of interest process is overseen by the Compliance Officer function.
<b>A8</b>	The corporate governance statement should inform on whether an evaluation of the Board has taken place under the leadership of the chairman or the nomination committee and, if it has, summarize key action points and changes resulting from it. The company should have a policy/guidance regarding the evaluation of the Board containing the purpose, criteria and frequency of the evaluation process.			X	Most of the members of the Board of Directors are currently occupying various management positions within the group proving solid skills and capabilities in their areas. Their performance is regularly assessed as per the internal rules/policies.
<b>A11</b>	The Board of Premium Tier companies should set up a nomination committee formed of non-executives, which will lead the process for Board appointments and make recommendations to the Board. The majority of the members of the nomination committee should be independent.			X	The company is in the standard category.

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<b>B1</b>		<p>The Board should set up an audit committee, and at least one member should be an independent non-executive. The majority of members, including the chairman, should have proven an adequate qualification relevant to the functions and responsibilities of the committee. At least one member of the audit committee should have proven and adequate auditing or accounting experience. In the case of Premium Tier companies, the audit committee should be composed of at least three members and the majority of the audit committee should be independent.</p>		X	<p>The efficacy of the internal control system covering also financial reporting is overseen by country function fully managing the internal control framework. Consequently, considering the actual set up of the system of internal control, we do not consider necessary to implement an audit committee with the associated functions at the level of the Board of Directors.</p>
<b>B2</b>		<p>The audit committee should be chaired by an independent non-executive member.</p>		X	<p>Please refer to comment related to B1.</p>
<b>B3</b>		<p>Among its responsibilities, the audit committee should undertake an annual assessment of the system of internal control.</p>		X	<p>Annual assessment of internal control system is performed by dedicated country and group level internal control functions.</p>
<b>B4</b>		<p>The assessment should consider the effectiveness and scope of the internal audit function, the adequacy of risk management and internal control reports to the audit committee of the Board, management's responsiveness and effectiveness in dealing with identified internal control failings or weaknesses and their submission of relevant reports to the Board.</p>		X	<p>All areas mentioned in the description of the recommendation are covered by the annual assessment performed by dedicated country and group level internal control functions. However, as a rule, the Board members are informed on the outcome of the annual assessment.</p>
<b>B5</b>		<p>The audit committee should review conflicts of interests in transactions of the company and its subsidiaries with related parties.</p>		X	<p>Evaluations of Conflict of Interest in transactions of the company and its subsidiaries with related parties are taken into account within the corresponding internal documentation (i.e. Transfer Price Dossier)</p>

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<b>B6</b>		The audit committee should evaluate the efficiency of the internal control system and risk management system.		X	The efficiency of the internal control and risk management systems is covered by the annual assessment performed by the dedicated internal control country level function jointly with the group level internal control function.
<b>B7</b>		The audit committee should monitor the application of statutory and generally accepted standards of internal auditing. The audit committee should receive and evaluate the reports of the internal audit team.		X	Application of statutory and generally accepted standards of internal auditing is monitored jointly by the dedicated country level internal control function and group level internal audit function.
<b>B8</b>		Whenever the Code mentions reviews or analysis to be exercised by the Audit Committee, these should be followed by cyclical (at least annual), or ad-hoc reports to be submitted to the Board afterwards.		X	As a rule, such reports/ analyses performed by relevant functions are communicated to the Board.
<b>B10</b>		The Board should adopt a policy ensuring that any transaction of the company with any of the companies with which it has close relations, that is equal to or more than 5% of the net assets of the company (as stated in the latest financial report), should be approved by the Board following an obligatory opinion of the Board's audit committee, and fairly disclosed to the shareholders and potential investors, to the extent that such transactions fall under the category of events subject to disclosure requirements.		X	The Company applies transfer pricing policies in accordance with the OECD Transfer Pricing Guidelines for Multinational Enterprises and Tax Administrations and local Romanian legislation. All significant transactions are assessed by internal local and corporate experts to make sure that they are in line with external transfer pricing guidelines and regulations and internal transfer pricing policies. The advice/support from established external advisors is sought where necessary. The compliance with valid transfer pricing regulations ensures that the prices used in intercompany transactions are based on the arm's length principle. With respect to determining the appropriate arm's length return/margin for products and services, external databases are utilized to determine the return/margin earned by companies with similar functions, risks and assets.

