

**Remuneration Policy for the directors of  
Zentiva S.A.  
(the “Company”)**

- updated on 27 April 2023 -

**1 General aspects. Objectives**

- 1.1. The Company has drawn up the policy on the remuneration of the Company’s directors (the “**Remuneration Policy**”), in accordance to the provisions of art. 106 of Law no. 24/2017 on issuers of financial instruments and market operations (hereinafter, “**Law no. 24/2007**”).
- 1.2. The Remuneration Policy applies to *the directors (in Romanian, conducatori)*, and this term includes, according to Law no. 24/2017, any member of the board of directors, as well as any manager, in the case of the one-tier management system. Therefore, the Remuneration Policy applies to both the executive and non-executive members of the Company’s Board of Directors (“**Board of Directors**”) and was approved by the ordinary general meeting of the Company’s shareholders (“**OGMS**”) of 28 April 2021 and further amended/ updated by the OGMS dated 27 April 2023.
- 1.3. The Remuneration Policy contains the set of guidelines established by the OGMS, which the Company will further implement with respect to the remuneration of the Company’s directors, and contributes to the Company’s business strategy, long-term interests and sustainability, as well as to the Company’s values and objectives.
- 1.4. The Company aims to ensure a competitive level of remuneration in order to attract, retain and motivate people with special professional training and significant management experience to be part of the Company's management. The Remuneration Policy takes into consideration the following aspects:
  - (i) recruiting and motivating the Company's directors so as to contribute to the long-term sustainability and development of interests, but also to the success of the Company;
  - (ii) the existence of a well-defined and proportional relationship between performance and remuneration;
  - (iii) determining the fixed remuneration taking into account the labour market conditions and the dimension of the activity carried out by the Company;
  - (iv) determining the variable remuneration based on clear, complete and varied criteria – according to the financial and non-financial performance indicators approved by the OGMS; and
  - (v) considering also the principles applied at the level of the group to which the Company belongs, to the extent they are compatible with the law applicable to the Company.
- 1.5. This remuneration policy is supplemented by the provisions of the Company’s articles of association, the relevant provisions of Law no. 31/1990 on companies, as further amended and supplemented (hereinafter, the “**Company Law**”), as well as by the provisions of the

Bucharest Stock Exchange Code of Corporate Governance (hereinafter the “**BSE Corporate Governance Code**”).

- 1.6. The Remuneration Policy supports the Company’s mission and strategy by rewarding the achievement of long-term sustainable performance objectives and enabling the recruitment and retention of the appropriate directors who are willing to act to fulfil the long-term interests of the Company, its shareholders and other stakeholders.

## **2 Remuneration of the Company’s directors and the remuneration structure**

The Remuneration Policy takes into consideration the Company’s OGMS resolutions approving the remuneration of the Company’s directors (the fixed and variable components).

The remuneration of the members of the Board of Directors is approved by the OGMS at an annual maximum aggregate level for all the members of the Board of Directors and for the general manager.

### **2.1. Executive members of the Board of Directors**

- 2.1.1. The remuneration structure of the executive members of the Company's Board of Directors includes the following elements:

- a) a monthly fixed remuneration; and
- b) an annual variable remuneration, called a *performance bonus*.

- 2.1.2. Both the monthly fixed remuneration and the annual variable remuneration are approved by the OGMS.

- 2.1.3. Other benefits applicable to the executive members of the Board of Directors are:

- a) private healthcare subscription;
- b) benefits offered through the platform my.benefitonline.ro, in the amount of RON 2,000 per year;
- c) life and health insurance.

#### **2.1.4. Monthly fixed remuneration**

The fixed remuneration of the Company’s executive members of the Board of Directors is approved by the OGMS (as part of the maximum aggregate remuneration, approved annually for all the members of the Board of Directors) and is paid on a monthly basis. This fixed component of the remuneration structure is established in such a way as to reflect the role, responsibilities and experience of the persons in question. It is established at adequate market levels to attract and retain the persons needed to implement the Company’s strategy. The Board of Directors will periodically analyse whether a change in the basic salary would be appropriate in the market context, as well as salary adjustments for other employees of the Company.

#### **2.1.5. Annual variable remuneration**

The variable remuneration will be paid depending on (i) the Company’s financial and non-financial results, (ii) the assessment of the individual performance of every executive member of the Board of Directors and (iii) the general results of the group to which the Company belongs. This variable remuneration aims to encourage executive members to focus on bringing long-term added value to the Company, in accordance with the Company's

strategy, and on aligning the interests of executive members and the Board of Directors with the interests of the Company's shareholders. The performance bonus is calculated as a percentage applied to the fixed remuneration of each executive member of the Board of Directors, percentage which may vary between 0% and 45% of the total annual fixed remuneration, and will be paid annually, after confirmation of the achievement of the results pursued by the applicable performance criteria, together with the remuneration related to the month of March of each year.

#### 2.1.6. Criteria for granting performance bonuses

The criteria for the granting of the variable remuneration to the executive members of the Board of Directors indicate the financial and non-financial performance of the Company.

