

Sustainability Report 2021



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CEO's welcome

Dear Partner, Dear Employee, Dear Reader,



Pandemic, deglobalization, climate emergency, energy crisis, recession. The global problems of recent years have shown us in a shocking way that our way of life has a direct impact not only on the Earth's resources and the biosphere that surrounds us, but also on us. We have to accept the fact that the consequences of human activities do not exert their negative effects in an intangible distant future, but we have to deal with them here and now. Accordingly, players in the capital markets must also pay more attention to sustainability aspects.

Gedeon Richter Plc., as a pharmaceutical company, is constantly working to improve the quality of human life with its research and development activities and innovative products. In addition, we regularly review our processes in order to minimise our environmental impact. In 2021, we assessed our carbon footprint in Hungary for the very first time, in order to develop more targeted environmental protection measures. In accordance with the European Union's Fit for 55 climate protection package, we have simultaneously begun to develop a new energy strategy for the coming years and decades, in which renewable energy plays a significant role.

Last year, we took new steps in our most important therapeutic areas. We continued our original research projects in the field of neuropsychiatric diseases, with which we expect to be able to help patients with new therapies. In the case of our original antipsychotic, cariprazine, the second phase III clinical trial has been successfully completed, which may make it possible to provide adjunctive treatment of major depressive disorder to patients who are receiving ongoing antidepressant therapy. Complementing our gynaecology portfolio with new, high-value-added products such as a contraceptive containing native estrogen or a pill for the treatment of uterine fibroids, offers additional therapeutic options to women worldwide.

Moreover, the new agreements of our biotechnology business segment provide an opportunity to make available to a wider range of patients both our biosimilar preparations that are already on the market as well as those that are still in the development phase.

We are proud that our corporate values have been confirmed as an employer and that our existing and potential future colleagues are happy to share them. This is shown by the fact that in 2021, according to the results of the research conducted by PwC Hungary, Gedeon Richter Plc. was once again the most attractive employer in the Hungarian pharmaceutical industry.

In order to effectively coordinate our social responsibility activities and sustainability efforts, Richter's Board of Directors established a three-person ESG Subcommittee in December 2021. The task of the Subcommittee is to continuously monitor the ESG requirements as determined by domestic and international capital markets and to make recommendations to the Board of Directors in order for Richter to comply with those requirements.

Long-term thinking, healing as a service, innovation, and the support of talent, were introduced by our founder as basic principles in the life of our company. To this day, these values are still present in Richter, which celebrated its 120th anniversary in 2021. Our goal for the next 120 years is to achieve our business success by keeping in mind the needs of the younger generations, as we are only borrowing our current resources from them.

Gábor Orbán
Chief Executive Officer

1. Introduction

1.1 Our key results

Business performance

In 2021, the Richter Group (hereinafter referred to as Richter, or the Richter Group) continued to successfully overcome the obstacles caused by the COVID-19 pandemic, which had an impact on both operations and employees. Despite market conditions, the company achieved record growth and continues to rely on its successful R&D activity and a broad product portfolio.



HUF 630.6 billion

Sales revenue

11.3% increase compared to 2020



1 200

Number of people employed in R&D

The largest pharmaceutical R&D organisation in the CEE region



7

Number of Hungarian patent applications

We are working on filing additional patents



11

Number of ongoing original research projects

With phase I and II clinical results

ESG performance

It is the priority of the Richter Group to perform its pharmaceutical activities with as little environmental burden as possible, while at the same time achieving positive social impact. To this end, we take environmental, social and corporate governance considerations into account when making decisions in the areas of capital expenditure and research and development, as well as in operational processes.



5.82 million

Emergency contraception pills

Provided to people in need



46.4%

Share of female employees

We aim for equal opportunity



HUF 1.9+ billion

Social engagement

We provide professional and financial support to health and educational institutions



26.2K GJ

Energy consumption savings

We have reduced our fossil fuel use and emissions



2021

Establishment of the ESG Subcommittee

To achieve the company's sustainability goals, an ESG steering committee has been established

1.2 About the Richter Group

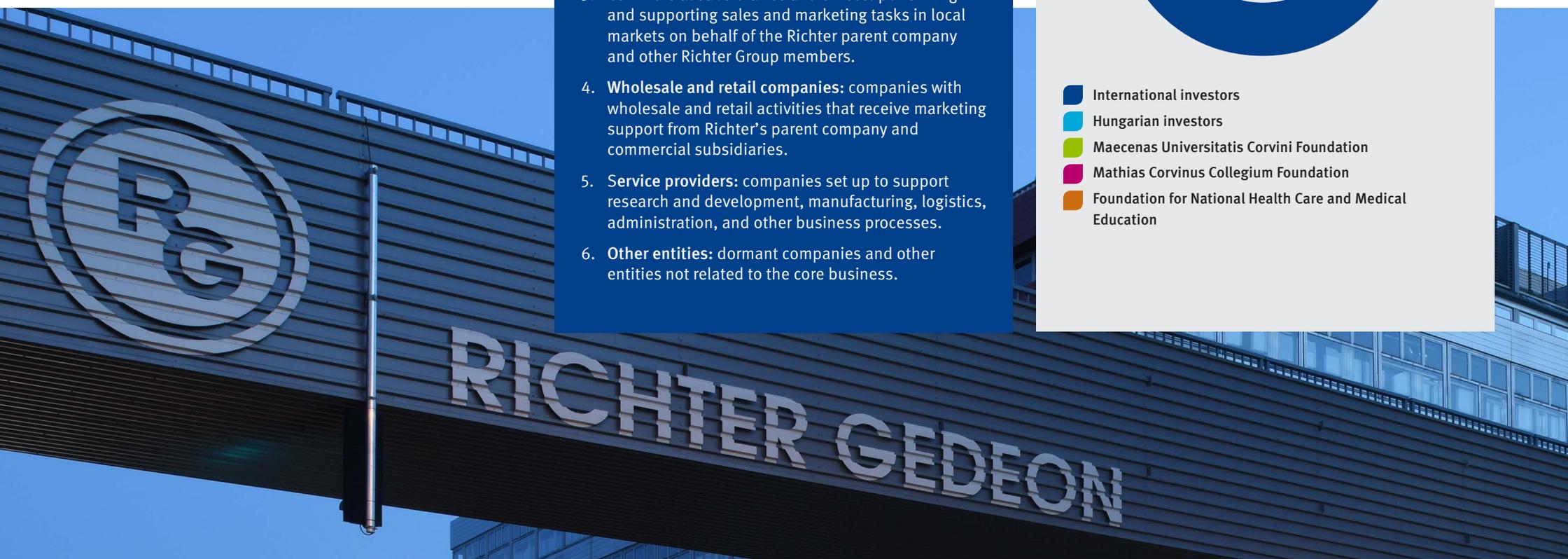
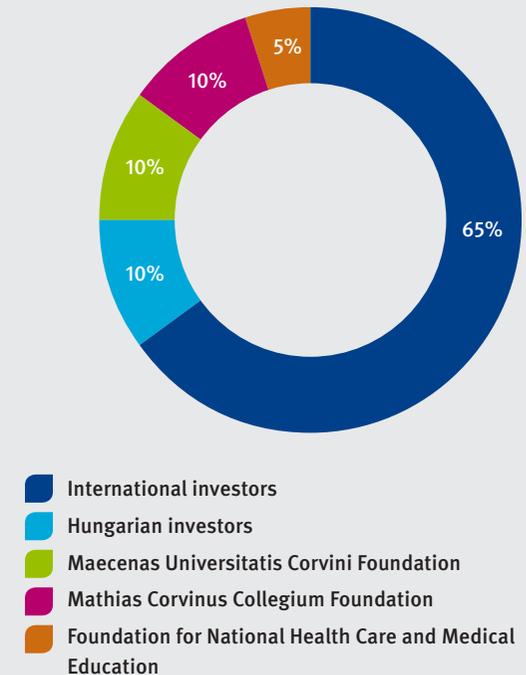
The Richter Group is a vertically integrated global pharmaceutical company headquartered in Budapest. The company's core business is the manufacture and sale of innovation-driven pharmaceutical products, supported by a number of manufacturing and marketing subsidiaries, representative offices, and joint ventures. The vertically integrated operation consists of the coordination of research and development, pharmaceutical manufacturing, wholesale and retail, and marketing activities.

The Richter Group supplies products to 100 countries around the world and has affiliates in more than fifty countries. In total, the Group consists of 66 entities, of which 46 member companies have a profile in pharmaceutical manufacturing and sales, which is considered the "core" business segment and accounts for almost 80% of the Group's sales. In total, Richter employs more than 12 000 people.

The entities of the Richter Group are classified into the following six types of companies:

- Richter headquarter in Hungary:** the parent company of the Richter Group (including the Budapest, Dorog and Debrecen sites): research and development, manufacturing, procurement, logistics, and sales coordination for the whole Group.
- Production subsidiaries and joint ventures:** the Richter Group has production units in Poland, Romania, Russia, India, and Germany. The medicines produced here are sold worldwide. R&D activities are also carried out at the sites in Poland and Romania.
- Commercial subsidiaries and offices:** performing and supporting sales and marketing tasks in local markets on behalf of the Richter parent company and other Richter Group members.
- Wholesale and retail companies:** companies with wholesale and retail activities that receive marketing support from Richter's parent company and commercial subsidiaries.
- Service providers:** companies set up to support research and development, manufacturing, logistics, administration, and other business processes.
- Other entities:** dormant companies and other entities not related to the core business.

Figure 1: Gedeon Richter Plc. is a publicly traded company with the following ownership structure as of December 31, 2021



Operation of our company



Research and development

Richter boasts one of the largest R&D centres in Central and Eastern Europe, employing 1 200 specialists.

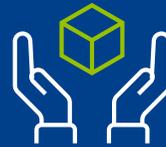
Our goal remains to provide the public with the most advanced pharmaceutical products. We are constantly working to ensure that the results of our research contribute to improving the quality of human life.



Product manufacturing

In addition to the use of innovative technologies and cost-effective manufacturing processes, our goal is to make sustainability a priority for the Richter Group.

Besides its sites in Hungary, Richter has manufacturing units in Poland, Romania, Germany, Russia and India.



Sales and marketing

Richter products are distributed on six continents around the world with direct presence in fifty countries, thanks to the company's extensive distribution network, as well as its partnership agreements.

The Group's largest markets in terms of sales are the European countries, the USA and the CIS region.



Figure 2: Sales revenue of the Richter Group in 2021, by region (in millions of HUF)

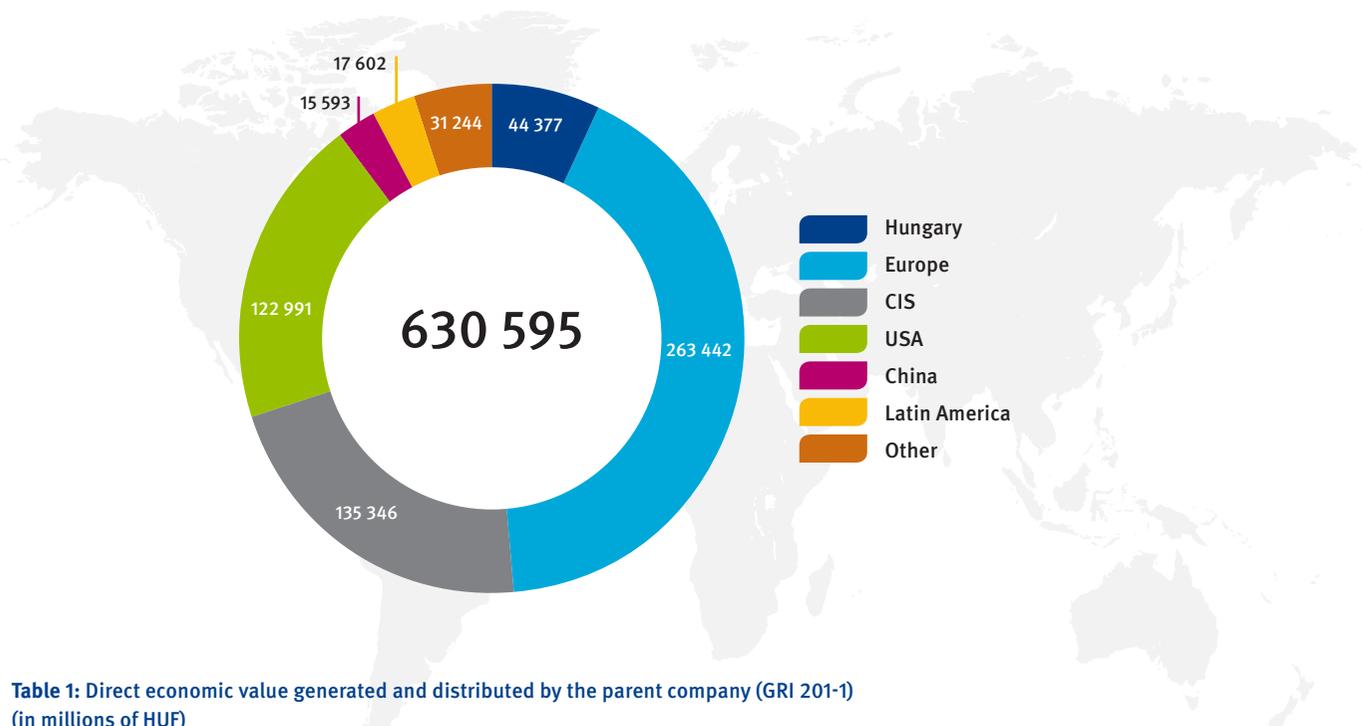


Table 1: Direct economic value generated and distributed by the parent company (GRI 201-1) (in millions of HUF)

Direct economic value generated	Revenue	454 244
Economic value distributed	Operating costs	177 805
	Employee wages and benefits	73 405
	Payments to providers of capital	42 595
	Payments to government	5 783
	Community investments	1 294
	Total economic value distributed	300 882
Economic value retained	Retained profits	132 207

1.2.1 Organisational memberships and industry representatives

The Richter Group actively participates in both domestic and international industry organisations. These associations are responsible for regulatory and scientific matters and the harmonisation of industrial and corporate policies. Active participation helps to represent the company's interests in shaping the future of the pharmaceutical industry. The Richter Group is a member of the National Association of Hungarian Pharmaceutical Manufacturers (Magyarországi Gyógyszergyártók Országos Szövetsége, MAGYOSZ), which is the most important such organisation in Hungary. At the international level, among others, our company has joined the Medicines for Europe association.

The Richter Group's memberships in pharmaceutical and other professional organisations (GRI 102-13):



EQO European Organisation for Quality, Hungarian National Committee

KÖVET Association for Sustainable Economies (Egyesület a Fenntartható Gazdálkodásért)

Hungarian Association for Innovation (Magyar Innovációs Szövetség)

Hungarian Chemical Society (Magyar Kémikusok Egyesülete)

Hungarian Chemical Industry Association (Magyar Vegyipari Szövetség)

National Association of Hungarian Pharmaceutical Manufacturers (MAGYOSZ)

Business Council for Sustainable Development in Hungary (BCSDH)



Medicines for Europe



Polski Związek Pracodawców Przemysłu Farmaceutycznego



Asociația Producătorilor de Medicamente Generice din România

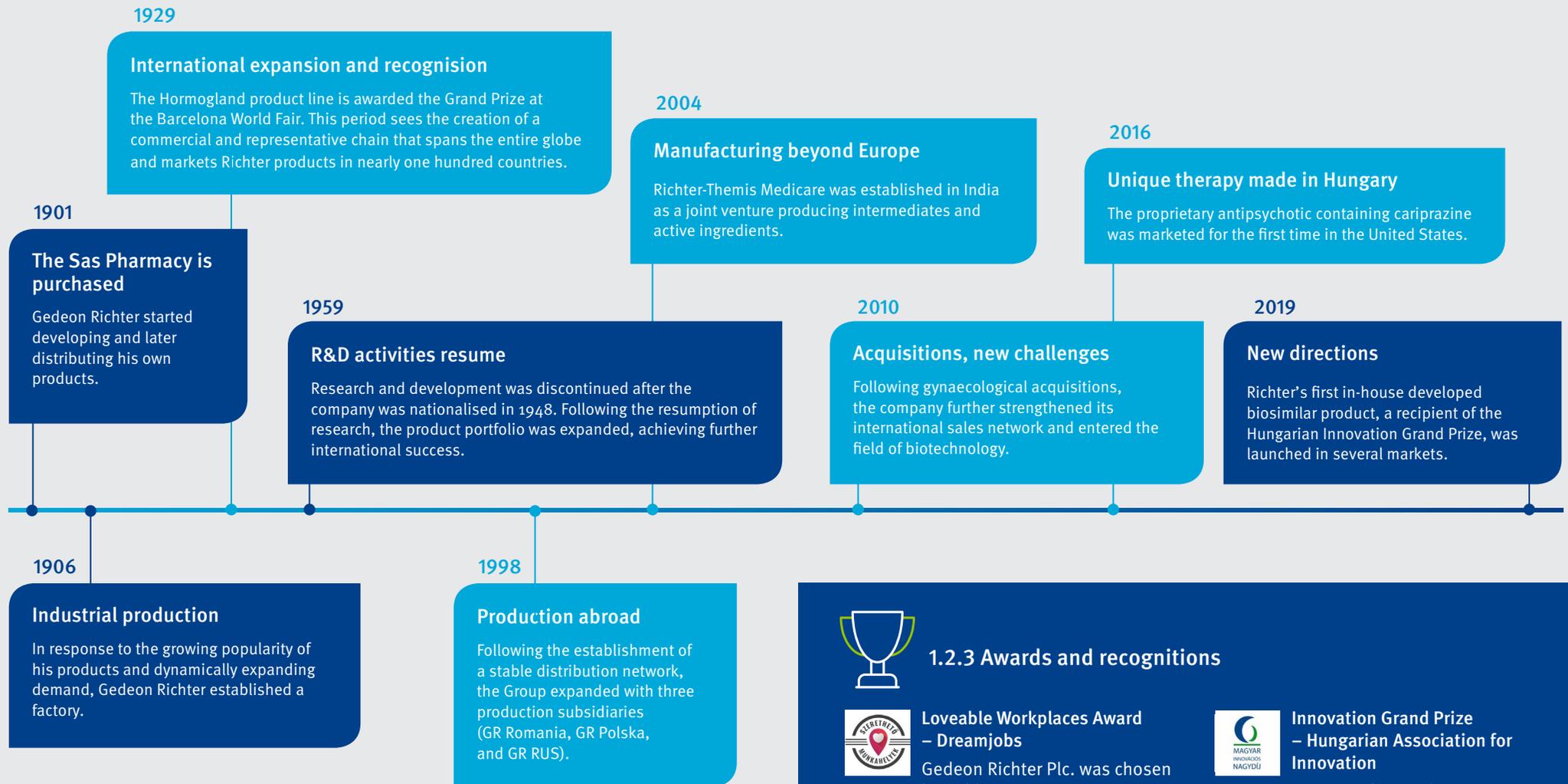


Patronatul Producătorilor Industriali de Medicamente din România



Ассоциация Российских фармацевтических производителей

1.2.2 Richter's history



1.2.3 Awards and recognitions



Loveable Workplaces Award – Dreamjobs

Gedeon Richter Plc. was chosen by public vote



Most Attractive Workplace Award in the Hungarian pharmaceutical industry – PwC Hungary

According to labour market survey



Innovation Grand Prize – Hungarian Association for Innovation

For a new biosimilar Hungarian medicine (Terrosa)

CSR Project of the Year – Eurasian Pharma Awards (Kazakhstan)

Improving patient compliance with blood pressure and lipoprotein level checks

2. Our ESG approach

Our main goal is to make the world a healthier place by improving the quality of human life. We are doing so by paying attention to our impact on the environment and society, and incorporating these aspects into our corporate governance processes. Serving this initiative, we are constantly relying on our innovative capabilities to achieve long-term social benefits with our pharmaceutical activity.

2.1 Richter's ESG goals and their SDG relevance

The Richter Group is committed to the United Nations Sustainable Development Goals (UN SDG). The manufacturing of pharmaceutical products presents the opportunity to treat diseases and improve the quality of life for patients. Hence, we believe that the Richter Group's core business is fundamentally beneficial and contributes towards global sustainability goals. The SDG most relevant to Richter is goal number 3 - Good Health and Well-being, making it this report's main focus.

The Richter Group's priority sustainable impact: SDG 3. Good Health and Well-being



The Richter Group is proud of its 120 years of history – as a major European corporation, we make the world a healthier place by building on this foundation. In line with our corporate goal “Health is our mission”, our aim remains to be a fierce competitor in the global pharmaceutical market and we want to support the well-being of patients with our innovative products all over the world.

A significant and growing share of our revenue is generated from one of our products used in the treatment of mental diseases. The Richter Group's original antipsychotic, which improves the quality of life for schizophrenic and bipolar patients, is now available in 48 countries (with reimbursement

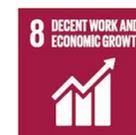
in 29). More than 650 000 patients have been treated with this product since its introduction in the US. Richter is also running awareness campaigns in several countries on the social understanding and treatment of schizophrenia, contributing to SDG 3.4.¹

Besides the therapeutic solutions for mental diseases another significant revenue source is the sales of women's healthcare products. Richter undertakes various patient awareness and educational programmes in this field, contributing to SDG 3.7.²

Furthermore, the company provides generic and biosimilar products at a favourable price through which they can increase the accessibility of therapy, contributing to SDG 3.8.³

Other SDG goals affected by the Richter Group's operations:

In addition to its products, the Richter Group also makes an impact through its operations. This means that our pharmaceutical operations are relevant to topics other than health and well-being under the SDGs. These topics are also considered with regards to our business operations and our results are presented in this sustainability report.



¹ By 2030, reduce by one third premature mortality from non-communicable diseases through prevention and treatment and promote mental health and well-being.

² By 2030, ensure universal access to sexual and reproductive health care services, including for family planning, information and education, and the integration of reproductive health into national strategies and programmes.

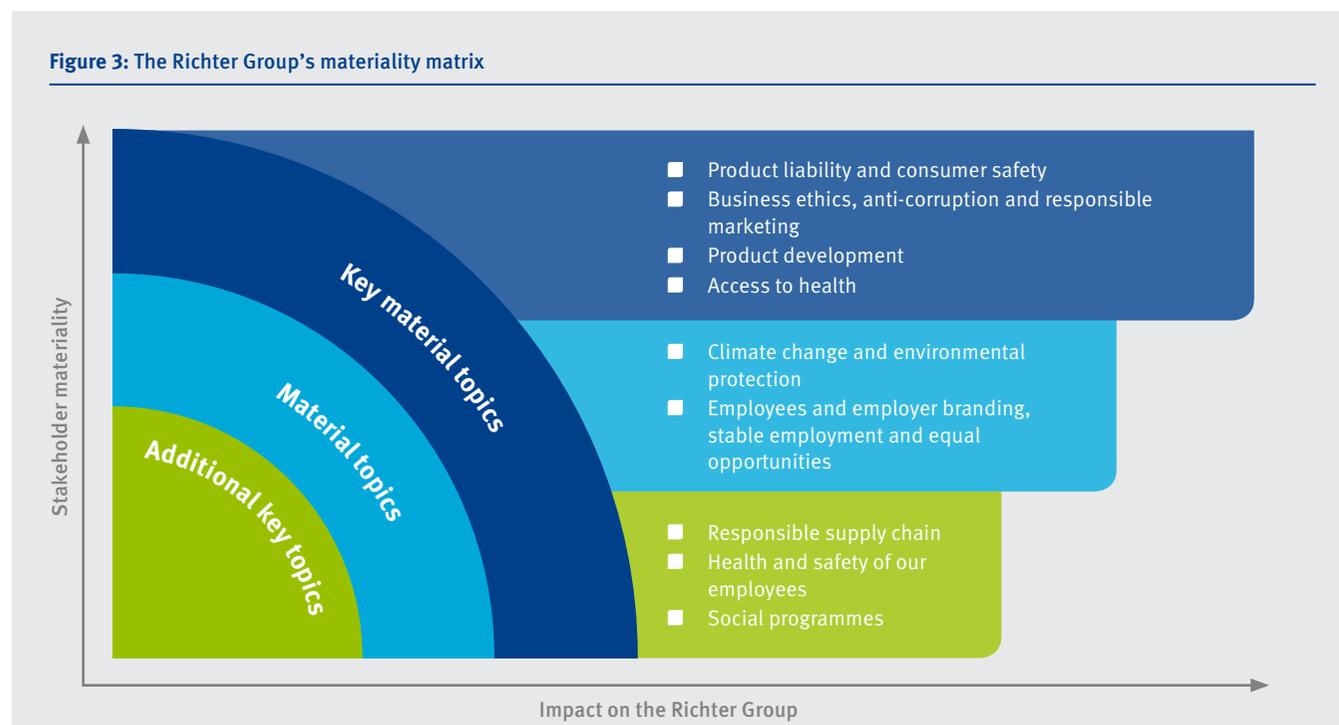
³ Achieve universal health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines and vaccines for all.

