



GEDEON RICHTER

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**ANTI-BRIBERY AND ANTI-CORRUPTION MANUAL**

**GEDEON RICHTER PLC. AND ITS AFFILIATES**

**("RICHTER")**

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## 1. DEFINITIONS

**“Affiliate”** means any legal entity that is directly or indirectly controlled by or is under common control with Gedeon Richter Plc. Control means that an entity or person alone or jointly with others has the legal or actual ability to control the voting, or control and direct the management, of another entity, whether by contract or otherwise.

**“Employee(s)”** everyone employed at Richter, including all employees, managers, executive officers, and members of the board of directors (even if they are not bound by an employment contract);

**“Fair Market Value”** means the value that would be paid as a result of bona fide bargaining between well-informed parties in arm’s-length transactions for the goods or services to be provided. The value shall consider the nature or quality of the goods or services to be provided, the qualifications and experience of the provider and complexity (and urgency) of the service to be provided, the geographic location where goods or services are to be provided, the nature of the market for the goods or services to be provided, and the prevailing rates for similar goods or services;

**“HCP”** means a healthcare professional who is a member of the medical, dental, pharmacy, and nursing profession and any other person who, in the course of his/her professional activity, is qualified or permitted to prescribe, supply, administer, purchase, recommend, reimburse, pay for or acquire a medicine, or influence or authorize any of the foregoing. Examples of HCPs are physicians, nurses, medical assistants, pharmacists, paramedics, product formulary committee members, clinical investigators, and public and private hospital employees;

**“HCO”** means a healthcare organization, an entity (i) that is a healthcare, medical or scientific organization or company (irrespective of its legal or organizational form), such as hospitals, clinics, universities or other educational institutions or associations or (ii) through which one or several HCPs supply services;

**“Richter”** means Gedeon Richter Plc. and its Affiliates;

**“Third Party”** means any entity or person who represents Richter or acts on its behalf, such as distributors and other third parties providing any marketing, promotion and third party sales force services. The term "Third Party" also includes consultants, agents, sub-contractors, joint venture partners, brokers, service providers, suppliers and any other persons when acting on behalf of Richter;

**“Transfer of Value”** means direct and indirect transfers of value, whether in cash, in kind or otherwise, made, whether for promotional purposes or otherwise, in connection with the development and sale of prescription-only medicinal products exclusively for human use. Direct transfers of value are those made directly by Richter for the benefit of a Recipient. Indirect transfers of value are those made on behalf of Richter for the benefit of a Recipient, or transfers of value made through an intermediate and where Richter knows or can identify the HCP/HCO that will benefit from the Transfer of Value.

## 2. POLICY STATEMENT AND SCOPE OF THE ANTI-CORRUPTION MANUAL

Richter requires compliance with the highest ethical standards and Richter is committed to complying with all local and international anti-bribery and anti-corruption laws and regulations that may be applicable to its business worldwide (collectively "*Anti-Corruption Laws*").

This Anti-Corruption Manual applies to Richter. Compliance with this Anti-Corruption Manual is mandatory for everyone at Richter – including all employees, managers, executive officers, and members of the board of directors (all of whom are included in the term "Employee(s)" as used hereinafter in this Anti-Corruption Manual). Compliance with this Anti-Corruption Manual is also mandatory for Third Parties ("Employee(s)" and "Third Parties" together hereinafter referred to as "Obligors").

This Anti-Corruption Manual regulates the minimum anti-corruption standards to be followed by the Obligors. Any local policies and procedures must be at least as stringent as this Anti-Corruption Manual. Obligors must also abide by all applicable local laws, regulations and ethical rules which may impose even more stringent requirements.

Richter values integrity and transparency, and has zero-tolerance for bribery and all other corrupt activities, whether committed by Employees or by Third Parties acting for and on behalf of Richter. Regardless of local custom, business culture, or the nature of the requests for bribes or other improper advantage, Employees and Third Parties are strictly prohibited to engage in or remain willfully blind to corrupt activities in connection with Richter's business.

No Employee will suffer retaliation, demotion or other adverse consequences for refusing to accept or pay bribes or to receive or provide improper advantage or for complying with this Anti-Corruption Manual, even if it may result in Richter losing business. Furthermore, no Third Party will suffer retaliation, other adverse consequences or economic damage for refusing to accept or pay bribes or to receive or provide improper advantage or for complying with this Anti-Corruption Manual. Should the Obligors experience such retaliation or other adverse consequences, please contact the Legal and Global Operations Management Department (phone: +36 1 431 4700; email: [compliance@richter.hu](mailto:compliance@richter.hu)).