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					<p>Transactions with affiliates are supported by documentation and recorded in the financial records of the Company. The Company prepares, in accordance with CNVM regulation 1/2006, article 113 letter (G) paragraph (6), a six monthly report of contracts entered into during the period with affiliates to ASF and included on our Website. The six monthly report is subject to procedures undertaken by the Company external auditors on which a report is completed and submitted to ASF and is available on the Company website.</p> <p>Such function is at group level.</p>
<b>B12</b>		<p>To ensure the fulfillment of the core functions of the internal audit department, it should report functionally to the Board via the audit committee. For administrative purposes and in the scope related to the obligations of the management to monitor and mitigate risks, it should report directly to the chief executive officer.</p>		X	
<b>C1</b>		<p>The company should publish a remuneration policy on its website and include in its annual report a remuneration statement on the implementation of this policy during the annual period under review.</p> <p>The remuneration policy should be formulated in such a way that allows stakeholders to understand the principles and rationale behind the remuneration of the members of the Board and the CEO, as well as of the members of the Management Board in two-tier board systems. It should describe the remuneration governance and decision-making process, detail the components of executive remuneration (i.e. salaries, annual bonus, long term stock-linked incentives, benefits in kind, pensions, and others) and describe each component's purpose, principles and assumptions (including the general performance criteria related to any form of variable remuneration).</p> <p>In addition, the remuneration policy should</p>		X	<p>The remuneration of the independent Board member is fixed. The rest of the Board members have gratuitous mandates. There are no plans to change the remuneration of the Board members.</p>

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		disclose the duration of the executive's contract and their notice period and eventual compensation for revocation without cause. The remuneration report should present the implementation of the remuneration policy vis-à-vis the persons identified in the remuneration policy during the annual period under review. Any essential change of the remuneration policy should be published on the corporate website in a timely fashion.			
<b>D1</b>		The company should have an Investor Relations function - indicated, by person (s) responsible or an organizational unit, to the general public. In addition to information required by legal provisions, the company should include on, both in Romanian and English, including:	X		Main relevant information published on the dedicated Investor Relations section is disseminated in English (i.e. the current reports, informative materials/ decisions related to General Assemblies).
	<b>D.1.2.</b>	Professional CVs of the members of its governing bodies, a Board member's other professional commitments, including executive and non-executive Board positions in companies and not-for-profit institutions;	X		Dissemination of the full professional CVs of the members and the Board member's other professional commitments will be considered.
<b>D2</b>		A company should have an annual cash distribution or dividend policy, proposed by the CEO or the Management Board and adopted by the Board, as a set of directions the company intends to follow regarding the distribution of net profit. The annual cash distribution or dividend policy principles should be published on the corporate website.	X		Releasing and dissemination of a policy related to the distribution of dividends or other benefits to the shareholders will be subject of further assessment.
<b>D3</b>		A company should have adopted a policy with respect to forecasts, whether they are distributed or not. Forecasts means the quantified conclusions of studies aimed at determining the total impact of a list of factors related to a future period (so called assumptions): by nature such a task is based upon a high level of uncertainty, with results	X		Dissemination of a policy with respect to forecasts will be subject of further assessment.

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				<p>sometimes significantly differing from forecasts initially presented.          The policy should provide for the frequency, period envisaged, and content of forecasts. Forecasts, if published, may only be part of annual, semi-annual or quarterly reports. The forecast policy should be published on the corporate website.</p>			
<b>D7</b>			X	<p>Any professional, consultant, expert or financial analyst may participate in the shareholders' meeting upon prior invitation from the Chairman of the Board. Accredited journalists may also participate in the general meeting of shareholders, unless the Chairman of the Board decides otherwise.</p>			<p>The accesses of consultants, experts, financial analysts or accredited journalists in the Company shareholders' meeting will be allowed only upon prior invitation from the Chairman of the Board.</p>
<b>D9</b>			X	<p>A company should organize at least two meetings/conference calls with analysts and investors each year. The information presented on these occasions should be published in the IR section of the company website at the time of the meetings/conference calls.</p>			<p>Organizing of such events will be subject of the internal applicable principles.</p>