2.2 Materiality matrix

In 2021, the previous materiality assessments were updated by PwC Hungary. During the materiality assessment, we considered the pharmaceutical industry trends and best practices, as well as the expectations of analysts responsible for ESG ratings. Other considerations in terms of material topics for the Richter Group were additional stakeholders, and the unique aspects of the company's strategy and operations.

When comparing the 2021 materiality assessment with previous years, it can be said that there have been some changes, but not significant ones. Access to health remains a priority area. At the same time, responsible supply chain, the health and safety of our employees and social programmes were assigned lower priority. This does not change the fact that every topic in the matrix is important for the Richter Group and they are all emphasised in this report. To comply with GRI requirements, however, we only report data in "key material" and "material" topics.

Figure 3: The Richter Group's materiality matrix



2.3 About the report

2021 is the second consecutive year that the Richter Group prepared an annual Sustainability Report. Previous reports have been produced on a biennial basis. Altogether this is the ninth sustainability report published by the Richter Group.

The 2021 report follows the GRI Standards, which have been applied for the last five years. This year's improvement was complementing the report with some of the SASB (Sustainable Accounting Standards Board) Standards' elements. In our opinion, this report fulfils the GRI "core" requirements but no external audit was performed.

We strive to continuously improve the availability of data at group level. Richter endeavours to include as many of its member companies as possible in the scope of data reporting. This is an ongoing process, and this year the report typically covers data from the manufacturing sites (Hungarian, Romanian, Russian, Polish, German, and Indian sites). This means that the coverage of sustainability data accounts for 67% of the Richter Group in terms of sales and around 70% in terms of headcount. (Any deviation from this affiliate range is indicated in the report.) It is important to note, that the sustainability impact of non-manufacturing member companies is negligible, hence the sustainability performance presented in this report covers an even larger share of the Group operations.

The indicators' scope is limited to the impacts related to the company's own operations in most cases. The range extends to the supply chain where relevant as far as materiality is concerned thus, for example in supplier safety or the quality assurance of suppliers. These are marked individually.

Quantitative data is predominantly reported for the past three years. Where appropriate, in order to understand sustainability performance, we also provide a detailed breakdown (by location or other factor) for 2021.

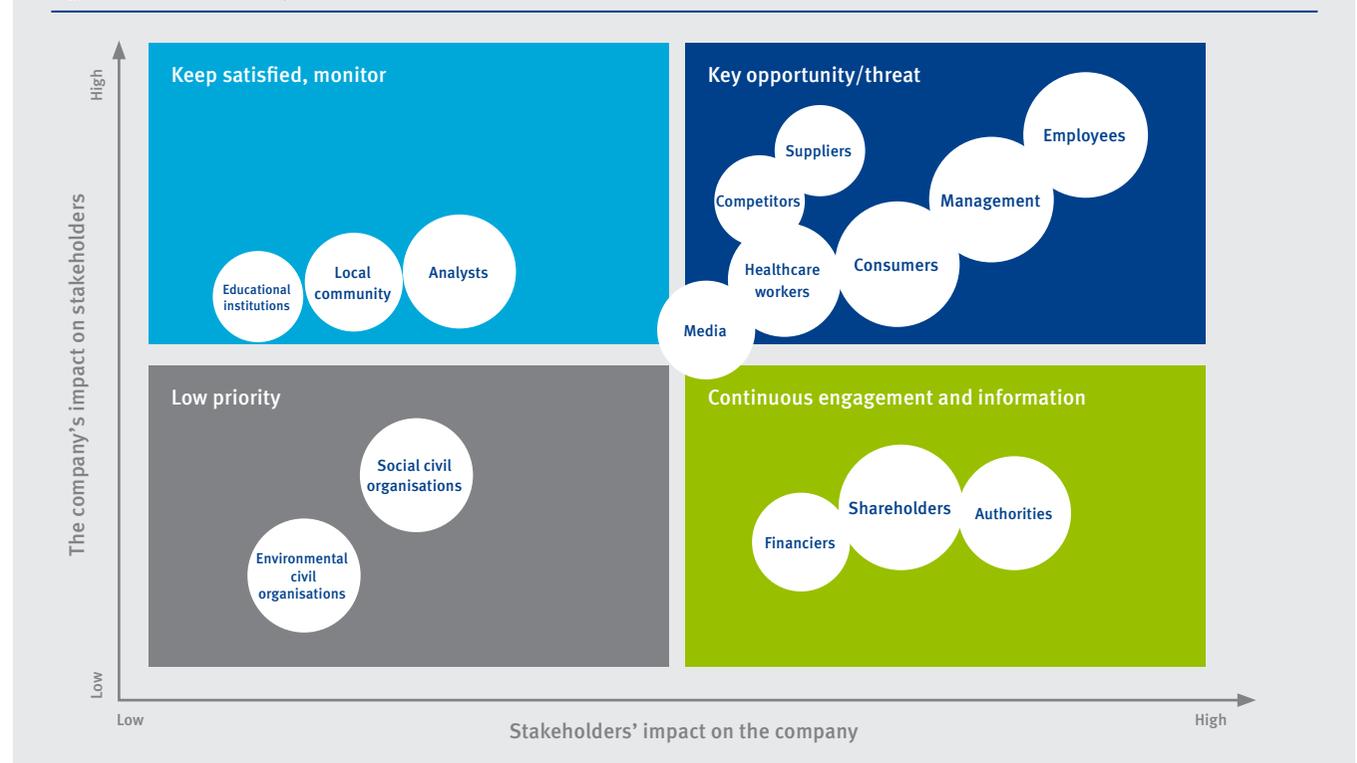
The data for 2019 and 2020 may differ in some cases from those reported in previous reports. This is typically because the Richter Group continuously strives to improve the group level coverage of sustainability performance and in many cases, new subsidiaries have been included in the reporting scope. Discrepancies may be due to a change in data collection methods, which is not common. Such changes and restatements are always clearly indicated but are not listed separately.

2.4 Stakeholders

We define stakeholders as interest groups that are directly affected by the Richter Group or that have an impact on the company. These are the groups that are most affected by Richter's activities and operations. Furthermore, those exposed to indirect effects have also been considered. The involvement of all stakeholders is important to us, and by studying the mutual effects of different groups, we can strive for responsible corporate governance.

The results of the detailed stakeholder assessment are presented in the diagram below – the size of the circles are in line with the given stakeholder's level of interest in the Richter Group.

Figure 4: Stakeholder Map



The Richter Group provides a platform for dialogue between the company and its stakeholders through several communication channels. Richter uses a variety of engagement forms based on stakeholder classification – the most common being financial reports, company brochures and other publications, formal meetings and presentations, and PR and marketing activities. Two-way communication provides the opportunity to understand the needs and expectations of stakeholder groups and then embed them in our corporate strategy. We aim to involve as many stakeholders in the discussion as possible to get a comprehensive picture of the impact of our operations. Our primary objective is to increase the trust that our patients place in us by providing transparent information and dialogue.

Table 2: Stakeholder communication tools

Communication channels and tools	Stakeholders													
	Management	Employees	Authorities and legislators	Environmental NGOs	Social NGOs	Media and society in a broad sense	Consumers	Educational institutions	Industry and financial analysts	Owners and financiers	Local communities	Competitors	Suppliers	Employees of healthcare institutions
Brochures, reports, publications	regularly used	regularly used	regularly used	regularly used	regularly used	regularly used	regularly used	regularly used	regularly used	regularly used	regularly used	regularly used	regularly used	regularly used
Questionnaires (e.g. satisfaction surveys), forums, panels	regularly used	regularly used	regularly used	regularly used	regularly used	regularly used	regularly used	regularly used	regularly used	regularly used	regularly used	regularly used	regularly used	regularly used
Engagement of stakeholders via committees, providing expert opinion or certification	regularly used	regularly used	regularly used	regularly used	regularly used	regularly used	regularly used	regularly used	regularly used	regularly used	regularly used	regularly used	regularly used	regularly used
Voluntary, personal engagement at stakeholders	regularly used	regularly used	regularly used	regularly used	regularly used	regularly used	regularly used	regularly used	regularly used	regularly used	regularly used	regularly used	regularly used	regularly used
Training and development for stakeholders	regularly used	regularly used	regularly used	regularly used	regularly used	regularly used	regularly used	regularly used	regularly used	regularly used	regularly used	regularly used	regularly used	regularly used
Training and development provided by stakeholders	regularly used	regularly used	regularly used	regularly used	regularly used	regularly used	regularly used	regularly used	regularly used	regularly used	regularly used	regularly used	regularly used	regularly used
Joint programmes and projects	regularly used	regularly used	regularly used	regularly used	regularly used	regularly used	regularly used	regularly used	regularly used	regularly used	regularly used	regularly used	regularly used	regularly used
Brainstorming and opinion boxes or hotlines	regularly used	regularly used	regularly used	regularly used	regularly used	regularly used	regularly used	regularly used	regularly used	regularly used	regularly used	regularly used	regularly used	regularly used
Sustainability Report (Group-wide)	regularly used	regularly used	regularly used	regularly used	regularly used	regularly used	regularly used	regularly used	regularly used	regularly used	regularly used	regularly used	regularly used	regularly used
Industry initiatives, industry associations	regularly used	regularly used	regularly used	regularly used	regularly used	regularly used	regularly used	regularly used	regularly used	regularly used	regularly used	regularly used	regularly used	regularly used
Company meetings (for the management, for a region or for all employees)	regularly used	regularly used	regularly used	regularly used	regularly used	regularly used	regularly used	regularly used	regularly used	regularly used	regularly used	regularly used	regularly used	regularly used
Negotiations with representatives	regularly used	regularly used	regularly used	regularly used	regularly used	regularly used	regularly used	regularly used	regularly used	regularly used	regularly used	regularly used	regularly used	regularly used
Formal meetings, negotiations, presentations	regularly used	regularly used	regularly used	regularly used	regularly used	regularly used	regularly used	regularly used	regularly used	regularly used	regularly used	regularly used	regularly used	regularly used
Informal meetings	regularly used	regularly used	regularly used	regularly used	regularly used	regularly used	regularly used	regularly used	regularly used	regularly used	regularly used	regularly used	regularly used	regularly used
Lobbying and corporate relations activity	regularly used	regularly used	regularly used	regularly used	regularly used	regularly used	regularly used	regularly used	regularly used	regularly used	regularly used	regularly used	regularly used	regularly used
Open days, company visits	regularly used	regularly used	regularly used	regularly used	regularly used	regularly used	regularly used	regularly used	regularly used	regularly used	regularly used	regularly used	regularly used	regularly used
Support, sponsorship	regularly used	regularly used	regularly used	regularly used	regularly used	regularly used	regularly used	regularly used	regularly used	regularly used	regularly used	regularly used	regularly used	regularly used
PR and marketing	regularly used	regularly used	regularly used	regularly used	regularly used	regularly used	regularly used	regularly used	regularly used	regularly used	regularly used	regularly used	regularly used	regularly used
Blogging	regularly used	regularly used	regularly used	regularly used	regularly used	regularly used	regularly used	regularly used	regularly used	regularly used	regularly used	regularly used	regularly used	regularly used
Media monitoring and media analysis	regularly used	regularly used	regularly used	regularly used	regularly used	regularly used	regularly used	regularly used	regularly used	regularly used	regularly used	regularly used	regularly used	regularly used
Complaint hotline and complaint management	regularly used	regularly used	regularly used	regularly used	regularly used	regularly used	regularly used	regularly used	regularly used	regularly used	regularly used	regularly used	regularly used	regularly used

■ regularly used ■ occasionally used □ rarely used

2.5 Key sustainability data

The figures below refer to the parent company and the manufacturing subsidiaries. Where only the parent company is covered, they are marked with an asterisk (*). In some cases, the data coverage does not apply to all manufacturing

subsidiaries and/or to the referenced year, so please refer to the detailed table in the relevant chapter for accurate information.

Table 3: Summary table of key sustainability data

Index	Unit of measurement	2019	2020	2021	GRI code	SASB code	Comments
ESG topic: Environmental							
Purchased chemicals	t	13 375	18 713	13 735	301-1	-	
Used solvents	t	19 733	24 858	19 290	301-1	-	
Ratio of recycled solvents	%	54	65	57	301-2	-	-
Direct energy consumption	GJ	797 043	738 747	736 069	302-1	-	-
Indirect energy consumption	GJ	1 132 591	1 123 256	1 099 759	302-1	-	-
Wastewater discharge to surface waters	thousand m ³	621	690	635	303-4	-	-
Wastewater discharge to municipal sewage	thousand m ³	1 541	1 512	1 468	303-4	-	-
KOI content of discharged water	t	849	853	881	303-4	-	-
VOC content of discharged water	t	63	62	64	303-4	-	-
Water consumption	thousand m ³	2 382	2 370	2 144	303-5	-	-
Direct (Scope 1) GHG emissions *	t	-	33 104	33 197	305-1	-	Scope 1 and 2 emissions are not the same as direct and indirect emissions in the 2020 report due to changes in the calculating methodology.
Energy indirect (Scope 2) GHG emissions *	t	-	68 050	66 524	305-2	-	Scope 1 and 2 emissions are not the same as direct and indirect emissions in the 2020 report due to changes in the calculating methodology.
Products and services related indirect (Scope 3) GHG emissions *	t	-	117 574	103 800	305-3	-	-
VOC loss into air	t	392	366	395	305-7	-	-
NOx into air	t	8	10	11	305-7	-	-
CO into air	t	1	1	1	305-7	-	-
PM into air	t	36	45	42	305-7	-	-
Environmental protection expenditures	millions of HUF	2 559	2 970	3 028	305, 306, 307	-	-
Direct and integrated environmental investments	millions of HUF	1 306	753	2 028	305, 306, 307	-	-
Hazardous waste	t	18 899	22 455	17 596	306-3	-	-
Non-hazardous industrial waste	t	1 829	1 924	2 099	306-3	-	-
Municipal waste	m ³	5 017	4 579	3 289	306-3	-	-
Environmental fines	HUF	493 900	0	0	307-1	-	-
ESG topic: Social							
Employees**	persons	13 025	12 842	12 262	102-8	HC-BP-330a.1	-
Employees at manufacturing sites	persons	8 378	8 414	8 110	102-8	HC-BP-330a.1	-
R&D headcount *	persons	726	745	742	102-8	HC-BP-330a.1	-
Fluctuation	%	10.2	8.4	11.5	401-1	HC-BP-330a.2	-
Fluctuation in R&D headcount *	%	8	6	10	401-1	HC-BP-330a.2	-
Work-related fatalities	cases	0	0	0	403-9	-	-
Work-related accidents	cases	81	71	77	403-9	-	New entities have been included in the indicator and the scope of data included in the indicator has been extended compared to previous years.

Index	Unit of measurement	2019	2020	2021	GRI code	SASB code	Comments
Frequency of work-related accidents	cases/1000 persons	10	8	8	403-9	-	-
High-exposure accidents	cases	0	1	0	403-9	-	-
Employees enrolled in trainings	persons	5 705	5 576	6 276	404-2	HC-BP-330a.1	-
Male employees at manufacturing sites	persons	4 184	4 200	4 088	405-1	HC-BP-330a.1	-
Female employees at manufacturing sites	persons	4 194	4 214	4 022	405-1	HC-BP-330a.1	-
Social donations	millions of HUF	1 903	2 010	1 926	413-1		-
ESG topic: Governance							
Supplier audits	number of audits	73	19	37	102-9	HC-BP-430a.1	-
Compliance notifications	cases	-	10	10	102-17	HC-BP-510a.2	-
Compliance notifications - justified cases	cases	-	2	3	102-17	HC-BP-510a.2	-
Employees enrolled in Code of Ethics training	persons	3 336	5 811	3 507	205-2	HC-BP-510a.2	-
Employees enrolled in Anti-Corruption and Anti-Bribery training	persons	3 748	3 260	3 891	205-2	HC-BP-510a.2	-
Ratio of women on Board of Directors*	%	27	18	17	405-1	-	-
Ratio of women on Supervisory Board*	%	40	40	33	405-1	-	-
Pharmaceutical manufacturing practice audits	number of audits	24	12	22	-	HC-BP-250a.5	-
Product recalls	number of recalls	4	4	5	-	HC-BP-250a.3	-
Drug safety reports	number of reports	12 000	14 500	14 500	-	HC-BP-250a.3	-
R&D costs	millions of HUF	48 860	53 977	61 005	-		-

* Indicator for the Hungarian parent company only.

** Total Group

3. For our customers

Preserving health and treating diseases are top priorities for sustainable development both globally and locally in the countries where the Richter Group operates. The most important positive sustainability impact of the Richter Group can be measured in the number of patients reached. The company is committed to maximising this positive impact through research, development, production, and sales. In order to achieve this, Richter must focus its resources on the areas in which it has specialised knowledge that is central nervous system disorders in original research, women's healthcare, and biosimilar product development.

Key data



More than
1 200

R&D personnel
globally



More than
200

types of drugs,
presented in 400
different forms



5.82 million

emergency contraceptives
in our access programmes
in 2021

Key objectives for 2022



The module-by-module extension of the quality assurance support and laboratory information management system to the quality management processes, their introduction in subsidiaries



Further development of global information sharing within the pharmacovigilance network to promote safe drug use and patient well-being

Achievement of 2021 objectives

- ✓ **Update of regulations related to the promotion of medicines marketed in Hungary.**
Accomplished. Amendments were made where necessary to ensure legal and ethical compliance.
- ✓ **By increasing our digital competence, the number of paper-based processes decreases in quality management, so our paper use is measurably reduced.**
Not completed. The reduction in paper consumption will be measured at the implementation phase of the digital developments.
- ✓ **Continuous expansion of the GMP academy, incorporation of new knowledge assets into the GMP umbrella.**
Accomplished. We involve all our employees in quality management activities, planning, and the application and control of GMP guidelines.
- ✓ **Maintaining operational efficiency in the global pharmacovigilance business and achieving continuous operational excellence.**
Accomplished. We operate a quality-assured pharmacovigilance system covering all members of the corporate Group.

3.1 Product range and innovation

The Richter Group formulated its product strategy around six strategic pillars. The Group produces more than 200 types of medicines, which offer effective, modern, and affordable treatments in almost all therapeutic areas.

57.3% of Richter's turnover in 2021 derived from the sales of high-value-added, "specialty" drugs (cariprazine, women's healthcare and biosimilar products), and the remainder were from the sale of branded generic and traditional medicines.

Based on their type and life cycle, our products can be classified into the following categories within Richter's strategy:

Original research

The research of new original compounds is the cornerstone of the Richter Group's strategy. Our researchers continue to focus on disorders related to the central nervous system. Our goal is to develop a new molecule and submit it for registration in a cost-effective manner.

Biotechnology

Our objective is to improve access to state-of-the-art therapies with cost-effective biosimilar drugs. Our facilities include a development and production plant based on microbial fermentation in Germany, and a biotechnology site in Hungary, where we apply mammalian cell-based fermentation technologies.

Cariprazine

In the case of Richter's original antipsychotic drug, the strategic focus is on exploiting the market potential by developing new packaging forms, expanding therapeutic indications, and increasing geographic coverage.

Women's Healthcare

Richter aims to take advantage of therapeutic niches with innovative and high value-added products. Our goal is to become the market leader in Europe. Richter has made conscious improvements to its manufacturing facilities to enable it to carry out the complex and lengthy processes required to produce high-quality women's health drugs.

Branded generic products

Turnover from the branded generic portfolio accounts for more than a quarter of the pharmaceutical sales revenue. Our goal is to maintain a position in our traditional markets based on familiarity with our well-established company and product brands.

Traditional products

Traditional products account for 13% of the revenue of the company's pharmaceutical sales. Similar to the branded generic product pillar, the objective is to maintain our position in Richter's traditional markets.

Each pillar's contribution is equally important to the success of our strategy and our mission of providing high-quality medicines at affordable prices worldwide.



77% of the Richter Group's sales revenue came from the following three therapeutic areas in 2021:

Women's healthcare

Fertility, uterine fibroids, female contraception, gynaecological infections and hormone replacement therapy



Central nervous system

Antipsychotic, nootropic, antidepressant, anti-epileptic drug, migraine reliever and neuropathic pain reliever

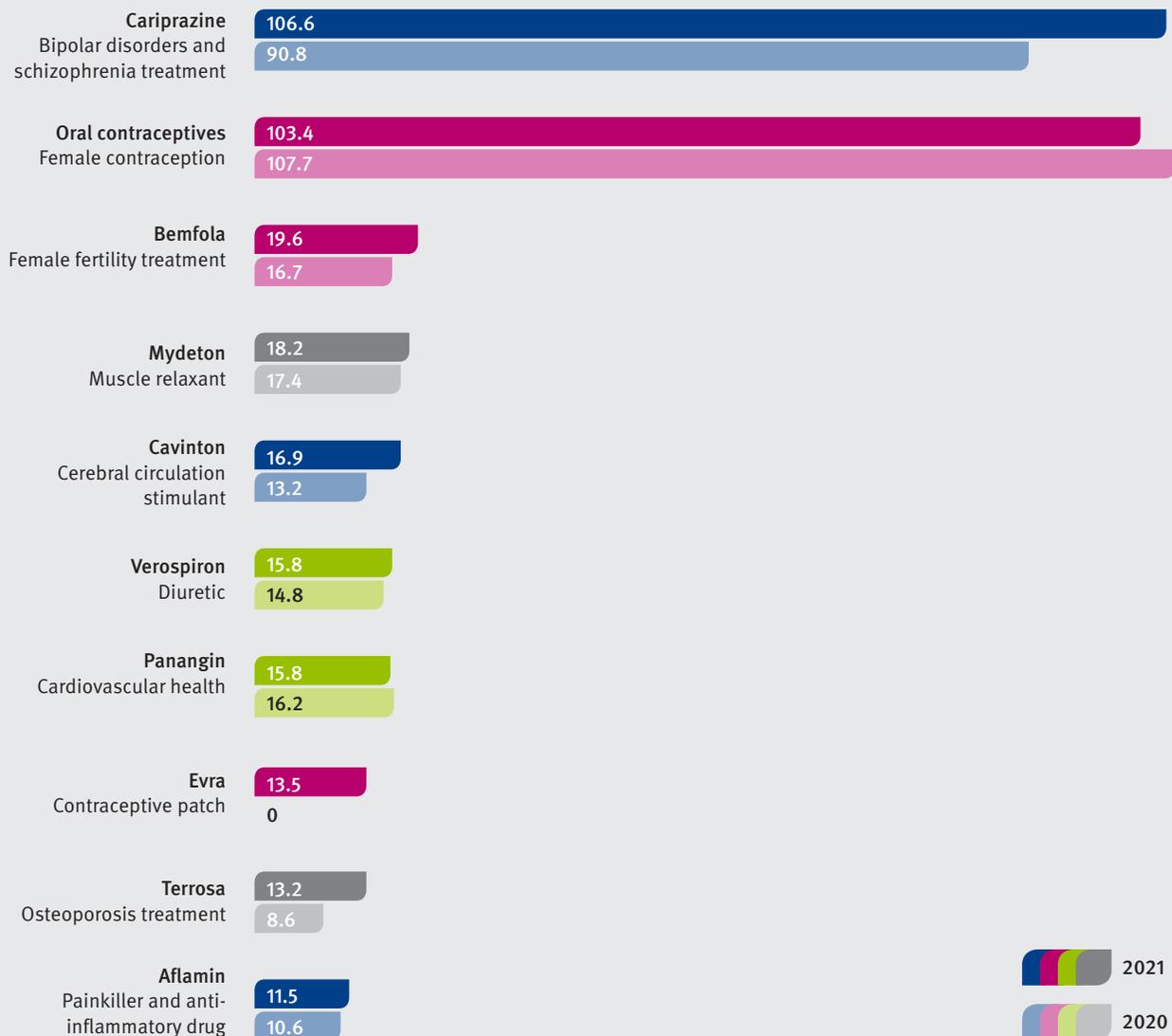


Cardiovascular system

Diuretics, cholesterol and blood pressure lowering medications, cardiology and cardiac arrhythmia treatment



Figure 5: Turnover of the Group's Top 10 products (revenue in billions of HUF)



Innovation

Richter's goal is to constantly be at the service of patients with state-of-the-art medicines and to contribute to improving the quality of human life. Innovation and the research of original drug molecules have played a key role in the company's strategy since its founding in 1901.

With a research and development staff base of more than 1 200 people – of which almost 800 people work in Hungary – Gedeon Richter is the most important pharmaceutical R&D centre in the Central-Eastern European region. Pharmaceutical research and development covers four strategic directions: recombinant biotechnology; research and development of potential original small molecule drugs; late development phase women's healthcare projects; and the development of generic drugs.

Probably the most notable result of the Group's R&D activities so far is the development of the active ingredient cariprazine.

Since its launch onto the US market in March 2016, more than

650 000 patients

have been treated with the active ingredient.