## 3. BASIC QUESTIONS

### 3.1 *What are bribery and corruption?*

Corruption means a wrongdoing through the misuse of a person's position or power in connection with unlawful, unethical or improper gain or other aim. There are many corrupt practices, for example bribery, facilitation payment, extortion, cronyism, abuse of discretion and other improper conducts. Such an improper conduct arises if the person does not act in good faith, impartially or in accordance with a position of trust.

Bribery means giving, offering or receiving an undue financial or other advantage to another person with the intention of influencing the behaviour of someone in a public or commercial setting in order to obtain or retain a commercial, contractual, regulatory or personal advantage. Bribery can be "active" (offering, promising or giving a financial or other advantage) or "passive" (requesting, agreeing to receive or accepting a financial or other advantage).

**Examples:**

**Offering a bribe.** You offer a potential client tickets to the final of the European football cup, but only if they agree to do business with Richter. This would be an offence as you are making the offer to gain a commercial and contractual advantage even if it is local practice or custom to do so. It may also be an offence for the potential client to accept your offer.

You arrange for the business to pay an additional payment to a government official to speed up an administrative process. It is prohibited to pay so-called “facilitation” or “grease” payments to government officials to influence routine governmental actions – such as paying money to speed up processing of a visa (see Section 4.4 of this Anti-Corruption Manual for details).

**Receiving a bribe.** A supplier gives your daughter a job, but makes it clear that in return they expect you to arrange the smooth negotiation and conclusion of a supply contract with Richter. It is an offence for a supplier to make such an offer. Likewise, it would be an offence for you to accept the offer because you would be doing so to gain a personal advantage.

Bribery and corruption can take many forms, for example, a direct or indirect promise or offer of something in value, such as cash or gifts, abnormally high commissions, unauthorised rebates, charitable donations, disguised professional services agreements or business advantages. Bribery can take place in many circumstances, for example, during a tender or contracting process, or through the handling of administrative tasks or customs matters. To assess whether a certain practice could constitute a bribe, it is important to consider all relevant circumstances, including the recipient, value, timing, frequency and transparency of the offer.

Giving, offering, requesting and receiving a bribe indirectly, through a Third Party, is also prohibited if you know or reasonably should have known of the Third Party’s unlawful conduct.

Below are a few indicators of corruption which you should be aware of:

- personal gifts in high value compared to local standards;
- excessive payments under contracts compared to local standards;
- pressure exerted for payments to be made urgently or ahead of schedule;
- offers of employment being extended to a friend or family member;
- making unexpected or illogical decisions accepting projects or contracts;
- agreeing to contracts not favourable to Richter;
- business partner lacks apparent qualifications, experience or resources;
- bypassing normal tendering / contracting procedures.

### **3.2     *Legislative framework and penalties***

Bribery and other corrupt practices are not only wholly contrary to Richter's values but they are also illegal. Anti-Corruption Laws expect that companies will have proactive measures in place to prevent and detect corrupt practices. The consequences of non-compliance with the laws are significant to Richter and to Obligor involved. Local anti-bribery laws exist in virtually all countries. For instance, Hungary also adopted anti-bribery rules in the Criminal Code and in the Medicine Act. An increasing number of countries have enacted laws that prohibit bribery and other corrupt practices outside their own borders, including the US Foreign Corrupt Practices Act and the UK Bribery Act.

As a result of corruptions, there are an increasing number of investigations and enforcement actions worldwide. Individuals and companies can face civil and criminal charges that can result in large fines, imprisonment and disbarment from public procurement processes. In addition, individuals may be subject to criminal liability under applicable Anti-Corruption Laws regardless of whether the company has been found guilty or prosecuted for violation.

Therefore, if a request for a payment of a bribe is made to an Employee or anyone acting on behalf of Richter, you should always refuse to pay. Instead, you should:

- explain that Richter as your employer has a prohibition on making such payments;
- explain that violating that prohibition would jeopardize your employment status, or other form of employment relationship;
- if the requestor insists the payment is legitimate and official, ask for a copy of a law or internal by-law setting out the relevant fees; and
- put off negotiations and report the request immediately to the Legal and Global Operations Management Department.

If improper payment is demanded and your or others' life, health, safety or liberty seems actually threatened you may have no alternative but to make the payment in order to protect yourself or others. In case of the above circumstances you may make the payment subject to the prior reporting of the event in all details as soon as possible to the Legal and Global Operations Management Department (phone: +36 1 431 4700; email: [compliance@richter.hu](mailto:compliance@richter.hu)).