More specifically, the granting of the variable remuneration depends on how the following criteria are met, which apply cumulatively:

- (i) The Company's financial indicators are: net sales, achievement of the production plan, profit margin, cash management, by reference to the values included in the annual income and expenditure budget approved at the level of the management of the group and in the annual income and expenditure budget approved by the OGMS of Zentiva SA. These indicators are correlated by reference to both the Company's performance at country level and the performance at the level of Zentiva Group, in different percentages determined for each financial year, depending on the business strategy established at the group level;
- (ii) The Company's non-financial indicators are: the development of the employees' capacity and satisfaction, the team management, the adoption of the Company's values, as well as the compliance with the investment and implementation strategy.

The evaluation of the performance criteria is carried out by the remuneration committee (composed of the non-executive members of the Board of Directors) at the beginning of each year for the previous financial year, taking into account the criteria listed above. The remuneration committee also analyses the degree of involvement of each of the members of the Board of Directors in achieving the Company's priorities and adopting its values.

In order for the performance bonus to be granted, the assessment of members of the board of directors' performance will be conducted, as a rule, by reference to their activity during a financial year.

For the newly appointed members of the board of directors, the criteria established by this Remuneration Policy for the remaining period of the year will apply. Each member of the board of directors receiving variable remuneration must meet the condition of having at least 3 months of continuous activity during a calendar year in order to receive the performance bonus.

In order to qualify for a performance bonus, the members of the board of directors who terminated their contractual relationships with the Company or resigned from their office must have at least 6 months of continuous activity during a calendar year and such bonus must be approved by the Company's remuneration committee. The members of the board of directors whose mandate is terminated in any manner whatsoever, as a result of their fault, will not receive the performance bonus.

If the members of the board of directors fail to meet the performance criteria, the Company's remuneration committee must document the poor performance and inform them in writing in this respect. In this case, the variable component of the remuneration may be paid in part or will not be paid at all, depending on the extent to which the performance criteria are met. Depending on the degree of fulfilment of the performance criteria, the value of the achievement quota may be between 0 and 150%. For a 100% performance criteria fulfilment quota, the bonus will be up to 30%, and for a 150% performance quota, the bonus will be up to 45%.

The Company's remuneration committee is responsible for analysing the manner of fulfilment of both the financial and non-financial performance indicators, on a discretionary basis, unless such indicators are objective.

#### 2.1.7. Deferred bonus payment policy

N/A

#### 2.1.8. Contractual issues

The executive members of the Board of Directors concluded management agreements with the Company, by virtue of the management positions that have been delegated to them at Company level.

These agreements are concluded for an indefinite period and provide for a notice period of 3 months.

In the event of the executive members' failure to fulfil or improper fulfilment of their duties, in a culpable manner, the Company may unilaterally terminate such agreements, by operation of law, on the date mentioned in the written notice of termination, without formal notice (the termination arising from the mere act of non-performance) and without any compensation being due.

2.1.9. The provisions of this section 2.1 (*Executive members of the Board of Directors*) are also applicable to the general manager of the Company, if he is not appointed from among the members of the Board of Directors.

### **2.2. The Independent member of the Board of Directors**

For the activity carried out within the Company, the independent member of the Board of Directors is entitled to receive a monthly fixed remuneration, with no other fixed or variable elements or components. The monthly fixed remuneration is approved by the OGMS, as part of the maximum aggregate remuneration approved annually for all members of the Board of Directors.

### **2.3. The non-executive members of the Board of Directors**

2.3.1. The non-executive members of the Board of Directors (except for the independent member, whose remuneration was set out in clause 2.2 above) perform their activity on the basis of a non-remunerated mandate and, therefore, they do not receive any consideration for their activity at Company level.

2.3.2. By exception to art. 2.3.1 above, the non-executive members of the Board of Directors or the other managers appointed from among the employees of the Company or among the employees of the affiliated companies in Romania may have the same rights and obligations

provided for the executive members of the Board of Directors, based on remunerated mandate agreements concluded with the Company, section 2.1 (*Executive members of the Board of Directors*) of this remuneration policy being applicable accordingly to them as well, including, without limitation, with regard to the provisions regarding the granting of remuneration.

### **3. Review and publication of the Remuneration Policy**

The Remuneration Policy is approved and reviewed within the OGMS whenever a significant change is made and, in any case, at least once every 4 years.

The company may, in exceptional circumstances, temporarily derogate from the remuneration policy regarding the conditions and manner of granting remuneration and other benefits, provided that any such derogation is approved by the Board of Directors. These exceptional circumstances refer only to situations where the derogation from the remuneration policy is necessary to serve the long-term interests and sustainability of the Company as a whole or to ensure its viability.

After the vote on the Remuneration Policy within the OGMS, the Remuneration Policy and the date and result of such vote are published without delay on the Company's website at [www.zentiva.ro](http://www.zentiva.ro) and will remain publicly available, free of charge, at least as long as they are applicable.

**ZENTIVA SA**

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