The antipsychotic is already available in

48 countries

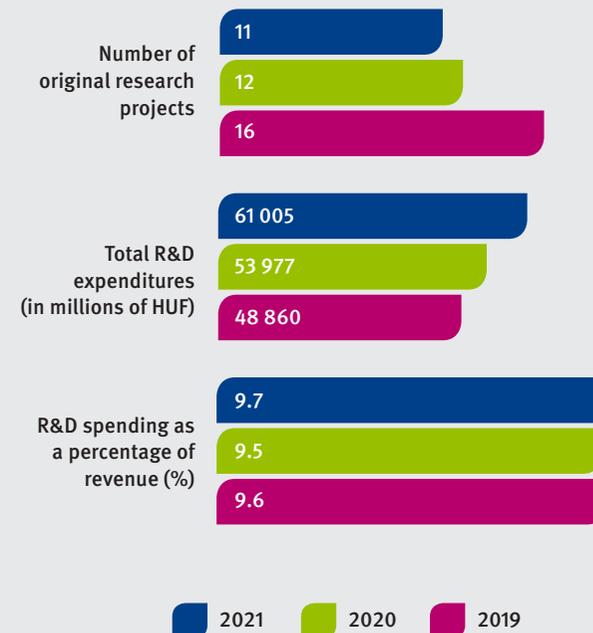
worldwide, with reimbursement in 29 of them.

In addition to cariprazine, we had 10 ongoing original research projects, of which one is in phase II, one is in phase I clinical stage, and eight are in preclinical research and development stages.

In 2019, Richter carried out a significant refocusing of the targeted therapeutic indications within the small molecule original R&D strategy framework. In the past period, we further concentrated our resources on research into the symptomatic treatment of psychiatric diseases belonging to the negative and positive symptom clusters, as well as the treatment of cognitive disorders.

In the year 2021, we succeeded in several scientific advances in the preclinical phase, and published many elements of our basic research in prestigious international journals. Among our research topics, we have included new potential drug targets that represent a significant challenge and considerable innovation value at the same time, and meet the needs of potential multinational partners. Besides the independent research and development activities, the Group is also in cooperation with domestic and foreign organisations. The reason for this is not only to increase our professional know-how, but also to share the high risks typical of drug research projects.

Figure 6: Changes in the weight of the Group's research and development activities



Animal experiments

Animal testing is a necessary part of the pharmaceutical industry. On the one hand, due to official requirements related to the authorization of pharmaceutical products, it is mandatory to demonstrate the safety and effectiveness of the active ingredients with animal experiments. On the other hand, Richter is committed to developing new drugs suitable for the treatment of psychiatric diseases, which, according to current knowledge, is only possible with the help of animal experiments – the living and functioning animal brain cannot yet be completely replaced by other non-living systems.

As a basic principle, Richter starts all animal experiments because it is an essential part of the development process of a new drug. At the same time, the company is committed to keeping the number of animal experiments to a necessary minimum and reducing them even further when possible. As outlined in our company's internal regulations and practice, animal experiments can only be carried out within the framework of projects, and only in cases where the use of animals cannot be substituted in any other way.

The person responsible for ensuring legal compliance related to animal experiments is the Director of Research at Richter. The Head of Pharmacology is responsible for validating the project licence with the National Food Chain Safety Office (Nemzeti Élelmiszerlánc-biztonsági Hivatal – NÉBIH). Project authorisation applications submitted to NÉBIH are reviewed by the Animal Experimentation Scientific Ethics Council (Állatkísérleti Tudományos Etikai Tanács – ÁTET). It is only after the ÁTET's approval that animal experiments can begin.

To ensure that laboratory animals are kept and used in accordance with regulatory and social requirements, the Gedeon Richter Animal Experimentation Code (ÁKSZ) stands as a guarantee for compliance with the legislation on animal testing.

It is the duty of the appointed animal welfare officer at Richter to supervise the well-being and appropriate care of the animals at the company. The in-house Animal Welfare Committee (Munkahelyi Állatjóléti Bizottság – MÁB) is responsible for preparing the internal animal testing regulations and also

monitors their implementation. The committee is authorised to suspend any animal experiment in the company with the simultaneous notification of the animal health authority, if this is justified by the well-being of the animals. The work of the MÁB is assisted by a designated veterinarian. In compliance with relevant legal obligations, all employees involved in work with live animals undergo special training that prepares them for performing such duties.

Every three years, national regulatory bodies (NÉBIH) perform checks on animal well-being and compliance with regulatory obligations related to animal experiments at Richter. The company only procures animals from ISO-certified suppliers. The Richter Group believes that these tools are capable of ensuring the strictest animal welfare regulations – the company extends its expectations in this regard to its contractual partners.

Richter strives to reduce the number of animal experiments by applying the “3R” principle (Replacement, Reduction, and Refinement) in accordance with scientific goals. In order to achieve the goals of the 3R, we apply local ethical regulations – we use statistical analysis to determine the minimum number of animals required for a given experiment.

As a result of applying these principles for a decade, the company has successfully reduced the number of animals used in experiments: the annual animal use in Richter in 2021 was only 30% of the quantity in 2010.

One of the methods that makes it possible to reduce the number of animal tests is the “Intellicage” technique, where mainly non-invasive tests are performed on animals in their enclosures. Another example is the pluripotent stem cell technology, which can create cell models relevant to psychiatric research in a petri dish. We use Artificial Intelligence platforms to support the design of drug candidate molecules, thus contributing to the optimal use of animal testing time.

We believe that we will be able to further reduce the number of animals used in the future with the increasing use of modern technological solutions. We are committed to creating a scientific-theoretical background that enables the translation of animal experiment results to human impact as effectively as possible. For this reason, we are studying the possibilities of using 3D brain models and touch-screen behavioural techniques, as these can offer new ways for testing drug candidate molecules.

Figure 7: Changes in animals used by the Richter Group between 2010-2021



Clinical trials

Clinical trials are an essential part of drug development. Every year, hundreds of people participate in clinical trials of the Group's products.

During the conduct of clinical trials, our company pays great attention to ethical behaviour and quality. All colleagues and contractual partners involved in our trials are expected to perform their duties in compliance with the ethical guidelines of the Helsinki Declaration, Good Clinical Practice (GCP), and local legislation. A clinical trial can only start after the test protocol is signed by the head of the test site and the documents necessary for running the trial are approved by the local or central ethics committees. In accordance with local regulations, the ethics committee issuing the approval is informed of the progress and status of the study, along with any significant events. The level of authority of ethics committees may vary in each country, but the committee may even initiate the termination of the trial in particular cases.

In the entire process of clinical development (planning and execution), the risks related to the development and the trial are assessed, and an action plan is prepared to manage these risks. All participants involved in the clinical trial (both from the sponsor and the contracted partner side), participate in trainings related to the guidelines and regulated work processes; the completion of these trainings is documented. Richter employees participating in clinical trials possess the relevant qualifications and professional competence. All employees involved in clinical trials undergo a detailed onboarding programme, which includes documented training on the company's standard operating procedures as well as basic GCP knowledge.

During the planning phase of clinical trials, we ensure the diversity of trial participants in order to guarantee representativeness of the drug's future target group. We typically conduct clinical trials in Europe, Canada, Mexico, Russia, and China, so the locations of the trials significantly overlap with the company's most important markets. This also ensures the diversity of participants in the clinical trial.

Monitoring and continuous quality assurance are essential in clinical development. The Richter Group ensures on-site clinical monitoring at the test site of each clinical trial and conducts regular audits at the test sites of contractual partners involved in our trials.

We pay utmost attention to ethical behaviour during the planning and execution of our clinical trials. An essential element of this aspiration is involving only the minimum required number of participants and burdening them only with the minimally necessary level of intervention. In addition, participants receive detailed and easy-to-understand information about their rights as well as the aims, benefits, and possible risks of the trial before any intervention takes place. After all their questions have been answered, they give their voluntary, written consent to their participation, which they can withdraw at any point without explanation.

The Richter Group publishes clinical trial data on the relevant official websites in accordance with legal obligations. In addition, we regularly publish clinical trial results in international journals. In 2021, we published 12 such articles.



3.2 Responsible marketing

When marketing its products, the Richter Group is committed to providing adequate information to both patients and healthcare workers. Our commitment covers our marketing materials, as well as the regulation of interaction with our stakeholders in accordance with high ethical standards.

All Richter employees are strictly obliged to comply with the laws governing marketing communications in the pharmaceutical industry and the relevant international, local, and group level Codes of Ethics at all times. In its interactions with healthcare workers, the company strives to meet the strictest requirements of integrity and applicable laws and regulations. Promotional materials and communications must not be misleading, must at all times be accurate and comply with relevant health and legal standards, including standards of evidence, scientific rigour, and fair balance.

Employees of the Richter Group must comply with all regulations that apply to the duties they perform. In this regard, the following directives of the European Union are of fundamental importance: Directive 2001/83/EC (November 6, 2001), Directive 2005/29/EC (May 11, 2005), Directive 2006/114/EC (December 12, 2006).

In addition to the legislation, the Medicines for Europe Code of Conduct on relations with the healthcare community is authoritative, as is the Pharmaceutical Communication Code of Ethics created by the four Hungarian pharmaceutical industry associations in Hungary.

The Code of Business Conduct and Transparency – which defines the rules of relationships with healthcare workers and patient organisations, as well as outlines pharmaceutical law and transparency rules – is also included in the Richter Compliance Handbook.

Richter has identified six principles that must apply to all promotional communication directed towards healthcare professionals and patients:

1. It is prohibited to describe or advertise drugs for which a marketing authorisation has not been issued for the given territory.
2. All information in the promotion and advertising materials must be consistent with the information in the relevant medicine's SmPC. Advertising outside the approved indication is prohibited.
3. Information or statements contained in the advertising material must not be false or misleading in any respect, in particular through distortion of reality, inappropriate emphasis or omission.
4. Promotional materials must be clear, scientifically up-to-date, balanced, and sufficiently comprehensive to allow the reader to form their own opinion. Promotional materials should promote the rational use of the drug.
5. All advertising claims must be supported by substantial evidence; i.e., by reference to an approved SmPC or additional clinically relevant scientific evidence. The source of the reference must also be indicated.
6. Before publication or distribution, all advertising materials must be approved in advance by Richter's Medical service and other responsible organisational units. The prerequisite for this is that all affiliates are required to operate a medical service function that deals with information about the medicines they distribute.

In 2021, we reviewed our processes related to the promotion of medicines marketed in Hungary. Where necessary, we made amendments and additions to ensure legal and ethical compliance. We unified our procedures related to promotion and related activities, events for health professionals and health screenings, and revised the relevant regulations. We set up a new system for approving promotional materials. The regulation related to donation activities will be updated in 2022.

Medical and pharmacy representatives, along with regional managers, play a key role in our marketing activities. Colleagues performing such duties regularly participate in complex medical and skill-development training. Communication with healthcare workers may be limited to informational activities and promotion and must comply with the six principles outlined previously. In addition, the second chapter of Richter's Code of Business Conduct and Transparency deals with relations with healthcare workers, especially in relation to gifts, sponsorship of events and education, hospitality, donations, samples and commission contracts.

The Richter Group cooperates with healthcare workers in several areas. One of these is the training of doctors and health professionals, which may take place at our own events or at events organised by third parties. In accordance with our Code of Business Conduct and Transparency, Richter only supports trainings that “are in therapeutic areas in which the HCP currently practices and are directly related to Richter's therapeutic areas.” The other area of cooperation with healthcare workers is clinical trials, which we outline in more detail in the Clinical trials chapter. Richter's Global Compliance Programme ensures that these collaborations remain lawful and ethical in all circumstances. All participants have the right to ask questions or report problems that may arise during the collaboration through our reporting system. More information on this is available in the Business ethics chapter.

In total, 198 international trainings were organised for the Group's employees between 2019 and 2021. In these trainings, a total of 8 279 people participated (employees participating in several trainings appear several times in this figure). In addition, each affiliate organised their own internal training courses. In Hungary, 42 training sessions took place in 2021, with a total of 2 151 participants.

In 2021 the Richter Group had one penalty related to marketing communication, for which the Hungarian National Institute of Pharmacy and Nutrition (Országos Gyógyszerészeti és Élelmezés-egészségügyi Intézet – OGYÉI) imposed a HUF 34 million fine on the company.



3.3 The health and safety of our customers

Our primary goal throughout all phases of our pharmaceutical manufacturing and development activities, and during the entire life cycle of our products, is to preserve the health and safety of our customers. This commitment has been published in our Quality Assurance Policy Statement by our senior executives, and we operate an extensive quality management system in order to comply with it.

Operating in compliance with the domestic and international regulatory environment of the pharmaceutical industry is of fundamental importance to us. We consider the decisions and guidelines issued by public institutions and authorities, such as the European Commission, the European Medicines Agency (EMA) or the US Food and Drug Administration (FDA), to be binding on us.

In our drug development projects, we place great emphasis on ensuring that our equipment, methods, and the expertise of our colleagues meet the highest standards. We constantly update our pool of instruments and infrastructure because we consider it important to keep up with the developments of technology.



In manufacturing, we devote particular attention to complying with the latest technological and quality regulations, as well as with Hungarian, European, and other international laws and requirements. Our production operations and quality management system are regularly inspected by our contractual partners and the authorities at both the parent company and the manufacturing subsidiaries.

In addition to the local authorities, the Romanian, Polish, Russian, Belorussian, Yemeni, Chinese, Turkmen, Peruvian, South Korean, and Saudi authorities have recently conducted inspections and examined the compliance of the production and quality management system across the Richter Group. The adequacy of our quality management system is recognized by both the European authorities and the FDA. We are very proud that these inspections have been completed without critical observations for years. In 2021, 100% of official regulatory inspections concluded without identifying a critical problem.

Table 4: Number of pharmaceutical manufacturing practice audits at group level

	2019	2020	2021
Number of GxP (Good Practice) audits	14	10	19
Number of official inspections	10	2	3
Number of critical observations on official inspections	0	0	0

The Richter Group operates a comprehensive quality management system based on the requirements of the current Good Manufacturing Practice (GMP) guidelines, which includes the risk management of the design, development and regulation of all products, devices and processes that may pose a danger either to the patient or for the company. The efficiency of our quality management system is constantly being developed and harmonised for the entire Group – we also constantly monitor the operations of our subsidiaries and seek to create a uniform management approach and procedure on a Group level.

We monitor the quality of our products on a daily basis and evaluate them annually. Day-to-day monitoring allows for immediate intervention even in the case of minor deviations.

In 2018, we formulated the five-year digital vision of quality management – our goal is to develop quality management along automated, paperless processes with colleagues performing value-creating activities. This continuous digital

development, in addition to quality assurance, includes the automated implementation of analytical measurements and the digitisation of quality certificates.

In order to achieve our strategic goals, we involve all our employees in quality management activities, the planning, and the application and control of GMP guidelines, thereby promoting a continuous, advanced quality approach to all employees of the company. This is ensured by regular training taking place around the year, the provision of adequate information to our employees as well as ensuring appropriate working conditions.

The evaluation of the suppliers of purchased materials used in our production is an important element of our quality assurance system. In the selection of partners, the existence and application of a well-established quality assurance system is a priority, in addition to supplying a high-quality product. During the inspections, we examine whether our partners fulfil the requirements and processes required by regulations and comply with our contract.

Table 5: Number of supplier audits performed at Group level (GRI 102-9)

	2019	2020	2021
 On-site audit	69	9	12
 Paper-based audit	1	5	15
 Remote audit	0	2	5
 Third-party audit	3	3	5
 Total number of supplier audits (by Richter)	73	19	37

In accordance with GMP regulations, we identify the manufacturers of purchased materials by consulting the distributors and, if possible, we purchase directly from the manufacturers.

In order to comply with licensing regulations, we operate a strict change management system. The purpose of this is to ensure that only changes that our experts have thoroughly considered before implementation and that do not, or only positively affect the quality of our products, can be introduced into our procedures. These changes may affect manufacturing technology, suppliers, packaging materials, regulations, etc.

Product sales are also part of our quality management system. An important element of this is that we only sell our products through partners with valid manufacturing or wholesale licences. It is also a priority for Richter and its partners to prevent the commercialisation of counterfeit drugs, which can endanger the lives and health of patients.

To achieve this, we use special packaging technologies, seals and unique identifiers on our products. We coordinate the destruction of waste products and packaging materials with safety regulations. We closely monitor and investigate quality reports where counterfeiting is a possibility, and handle related alerts from the supply chain in accordance with internal and external regulations. Patient safety is a top priority, and we operate a separate quality management system for processing received complaints.

Table 6: Number of product complaints and product recalls at Group level

	2019	2020	2021
Number of product-related complaints			
Legitimate complaints	507	547	688
Unjustified complaints	779	977	983
Complaints under investigation	0	0	108
Number of recalled products			
Number of recalled products	4	4	5
Batch number	6	11	17

Product recalls affected two countries in 2021, three countries in 2020, and four countries in 2019, and in each case, country-specific problems were discovered.

The health and safety of consumers is our priority not only for medicines, but also for medical devices and drug-device combination products, throughout their entire life cycle. Our quality management system also covers the research, development, production, distribution, and post-distribution monitoring activities of medical devices, ensuring compliance with the regulatory environment and relevant standards. Our activities in this regard are examined every year in the quality management audit of the supervisory organisation. We also adapt the five-year digital vision of quality management to medical devices, ensuring continuous, systematic, data-based quality management processes and decisions.

3.4 Pharmacovigilance

The essence of pharmacovigilance is the continuous monitoring and evaluation of the benefit-risk ratio of medicines and, based on this, ensuring their correct and safe use. This is necessary because patients may react differently to medicines, which may cause unwanted side effects. The goal is to market only products with benefits that are significant both on an individual and societal level, and at the same time, the risk of their use is acceptable.

Pharmacovigilance permeates the operation of every unit of Richter, from R&D/product development activities to clinical-medical tasks, registration, marketing, and quality management activities. There is no aspect of the company's operation that is not directly or indirectly related to pharmacovigilance at some level. Each company within the Richter Group participates in this vigilance, and we expect similar diligence from our trading partners as well.

To this end, the Group operates a quality-assured pharmacovigilance system covering all affiliates, which monitors all changes in the benefit-risk evaluation of medicines throughout their entire life cycle, and informs the authorities, healthcare workers, and patients thereof.

Richter has operated an IT system that meets international standards to support the collection, transmission, and analysis of information for more than 10 years. With its help, pharmacovigilance specialists are able to continuously analyse incoming data. This activity is carried out in accordance with the pharmaceutical authorities of the European Union, sharing information mutually in accordance with our statutory obligations.

Table 7: Number of drug safety reports at Group level

	2019	2020	2021
Number of reports	12 000	14 500*	14 500

* Republished data, the 2020 sustainability report includes a value of 13 500 units

The purpose of data collection and analysis is to map the safety profile of medicines as closely as possible in order to make their application even more accurate in terms of both the indication and the target population – primarily by continuously improving the summaries of product characteristics and patient information leaflets. The role of the system is also to warn and intervene if it detects a change in product safety or predicts a situation that may expose society to an unforeseen risk.

Since no medicine is free of side effects, we believe that our activity, which aims to map the benefit-risk ratio of our drugs as accurately as possible, protects patients and our products at the same time. We view pharmacovigilance as a service, which we also formulated in our Pharmacovigilance Policy. We carry out our quality assured activities aligned with the international principles of Good Pharmacovigilance Practice. In accordance with legal requirements, Richter employs a Qualified Person for Pharmacovigilance, who supervises the operation of the pharmacovigilance system and bears personal responsibility for the system's compliance.

In our global pharmacovigilance system, we achieved important milestones regarding our operation in Europe by implementing a unified business model, thanks to which we implemented a cost-effective quality assurance system, further strengthening our operational excellence. In addition, we improved the business processes of our signal and risk management activities.

Our pharmacovigilance system is constantly checked by internal and external (partner) audits and statutory inspections. On a global level, in the past three years, our system has participated in nearly 40 audits and more than 10 official investigations, while our company has evaluated the pharmacovigilance activity of 25 of our partners.

Table 8: Number of external and internal pharmacovigilance audits performed at the Richter Group

	2019	2020	2021
PV audits performed by external partners	8	8	10
Internal PV audits conducted by us	7	6	7

3.5 Access to health

Providing access to products for patients who otherwise have difficulty accessing our medicines due to geographic, economic, or any other factors is an essential part of the pharmaceutical industry's social responsibility. Countries with lower incomes are an important target area for access to medicine programmes, but countries with higher incomes may also be targeted if products are difficult to access due to high prices or local regulations. Since the product range and geographical coverage of pharmaceutical companies are different, drug access programmes always depend on the opportunities of the given company.

In addition to our original products, the Richter Group also has a number of generic and biosimilar products, offered at a lower price, thus increasing the availability of the active ingredient for several priority groups. The extent of the price difference depends on many factors, such as local regulations, the subsidy status of the active ingredient, the therapeutic area, and the number of competitors. In the markets where the Richter Group operates, we typically provide support for disadvantaged groups through decisions taken at national level.

At the heart of the company's targeted product outreach programmes is the women's healthcare portfolio, which also plays a central role in the company's strategy. Typically, these are products needed in special circumstances and patients frequently face difficulties accessing them.

The Richter Group conducts three different types of access programmes:

The company helps hospitals and social institutions with medical donations, discounted drugs, and in some countries, by supporting family planning programmes and centres. In Moldova, for example, a national programme on sexual and reproductive health and rights was approved for the first time for the period of 2018-2022. The purpose of this programme is the centralised procurement of contraceptives by the Public

Health Procurement Centre, as well as their distribution to family planning centres and youth centres. There are 40 facilities in Moldova that provide contraceptives to socially vulnerable groups of reproductive age. Richter contributes oral contraceptives. Another similar example is Uzbekistan, where in 2020 Richter supplied contraceptive pills to a national family planning programme.

Another large group of subsidies are products given to aid organisations at a reduced price. We cooperate with several aid organisations, to whom we supply our emergency contraceptive products at a heavily discounted price and who deliver them to people in need in developing countries. In addition, there are developing countries (Yemen, Kenya, and India) where we sell products to commercial companies, but also at a significant discount. The following table shows the quantities of emergency contraceptives distributed within our access to health programmes and as a percentage of all emergency contraceptives sold. It is important to note that our emergency contraceptive product is a single-dose treatment. Therefore, the distributed quantities also represent the number of patients served.

The third area of product access efforts is supporting patients in their receiving the right therapy at the right time and for the necessary duration. To this end, patient support programmes are in place in certain therapeutic areas to ensure important information is delivered to patients. In many cases, for example, we provide unique dose packaging that allows the patient to safely obtain the right type and amount of medication. In other cases, we use pictograms on the packaging and blisters, to support patients in taking the right drug at the right time. The last and most active support is when patients have difficulty using the device that contains medicine. The proper method of using our biosimilar product for the treatment of osteoporosis is taught by healthcare workers (nurses, assistants) as part of our patient support programme.

Table 9: Quantity of emergency contraceptive products distributed through access to health programmes

	2020	2021
Quantity sold to aid organisations at a discounted price (million doses)	2.96	2.13
Quantity sold at a discounted price in developing countries (million doses)	2.64	3.69
Quantity distributed in the framework of access to health as a percentage of total quantity sold (%)	28	27

4. For our employees

The Richter Group believes in world-class teamwork to improve people's quality of life, builds on the company's traditional values and is driven by its global ambitions. As an innovative and knowledge-intensive pharmaceutical company, the knowledge of its employees is of paramount importance to Richter. Our aim is, therefore, to become an ever better place to work, attracting talent and engaging key people through high performance and the achievement of goals.

Our stability comes from continuous growth, based on the long-term development and retention of our employees, a secure financial background and continuous innovation. We pay special attention to the evaluation and rewarding of employees for outstanding performance. We offer stress management and recreational programmes with personal counselling to ensure a good work-life balance and the mental well-being of our employees. Our employment culture is as much about reaching out to young talents at the start of their careers as it is about achieving a humane generational change.

Key data



50%

of employees in production units are female



50%

of employees were enrolled in formal academic training programmes or upskilling outside formal academic training in 2021

Key objectives for 2022



Creating strategy-supportive company culture while further developing our strengths and incorporating corporate values into our everyday lives



Introducing Employee Central and improving the HR experience by digitalising our processes



Development of an international HR framework, expansion of HR activities across subsidiaries

Achievement of 2021 objectives



Attitude change project

In progress. The project commenced according to plans. With the help of a representative survey involving 4 000 people, we assessed the current company culture and determined the culture to be achieved as well as defined points for improvement. The four main values of Richter were also established: responsibility, people-orientation, innovation and excellence.



Leadership development

Accomplished. A wider and more diverse leadership development portfolio than ever before was introduced, with a focus on change, efficiency, and innovation in accordance with the development of the capabilities necessary to implement the corporate strategy.



Introducing the Balance Programme

Accomplished. The programme commenced to improve employees' physical and mental health, as well as to maintain a good working environment.