### **3.3     *Increased corruption risk***

There are certain areas and types of interactions that may expose Richter to a heightened risk of corruption as follows.

#### **3.3.1     *Working with Government Officials***

Benefits given to those working in the public sector are more likely to be considered as improper and illegal than benefits given to those working in the private sector. For this reason, heightened awareness is required when interacting with representatives of the public sector or government officials.

There are several specific Anti-Corruption Laws around the world relating to government sector bribery that poses the pharmaceutical industry and Richter to an increased risk. The term "Government Official" has been broadly interpreted to include:

- any officer or employee of a government-owned or government-controlled company. This includes companies that operate in the commercial sector, but are partially-owned by a government or government agency;
- any person engaged in public duty in a government agency. This includes any elected or appointed official or employee of a government (including municipal body), at any level including national, regional or local government entities. This includes members of legislative, administrative, and judicial bodies, as well as any level or seniority of employees of government agencies, such as office workers;
- any officer or employee of a public international organization (such as the European Union, United Nations or the World Health Organization);
- HCPs employed by a state-owned or publicly-funded healthcare service providers; and
- any political party, official of a political party, and any candidate for a political office.

In the pharmaceutical industry there is a higher likelihood of investigation than in other industries due to daily interactions with Government Officials, for example:

- licenses / approvals for clinical research, manufacturing and various aspects of product distribution and marketing;
- pricing and reimbursement applications;
- participation in public tenders; or
- various forms of interactions with HCPs.

Other interactions that involve Government Officials may include tax and customs procedures, immigration visas or political lobbying.

Meetings may be scheduled with Government Officials for the purpose of discussing legitimate business matters provided that the meetings are held in a transparent manner in order to minimise the perception of any corruption. It is strongly discouraged to enter into professional services agreements with Government Officials unless the official's knowledge and expertise is considered to be exceptionally valuable and such engagement is allowed by local laws and industry codes. The conclusion of such agreement must be subject to prior approval of the Legal and Global Operations Management Department. For gifts and hospitality offered or provided to Government Officials, please see Sections 4.1 and 4.2 below.

All interactions with Government Officials should be documented properly (dates, names, locations, reason/occasion) and supported by original receipts.

### ***3.3.2 Dealing with healthcare professionals***

In many cases, HCPs will qualify as Government Officials (see Section 3.3.1 above); therefore, any interactions with HCPs will present a higher risk of violation under the Anti-Corruption Laws. The particular risk areas include:

- gifts and hospitality provided to HCPs;
- sponsorships of HCPs to attend conferences, congresses and other meetings (e.g. training and educational events);
- donations and samples provided to healthcare institutions and HCPs; and
- fee for service engagements.

### 3.3.3 Dealing with Third Parties

Bribery often involves Third Parties. Because Anti-Corruption Laws prohibit “indirect” as well as direct payments and offers, payment of a bribe through a Third Party has the same effect as making the bribe directly. Thus, Richter and Employees as well can be held criminally liable for payments by Third Parties, such as agents, distributors, joint venture partners, contractors, consultants and representatives. For this reason, it is essential that Employees of Richter pay special attention to all dealings with Third Parties. Please see detailed rules on interactions with Third Parties in Section 4.6 of this Anti-Corruption Manual.

## 4. KEY AREAS OF POTENTIAL RISK

### 4.1 Gifts

**Gifts.** Gifts include anything of any value that is transferred to someone else e.g. money, tickets, loans, services, etc. The intention behind the gift should always be considered before offering or accepting such gift. For Employees it is inappropriate to offer or accept any gifts or other incentives above a monetary limit set by the applicable local laws or ethical rules. Inappropriate gifts should be politely but firmly refused and never offered to any Third Parties.

#### **Basic test:**

The following questions may determine if a gift is appropriate:

- is it made with the intention of influencing, or could it appear to influence the recipient to obtain or retain business or a business advantage or to reward a business advantage or personal favour or to otherwise create a feeling of obligation?
- does it infringe local laws or industry regulations?
- does it include cash or cash equivalent (such as vouchers)?
- is it disproportionate, extravagant or lavish given the circumstances?
- is it given secretly?

If the answer is "NO" to each question such gift is unlikely to breach the Anti-Corruption Laws.

However, Richter and Obligor should always consider all circumstances and relevant laws, such as local healthcare regulations, when determining on a case-by-case basis whether a gift is permissible under local laws.