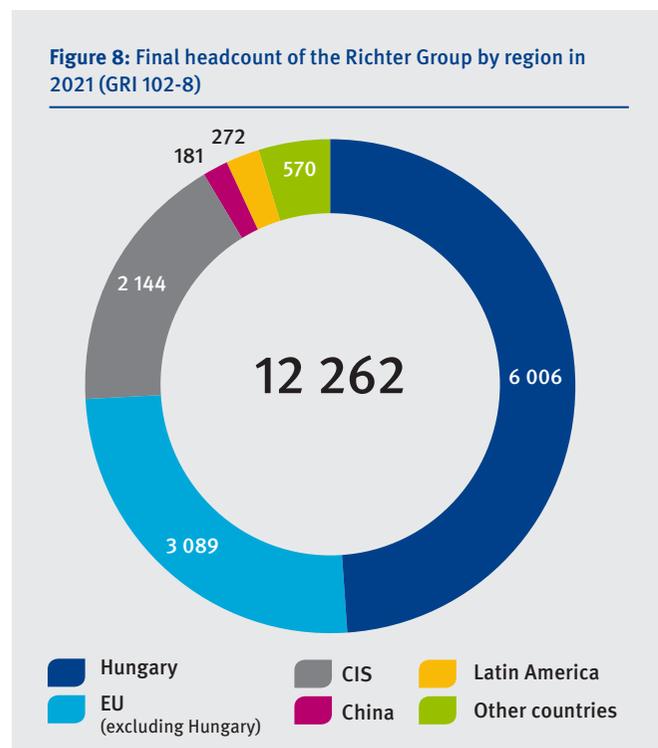
Dual training

In progress. The business plan for the dual training centre for the chemical industry has been completed. The framework for cooperation has been developed to ensure a long-term supply of secondary-level chemical industry employees.

4.1 Employment

The total number of employees in the Richter Group was 12 262 at the end of 2021. Of the total, approximately half work in Hungary, whilst countries with production plants host 69% of the total workforce.

Figure 8: Final headcount of the Richter Group by region in 2021 (GRI 102-8)



In terms of employment type, the overwhelming majority are full-time employees (96% of the total number of employees) and those employed with open-ended contracts. For example, there are only 154 employees with fixed-term contracts at the parent company in Hungary, in contrast to the 5 465 employees with open-ended contracts.

In terms of staff turnover, in the countries with production units, the ratio of total exits to the average number of employees in 2021 was 12%, which is a positive result compared to the 15% benchmark in Hungary.

4.2 Attracting and retaining talent

For the Richter Group, as for any other employer both within the pharmaceutical industry and beyond, retaining an increasingly mobile workforce is a challenge. Wage competition among employers for workers in shortage occupations and for those with secondary education has been intensifying in recent years. The company continues to be open to employing foreign workers, which not only facilitates the recruitment process but also enhances the import of international knowledge.

We place great emphasis on the recruitment of young professionals, a factor that can give us a clear competitive advantage in today's employment market. There is a continuing trend towards a growing gap between the knowledge provided by school systems and the expectations of employers.

In order to fight this trend, the Richter Group has started a number of action plans in recent years. With an active, nationwide presence at job fairs, professional events, and workshops, we ensure that the next generation of employees will have a familiar and attractive image of Richter. We offer summer internships as well as a two-year internship programme for trainee pharmacists and technical graduates.

Filling highly qualified positions, especially in the R&D field was not an issue for the Richter Group in 2021, which is due to the company's outstanding recognition amongst students. Moreover, we proactively shape this positive image, for instance, by cooperating with domestic and international educational institutions.

In Hungary, the company currently has agreements with 21 different university faculties or institutes. The most notable of these is the University of Pannonia, with which we also offer dual training, and the Budapest University of Technology and Economics, where we have supported the launch of cooperative training. Since 2020, in addition to the traditionally large number of pharmaceutical, chemical and bioengineering courses, a new element of our higher education cooperation is the active participation in cooperative plant engineering courses.

We are in the process of establishing a unique pharmaceutical training centre with other market players in order to ensure the continuous training at secondary school level of talented chemical technicians. To this end, we have also launched a dual training programme for chemical technicians. This cooperation is not limited to Hungary, the company has partnered with 11 educational institutions in Poland and three in Russia. In Romania and India, three university partnerships have resulted in the arrival of trainees to local Richter affiliates.

The R&D activities of Richter mostly take place in Hungary. In addition to the average R&D workforce of 742 employees, there were 50 new entrants and 73 exits (mainly from junior positions) in 2021. This accounts for 10% of total turnover and 7% of voluntary R&D turnover. In the current, rapidly changing environment, these results are considered to be great compared to the market benchmark value of 15% for total turnover and 11% for voluntary turnover.

Besides recruiting the right people it is equally important to retain them and make the best use of their skills. An important element of this strategy is our performance evaluation system (TÉR), which also provides a broader opportunity to communicate Richter's tasks and objectives. The TÉR meetings also offer the chance to discuss our employees' individual ideas for the future and career plans. The improvement of the performance evaluation system is indicated by the fact that in 2021, formal evaluations have already been carried out for 98.1% of colleagues, compared to 90% in previous years.

4.3 Diversity and equal opportunity

The Richter Group offers career advancement, professional development, and management positions regardless of gender and age. All levels of management and employees equally have access to training/development opportunities. The uniqueness of the pharmaceutical industry is that there is a high proportion of highly qualified employees.

The proportion of women within the production units is 50%, as shown in the ESG dataset in Chapter 2. With regards to the proportion of female employees, management teams should be given special attention – the ratio of women within the parent company at management levels is shown in the table below. We consider the proportion of women in the mid-level management of the company to be adequate, however, we aim to increase the ratio at senior and executive levels.

Table 10: Ratio of women in executive bodies at the Richter parent company (GRI 405-1) (%)

	2019	2020	2021
Board of Directors	27	18	17
Supervisory Board	40	40	33
Senior management	24	24	29
Mid-level management	45	44	40

Gender equality is also important to us in terms of remuneration and is constantly monitored: the average basic salary adjustment rate for our male and female colleagues is 97% for employees and 99% for managers.

The Richter Group is yet to establish a formal Diversity and Inclusion strategy, however its preparation is included in the 2022 objectives. Nevertheless, diversity is not only reflected in the way the company addresses gender inequality, but also in the employment opportunities for students and retirees – in the form of co-operatives, full-time or part-time employment options.

To further support diversity in the workforce, we have also introduced “hidden biases” training at our Hungarian sites in 2021. The training helps managers make team diversity a virtue and debate a source of new opportunities. In 2021, 40 people participated in the programme, and for next year – in line with our strategic objective – we plan to further increase this number.

At Richter, we believe it is of the utmost importance that all our employees work in an ethical working environment. Protecting our staff and maintaining a work environment free from verbal and physical harassment is also important in order to maintain diversity. To support this, we created the Compliance Hotline in 2016, where colleagues can anonymously report any incidents they become aware of that are not in line with the above. More information on this is available in the Business Ethics chapter.



4.4 Employee commitment and well-being

In 2021, Gedeon Richter Plc. launched its attitude shaping project, which aims to ensure that the company's culture fully supports its medium-term business strategic goals and creates a 21st century work environment that is attractive for its current and future employees. Attitude shaping and engagement development have been initiated and are ongoing at several levels.

The current culture of the company – the starting point – was measured with the Human Synergistics tool and also used to define the desired state of culture at Richter. We identified four corporate values (responsibility, people-orientation, excellence and innovation) that define the daily life of Richter and influence the daily behaviour and work of our colleagues. As part of the communication of the four corporate values, we address the topic in management and employee forums at different levels. This forum series started in autumn in 2021 and will continue in 2022.

We initiate employee satisfaction surveys that require a deeper analysis based on consultation with the heads of departments, or in cases where we consider this to be appropriate based on the results of the continuous monitoring of staff turnover. In 2021, employee satisfaction surveys were conducted at the manufacturing companies in Russia and Romania. In addition, in Romania, a pulse check was introduced to monitor the everyday well-being of colleagues. The Richter Group plans to introduce satisfaction surveys on a wider scale and with a defined frequency in the future.

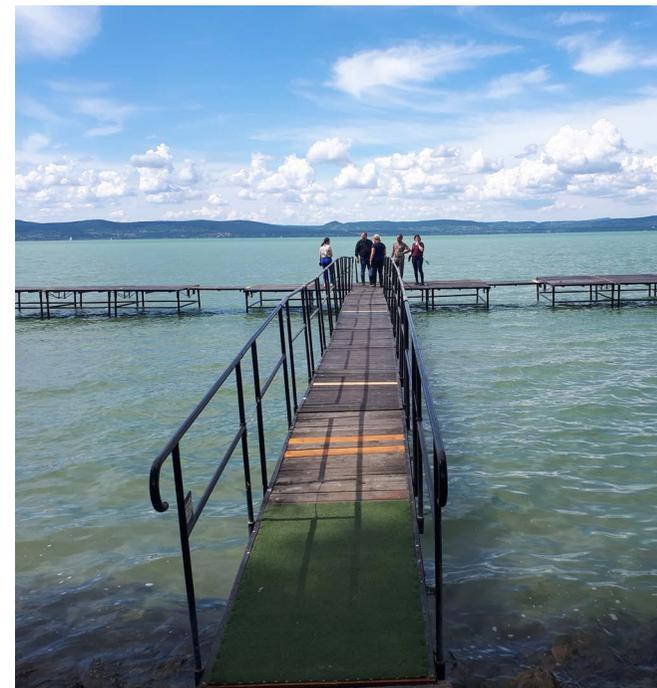
We continued to operate our Professional Development Scheme in 2021, which aims to increase long-term employee engagement through a wide range of benefits. The programme is available for university graduates, employees with secondary school qualifications in white-collar positions and blue-collar workers.

The leadership succession 'career programme' and associated development schemes aim to retain, motivate, and prepare participants for a potential leadership career path.

Also launched in 2021, the 'Balance' programme aims to support employees' physical and mental well-being and to foster the sense of a healthy, comfortable and lovable work environment. The programme is based on three pillars: physical, mental and work environment. As part of the programme, the "Balancing" webinar series was launched. The topics of the first lectures focused on the COVID-19 pandemic and mental health, and were conducted by well-known speakers and Richter experts. In addition, the company organised several community-building events throughout the year, such as the Lake Balaton bike ride and yoga weekend, or the Virtual Coffee "storytelling hour" initiated in Romania, which took place in a similar framework to the domestic webinars.

Flexible working and working from home have become a major theme in work-life balance in recent years. The pandemic has raised employee expectations regarding remote work, and as a result, we provide greater flexibility for employees to work from home in certain roles. In 2021, 45% of the entire workforce in Hungary and 82% of white-collar colleagues made use of the option to work from home at least once.

In Romania, 130 employees are contractually entitled to work from home, which has been maintained after the pandemic and includes six home office days per month. Our Polish subsidiary organised a special training for employees working in a flexible working schedule entitled "Well-being and personal efficiency in remote work".



In addition to the above, Richter also helps to improve the well-being of its employees with additional services. The parent company supports the recreation, relaxation, and health of its employees with a wide range of valuable services and facilities maintained by Richter. We provide our local employees and their families with access to our own recreational facilities, sports fields, swimming pools, kindergartens, medical offices and bi-annual complex health screenings. We operate our own swimming pool and gym in Budapest, as well as a sports field for employees and their families. We run a kindergarten for the employees' children in Budapest and Dorog.

4.5 Training and development

In Richter's knowledge-driven business model and organisational culture, the professional development and training of our employees is of paramount importance. In addition to fulfilling our business goals, it is important for our company that we can contribute to the professional ambitions of our employees. Training can include both formal academic training and programmes outside, depending on the most effective way to acquire knowledge.

The first step in the professional development of our employees is the training of new entrants. Our Buddy system for new entrants and our RáhanGoló onboarding programme continued in 2021. Responding to the challenges of the pandemic, we have moved our successful face-to-face RáhanGoló training to an online format, which has been helping new colleagues to get to know the pharmaceutical industry and Richter since the autumn of 2020, as well as providing an opportunity for networking with new colleagues.

Richter has traditionally placed great emphasis on the scientific development of its staff and on ensuring that they keep abreast of international professional trends. Part of our courses are formal academic training programmes. In our Russian operation, for example, the company reimburses 50% of the cost of school-based training for employees. At the same time, we aim to organise a significant part of the training in an outsourced form, with the involvement of recognised international and national experts in the given field. In this way, we ensure that the content of the courses matches Richter's development needs and strategic goals as much as possible.

Besides professional knowledge, skills development is just as important. In 2021, 259 people took part in skills training in Hungary. In accordance with our renewed employee training portfolio, we offer a wide range of learning opportunities along Richter's five general competencies as well as diverse skill development training.

Table 11: Number of employees in training at Group level (manufacturing units) (GRI 404-2)

	2019	2020	2021
Formal academic training programmes	187	330	182
Programmes outside formal academic training	5 518	5 246	6 006
Total employees	5 705	5 576	6 276*

* The data includes Richter Helm employees (88 persons). In their case, a breakdown by category was not available.

One area of training that is of particular importance from a business and sustainability perspective is management training. Our leadership development programme continued in 2021. All training was delivered online, we had a very successful year with a total of 501 participants. Based on the feedback from our colleagues, the training was of high quality, although networking opportunities were lacking during the online training. Leadership training is also a prominent topic in our operations outside Hungary. In Poland, for instance, senior staff are trained within the framework of a two-day leadership training (Leader Academy) programme.

In professional training and development, digital solutions are playing an increasingly important role in improving knowledge transfer and access to participants (irrespective of the effects of the pandemic reducing personal presence). Since 2020, the LinkedIn Learning platform with online courses has been made available to our colleagues. In 2021, we introduced Articulate 360 e-learning editing software to improve the quality of online learning materials. Also in 2021, we introduced Be-novative, a digital platform to support innovation and make it part of the company's everyday life, regardless of the field of use. Based on the design thinking methodology, the platform stimulates the entire innovation cycle and processes of teams, from idea generation through the evaluation-prioritisation-selection process, to prototyping, validation and implementation.

4.6 Health and safety at work

Preserving the health and safety of the Richter Group's employees and external service providers is an integral part of the operational strategy. Achieving business goals must not in any way compromise the safety of employees.

Compliance with work rules is essential to maintain health and safety. We provide our colleagues with the necessary training and education to prevent accidents. We are committed to supporting mutual responsibility as we believe that it is the interest and responsibility of all of us to maintain work security. All managers of the Richter Group therefore guarantee that they will pay particular attention to the enforcement of existing safety regulations, thereby reducing risks in the workplace. Our safety rules are up-to-date and comply with current domestic and European Union requirements.

Organisational structure, H&S (health and safety at work) activities

Based on the activities of the organisational units, the risk profiles of individual workplaces are different, and therefore the H&S activity and safety rules may also differ within the organisation. Active ingredients are produced using chemical operations at the Budapest, Drog and the Indian RTML production sites, while the plant in Budapest and the remaining foreign subsidiaries produce pharmaceutical products. The Debrecen site also carries out biotechnology-based manufacturing of active ingredients and formulations.

At some of the Richter Group's sites, independent H&S organisations perform the risk management tasks. At the Budapest site, in addition to occupational safety specialists, chemical safety specialists also work to ensure REACH and chemical safety compliance (chemical safety assessment, classification, and registration of dangerous chemicals,

ensuring the availability of safety data sheets and hazard labels, compliance with the requirements for the transport of dangerous goods, etc.). At sites where the employment of industrial safety specialists is necessary, the related processes are carried out in accordance with the SEVESO guidelines.

With the regrouping of the former laboratories, the Technical Laboratory Services Organisation was created in 2021 to support the quantitative H&S risk assessments with exposure measurements. Occupational health care is provided by an external service provider for our employees in the on-site medical offices.

Compliance assessment

We apply the occupational health and safety management system (MEBIR) operated and certified according to ISO 45001:2018, at our Hungarian and Romanian sites. Other risk management processes also operate at Group level. An important element of the management system is the compliance assessment, which is provided by internal audits and external independent audits. H&S performance at the Richter Group's ISO 45001 certified sites is also evaluated through management reviews of the management system.

Sites without ISO 45001 certification also have occupational safety procedures. At the Indian and Russian sites, the heads of departments and the safety committee ensure that the H&S requirements are met and that the necessary safety measures are taken. In addition to our own employees, the safety of third parties within the Richter Group's supply chain is also important to us – we monitor the working conditions of our contracted partners at our sites with frequent audits and on-site inspections.



Protection against major industrial accidents (application of the SEVESO Directive)

To prevent major industrial accidents, we apply the SEVESO guidelines. Within the Group, our sites in Vecsés, Budapest and Dorog are subject to the SEVESO regulations while the international and the Debrecen production sites are not. In compliance with the legislation, we prevent accidents through risk assessment and the development of safety plans. In cooperation with the industrial safety authorities, we keep our protection network up-to-date and we inform the population within our scope. We have had no major industrial accidents in the last five years.

Risk profile

Due to their activities, the Richter Group's sites are exposed to occupational risks. Typical risks include: psychosocial risk, ergonomic and screen-based risk arising from office work and transportational risks. In manufacturing companies, the main risks are exposure to hazardous chemicals, fire and explosions. Workers may also be exposed to risks from hazardous work equipment and technologies, pressurised liquids and gases, manual handling and noise exposure. A small number of workers are exposed to working at height, risk of cuts and stabbing, suffocation and burns.

To ensure safe working conditions, Richter carries out a risk assessment, followed by risk management measures (as necessary). Risk assessment at the Hungarian sites is supported by IT tools (MEB IT modules), which were created according to Richter's needs in the early 2000s. These tools are outdated due to rapidly changing IT technologies, and their value lies in the accumulated data and the know-how embodied in them. The modernisation and further development of the IT modules are in progress, primarily supporting the workflows of chemical safety experts. Further development will be based on SAP, contributing to managerial decision preparation and the integration of H&S records into the company's management system. Similarly, event management (event and near-miss reporting), occupational health risk assessment, as well as work equipment and workplace risk assessment will be upgraded.

When managing risks, the Richter Group prioritises collective technical protection. Among others, closed-system technologies, safety equipment and cladding, ventilation systems, and local exhaust ventilation reduce the risks in our plants and laboratories. In the absence of collective technical protection, risks are reduced to an acceptable level by the provision of personal protective equipment and measures. Risk assessment contributes to the optimal measures to be taken (risk management).

We are constantly working to further improve workplace safety. At our Hungarian sites, great attention has been paid to reducing the risk of exposure to hazardous chemicals, including the improvement of active substance manufacturing technologies and achieving a higher degree of containment of equipment. H&S specialists are already involved in the research phase, with the aim of bringing the least hazardous substances and operations to the manufacturing plants. The selection and closed operation of the equipment is done in accordance with the degree of hazard of the chemical. We apply the Occupational Exposure Band (OEB) methodology in the decision-making mechanism of investment processes.

Among the subsidiaries, in Romania, laboratory equipment and instruments were purchased, fume hoods were replaced and central fume hoods installed, while in Russia, safety was increased by purchasing gas masks and reducing exposure through HPLC. At the Indian manufacturing company, closed systems for handling liquid and flammable materials were developed, as well as the sealing of the centrifuges was increased. The German subsidiary has installed splash guards to prevent burns caused by hot media. The Hungarian and Romanian manufacturing sites also invested in 2021 to reduce ergonomic risks and workplace noise exposure, while the German site installed silencers in high-pressure process tanks to address the latter risk.

Fire protection investments were also made in several countries, with fire detection and alarm systems and technical protection equipment being installed in Hungary, Romania and Russia.

Occupational health monitoring

All new entrants undergo a preliminary fitness for work assessment, in accordance with the protocol for their future job. Thereafter, our employees undergo fitness for work tests adapted to their risk profile at intervals of six months to one year.

Health promotion programme

In order to protect the health of its employees, in addition to the fitness for work examinations, the company, together with the Richter Welfare Foundation, organises a complex screening programme every two years, which is available to all employees in Hungary. The protocol of this programme is drawn up on behalf of the Foundation by the occupational health service provider and the doctor representing Richter on the basis of medical considerations. Complex screening examinations are carried out in the on-site medical offices.

General and specific HS training programmes, employee communication

In addition to medical examinations, health and safety training is also job-specific, depending on the risk. After induction, employees receive basic training appropriate to the job, supplemented by safety training on an annual basis, in accordance with the legal requirements. Our company ensures that all employees have easy access to the safety department to answer any safety questions.

In Hungary, we train employees via an e-learning curriculum and instructional videos, in addition to risk assessments that provide extensive information on the presence and prevention of workplace risks.

Accidents and incidents at work

Unfortunately, workplace accidents can occur despite safety measures, training and precautions. All companies of the Richter Group do their best to reduce the frequency and severity of accidents through the aforementioned safety measures and comprehensive monitoring systems.

We are pleased to report that there were no serious or fatal accidents, and no mass exposures in 2021. There were no industrial safety incidents (SEVESO) at sites covered by the regulation.

In general, the frequency of accidents at the Hungarian sites was reduced in 2021. The number of work accidents decreased by more than 30 incidents compared to 2020. The Romanian affiliate continues to carry out its production activities without any accidents, while the number of accidents at the Russian site dropped to zero in 2021.

The nature of accidents is categorised to analyse trends, supporting our work in identifying accident sources and managing the associated risks. At the Hungarian sites, the most common accidents were being hit by an object or being trapped, with a total of 48 incidents, mostly in the Budapest production unit. It is followed by falls and slips (30), and sprains and joint strains (29). There was a 50% reduction in burns resulting from production processes; a 19% reduction in cuts and punctures; and a 100% reduction in electric shocks, showing a positive safety trend.

Table 12: The Richter Group's statistics on accidents at work in 2021 (GRI 403-9)

	Budapest	Dorog	Debrecen	GR Romania	GR RUS	GR Polska	RTML	Richter-Helm	Total
Number of work accidents	45	6	4	0	0	3	15	4	77
Number of incapacity days	943	112	91	0	0	28	72	22	1 268
Work accidents per 1 000 persons (frequency indicator)	10	6	12	0	0	4	40	14	8
Sick leave days per 1 000 persons	212	106	269	0	0	36	191	77	150
Sick leave days per 1 accident (severity indicator)	21	19	23	0	0	9	5	6	16
Number of employees	4 439	1 055	338	615	550	771	376	287	8 431

With regard to our foreign establishments, the highest number of cutting accidents occurred in India (11). The second most common accidents were joint strain and sprain – these occurred in Germany. There were burn and mechanical injuries with two registered cases each in India and Poland. The latter company had the longest period of sick leave (27 days in total) due to mechanical trauma.

In addition to the standard incident management, a targeted accident prevention programme (“Topic of the Month” campaign) was announced at the German joint venture.

It is important to us that our communication is honest and transparent in all cases, and we maintain these values in our safety communication. Information and review results from workplace accidents are communicated to all stakeholders. Reports from the Hungarian sites are also available online. We are convinced that everything has an essential role in increasing safety awareness.

5. For our communities

Patients, employees, students and teachers are important beneficiaries of the Richter Group's support policy. The company's social commitment is not limited to Hungary; it supports social causes in almost all countries where it has a member company.

Key data



HUF
1.9 billion

spent on CSR
initiatives



53%

of Hungarian
foundation grants
are health-related
donations



25+

countries where the
company provides
support

5.1 Social responsibility in numbers

Through our member companies' and foundations' CSR activities, we are able to provide significant professional and financial assistance to health and education institutions, as well as their related stakeholders.

Healthcare and education are two areas where we can contribute our expertise in line with our corporate social responsibility policy – they are also integral to the company's core business.

Table 13: CSR expenditures 2019-2021 (GRI 413-1)
(In millions of HUF)

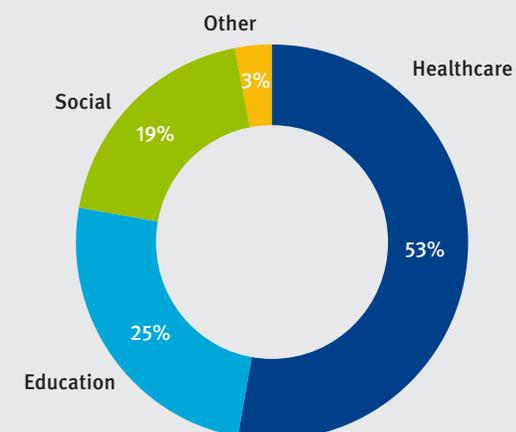
	2019	2020	2021
Parent company	1 184	1 410	1 294
Richter Group without parent company*	719	600	632
Richter Group total	1 903	2 010	1 926

* The figures include data gathered from 41 countries, not just the production companies alone.

Supporting healthcare and raising health awareness is part of our mission, and by supporting science education, we aim to secure the next generation of talents.

In addition to the above, Richter continuously contributes to broader social initiatives, such as the support of our current and retired employees or the support of the victims of the flooding in Germany through its local subsidiary.

Figure 9: Distribution of grants via foundations in Hungary



5.2 Support for healthcare

Regarding social responsibility, health is a key area for Richter; our initiatives in 2021 still aimed to improve quality of life. Besides the significant financial support to healthcare institutions, we contributed to the well-being of our communities through several health education programmes during the year.

The flagship of the company's social commitment in Hungary is the Richter Health City, a programme which has been organised since 2009 and was successfully implemented in 2021 as well, despite the pandemic. We organised community fundraising for hospitals and clinics in several parts of the country, as well as family programmes complemented by health screenings, counselling, lectures and gymnastics. In total, Richter donated more than HUF 43 million to local health care institutions at seven events last year.

The Gedeon Richter for Hungarian Healthcare Foundation is a key organisation in this field. Among other things, it provides support for the work of scientific and healthcare institutions, for the professional training of health professionals and young people, and also contributes to the organisation of scientific conferences and events, as well as carrying out a number of other activities. In 2021, the foundation launched a total of 10 calls for proposals in the fields of pharmacy, urology, gynaecology, specialist care, central nervous system, primary care, cardiology, and gastroenterology, with a total value of HUF 367.8 million.

The Richter Employee Welfare Foundation, which focuses on Richter's employees in Hungary, is implementing a wider range of social programmes. In 2021, the foundation provided HUF 25 million to employees for care by specialists or general practitioners; approximately HUF 8.5 million for family support, health promotion and rehabilitation, as well as outpatient laboratory tests; and more than HUF 56 million for other social activities and care for the elderly.

Our subsidiaries are similarly active in healthcare initiatives, some examples are presented below.

In 2021, just like every year, Gedeon Richter Romania held numerous counselling and screening programmes. Within the framework of the Tirgu Mures "Whirlwind" event, visitors received personalised medical and dietary advice from health professionals. Information on dermatological screening and sun protection was also provided, and in cooperation with Osteopharm specialists, counselling on foot deformities was given after conducting examinations.

RichterVita, our Romanian subsidiary's quarterly published healthcare magazine, focuses on sharing reliable information on specific illnesses and advising on healthy lifestyles. The publication is written exclusively by professionals in the different fields, and feedback from readers shows that it is a useful source of information. In 2021, 40 000 Romanian and 10 000 Hungarian publications were distributed in pharmacies and GP surgeries.

Every year, on September 29 (World Heart Day) Richter's Russian subsidiary attempts to raise public awareness of the importance of cardiovascular care and disease prevention. Renowned doctors and dieticians provide information on healthy nutrition, and top athletes share their secrets of morning gymnastics to strengthen the heart. The main themes of the 2021 event were heart disease related to COVID-19. People with heart disease are at higher risk of heart complications, and the virus can generate issues for those who have not previously suffered from such conditions. At the press conference organised by Gedeon Richter Farma, two medical specialists introduced the topic to the wider public. A flash mob was also organised to draw attention to the heart-related complications of the infection.



5.3 Support for education

Research and development is a fundamental element of the Richter Group's strategy, and we are committed to supporting the education of our future professionals and the preservation of scientific values in order to achieve our long-term goals.

We have established and operate various foundations to recognise the work of outstanding teachers in the fields of chemistry and science education. We strive to constantly innovate the relationship building with younger individuals through methods and tools that make our company and the sector in which we work more interactive and engaging.

Richter has been organising the "Richter Scholars Club" series since 2004, which has generated strong interest at Hungarian medical universities. The aim of the free lectures is to introduce the participants to the current topics of medical and pharmaceutical science by renowned experts in the field. The series of events is recommended to university students, participants in residency training, as well as young general practitioners, family doctors and pharmacists. In 2021, experts from various fields of science shared their views on the importance of talent and diligence.

Under the auspices of the Foundation for Hungarian Chemistry Education, the Gedeon Richter Foundation gives several, so-called 'unconventional chemistry classes' every year to present a scholarly career. The event fills a gap and significantly shapes the attitudes, knowledge and vision of teachers and students. In 2021, we hosted almost 60 students under the programme.

In 2021, on our initiative and with our financial support, in cooperation with the "Public Foundation for Science Education in Memory of Szabolcs Szabó" (SZ2A), and the patronage of the creative duo Ildikó Döbrentey and Péter Levente, we announced the first ever competition for fairy tales and short stories entitled 'You and the natural sciences – fairy tales' (TETT). The aim of the competition is to give students the opportunity to express what science means to them, and show what useful knowledge and experience they can gain from exploring the

field – all in the form of a fairytale. The competition was a resounding success, with over 500 entries received.

In 2021, the Gedeon Richter Talentum Foundation continued supporting the research and education activity of our partner institutions. So far, we have already signed cooperation agreements with six scientific and medical universities. To support studies, higher education institutions received a total of HUF 29 200 000 in grants to support the research and development activities of students participating in the scholarship programme. In the academic year 2020/2021, 110 Ph.D. students and 14 high school students were awarded scholarships, totalling HUF 152 310 000. The number of secondary school students has been further increased to 20 for the 2021/2022 academic year – this way science can attract greater attention when it comes to career choice for talented students in secondary school.

Last year, the Gedeon Richter Plc. Centenary Foundation provided a grant of HUF 12 848 208 to support the research and publication activities of young pharmaceutical researchers at various Hungarian universities.

Besides students and institutions, teachers were also recognised for their crucial role in providing high quality education. In order to honour the teachers, we operate the Gedeon Richter Foundation for Hungarian Chemistry Education, and (together with two other companies) the Professor Rátz Lifetime Achievement Award.

Among the programmes of the international member companies the "Științescu Mureș" education supporting project of Gedeon Richter Romania stands out. Științescu Mureș is the largest STEM (Science, Technology, Engineering, Mathematics) funding programme in Mureș County, organised by the Mureș Community Foundation. Through this programme, various educational projects are implemented to help students aged 6 to 19 discover the beauty of science.



5.4 Focus on women

Our Group has several decades of unique experience in gynaecological therapy. Richter offers one of the largest product ranges in the global gynaecology market, our state-of-the-art products support women's health from adolescence all the way through to menopause.

Besides disease awareness campaigns, we believe it is important to increase the recognition of women, and to promote their spiritual and social well-being as part of our social engagement. We have therefore established the Richter for Women programme in Hungary. In 2018, as part of this programme, we founded the Richter Phoenix Community for women in difficult circumstances. The Phoenix Community aims to inspire individuals to start afresh by showcasing their personal success stories and recognising the courage of their members.

Another of our flagship programmes in Hungary is the Richter Anna Award, which aims to draw attention to the importance of health awareness and social well-being. It inspires professionals working in the fields of health, education, research and pharmacy; whilst helping them implement their innovative ideas and showcase those to the public. Enthusiastic teams of up to five pharmacists, doctors, health professionals, researchers, teachers and pharmacists who want to improve education, health and pharmacy will compete in four categories. The winning entries each receive a prize of HUF 4 million to implement their project. With the 4th season in 2021, the Award has already contributed to the implementation of 20 projects.

We continued to operate our “Stick to it!” educational website launched in 2016. Our aim is to advise visitors with new knowledge and tips on conception, infertility, and health preservation. Visitors can find answers to questions regarding choosing the right contraceptive method or family planning. A similar purpose is served by our sex education platform Intimzone, which also offers online gynaecological advice.

Focusing on women is also at the heart of the social responsibility programmes of our foreign affiliates. In the therapeutic area of fertility, two projects of our Spanish member company, Gedeon Richter Ibérica, are noteworthy. In 2021, they provided legal advice to members of the Spanish Fertility Society on issues related to assisted reproduction and supported hospital fertility programmes with special equipment using time-lapse technology. The total amount used to fund the programmes was HUF 122 million.

Another outstanding example is Richter's subsidiary in Italy, where a full sustainability programme focusing on women's health was launched in 2021. The focus of GRITness4ALL is formed around the concept of women's empowerment and education on female fertility and health.



6. Corporate governance

Over the past decades, Gedeon Richter Plc. has evolved into an international group of companies with a strong global network. The emergence of the Richter Group has demanded the establishment and development of a subsidiary management and control system.

Coordination at group level is key to increasing sustainability performance. Compliance processes are already coordinated at group level and Richter is committed to improving its corporate governance performance in the future, taking ESG aspects further into account.

Key data



**ESG
Subcommittee**

established by the
Board of Directors



10

compliance reports
in 2021



3 400

Suppliers with a
procurement value of
HUF 300 billion per year

Key objectives for 2022



**Adoption of the
Responsible Corporate
Governance Code by the
Board of Directors**



**Preparation of the agenda
for the ESG Committee**

Achievement of 2021 objectives

- ✓ **Ensuring compliance with the EU Directive 2019/1937 on the protection of persons who report breaches of EU law by implementing a dedicated IT system (Virtual Compliance Officer, hereinafter VCO).**

Accomplished. The VCO has been implemented by the Richter Group at HQ and EU group level at the end of 2021, in compliance with the Directive's deadline.

- ✓ **Implementing a Global Conflict of Interest Policy at group level.**

Accomplished. The Conflict of Interest Policy was published for subsidiaries.

- ✓ **Reviewing the “Internal Rules On The Management Of Compliance Reports”, Annex 1 of the Code of Ethics**

Accomplished. The revision required by the implementation of the Whistleblowing Directive and VCO has been carried out at the end of 2021.

- ✓ **Presentation of the Supplier Rating System at group level**

In progress. Not all functions of the system are currently in use.

Subject to the provisions and requirements of corporate law under Hungarian law, Gedeon Richter Plc. is entitled and obliged to establish a responsible corporate governance system primarily and obligatorily applicable only to Gedeon Richter Plc. A detailed description of this system (including the General Meeting rules, shareholders' rights, the responsibilities and division of tasks of the Executive Board, the Board of Directors, the Supervisory Board and subcommittees, conflict of interest, remuneration and diversity policy, internal control and risk management system, etc.) is available on the Richter corporate website within the document titled „Report on Corporate Governance” under the submenu “Investors/Annual General Meeting”. Accordingly, the remainder of this chapter addresses corporate governance at group level.

6.1 Corporate governance at group level

Composition of the Richter Group

Gedeon Richter Plc. is a vertically integrated pharmaceutical manufacturing and sales company, which also performs group management functions as the parent company of the Richter Group. The parent company classifies the companies and business interests belonging to the Richter Group into three main business segments: Pharmaceuticals Manufacturing and Sales, Pharmaceuticals Wholesale and Retail, and Other (see the Appendix for a list).

Among the three business segments, Pharmaceuticals Manufacturing and Sales is the core business of the Richter Group, and therefore the focus is on the management of the member companies with the same function. There is unanimity within the management of this business segment – capital allocation, development policy, production coordination and marketing are all carried out in a coordinated manner. As a result of the harmonised business strategy, transactions with the parent company play a dominant role in the economic activities of the pharmaceutical manufacturing and sales member companies.

The Richter Group's governance model

The Richter Group is defined as a “core holding-company”, which is a type of corporate grouping where the parent company, in addition to managing the unified but independent member companies, also performs additional product development, manufacturing and service roles. By its nature, market assessments, the use of development resources, capital allocation, and product, service and technology policies are coordinated among the member entities. However, the parent company's role goes beyond standard ownership management, as it performs two functions in parallel. On the one hand, it is the largest R&D, manufacturing and marketing entity in the Group. On the other hand, it provides strategic and financial management to the legally independent subsidiaries.

In addition to the unified management, the economic role of the parent company is also dominant within the Richter Group, as more than half (52.5%) of the Group's turnover is generated by the parent company, whilst certain pharmaceutical functions (original research, production of steroid products, etc.) are performed exclusively by the parent company.

From the outset, the parent company's governance structure within the commercial function has been greatly regionalised. The governance of the member companies is primarily professional management with functional divisions; research, development, regulatory, sales and marketing, production and logistics, engineering, and finance directorates form the primary structure. However, with the creation of the Biotech Business Unit, a business unit division has also emerged within the company.

In the case of the small number of multi-functional manufacturing companies, functional management is multi-channel, while in the case of subsidiaries with a marketing core function – which account for the vast majority of affiliates – it is single-channel. The marketing subsidiaries and representative offices are professionally managed by the parent company's commercial division, with financial and accounting control and support in company law, labour law and compliance.

The parent company manages a small number of service companies not included in the Pharmaceuticals Manufacturing and Sales segment, which are classified in the Other segment, through service contracts and through an ownership of assets. The management of the companies belonging to the Pharmaceuticals Wholesale and Retail segment is not managed by a dedicated management organisation within the parent company, but is essentially managed by Gedeon Richter Plc. through ownership instruments and financial reporting.



The role of ownership control and corporate legal support in the governance of affiliated companies

The parent company also acts as an intermediary for affiliated companies in its management role. It uses its means of ownership to provide support in areas such as company law, labour law and compliance.

The basic decisions related to the ownership role are as follows:

- adoption and amendment of the Articles of Association and Partnership Agreements of affiliated companies;
- decisions on the composition of the management bodies (Board of Directors and Supervisory Board) as well as the appointment of managing directors of affiliated companies;
- approval of annual reports, decisions on dividends; and
- any other matter which is referred to the owners by local company law

There are three levels of corporate governance for affiliated companies operated via ownership instruments:

1. Supreme Body (General Meeting/Members' Meeting),
2. Management (Board of Directors) and
3. Managing Director (Country Manager).

The exclusive (non-derogable) authority of the supreme body is always determined by local company law. The adoption and amendment of the deed of foundation (Article of Association and Partnership Agreement), the approval of the business results and payment of dividends are the responsibility of the supreme body in each country.

The Board of Directors is made up of colleagues from the financial, legal, commercial and, in many cases, HR departments delegated by the parent company to each subsidiary. The main responsibilities of the board include overseeing and supporting the activities of the Managing Director, taking a position on strategic decisions, preparing and recommending the annual reports for approval, deciding on remuneration issues at managerial level, but the Managing Director may also involve the Board in simple, day-to-day issues.

The Managing Director is appointed and dismissed either by the Board of Directors or – based on the board's proposal – by the supreme body, in accordance with the local company law regulations. The remuneration of the Managing Director is also approved either by the Board of Directors or – based on the board's proposal – by the supreme body.

The Managing Director has wide-ranging powers in the day-to-day running of the business, and may act within the limits of the law on any matter necessary to ensure the continuity of the business, except in those cases when the Managing Director's signatory powers are restricted to certain limits.

The parent company ensures the legal compliance of foreign subsidiaries in the following ways: a senior lawyer is delegated to the Board of Directors of each member company to ensure that the meetings of the supreme body are properly convened, conducted and recorded in minutes. On the other hand, each subsidiary has a dedicated contact person within the Legal and International Network Management Division⁴, responsible for the subsidiary's compliance with company law/labour law on a daily basis. Managing Directors and managers have a direct working relationship with the colleague responsible for the member company concerned.

With regard to foreign subsidiaries, the Legal and International Network Management Division is responsible for ensuring compliance with company law.

The primary reporting obligation of the head of a representative office (Country Manager) is to the Commerce Directorate, which is responsible for professional/functional/financial supervision. Personnel decisions for the top managers of the multifunctional subsidiaries, which are essentially engaged in the manufacture of finished products, require the approval of Richter's CEO, while decisions for marketing subsidiaries and heads of representative offices are prepared by Richter's commercial function and approved by the Director for Commercial, International and Government Relations. The legal compliance support for subsidiaries is ongoing.

Control elements in the management of subsidiaries and representative offices

Main components of the internal control system across the Richter Group:

- in-process financial audit (cost accounting audit),
- on-site internal audits of subsidiaries or representative offices carried out by functional units of the parent company,
- operation of a group-wide compliance system, in which subsidiaries report every six months.

On-site internal audits abroad – on the basis of a pre-agreed list of tasks – check the existing internal policies, the application of group-wide regulations issued by the parent company, the reporting and planning methodology, supplemented with other, company-specific topics if necessary.

On-site inspections of representative offices are carried out every five years. In 2021, due to the COVID-19 pandemic, no such inspections were carried out.

Internal auditors are located, amongst other member companies, at GR Romania, GR Polska and Mediplus. At the larger European subsidiaries (e.g. Spain - GR Ibérica, Poland - GR Polska Sp.zo.o. and Italy - GR Italia srl.) a compliance officer is already employed. The auditor's activity can also be listed as an external control, which is carried out on the basis of a monthly cost accounting review as a rigorous control.

Global Compliance Programme

The Richter Group's Global Compliance Programme is discussed in more detail in section 6.3 (Business Ethics).

External control, audits by auditors

As a general rule, the annual reports of all subsidiaries are audited by an external auditor in accordance with local requirements. Of particular importance are the audits carried out by the permanent auditor of the Richter Group (Deloitte).

⁴ As of June 2022, the Division was renamed to: Legal and IP Department

6.2 Managing sustainability performance

In view of the strengthening of ESG requirements in the domestic and international capital markets over the last few years, the Board of Directors established an ESG Subcommittee in December 2021. The ESG Subcommittee's task is to continuously monitor the ESG requirements set by the domestic and international capital markets and to make recommendations to the Board of Directors to ensure the company's compliance with ESG requirements, taking into account Richter's industry and organisational specificities.

The ESG Subcommittee consists of two independent and one non-independent member of the Board of Directors. The coordination of the work of the ESG Subcommittee and the Corporate Governance and Nomination Subcommittee is facilitated by the fact that the Chair of the ESG Subcommittee is also a member of the Corporate Governance and Nomination Subcommittee. The ESG Subcommittee regularly draws the attention of the Board of Directors to new ESG-related requirements and guidelines and promotes the discussion of ESG-related issues by the Board of Directors.

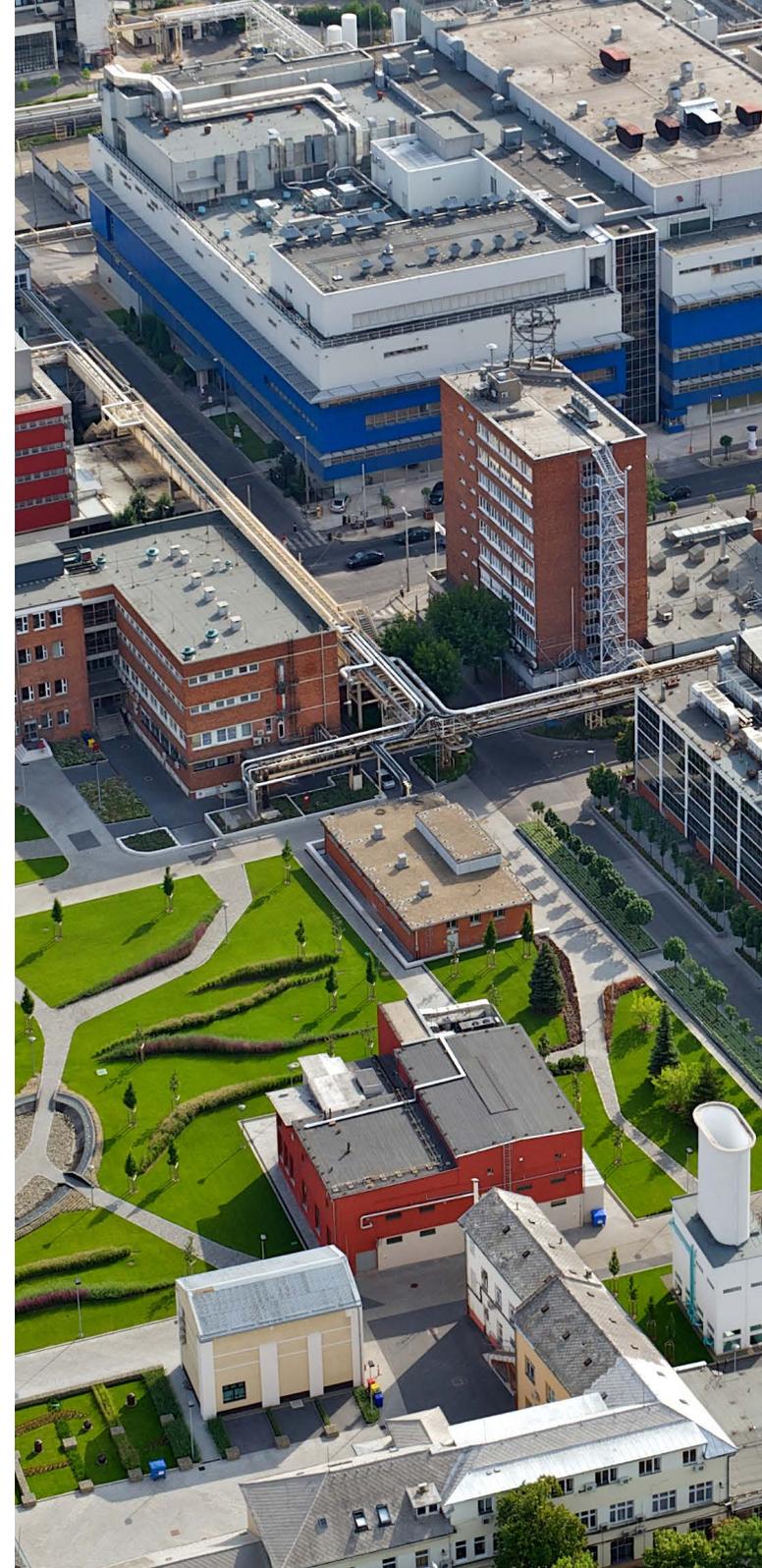
The Richter Group also strives to integrate ESG considerations into its incentive scheme for managers. In this capacity, the members of the Board of Directors receive a fixed monthly honorarium, the amount of which is determined by the General Meeting. Board members do not receive variable or performance-related remuneration linked to their position, so there is no direct way of linking their remuneration to sustainability objectives.

At the same time, sustainability targets also play a role in determining the content of the performance-related compensation elements (bonus and Employee Stock Ownership Plan (ESOP) benefits) when determining the compensation of the members of the Executive Board responsible for the day-to-day operations of Richter, primarily the CEO, the Deputy CEO and the Executive Chairman. The Board of Directors and its Remuneration Subcommittee ensure that, in addition to the fixed remuneration, the CEO's remuneration includes, where possible, ESG-related objectives in the definition of bonus duties and ESOP performance criteria, in line with the current challenges facing the Richter Group.

Sustainability has also been given a greater role in the company's internal control and risk management system in 2021. The following risks have been newly identified:

- Risk of energy supply disruption, global energy supply risks.
- Material and component supply security risks, global supply chain risks.
- Risk linked to climate change, sustainability and environmental awareness.

However, the health risks to workers and the negative impact of the COVID-19 pandemic on company operations and the supply chain have been reduced, according to Richter.



6.3 Business ethics

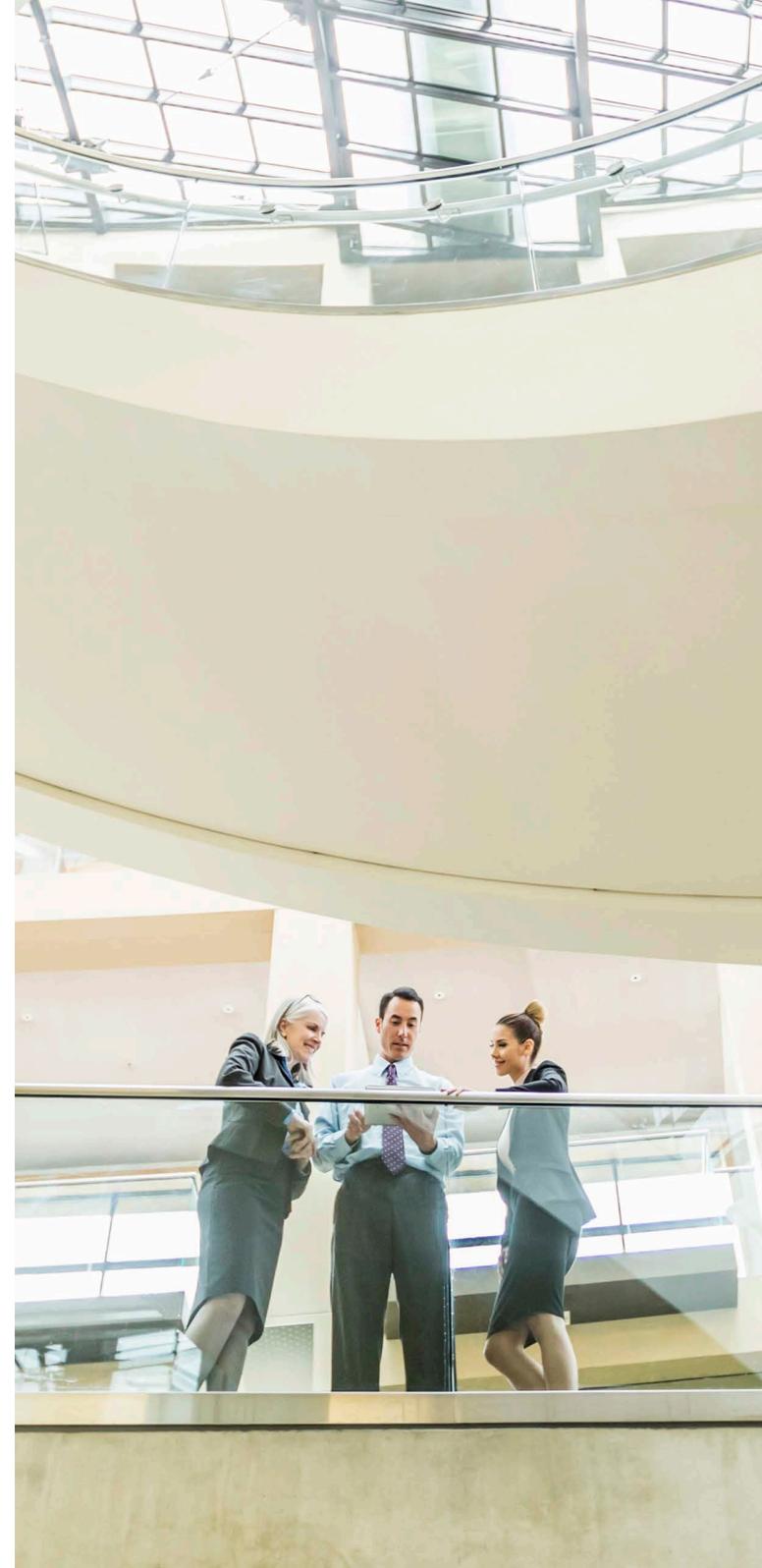
It remains a high priority to ensure that employees of the Richter Group conduct their business activities, including research and development, manufacturing, marketing, sales and promotional activities, in an ethical manner. The business ethics policy is the responsibility of the Gedeon Richter Global Compliance Programme. Together with the guidelines of the Code of Ethics prepared by the parent company, it ensures the correct conduct of our employees at group level. All new employees receive training on the application of the Code of Ethics upon joining the company, and our European subsidiaries received updated training material in 2021.