**Offering gifts to Government Officials.** Gifts, including anything of value, are never allowed in connection with Government Officials, unless it is clear that the giving of gifts is permitted by the applicable local laws (including healthcare and Anti-Corruption Laws) and ethical rules and the gift is of nominal value (e.g. Richter branded pens) and provided it is done in a fully transparent way.

**Offering gifts to the private sector.** Reasonable business expenditures related to Richter's activities are allowed provided they are permitted by the applicable local laws and ethical rules. For example, promotional gimmicks/items are usually acceptable when offered in connection



with a corporate event or company visit, such as the use of Richter-branded pens and paper notepads. Any gifts of more than a nominal value are discouraged.

**Accepting gifts.** Employees may only accept gifts from Third Parties and business partners if permitted by the applicable local laws and ethical rules, appropriate in nature and intent and does not exceed a nominal value.

**Repeated gifts.** Even if giving or accepting a gift itself fully complies with this Anti-Corruption Manual, Employees or Third Parties acting on behalf of Richter should not give or accept gifts from the same person, company or organization on more occasions than set by the applicable local laws or ethical rules.

**Funding the gift.** Please note that it makes no difference whether the gift or hospitality is paid out of Richter's funds or from an individual's (Employee or Third Party's) pocket, to be later reimbursed by Richter or not. For example, if a Richter Employee bribes in his direct personal interest to achieve a business/commercial goal and increase chances of receiving a promotion or higher remuneration, it does not matter if he used his own money, since his actions are being carried out on behalf of Richter.

**Documentation.** Any gifts must be fully documented and supported by original receipts and accurately recorded in Richter's books and records.

#### Case to watch

Subsidiaries and agents of a medical device company provided improper gifts and benefits to doctors in China, Argentina and Brazil. The company was aware of the improper practice but did not do anything to stop it. Employees openly communicated with each others and with distributors about the payments: „[Doctor] is the department head of [public hospital]. [Doctor] uses about 10 hips and knees a month and it's on an uptrend, as he told us over dinner a week ago. ...Many key surgeons in Shanghai are buddies of his. A kind word on [company] from him goes a long way for us. Dinner has been set for the evening of the 24<sup>th</sup>. It will be nice. But dinner aside, I've got to send him to Switzerland to visit his daughter.” The company was imposed to pay USD 22.8 million.

#### Case to watch

Subsidiaries of a global pharmaceutical company in several countries offered points and bonus programs to improperly reward HCPs who proved to be their best customers. The points were redeemed for various gifts ranging from medical books to cell phones, tea sets, and reading glasses. In Croatia, employees created a “bonus program” for Croatian doctors who were employed in senior positions in Croatian government health care institutions. Once a doctor agreed to use the company's products, a percentage of the value purchased by a doctor's institution would be funneled back to the doctor in the form of cash, international travel, or free products. The company was imposed to pay USD 60 million.

If bribery or corruption is suspected, notify the Legal and Global Operations Management Department immediately (phone: +36 1 431 4700; email: [compliance@richter.hu](mailto:compliance@richter.hu)).

## 4.2 Meetings and Hospitality

**Hospitality.** Hospitality includes invitations to sporting, entertainment or similar events, meals, and related travel and accommodation costs. Hospitality must not be lavish or luxurious, must always be reasonable and proportionate, and may only be extended to the persons who qualify as participants in their own right. Providing travel, entertainment and meals to HCPs, Government Officials or business partners may be a violation of the law, if they are excessive, unreasonable or do not have a valid and also ethical business purpose.

**Offering hospitality to Government Officials.** In general, Richter discourages payment of expenses relating to travel, accommodation and meals of Government Officials to attend site visits or educational meetings. However, in situations where the governmental body for which the Government Official works does not cover all expenses relating to such visits, reasonable and actual costs may be reimbursed if it is permitted by the applicable laws and industry codes, and provided that the hospitality does not coincide with an on-going matter concerning Richter's business such as public procurement or other governmental decision making, business negotiations, or legal proceedings. Luxury restaurants are not allowed.

**Offering hospitality to the private sector.** Hospitality in the form of lunch or dinner is generally allowed if not contrary to the local laws and industry codes, and provided that the expenditure is reasonable.

**Documentation.** Any hospitality offered to the public or private sector must be fully documented (dates, names, locations, reason/occasion) and supported by original receipts as well as accurately recorded as such in Richter's books and records.

**No stand-alone entertainment.** Stand-alone hospitality or entertainment, not connected to any work-related meeting, is prohibited.

**Location and venue.** Meeting should be held in a location that makes the most logistical sense in light of the location of the attendees or resources necessary for the meeting. This could include major transport hubs and cities with appropriate infrastructure. Locations primarily known for their touristic or recreational character are prohibited. Venues must be appropriate and conducive to the main purpose of the meeting.