At our company, business ethics is the responsibility of the Legal and International Network Management Division, within which the Compliance team oversees ethical operations. The Compliance team, operating within the parent company, deals with compliance reports that contravene the provisions of the Compliance Handbook or the Global Compliance Programme. The Compliance team will also involve, where necessary, the Labour Law team and HR into the investigation to ensure that the whistleblowing is handled appropriately, and the head of the organisational unit or subsidiary concerned on a case-by-case basis. Ultimately, the Chairman of the Board of Directors and the CEO will be informed of ethics-related events in the form of an annual report.

The Compliance Handbook, which is part of the Global Compliance Programme and consists of ten policies, is intended to express Richter's commitment to operate in a lawful and responsible manner on a daily basis. To this end, the company expects all employees, consultants, representatives, suppliers and other business partners of the Richter Group to observe, comply with and enforce the provisions of the Compliance Handbook and its Code of Ethics at all times in their dealings with all market participants, including healthcare workers, patients, healthcare organisations, business partners, suppliers and distributors. In order to ensure compliance, the Anti-Corruption Handbook is part of all agreements with external partners and may be extended in the future to include the Code of Ethics as well.

In order to keep our business up to date with the latest legislation, in particular with pharmaceutical regulations, we regularly review our Compliance Handbook. These reviews will be necessitated in part by internal regulatory and organisational changes, but also by national and international (including EU) legal compliance.

The Compliance Handbook has been translated into several languages to make it easily applicable to all member companies. Further, we have ensured that the Handbook is adapted to local conditions so that it can be followed internationally and harmonised with local practices and regulations.



The Richter Compliance Handbook includes the following policies:

- **Code of Ethics:** The Code of Ethics sets out the basic standards of conduct, corporate principles and objectives that are binding on the employees of the Richter Group. It contains specific provisions on the conduct expected of employees of the Richter Group and on the higher standards expected of senior employees, as well as guidelines to be followed in communication and relations within the Richter Group and with its business partners.
- **Business Conduct and Transparency Policy:** This handbook is a key element of the compliance system, compiling and organising rules on anti-corruption, interaction with healthcare workers, pharmaceutical law and transparency.
- **Handbook for Compliance with Competition Law and On-site Inspection without Prior Notice:** It provides a brief overview of the most important EU competition regulations.
- **Corporate Communications Manual:** This document regulates the content of and the procedure for statements made to the media.
- **Pharmacovigilance Policy:** This document provides a detailed insight into pharmacovigilance and the collection of the side effects of drugs by listing the most important pharmacovigilance laws and regulations, explaining how this area is organised at Richter, and providing details on employees' responsibilities and duties.

- **Capital Market and Corporate Regulations Manual:** This document introduces the Hungarian capital market regulations that our company is subject to and also addresses rules on insider trading, stock market operations and mandatory reporting obligations.
- **Website Content Manual:** This document provides an overview of general corporate guidelines for the content and operation of websites and social media platforms (such as corporate and product websites, DTC (Direct to Consumer) campaign websites, Facebook) and the principles and legal frameworks for handling the data collected on these sites.
- **Global Privacy Policy:** This Policy sets out the principles and safeguards for the processing of employee, contract and business partner, customer, consumer and client data and all personal data that Richter Group companies process in their day-to-day business.
- **Conflict of Interest Policy:** The purpose of this Policy is to make employees aware of potential conflicts of interest, to prevent conflicts of interest from arising and to manage existing conflicts of interest.
- **Business Secrets Policy:** The purpose of this Policy is to define the scope of business secrets relating to the activities of Richter and its subsidiaries and to present other relevant data, facts and information.

Group-level control through the Global Compliance Programme is implemented as follows:

- Mandatory localisation and adaptation of the Compliance Handbook at subsidiary level
- Group Compliance Manager in Budapest
- Periodic reporting by subsidiary compliance managers to the Group Compliance Manager
- Ad hoc reporting obligations of subsidiary compliance managers in case of incidents
- Mandatory use of training materials by subsidiaries that are produced by the parent company's compliance team, reporting on the completion of these trainings provided to the Group Compliance Manager
- Annual update of the Global Manual and its mandatory application by subsidiaries
- Global operation of the Compliance Hotline, which receives reports of ethical and legal breaches from the subsidiaries' operational areas, and which require central investigation by the HQ
- Operation of a global monitoring (control) system

Practice shows that the subsidiaries have successfully adapted the manuals and regularly use them in trainings. There is weekly/daily liaising between the compliance colleagues in the parent company and the colleagues responsible for compliance at the subsidiaries.

Subsidiary-related notifications to the Compliance Hotline are investigated by the Group Compliance Manager with the assistance of the relevant Subsidiary Manager or Country Manager. As of the second half of 2020, Richter has tightened parent company compliance control even further by making it mandatory for subsidiary compliance managers to report to the Group Compliance Manager via the dotted line reporting system.

Code of Ethics and anti-corruption trainings

Within the Legal and International Network Management department, the Compliance team regularly provides in-person and online training for employees in relation to the Richter Group Compliance Manual. The training can be either mandatory online training for all employees (Code of Ethics, Anti-Corruption and Anti-Bribery, Data Protection, etc.) or specific to a particular field (Marketing Promotion, Competition Law, Transparency, etc.).

Anti-corruption

The principles to be followed in the fight against corruption and bribery are set out in the Business Conduct and Transparency Code of the Compliance Manual.

Under the Code, the Richter Group expects integrity and transparency. It has a zero tolerance policy towards fraud and all other corrupt activities. Regardless of local customs, business culture or the nature of the solicitation of bribes or

other unfair advantage, employees and third parties are strictly prohibited from actively participating in or passively tolerating corruption in connection with the company's business.

Employees and other persons acting for or on behalf of the company must never offer or give (or permit the offering or giving) of money or other benefits for the purpose of exerting (or even the appearance of exerting) undue influence on a government official or providing an undue business advantage.

To enforce anti-corruption rules with our partners, all our contracts include an anti-corruption clause. Accordingly, we and our business partners are committed to comply with the applicable anti-corruption laws and the provisions of the „Anti-Bribery and Anti-Corruption Manual of Gedeon Richter Plc. and its Affiliates” in the course of their business activities and in connection with the contract.

In 2021, we started preparing and designing a group-wide risk assessment and monitoring framework to screen for corruption risks, which will cover not only corruption and bribery risks, but also industry-wide compliance areas.

Table 14: Number of participants in Anti-Corruption and Code of Ethics training in Hungary and the Group as a whole (GRI 205-2)

	2019		2020		2021	
	Hungary	Group	Hungary	Group	Hungary	Group
Number of participants in Anti-Corruption and Bribery Training*	760	2 988	428	2 832	509	3 382
Number of participants in Code of Ethics training	0	3 336	2 316	3 495	192	3 315

* From 2019, at the parent company only new entrants receive anti-bribery and anti-corruption training, given that the related rules have not changed since 2018.



Whistleblowing, reporting ethical issues

The Compliance Hotline, a company-wide platform for managing notifications related to the Global Compliance manuals, is managed by Richter's Legal and International Network Management Division. Under the provisions of the Code of Ethics, all employees of Richter shall report, whilst all representatives/employees of business partners, potential employees (candidates) of Richter, former employees of Richter, and persons exercising ownership or supervisory rights over Richter have the right to report any incident during which they have reasonable grounds to believe that a violation of applicable laws, industry codes of ethics, Global Compliance Program manuals, or other internal Richter policies has occurred. These stakeholders can report perceived misconduct or ethical violations online, via a reporting interface translated into 20 languages (Virtual Compliance Officer System – „Richter VCO“), by email, telephone and voice message, anonymously if necessary, and the investigation will be coordinated by the Legal and International Network Management Division.

In recent years, the Compliance Hotline has been used by an increasing number of stakeholders, with Richter Group employees asking more and more questions about the Compliance Manual and the Global Compliance Programme. During the 2021 fiscal year, a total of ten reports were received globally through the Compliance Hotline, of which one

Number of compliance notifications and justified cases at group level (GRI 102-17)



Notifications	
2020	2021
10	10
Justified cases	
2020	2021
2	3

third-party fraud against Richter and two other violations were confirmed during the investigation.

It is important to stress that people who report ethical breaches are adequately protected against negative consequences. Annexes I and II of the Code of Ethics provide for the protection of the whistleblower, who should not be subject to any form of retaliation, retribution, discrimination or other unfair treatment. Nor can a whistleblower be disadvantaged even if a notification made in good faith is found to be unfounded or incomplete when it is investigated.

Protection of human and labour rights

The Code of Ethics requires employees to respect human rights as defined in relevant international conventions, local laws and regulations. Richter strongly condemns all forms of human trafficking, child exploitation and forced labour and strictly prohibits the harsh and cruel treatment of employees. It should be stressed that in our international relations, we consider it important and expect our subsidiaries and partners to act in accordance with good practice.

In every country where we operate around the world, we are committed to adhering to guiding principles such as the International Bill of Human Rights, the UN Guiding Principles on Business and Human Rights, Guidelines for Multinational Enterprises and the OECD Due Diligence Guidance, ILO Declaration on Fundamental Principles and Rights at Work and its Follow-up, and last but not least, the Ten Principles of the UN Global Compact.

We are committed to protecting fundamental rights, including the prohibition of any discrimination based on race, colour, sex, language, religion, political or other opinion, national or social origin, property, birth or other status.

Richter supports and promotes a working environment free from verbal and physical harassment. Managers are responsible for ensuring that harassment and discrimination do not occur within their own departments. Richter also aims to create an environment free from retaliation. Retaliation against employees for seeking advice in good faith, raising concerns, reporting abuse or providing information in an investigation is strictly prohibited.

EU Directive 2019/1937 on the protection of whistleblowers against infringements of EU law sets out strict rules on the handling of whistleblowing to ensure that whistleblowers are afforded a high level of protection. To comply with the Directive, the Richter Group implemented a centralised electronic confidential whistleblowing system (Richter VCO) on December 21 2021, which enables the Richter Legal and International Network Management Division to manage and investigate employee and external partner whistleblowing related to misconduct, ethical violations and breaches of law in the manner required by applicable legislation. The Richter VCO can be accessed at <https://richter.vco.ey.com>, where anyone can report anonymously and online, without providing any personal information, about the company's operations. In order to comply with the Directive, the Richter VCO has been extended to the group level, with all subsidiaries of the Group operating in the EU joining the (central) Richter VCO system.

Interest representation

The employees of Gedeon Richter Plc. have been represented by the VDSZ Pharmaceutical Trade Union since 1992. The organisation had 1 359 active members in 2021 from the parent company. It is an independent organisation representing the employees of all Hungarian sites of Richter. The VDSZ Pharmaceutical Trade Union, as a representative organisation, exercises all trade union rights, including collective bargaining, which applies to all domestic employees except for those in managerial positions. In addition to the VDSZ, since 2019 the Independent Pharmaceutical Workers' Union of the Trade Union of Employees of Multinational Companies (MCDSZ) has also been representing the interests of our employees.

In accordance with the provisions of the Hungarian Labour Code, the parent company has a Works Council, which exercises its co-decision powers within the framework of the law and is also responsible for approving the allocation of the welfare budget and ensuring the communication of information within its competence between the employer and the employees.

In the field of occupational health and safety, the Occupational Health and Safety Committee is responsible for representing the rights and interests of employees in relation to safe and healthy work, while the Joint Occupational Health and Safety Board regularly assesses the development of the situation and activities in the field of OHS and possible measures in this context in the framework of its interest reconciliation activities; discusses the OHS programme, monitors its implementation; and takes a position on draft internal rules concerning occupational health and safety.

At subsidiary level, we ensure that in each country we have local representative organisations that comply with the legislation of the country concerned. As these may take different forms from country to country, the parent company sets as a matter of principle and expects local management to ensure that the collective labour rights (right to organise, to form or join an interest representation organisation) under the laws of the country concerned are available to employees, should they wish to exercise them.

Table 15: Union membership in parent company and manufacturing sites in 2021




	Trade union members (Persons)	Membership as a percentage of total (%)*
Hungary	1 359	24.18
GR Romania	148	25.96
GR RUS	0	-
GR Polska	203	26.57
RTML	0	-
Richter-Helm	-	-
Total	1 710	21.9

* Relative to the number of employees in manufacturing sites, not to the number of employees at group level.

Conflict of interest and independence

The purpose of the Conflict of Interest Policy developed in 2020 is to ensure that business decisions of the parent company and all member companies and representative offices of the Richter Group are free from unlawful interference by personal interests, to draw employees' attention to potential conflicts of interest, to prevent conflicts of interest from arising and to manage existing conflicts of interest. The code sets out the generally expected behaviour that all employees are required to follow, including recognising and avoiding conflicts of interest and informing their supervisor if necessary. On the other hand, the policy defines the different levels of risk and sets out procedures.

Advocacy

Although the Richter Group encourages its employees to participate in politics by exercising their right to vote in countries where they have the opportunity to do so, employees may only engage in such activities strictly as individuals and in no case on behalf of the Richter Group. Employees of the Richter Group are prohibited from engaging in personal political activities during working hours or from using Richter Group property or assets for such purposes.

Due to the increased risk of corruption, the Richter Group does not support political parties, does not engage in lobbying activities and does not influence the financial decisions of national governments. There are strict rules on relations and cooperation with public sector employees and government officials at Richter.

At the same time, the Richter Group naturally seeks to participate as much as it can in the consultation process on legislation affecting the pharmaceutical industry. This is typically done in coordination with industry trade associations, chambers and federations. The most important organisation in Hungary is the National Association of Hungarian Pharmaceutical Manufacturers (MAGYOSZ), while in Europe it is Medicines for Europe.

6.4 Transparency

Expected disclosures in the pharmaceutical industry

A transparent system of relations or relationships between Richter and patient organisations, healthcare workers and healthcare providers contributes to the prevention of unethical and illegal conduct.

Under the applicable rules, regulations and other requirements, pharmaceutical companies must disclose – either publicly or directly to relevant stakeholders – payments, other benefits and mandates made to patient organisations, health professionals and health care providers. As Richter is a member company of Medicines for Europe, it must apply directly to its activities the rules and requirements of the Medicines for Europe Code of Conduct or rules and requirements compatible with and at least as comprehensive as those contained in the Medicines for Europe Code of Conduct.

Richter also requires its affiliated companies to disclose such payments. Affiliated companies must also subscribe to the Medicines for Europe Code of Conduct or to a code adopted by a national Medicines for Europe organisation, unless they are subject to self-regulatory organisations or other transparency regimes or are subject to local transparency reporting laws and regulations that are at least as stringent as the Medicines for Europe Code of Conduct.

The parent and its affiliates are required to disclose in their annual transparency reports those mandates and benefits that could potentially lead to a conflict of interest, and are also encouraged to disclose the beneficiaries of benefits where disclosure of the benefits is in the interest of patients or the public. Disclosures should also be published on Richter's and its affiliates' websites, unless national rules require publication on other platforms. Transparency disclosure was also made in 2021, available on the Richter website: <https://www.gedeonrichter.com/en/sustainability/ethics-and-compliance/transparency>

EU Taxonomy

The Richter Group attaches importance to the EU legislation on sustainability taxonomy. The Group's core business is the manufacture of pharmaceuticals, which is not affected by the reporting obligations currently required for climate change issues. However, Richter will continuously monitor the development of the regulation and will prepare the necessary reports in the future if affected.

Data protection

The Richter Group considers it of utmost importance to act in accordance with data protection rules and best practice when processing the data of natural persons who come into contact with it, and to process their personal data in a lawful and transparent manner. In the majority of cases, Richter is the data controller, whether it is organising events, reporting adverse reactions or conducting surveillance to monitor the security of the factory site. In carrying out these activities, the protection and respect of the rights and freedoms of the persons involved is a key concern.

In setting up its data protection framework, Richter has launched the Richter Group's data protection programme and created a number of specific data protection policies, procedures and sample documents, both for the parent company and its subsidiaries.

The Richter Group seeks to eliminate potentially improper practices. In 2020 and 2021, the company notified the Hungarian data protection authority of one minor data protection incident each, which did not result in significant harm to the data subjects. The incidents are related to email correspondence, the result of ransomware attacks or misdirection. Richter has not received any complaints of data leakage, theft or loss involving consumers in 2020 and 2021.



6.5 Supply chain

In pharmaceutical production product quality assurance can only be achieved through strict supply chain control, in which choosing and managing suppliers plays a key role. The Richter Group places great emphasis on its procurement processes, in which it has the same high expectations of its suppliers as it has of itself.

The total value of the items acquired by the Richter Group exceeded HUF 300 billion in 2021. The company handles procurement in 26 categories through 3 400 partners. 35% of the total value was represented by the direct categories, where the company procures the materials and services necessary for the core business. These categories are characterised by procurement with short supply chains, typically direct contact with manufacturers and service providers.

Of course, we also strive to keep the processes under close control in the case of indirect categories, but category specialties and demand volumes result in longer chains, thereby increasing the number of partners involved in the processes.

The company updated its Procurement Policy in 2020 and set out the key procurement principles of the Richter Group. The most important of these are the basic principles related to Richter's economic interests, such as cost efficiency, quality approach, and compliance with legal requirements. Other principles are related to Richter's corporate governance system, such as compliance with competition law regulations, integrity, anti-corruption, confidentiality and the protection of personal data. Sustainability aspects also appear among the basic principles, such as environmental protection, the protection of human rights, and the fight against human trafficking, child and forced labor.

Richter expects and demands compliance with the basic principles from all its employees and partners, and their enforcement in practice is provided for in the Procurement Regulations applicable to the parent company. For business

partners, the pre-qualification process of the Supplier Qualification System and the relevant chapters of the contracts ensure compliance with the principles. In case of non-compliance, the Legal and International Network Management Division is the acting organisation, but there was no relevant notification in either 2020 or 2021.

The Supplier Qualification System also includes aspects of general sustainability and environmental protection in particular. There are several pre-qualification questions that ask about the environmental and social performance of potential suppliers, the most important of which are the following:

- Does the supplier have a written environmental policy, procedures and processes?
- Do they have a sustainability report (do they ensure transparency in another way)?
- Does your company provide continuous training for employees in the field of environmental protection?
- Has the supplier paid an environmental fine?
- Standard management systems for environmental and social performance (ISO certificates)

In 2021, the number of active suppliers was 2 260, of which 16.6% were prequalified in 2021.

The Richter Group also conducts supplier audits, but these currently apply to materials and aspects related to pharmaceutical production. The number of such supplier audits is included in the chapter 'For our customers'.



7. For our environment

Richter's mission is to help patients around the world with its high added-value products. As well as having a significant positive social impact, we generate economic benefits and do so while minimising our negative impact on the environment.

A significant part of the company's environmental footprint comes from the consumption of electricity associated with the energy-intensive production of pharmaceuticals. Therefore, in line with the European Union's "Fit for 55" climate package, we aim to reduce our carbon footprint whilst continuously increasing the share of energy from renewable sources within the energy mix.

Key data



More than
HUF 2 billion

allocated to
environmental
investments
(direct and integrated)



78%

reduction in sewage
sludge emissions at the
Dorog site



66%

recovery rate of waste
(both hazardous and
non-hazardous) in
Hungary

Short-term objectives

55%

reduction in greenhouse gas
emissions by 2030 compared
to 1990 levels (23% reduction
compared to 2018 levels)

5%

volatile organic compound (VOC)
emissions of the solvents used
in Hungary

60%

share of electricity from
renewable sources by 2030

Achievement of 2021 objectives



Establishment of waste management in offices

Accomplished. We operate an office selective waste collection system at all three Hungarian sites (Budapest, Debrecen and Dorog), which is essential for making our office operations more sustainable and for shaping our employees' attitudes towards sustainability.



Centralisation of waste management between our sites

In progress. Significant progress has been made in the development of non-hazardous waste management, notably through the development of the collection and delivery system for demolition waste, and the commencement of the new Central Waste Collection Facility implementation in Budapest.



Management and reduction of biological sludge

Accomplished. With the new drainage technology, the sludge generated during wastewater treatment has been reduced to one third of the original amount, thus the amount of hazardous waste sent for treatment has significantly reduced. The treatment method is the most environmentally friendly method available: composting. We have improved the technical standard of the treatment technology for high-phosphate effluents.

7.1 Environmental protection management and legal compliance

The environmental impact of Richter Group member companies varies depending on the activities carried out at the respective sites. The Budapest site covers the whole value chain of pharmaceutical manufacturing, therefore, the environmental impact is significant and diverse. In Dorog, only pharmaceutical intermediates and active ingredients are produced, while in Debrecen, the production of active pharmaceutical ingredients and packaged products based on biotechnological processes with lower environmental risks is carried out. Our European manufacturing member companies (GR Polska, GR Romania, Richter-Helm) and GR RUS are engaged in the production of pharmaceuticals, while our Indian affiliate (Richter Themis – RTML) produces active pharmaceutical ingredients. Currently, regardless of the pharmaceutical manufacturing process, all sites in Hungary operate an environmental management system (EMS) and are certified. Richter's Budapest and Dorog production sites have been ISO 14001 certified since 2001, while the Debrecen site has been ISO 14001 certified since 2016.

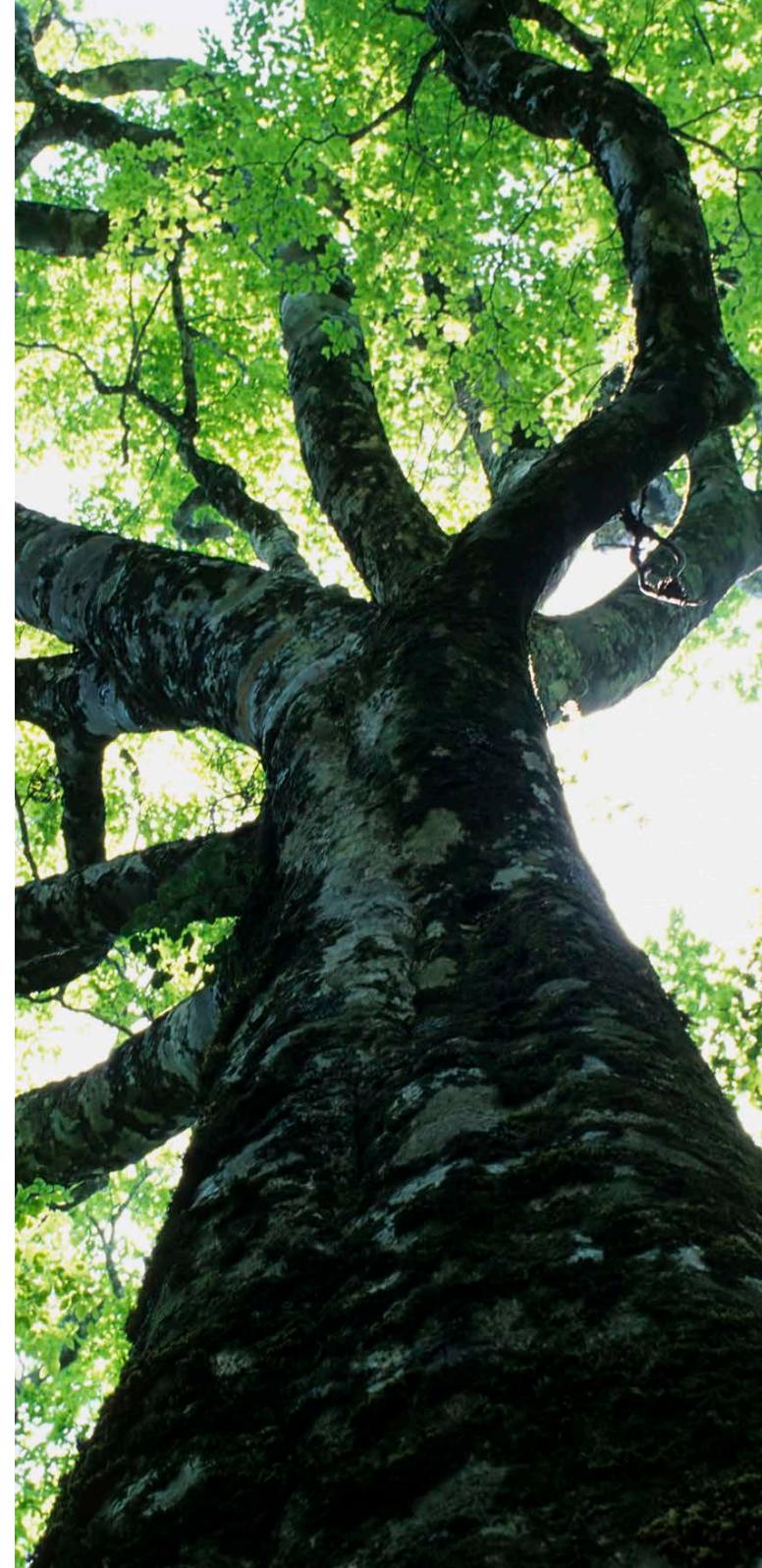
The purpose of establishing and operating an Environmental Management System (EMS) is to enable our company to monitor its environmental impacts, identify potential environmental risks, and implement opportunities for improvement. The EMS covers all relevant environmental issues – air, water and soil pollution, wastewater treatment, waste management, climate change mitigation and adaptation, and resource use and efficiency.

Appropriate energy management and minimising specific and total energy use is not only the basis of sustainability, but also a goal in all of our global and local action plans. Accordingly, we consider it useful to introduce systemic energy management, which will be completed with the introduction of the Energy Management Information System (EgIR-MSZ EN ISO 50001). It is expected to be certified for the entire Hungarian operation by the end of 2022.

Although a group-wide management system is not yet in place, the parent company encourages the development of environmental policies and management systems in its manufacturing subsidiaries, with the key objective of ensuring compliance with legislation. The EU production units (Polish, Romanian, and German plants) have to comply with strict environmental and occupational health and safety regulations, moreover the Romanian subsidiary is already ISO 14001 certified.

Environmental management systems have also been introduced, although yet to be certified, in the Russian and Indian affiliates to cover environmental policies, targets, and investments (including wastewater treatment, air quality improvement, waste management, noise reduction and energy optimisation).

As one of the EMS indicators and conditions for certification, it is important to note that the successful environmental management of the Richter Group is also the reason why none of its manufacturing companies received an environmental fine in 2021. We aim to maintain this result in the future, and we will continue to focus on compliance with environmental laws and regulations.



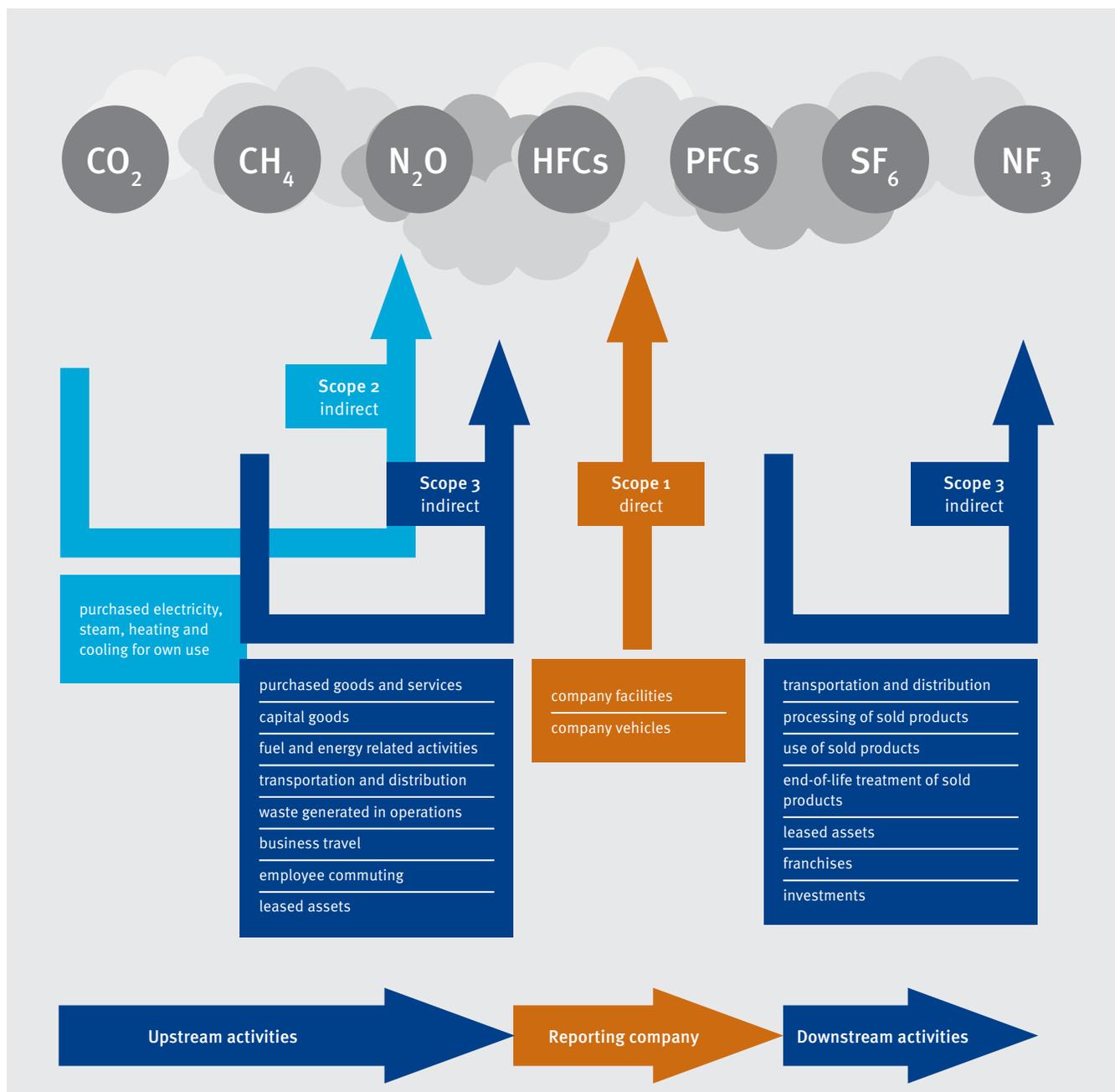
7.2 Climate protection

Climate protection is an essential area of sustainability. Reducing greenhouse gas emissions is currently an EU priority. This can be achieved by reducing energy use and by supplying the remaining energy demand from renewable sources. Naturally, it is not only energy consumption that contributes to climate change, but also other activities in which Richter is involved. These include the indirect emissions of materials, equipment, and services for manufacturing processes or the delivery of raw materials and products.

Richter's total carbon footprint includes direct emissions from our operations (Scope 1), indirect emissions related to the energy we purchase (including cooling and heating) (Scope 2), and indirect emissions from our operations – emissions from the materials and services necessary for our production, as well as from transportation (Scope 3).

Although the pharmaceutical industry is not one of the largest direct emitters of greenhouse gases, it is important for the Richter Group to contribute to solving this global environmental problem. To define our emission reduction strategy and targets, we first need to complete the data collection for each emission category (Scope 1, 2, 3) for all our sites.

To date, we have tracked our emissions on a direct-indirect basis as published in our previous sustainability reports. Data collection under the new classification will be a task for the coming year. Similar to many other companies, the biggest challenge for Richter is the collection of Scope 3 emissions data. Examples of Scope 3 data include the emissions from the supply chain, emissions from the use of products and services sold, and emissions from the disposal of waste that is in any way linked to Richter. The inventory of Scope 3 emissions was first carried out for the Hungarian sites in 2018. The carbon footprint calculation was performed using the Bilan Carbone methodology and is carried out annually.



The production and/or use of primary energy at manufacturing sites is significant, mainly for process steam and electricity. Currently, the energy needed for production is generally derived from non-renewable sources. Our European plants use natural gas, oil, coal, and nuclear energy in proportion to the energy mix of their country, while our Indian subsidiary uses mainly coal to generate heat.

The amount of final energy consumed by the Richter Group – including electricity produced and purchased, as well as thermal energy produced and purchased – was 1 350 TJ in 2021, of which 3% came from renewable energy sources.

The generation of self-generated renewable energy started in 2021 at the Debrecen site, whilst a solar power plant was installed in Dorog, with production due to start in 2022.

The Richter Group has also started to develop and implement comprehensive modernisation programmes to reduce energy consumption. This included the installation of more energy-efficient equipment and the use of heat pump technology for heating and cooling buildings.

The Richter Group endeavours to identify and monitor direct

and indirect greenhouse gas emissions in accordance with legislation and to share the results with stakeholders. The table below contains detailed emissions data for 2021. Scope 1, 2 and 3 emissions are currently available only for the Group's Hungarian sites. Data collection is not yet complete,

but Richter's objective is to extend data collection to non-Hungarian operations in the future. In the interim period, we will continue to publish emissions for the manufacturing affiliates calculated using the previous methodology.

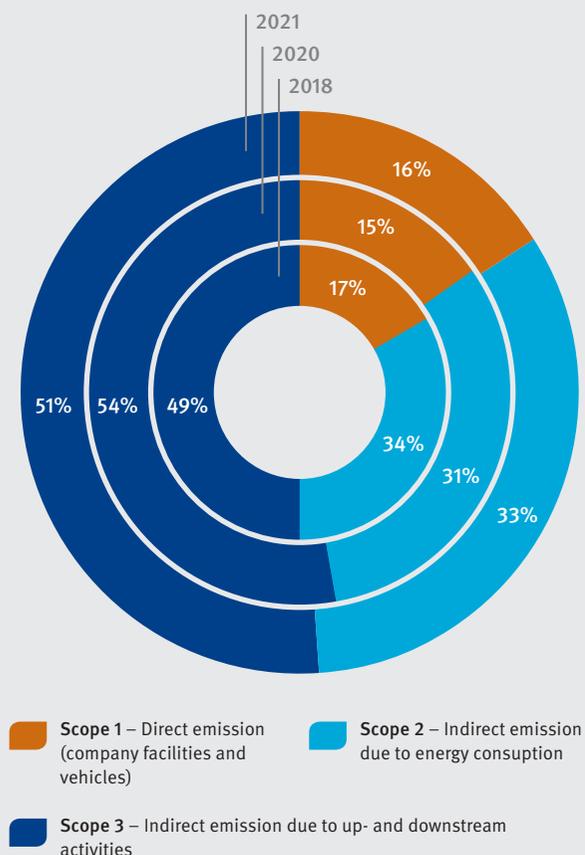
Table 16: Scope 1, 2 and 3 emissions of the Richter Group's Hungarian sites in 2018, 2020 and 2021 (GRI 305-1, 305-2, 305-3)

tCO ₂ eq/year	2018	2020	2021
Scope 1	37 359	33 104	33 197
Scope 2	73 452	68 050	66 524
Scope 3			
 Purchased materials and services	57 540	72 235	68 755
 Logistics (supply and delivery)	24 347	24 457	17 983
 Waste transport and treatment	13 590	13 809	9 160
 Employee commuting, business trips	6 746	4 966	5 031
 Production assets (e.g. vehicles, equipment, buildings, etc.)	2 387	1 957	2 519
 End of life (expired medicines)	363	150	352
Total Scope 3 emissions	104 973	117 574	103 800

Table 17: Direct and indirect emissions of the foreign manufacturing sites of the Richter Group in 2021

CO ₂ tons/year	GR Romania	GR RUS	GR Polska	RTML	Richter-Helm	Total
Direct	2 791	4 448	1 633	10 178	-	19 050
Indirect	1 479	-	4 819	-	-	6 298

Figure 10: Distribution of the parent company's carbon footprint (tCO₂eq/year)



Objectives and tools

Richter's Hungarian plants account for 77% of total energy use. Since energy consumption represents a significant share of the Group's carbon footprint, we have already established an energy strategy in Hungary as a first step.

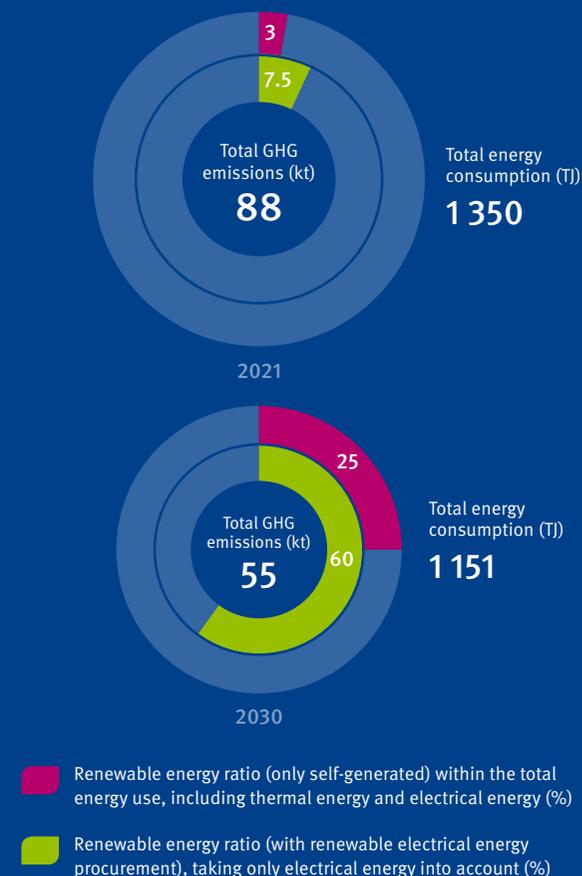
The company has joined the European Union's "Fit for 55" initiative, which aims to reduce the EU's carbon footprint by 55% by 2030 (from 1990 levels). To achieve climate neutrality, the remaining energy usage should be brought closer to zero emissions by increasing the share of renewables and other indirect measures.

In the case of Richter, no data for 1990 is available, so to define targets we used data from the Hungarian Central Statistical Office (KSH), which shows that Hungary's CO₂ emissions were 32% lower in 2018 compared to 1990. Thus, we have set a target for our own operations to further reduce emissions by 23% until 2030 compared to the 2018 base year. The development of a strategy to achieve this is on the agenda for 2022. We plan to install additional solar power plants to supplement the renewable electricity we purchase. For the time being, these targets apply to the Hungarian operation.

In order to move forward, we also intend to measure the carbon footprint of our European production subsidiaries from 2022 onwards. On the basis of this information, we will, if necessary, revise our group-wide 2030 emission reduction targets.

The diagram on the right sets out the current and Fit for 55 targets that the Hungarian sites are working towards.

Figure 11: Final energy consumption at Richter's Hungarian sites, 2021 and 2030 targets



7.3 Environmental emissions and waste

Richter is committed to minimising the environmental impact of wastewater, air pollutants and waste generated during pharmaceutical manufacturing processes. Recognising our responsibility, we strive to reduce these beyond regulatory requirements.

From an environmental point of view, our use of chemicals and solvents is an important area, primarily determined by the physico-chemical laws of the manufacturing processes. A significant proportion of the substances used in the production of active pharmaceutical ingredients are solvents, so-called Volatile Organic Compounds (VOCs), and almost half of these are recycled, i.e. reused in the production process without treatment or after purification. The domestic sites have kept VOC emissions (solvent losses to air and water) below 5% of total emissions, in line with the environmental target. The quantities of solvents used and recycled are shown in subsection 2.5 of this report.

Air pollution

As with all factors that have a significant impact on the environment, we continuously monitor and strive to reduce the emission of air pollutants. This continuous monitoring allows us to react as quickly as possible to any increase in emissions.

In addition to carbon dioxide emissions, discussed in a separate chapter, air pollution is divided into three categories: VOCs, other air pollutants, and ozone-depleting substances emitted into the air. The Richter Group complied with all regulatory requirements regarding pollutant emissions in 2021.

Table 18: The Richter Group's emission of VOC, nitrogen oxides (NOx), carbon monoxide (CO) and particulate matter (PM) in 2021 (GRI 305-7)

	Budapest	Dorog	Debrecen	GR Romania	GR RUS	GR Polska	RTML	Richter-Helm
VOC loss in air (%)	2.59	1.52	-	67.20	8.00	36.00	0.83	-
VOC loss in air (t)	138.20	173.70	-	21.00	6.51	36.00	19.60	-
Nitrogen oxides (NOx) (t/year)	0.63	0.02	0.19	1.72	4.78	1.57	1.98	-
Carbon monoxide (CO) (t/year)	0.23	0.01	0.07	0.34	0.38	0.23	-	-
Particulate matter (PM) (t/year)	0.00	0.00	0.00	-	-	0.02	42.18	-

At our Hungarian sites, we are continuously upgrading production equipment to reduce emissions of air pollutants, especially volatile organic compounds and solvents. In relation to this, the technical standard of our production equipment meets the requirements of the so-called BAT (Best Available Techniques), which is a basic requirement at international level for the granting of the Integrated Pollution Prevention and Control (IPPC) permit.

Part of the Richter Group's strategy is also to monitor the amount of ozone-depleting substances from production and coolants. The emission values presented in the table below are from work processes, such as annual maintenance, and are in line with industry standards. In 2021, our company continued to carry out the regulatory monitoring of air conditioning systems and fulfilled its reporting obligations.

Table 19: Emissions of ozone-depleting substances by the Richter Group in 2021 (GRI 305-6) (kg/year)

	Budapest	Dorog	Debrecen	GR Romania	GR RUS	GR Polska	RTML	Richter-Helm
Production	0	0	0	0	0	0	0	-
Coolant	317	0	47	270	52	0	0	-

Water use

Our company recognises that the protection of water sources is of strategic importance. The Richter Group's water management strategy aims to minimise the strain on surface and groundwater, so we pay attention to both the amount of water used and the level of pollution. Accordingly, our strategy consists of two segments: on the one hand, we continuously monitor and minimise the amount of water used in the course of our activities, and on the other hand, we measure and minimise the pollutant content of our wastewater discharges. In addition to optimising processes, one way to reduce water consumption is to reuse it. For this reason, Richter reuses fresh water for cooling purposes by using recirculation systems, and reuses condensed water after treatment in Budapest or returns it to the power plant for reuse.

In 2021, the amount of water used showed a significant change – a 21.5% decrease in Dorog, a 7.9% decrease in Romania and an 8.1% decrease in Poland compared to the previous year.

Of the sites in Hungary, Budapest has a wastewater pre-treatment system. After pH adjustment and sedimentation, the technological wastewater is discharged into the urban sewage network and from there to the city's treatment plant. In Debrecen, the wastewater is discharged into the municipal sewerage network without treatment, while in Dorog the communal wastewater is discharged directly into the municipal network and the technological wastewater is discharged into the Danube watercourse after a three-stage biological treatment. The legislation sets so-called emission limit values for the pollutant content of discharged wastewater. Compliance with these values is regularly checked by means of self-monitoring, and the data obtained shows that we comply with the regulations.

Sustainable operations are also based on compliance with legislation on water use and wastewater. All of Richter's subsidiaries treat wastewater in compliance with the regulations, and our systems are upgraded to the extent necessary to meet them as well.

Table 20: The Richter Group's total water withdrawals by source in 2021 (GRI 303-5) (thousand m³)

	Budapest	Dorog	Debrecen	GR Romania	GR RUS	GR Polska	RTML	Richter-Helm	Total
Surface water	1 308	273	120	82	0	0	90	0	1 872
Groundwater	2	176	4	0	42	34	0	14	272
Total	1 310	449	124	82	42	34	90	14	2 144

Table 21: The Richter Group's wastewater discharge by recipient in 2021 (GRI 303-4) (m³/year)

		Budapest	Dorog	Debrecen	GR Romania	GR RUS	GR Polska	RTML	Richter-Helm
Technological wastewater	Surface water	0	585 483	0	0	43 580	0	0	5 500
	Municipal sewage	352 628	0	0	52 428	11 560	50 496	92 103	12 231
Other wastewater	Surface water	0	0	0	-	0	0	0	0
	Municipal sewage	780 271	23 963	92 155	-	0	0	0	0

Table 22: Quality of wastewater discharged by the Richter Group in 2021 (GRI 303-4)

	Budapest	Dorog	Debrecen	GR Romania	GR RUS	GR Polska	RTML	Richter-Helm
COD* (mg/l)	706	96	112	534	-	-	338	-
COD (t/year)	799.8	56.2	10.3	14.2	-	-	0.03	-
AOX** (ug/l)	476	445	-	-	-	-	-	-
Ammonium (mg/l)	21.8	0.7	5.6	-	0.4	-	5.7	-
Total phosphorus (mg/l)	2.6	0.3	1.5	-	0.2	-	-	-
Total nitrogen (mg/l)	32.6	8.1	22.7	-	NO ₂ – 0.1 NO ₃ – 30.3	-	-	-
VOC (t/year)	51.4	12.2	-	-	0	-	-	-
VOC (%)	1	0.1	-	-	-	-	-	-

* Chemical oxygen demand

** Adsorbable Organic Halides

An important environmental investment at the Dorog site was the sewage sludge drainage project launched in January 2021. As a result of the technology used, the amount of sewage sludge transferred for disposal has been reduced to one third of the original amount. A modern wastewater treatment plant was commissioned at the Romanian subsidiary in 2021.

There were no major changes in wastewater quality in 2021, so in line with the regulations, all legal limits were respected.

Waste

The Richter Group considers it an important task to reduce the amount of waste generated during the production of pharmaceuticals and to increase the extent of recycling. To achieve this, we have developed a system of selective waste collection, reorganised municipal waste collection, and commenced the establishment of a centralised waste management system. Waste generated during the production of pharmaceuticals – much of which is classified as hazardous waste – is managed by Richter in the manner required by law, using the services of legally licenced waste management companies. Hazardous waste is treated by utilisation or safe disposal.

Utilisation can be:

- in the case of solvent wastes, recycling at an external partner who reprocesses the waste into new products
- incineration by thermal energy recovery (for waste that burns well)
- composting, e.g. sewage sludge and other biodegradable waste

Safe disposal can be:

- incineration without thermal recovery
- landfilling: only for hazardous waste that cannot be disposed of by other means

In line with the life-cycle approach, waste generated by end-users (e.g. expired pharmaceutical waste) is collected within the collection system of Recyclomed Ltd. in compliance with Hungarian legislation.

The successful implementation of the sustainability strategy resulted in a 20.6% reduction in hazardous waste generated in 2021 at Group level. The most successful sites in this respect were the Romanian (-24%) and Dorog (-44%) sites. Their outstanding achievements are due to a number of investments and management measures that have allowed them to significantly reduce the amount of hazardous waste they generate.

The parent company introduced the following improvement programmes in 2021 to improve waste management.

- Plans for a new Central Waste Collection Facility in Budapest were established, which will allow a single department to coordinate corporate waste management. This way, the collection, sorting, storage, treatment and transport of non-hazardous waste will thus be optimised in a central collection unit.
- From 2021, the collection of selective waste has been managed under the same waste management system at all three domestic sites.
- At the Romanian site, we have introduced a new system for the recovery of medical waste.

Table 23: Amount of generated waste by the Richter Group in 2021 (GRI 306-3)

		Budapest	Dorog	Debrecen	GR Romania	GR RUS	GR Polska	RTML	Richter-Helm	Total
Hazardous waste (t/year)	incineration	2 790	1 470	86	16	91	21	80	52	4 606
	utilisation	5 143	6 873	24	0	298	0	652	0	12 990
Non-hazardous industrial waste (t/year)		1 063	487	35	148	147	210	0	10	2 100
Municipal waste (m ³ /year)		1 250	438	128	467	512	466	0	28	3 289

7.4 Medicines in the environment

The release of pharmaceuticals and their active substances into the environment is a specific environmental challenge for the pharmaceutical industry. This is because these substances cannot degrade easily and can subsequently find their way back into the food chain and the human body. For this reason, preventing the release of active substances into the environment during the production of pharmaceuticals is a priority for the Richter Group.

Extensive research has shown that 70-80% of the sources of pharmaceutical active substances detected in the environment are human excretion; another 15-20% are from the active substance released into the landfill from unused medicines going to municipal waste from the population, and only 2-5% are from effluent from manufacturers' premises. This suggests that improving the efficiency of municipal wastewater treatment plants has the greatest potential to reduce the amount of active substances released into the environment. For this reason, Richter considers it important to fully support efforts in this area and to take advantage of the opportunities for cooperation that are offered.

The above findings do not, in any way, diminish Richter's responsibility to minimise the amount of substances in its own wastewater, and to comply with the legislation.

Of the three active pharmaceutical ingredients appearing in living water and under EU scrutiny – diclofenac, 17-beta-oestradiol, 17-alpha-ethynylestradiol – our company is concerned with the last two, as they are substances with hormonal effect.

Since 2021, the Richter Group has been monitoring the amount of substances released into the environment and is analysing their impact. With the help of external experts, the concentration of the active pharmaceutical ingredient released into the environment (PEC value – Predicted Environmental Concentration) and how this concentration compares to the limit value for potentially adverse effects (PNEC value – Predicted No Effect Concentration) were determined at the Dorog site (as a major steroid production base). The expert report concluded that the amount released into the environment at the Dorog plant was several orders of magnitude lower than the potential adverse effect value.

The Richter Group considers it a priority to continue these monitoring activities in the future. According to predefined measurement plans, the list of substances tested will be extended annually – starting with steroidal, and then non-steroidal substances.

7.5 Condition of our production sites

From an environmental standpoint, the preservation and maintenance of the sites are also crucial, and our sustainability considerations include the proper scheduling of these activities. The degree of any soil and/or groundwater contamination that may have happened in the previous period is taken into account in the assessment of the sites' current condition. The Richter Group's manufacturing sites in Hungary or any other locations did not have any significant spills and/or run-offs of this nature in 2021.

However, it is also important to keep in mind that the locations have a long history of contamination from decades of chemical activity. To protect groundwater, the Richter Group has been monitoring the contamination since the 1990s using a network of monitoring wells. Remediation of the identified contamination is ongoing.

In Vecsés, soil contamination was completely eradicated in 2021, and as a result, from this year onward, we only conduct monitoring activities here, in compliance with the decision of administrative authorities.

In Budapest and Dorog, we will continue to carry out the required remediation activities, while keeping the environmental authorities informed. The effectiveness of the utilised system continuously in operation is regularly reviewed.

7.6 Costs and expenditures

The tables on the right and next page demonstrate that we invest a significant amount in environmental projects. In recent years, the most significant investments have gone toward groundwater treatment, wastewater treatment, emergency storage, noise pollution control and storage, in line with the objectives set out in the sustainability strategy. Measurement, evaluation and feedback of results are integral parts of the environmental management system.

The figures show that in 2021, the Richter Group spent a total of HUF 3.028 billion on internal environmental improvements and environmental service providers.

Table 24: Environmental operating costs of the Richter Group in 2021 (GRI 305, 306, 307)

	Budapest (in thousands of HUF)	Dorog (in thousands of HUF)	Debrecen (in thousands of HUF)	GR Romania (RON)	GR RUS (RBL)	GR Polska (PLN)	RTML (INR)	Richter -Helm (EUR)
Amounts paid to environmental service providers								
Service provided by external laboratories	0	0	0	6 628	3 008 033	0	3 830 788	-
Solid, non-hazardous waste removal and disposal	56 477	6 808	961	112 780	425 336	652 393	0	-
Disposal of hazardous waste	393 859	518 816	11 541	37 819	6 033 060	156 402	2 021 452	-
Disposal of wastewater through the sewerage network	377 935	6 337	20 656	165 674	0	0	3 188 202	-
Environmental protection expenditure within the business organisation								
Protection of clean air	11 740	7 200	1 000	1 518 627	0	19 197	0	-
Wastewater treatment	32 284	713 086	5 002	2 532 784	0	0	5 432 356	-
Solid, non-hazardous waste management	46 278	0	691	0	2 119 667	0	0	-
Hazardous waste management	115 751	0	21 975	0	0	0	0	-
Soil and groundwater protection	75 365	3 528	188	0	0	0	0	-
Noise and vibration protection	0	0	360	0	0	0	0	-
Environmental research and development	0	0	0	0	0	0	0	-
Operation of laboratories	10 799	10 714	0	434 915	0	4 500	0	-
Operation of the environmental management system	1 540	0	0	422 734	701 115	0	0	-
Other	1 773	7 150	1 591	117 122	0	15 671	0	-
Total	1 123 801	1 273 639	63 964	5 349 082	12 287 211	848 163	14 472 798	-
Total in thousand of HUF*	1 123 801	1 273 639	63 964	389 681	50 623	66 589	59 338	-

* Amounts in HUF calculated on the basis of the annual average exchange rate set by the Hungarian National Bank.

To meet their pledged sustainability goals, the majority of the Richter Group's members invest independently in environmental preservation in addition to their annual expenditure. In 2021, we invested a total of HUF 1.63 billion in technologies, equipment and infrastructure for this purpose at our Hungarian operations.

Besides the Dorog site, the most significant improvement in terms of environmental impact was achieved by the Romanian subsidiary, with an investment in the modernisation of wastewater treatment.

Table 25: Environmental protection investments of the Richter Group in 2021 (GRI 306-3)

	Budapest (In millions of HUF)	Dorog (In millions of HUF)	Debrecen (In millions of HUF)	GR Romania (RON)	GR RUS (RBL)	GR Polska (PLN)	RTML (INR)	Richter -Helm
Total investments related to environmental protection (direct + Σintegrated)*	3 305	1 680	11	5 405 385 (HUF 394 million)	17 974 056 (HUF 74 million)	200 336 (HUF 16 million)	334 950 (HUF 1 million)	-
of which: investment in environmental protection (direct + integrated environmental part)	421	1 199	8	5 405 385 (HUF 394 million)	870 903 (HUF 4 million)	7 403 (HUF 1 million)	334 950 (HUF 1 million)	-
Direct investment in environmental protection	187	366	3	5 405 385	829 046	0	334 950	-
Air pollution	0	5	0	0	0	0	0	-
Water pollution	15	97	1	5 404 985	829 046	0	0	-
Soil, groundwater	127	0	2	0	0	0	0	-
Hazardous waste	45	259	0	0	0	0	0	-
Other	0	6	0	400	0	0	334 950	-
Integrated environmental investments	3 118	1 314	9	0	17 145 010	200 336	0	-
of which: environmental investments	234	833	5	0	41 858	7 403	0	-

* Amounts in HUF calculated on the basis of the annual average exchange rate set by the Hungarian National Bank.

Appendix

Table 26: Subsidiaries of the Richter Group on December 31, 2021

Name	Place of incorporation (or registration) and operation	Proportion of ownership %	Principal activity	Name	Place of incorporation (or registration) and operation	Proportion of ownership %	Principal activity
AO Gedeon Richter - RUS	Russia	100.00	Pharmaceutical manufacturing	Farnham Laboratories Ltd.*	United Kingdom	100.00	Pharmaceutical trading
Gedeon Richter Romania S. A	Romania	99.92	Pharmaceutical manufacturing	Gedeon Richter Aptyeka SP 000	Armenia	51.00	Pharmaceutical retail
Gedeon Richter Polska Sp. z o.o	Poland	99.84	Pharmaceutical manufacturing, Marketing services	Pharmafarm S.A.	Romania	99.92	Pharmaceutical wholesale
Richter Themis Medicare (India) Private Limited	India	55.72	Pharmaceutical manufacturing	LLC Gedeon Richter Ukraine	Ukraine	100.00	Pharmaceutical retail
Gedeon Richter Pharma GmbH	Germany	100.00	Pharmaceutical trading, Marketing services	Gedeon Richter Italia S.R.L.	Italy	100.00	Pharmaceutical trading, Marketing services
Gedeon Richter USA Inc.	USA	100.00	Pharmaceutical trading	PregLem S.A.	Switzerland	100.00	Research and development, Marketing services
RG Befektetéskezelő Kft.	Hungary	100.00	Financial-accounting and controlling activities	Gedeon Richter Marketing ČR s.r.o.	Czech Republic	100.00	Marketing services
Gedeon Richter UA PAT	Ukraine	100.00	Pharmaceutical trading	Gedeon Richter Slovakia s.r.o.	Slovak Republic	100.00	Marketing services
Gedeon Richter UK Ltd.	United Kingdom	100.00	Pharmaceutical trading, Marketing services	Richter-Lambron SP 000	Armenia	51.00	Pharmaceutical trading
Gedeon Richter Iberica S.A.U.	Spain	100.00	Pharmaceutical trading, Marketing services	Gedeon Richter Austria GmbH	Austria	100.00	Marketing services
Medimpex Jamaica Ltd.	Jamaica	60.00	Pharmaceutical trading	Gedeon Richter (Schweiz) AG	Switzerland	100.00	Marketing services
Medimpex West Indies Ltd.	Jamaica	60.00	Pharmaceutical trading	Pharmarichter 000	Russia	100.00	Pharmaceutical sales promotion
Humanco Kft.	Hungary	100.00	Social, welfare services	Gedeon Richter Portugal S.A.	Portugal	100.00	Marketing services
Pesti Sas Holding Kft.	Hungary	100.00	Portfolio management	PregLem France SAS	France	100.00	Management services
Richter Szolgáltató Kft.	Hungary	100.00	Catering services	Gedeon Richter trženje, d.o.o.	Slovenia	100.00	Marketing services
Reflex Kft.	Hungary	100.00	Transportation, carriage	Gedeon Richter Benelux	Belgium	100.00	Marketing services
Chemitechnik Pharma Kft.	Hungary	66.67	Engineering services	Gedeon Richter Nordics AB	Sweden	100.00	Marketing services
GYEL Kft.	Hungary	66.00	Quality control services	Gedeon Richter KZ LLP	Kazakhstan	100.00	Pharmaceutical trading, Marketing services
Armedica Trading S.R.L.	Romania	99.92	Portfolio management	GRMed Company Ltd. (Hongkong)	Hong-Kong	100.00	Marketing services, distribution
Gedeon Richter Farmacia S.A.	Romania	99.92	Pharmaceutical retail	Gedeon Richter Pharmaceuticals (China) Co. Ltd.	China	100.00	Marketing services
Gedeon Richter France S.A.S.	France	100.00	Pharmaceutical trading, Marketing services	Gedeon Richter Colombia S.A.S.	Columbia	100.00	Pharmaceutical trading, Marketing services
Richter-Helm Biologics GmbH & Co. KG	Germany	70.00	Biotechnological manufacturing and research	Gedeon Richter Croatia d.o.o	Croatia	100.00	Marketing services
Richter-Helm Biologics Management GmbH	Germany	70.00	Asset management	Gedeon Richter Mexico, S.A.P.I. de C.V	Mexico	100.00	Pharmaceutical trading, Marketing services
Medimpex UK Ltd.	United Kingdom	100.00	Pharmaceutical trading	Gedeon Richter do Brasil Importadora, Exportadora e Distribuidora S.A.	Brazil	100.00	Pharmaceutical trading, Marketing services
				Gedeon Richter Chile SpA	Chile	100.00	Pharmaceutical trading

Name	Place of incorporation (or registration) and operation	Proportion of ownership %	Principal activity
Mediplus (EconomicZone) N.V.	Curacao	100.00	Pharmaceutical trading, Marketing services
Gedeon Richter Peru S.A.C.	Peru	100.00	Pharmaceutical trading
Gedeon Richter Ecuador S.A.	Ecuador	100.00	Pharmaceutical trading
Gedeon Richter Bolivia SRL *	Bolivia	100.00	Pharmaceutical trading
Gedeon Richter Australia PTY Ltd.	Australia	100.00	Pharmaceutical trading, Marketing services
Finox AG	Switzerland	100.00	Biotechnological services
Finox Biotech AG	Lichtenstein	100.00	Biotechnological services
Finox Biotech Germany GmbH	Germany	100.00	Marketing services
Gedeon Richter Ireland Ltd.	Ireland	100.00	Marketing services
Gedeon Richter Bulgaria eood	Bulgaria	100.00	Marketing services
Gedeon Richter Pharma O.O.O	Russia	100.00	Marketing services
Pharmapolis Gyógyszeripari Tudományos Park Kft.	Hungary	100.00	Building project management
Forhercare Kft.	Hungary	100.00	Pharmaceutical retail
Gedeon Richter Vietnam Ltd.	Vietnam	100.00	Pharmaceutical trading, Marketing services

* Company operation suspended

GRI Index

Disclosure	Description	Chapter	Location (page)	Direct response / Reason for omission / Comment	SASB Code
General disclosures					
Organisational profile					
GRI 102-1	Name of the organisation	1.2 Introduction of the Richter Group	5		
GRI 102-2	Activities, brands, products and services	1.2 Introduction of the Richter Group, 3.1 Products and innovation	5-8, 16-17		
GRI 102-3	Location of headquarters	1.2 Introduction of the Richter Group	5		
GRI 102-4	Location of operations	1.2 Introduction of the Richter Group, Appendix	5-8, 60-61		
GRI 102-5	Ownership and legal form	1.2 Introduction of the Richter Group	5		
GRI 102-6	Markets served	1.2 Introduction of the Richter Group	5-7		
GRI 102-7	Scale of the organisation	1.2 Introduction of the Richter Group	5-7		
GRI 102-8	Information on employees and other workers	4.1 Employment	27		HC-BP330a.1
GRI 102-9	Supply chain	3.3 The health and safety of our customers, 6.5 Supply chain	22-23, 48		HC-BP430a.1
GRI 102-10	Significant changes to the organisation and its supply chain	CEO'S welcome, GRI Index	3, 62	Detailed information on changes in ownership can be found on page 29 of the Annual Report. There were no significant changes in the supply chain.	HC-BP430a.1
GRI 102-11	Precautionary Principle or approach	GRI Index	62	The Richter Group applies the precautionary principle in order to report and effectively manage risks and their potential impacts. More information on our environmental and patient safety principles can be found on our website: Environmental protection: https://www.gedeonrichter.com/en/sustainability/environmental-protection Drug safety: https://www.gedeonrichter.com/en/sustainability/patient-safety/drug-safety Quality management: https://www.gedeonrichter.com/en/sustainability/patient-safety/quality-management Responsible marketing: https://www.gedeonrichter.com/en/sustainability/patient-safety/responsible-marketing	
GRI 102-12	External initiatives	6.3. Business ethics	45		
GRI 102-13	Membership of associations	1.2.1 Organisational memberships and industry representatives	7		
Strategy					
GRI 102-14	Statement from senior decision-maker	CEO's welcome	3		
Ethics and integrity					
GRI 102-16	Values, principles, standards and norms of behaviour	6.3. Business ethics	42-46		HC-BP510a.2
GRI 102-17	Mechanisms for advice and concerns about ethics	6.3. Business ethics	45		
Governance					
GRI 102-18	Governance structure	Report on Corporate Governance **			
GRI 102-19	Delegating authority	Report on Corporate Governance **			
GRI 102-22	Composition of the highest governance body and its committees	Report on Corporate Governance **			
GRI 102-23	Chair of the highest governance body	Report on Corporate Governance **			
GRI 102-24	Nominating and selecting the highest governance body	Report on Corporate Governance **			
GRI 102-25	Conflicts of interest	Report on Corporate Governance **			

Disclosure	Description	Chapter	Location (page)	Direct response / Reason for omission / Comment	SASB Code
GRI 102-26	Role of highest governance body in setting purpose, values, and strategy	Report on Corporate Governance **			
GRI 102-27	Collective knowledge of highest governance body	Report on Corporate Governance **			
GRI 102-28	Evaluating the highest governance body's performance	Report on Corporate Governance **			
GRI 102-29	Identifying and managing economic, environmental and social impacts	Report on Corporate Governance **			
GRI 102-30	Effectiveness of risk management processes	Annual Report 2021 - 83-96.***			
GRI 102-35	Remuneration policies	Annual Report 2021 - 79-82.***			
GRI 102-36	Process for determining remuneration	Annual Report 2021 - 79-82.***			
Stakeholder engagement					
GRI 102-40	List of stakeholder groups	2.4 Stakeholders	11-12		
GRI 102-41	Collective bargaining agreements	6.3. Business ethics	46		
GRI 102-42	Identifying and selecting stakeholders	2.4 Stakeholders	11-12		
GRI 102-43	Approach to stakeholder engagement	2.4 Stakeholders	11-12		
GRI 102-44	Key topics and concerns raised	2.2 Materiality matrix, 2.4 Stakeholders	10, 11-12		
Reporting practices					
GRI 102-45	Entities included in the consolidated financial statements	2.3 About the report, Appendix	11, 60-61		
GRI 102-46	Defining report content and topic boundaries	2.2 Materiality matrix, 2.3 About the report	10, 11		
GRI 102-47	List of material topics	2.2 Materiality matrix	10		
GRI 102-48	Restatements of information	2.3 About the report, GRI Index	11, 63	The total number of drug safety notifications for 2020 is 14 500 (compared to 13 500 in the 2020 report).	
GRI 102-49	Changes in reporting	2.3 About the report, GRI Index	11, 63	In the 2021 report, we have extended the scope of the data. Compared to last year's report, we have expanded the data to include our production subsidiaries in addition to the parent company. Following a review of material areas, we have added product access in the 2021 report but no longer include disclosures for economic performance and protection of human and labour rights.	
GRI 102-50	Reporting period	2.3 About the report, GRI Index	11, 63	1 January 2021 - 31 December 2021	
GRI 102-51	Date of most recent report	2.3 About the report, GRI Index	11, 63	Report on 2020	
GRI 102-52	Reporting cycle	2.3 About the report, GRI Index	11, 63	This is the second year that the company has produced its annual Sustainability Report, having previously reported every two years.	
GRI 102-53	Contact point for questions regarding the report	GRI Index	63	Questions and feedback on the report can be sent to posta@richter.hu .	
GRI 102-54	Claims of reporting in accordance with the GRI Standards	2.3 About the report	11		
GRI 102-55	GRI content index	GRI Index	63		
GRI 102-56	External assurance	2.3 About the report	11		
Material topic: Product liability and consumer safety					
Management Approach Disclosures					
GRI 103-1	Explanation of the material topic and its boundary	2.2 Materiality matrix, 3.3 The health and safety of our customers, 3.4 Pharmacovigilance	10, 22-23, 24		
GRI 103-2	The management approach and its components	3.4 Pharmacovigilance	24		
GRI 103-3	Evaluation of the management approach	3.4 Pharmacovigilance	24		

Disclosure	Description	Chapter	Location (page)	Direct response / Reason for omission / Comment	SASB Code
Performance disclosures					
GRI 416-1	Assessment of the health and safety impacts of product and service categories	3.4 Pharmacovigilance	24		
GRI 417-1	Requirements for product and service information and labelling	3.2 Responsible marketing	21-22		
Material topic: Business ethics					
Management Approach Disclosures					
GRI 103-1	Explanation of the material topic and its boundary	2.2 Materiality matrix, 6.3. Business ethics	10, 42-46		
GRI 103-2	The management approach and its components	6.3. Business ethics	42-46		
GRI 103-3	Evaluation of the management approach	6.3. Business ethics	42-46		
Performance disclosures					
GRI 102-18 to 102-39	Corporate governance disclosures – see above	Report on Corporate Governance **			HC-BP-510a.2
GRI 102-16; GRI 102-17	Ethics and integrity disclosures – see above	6.3. Business ethics	42-46		HC-BP-510a.2
GRI 205-2	Communication and training about anti-corruption policies and procedures	6.3. Business ethics	44		HC-BP-510a.2
Material topic: Responsible supply chain					
Management Approach Disclosures					
GRI 103-1	Explanation of the material topic and its boundary	2.2 Materiality matrix, 6.5 Supply chain	10, 48		
GRI 103-2	The management approach and its components	6.5 Supply chain	48		
GRI 103-3	Evaluation of the management approach	6.5 Supply chain	48		
Performance disclosures					
GRI 102-9	Supply chain	6.5 Supply chain	48		HC-BP-430a.1
Material topic: Climate change and environmental protection					
Management Approach Disclosures					
GRI 103-1	Explanation of the material topic and its boundary	2.2 Materiality matrix, 7. For our environment	10, 49-59		
GRI 103-2	The management approach and its components	7. For our environment	49-59		
GRI 103-3	Evaluation of the management approach	7. For our environment	49-59		
Performance disclosures					
GRI 301-1	Materials used by weight or volume	2.3 About the report	13-14		
GRI 301-2	Recycled input materials used	2.5. Key sustainability data	13-14		
GRI 302-1	Direct energy consumption	2.5. Key sustainability data, 7.2 Climate protection	13-14, 51-53		
GRI 302-1	Indirect energy consumption	2.5. Key sustainability data, 7.2 Climate protection	13-14, 51-53		
GRI 302-4	Reduction of energy consumption	7.2 Climate protection	51-53		
GRI 303-2	Management of water discharge-related impacts	2.5. Key sustainability data, 7.3 Environmental emissions and waste	13-14, 55		
GRI 303-3	Water withdrawal	2.5. Key sustainability data, 7.3 Environmental emissions and waste	13-14, 55		
GRI 303-4	Water discharge	2.5. Key sustainability data, 7.3 Environmental emissions and waste	13-14, 55		

Disclosure	Description	Chapter	Location (page)	Direct response / Reason for omission / Comment	SASB Code
GRI 303-5	Water consumption	2.5. Key sustainability data, 7.3 Environmental emissions and waste	13-14, 55		
GRI 305-1*	Direct (Scope 1) GHG emissions	2.5. Key sustainability data, 7.2 Climate protection	13-14, 51-53		
GRI 305-2*	Energy indirect (Scope 2) GHG emissions	2.5. Key sustainability data, 7.2 Climate protection	13-14, 51-53		
GRI 305-3*	Other indirect (Scope 3) GHG emissions	2.5. Key sustainability data, 7.2 Climate protection	13-14, 51-53		
GRI 305-6	Emissions of ozone-depleting substances (ODS)	2.5. Key sustainability data, 7.3 Environmental emissions and waste	13-14, 54		
GRI 305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	2.5. Key sustainability data, 7.3 Environmental emissions and waste	13-14, 54		
GRI 307-1	Non-compliance with environmental laws and regulations	2.5. Key sustainability data, 7.1 Environmental protection management and legal compliance	13-14, 50		
Material topic: Employees and equal opportunities					
Management Approach Disclosures					
GRI 103-1	Explanation of the material topic and its boundary	2.2 Materiality matrix, 4. For our employees	10, 26-30		
GRI 103-2	The management approach and its components	4. For our employees	26-30		
GRI 103-3	Evaluation of the management approach	4. For our employees	26-30		
Performance disclosures					
GRI 401-1	New employee hires and employee turnover	2.5. Key sustainability data, 4.1 Employment	13-14, 27		HC-BP-330a.2
GRI 401-2	Benefits provided	4.4 Employee commitment and well-being	29		HC-BP-330a.1
GRI 404-2	Programs for upgrading employee skills and transition assistance programs	2.5. Key sustainability data, 4.5 Training and development	13-14, 30		HC-BP-330a.1
GRI 404-3*	Percentage of employees receiving regular performance and career development reviews	4.2 Attracting and retaining talent	27		HC-BP-330a.1
GRI 405-1	Diversity of governance bodies and employees	4.3 Diversity and equal opportunity	28		
GRI 405-2*	Ratio of basic salary and remuneration of women to men	4.3 Diversity and equal opportunity	28		
Material topic: Health and safety					
Management Approach Disclosures					
GRI 103-1	Explanation of the material topic and its boundary	2.2 Materiality matrix, 4.6 Health and safety at work	10, 31-33		
GRI 103-2	The management approach and its components	4.6 Health and safety at work	31-33		
GRI 103-3	Evaluation of the management approach	4.6 Health and safety at work	31-33		
Performance disclosures					
GRI 403-1	Occupational health and safety management system	4.6 Health and safety at work	31		
GRI 403-2	Hazard identification, risk assessment, and incident investigation	4.6 Health and safety at work	32-33		
GRI 403-5	Worker training on occupational health and safety	4.6 Health and safety at work	32-33		
GRI 403-9	Work-related injuries	2.5. Key sustainability data, 4.6 Health and safety at work	13-14, 33		

Disclosure	Description	Chapter	Location (page)	Direct response / Reason for omission / Comment	SASB Code
Material topic: Product development and innovation					
Management Approach Disclosures					
GRI 103-1	Explanation of the material topic and its boundary	2.2 Materiality matrix, 3.1 Products and innovation	10, 16-20		
GRI 103-2	The management approach and its components	3.1 Products and innovation	16-20		
GRI 103-3	Evaluation of the management approach	3.1 Products and innovation	16-20		
Performance disclosures					
GRI 102-2	Brands and products	1.2 Introduction of the Richter Group, 3.1 Products and innovation	5-8, 16-17		HC-BP-000.A
own	R&D expenditures	3.1 Products and innovation	18		HC-BP-000.B
Material topic: Social programmes					
Management Approach Disclosures					
GRI 103-1	Explanation of the material topic and its boundary	2.2 Materiality matrix, 5. For our communities – social programmes	10, 34-37		
GRI 103-2	The management approach and its components	5. For our communities – social programmes	34-37		
GRI 103-3	Evaluation of the management approach	5. For our communities – social programmes	34-37		
Performance disclosures					
GRI 413-1	Operations with local community engagement, impact assessments, and development programmes	2.5. Key sustainability data, 5. For our communities – social programmes	13-14, 34-37		
Material topic: Product access					
Management Approach Disclosures					
GRI 103-1	Explanation of the material topic and its boundary	2.2 Materiality matrix, 3.5 Access to health	10, 25		
GRI 103-2	The management approach and its components	3.5 Access to health	25		
GRI 103-3	Evaluation of the management approach	3.5 Access to health	25		
Performance disclosures					
GRI 203-2	Significant indirect economic impacts	3.5 Access to health	25		HC-BP-000.A

* The marked indicators apply to the parent company only, but we are continuously working on the group-level extension.

** The report is available on Gedeon Richter's corporate website in the Investors/Annual General Meeting submenu

*** The report is available on Gedeon Richter's corporate website in the Investors/Company reports submenu