Appropriate venues may include clinical, laboratory, educational, conference or healthcare settings, or business locations such as business hotels or conference centers. Luxury hotels, resorts, venues known for their entertainment or recreational value, or extravagant venues are not appropriate.

**Accepting hospitality.** The same standards apply as when offering hospitality.

Examples of "**red flags**" are as follows:

- paying travel expenses for Government Officials or business partners without a legitimate business purpose (e.g. without conference registration or extension of the travel beyond dates of the meeting / conference);
- organizing stand-alone entertainment such as concert or movies without any legitimate event;
- travel or entertainment for spouses of Government Officials or business partners;
- inappropriate venue for professional events (e.g. a brandy distillery).

### Case to watch

Subsidiaries of a pharmaceutical company provided payments and inappropriate travel to doctors and hospital administrators in Greece, Poland and Romania to induce them to authorize the purchase of the company's products or to award tenders for projects to the company. US and UK authorities started investigations against the company and revealed that the company insufficiently implemented compliance and ethics programs in acquired subsidiaries and was imposed to pay penalties of USD 77 million.

### Case to watch

The Hungarian National Institute of Pharmacy initiated an investigation against a pharmaceutical company, accusing it for illegal influencing physicians during a "study" trip to Thailand. The HCPs were invited by the company to take part in a marketing research in Thailand. However, the investigation revealed that the conditions were not provided to carry out this research. It was proven that the company organized holidays for HCPs abroad. The authority imposed a fine of EUR 18,000 on the company and made a proposal to the health insurance fund to delete the company's products from the list of reimbursed medicines.

## 4.3 Donations, Sponsorships and Political Contributions

**Donations.** As a pharmaceutical company conducting business worldwide, Richter is committed to granting donation for scientific, educational or charitable purposes.

Donations may be provided to a number of organisations, such as healthcare institutions, foundations or the local authorities which increases corruption risks. As such, it is important that every Employee pays special attention when making donations so that the donations do not infringe the Anti-Corruption Laws and this Anti-Corruption Manual.

Examples of "red flags" are as follows:

- charitable contributions made to any organization (e.g. a foundation) having any affiliation with a Government Official or business partner;
- charitable donations to organizations that are not capable of receiving charitable donations under local laws.

**Sponsorships.** Employees wishing to sponsor events or activities organized or attended by Richter customers, prospects, or others must follow the rules for gifts and hospitality accordingly (see Sections 4.1 and 4.2).

**Political contributions.** Richter does not make contributions of any kind to political parties in any markets.

#### **4.4 Facilitating Payments**

In some countries it may be the local practice for businesses to make payments of small amounts to low-level Government Officials in order to secure or expedite or “facilitate” the performance of a routine government action over which such officials have no discretion.

Examples may include:

- obtaining permits, licenses or other official documents that qualify a person to do business in a foreign country;
- processing governmental papers such as visas;
- providing police protection or mail service;
- scheduling inspections associated with contract performance or shipment of goods;
- providing phone, power or water service;
- loading or unloading cargo, or protecting perishable products or commodities from deterioration; or
- other similar actions that are ordinarily and commonly performed by an official.

Richter regards all facilitating payments as a corrupt practice and expressly forbids them.

#### **4.5 Incentivization**

All incentivization, for example discounts, other tiered or special pricing, rebates, credit engagements and volume or performance bonuses on products and services must be market-driven and based on arm’s-length commercial terms. Incentivization may never result in an improper benefit, either directly or indirectly, to any business partner, HCP, Government Official, customer or anyone else. All incentivization must be adequately supported by documentation and accurately recorded in reasonable detail in Richter’s books and records in accordance with applicable finance and accounting policies and procedure (see Section 4.7 below).

#### **4.6 Third Parties**

**Dealing with Third Parties.** Anti-Corruption Laws prohibit improper benefits, whether given directly or indirectly. This means that Richter may incur liability where a Third Party engaged to represent or provide a service to, or on behalf of, Richter makes an improper payment or otherwise engages in improper conduct in the course of its work for Richter. This exposure may arise notwithstanding that the payment or conduct in question is prohibited by Richter and/or that Richter had no knowledge of this payment or conduct. Turning a “blind eye” or ignoring “red flags” that something may be wrong does not exonerate Richter or an Employee from liability.

We expect all our Third Party suppliers to share our values and ethical standards. Richter may not employ Third Parties who refuse to adhere to this Anti-Corruption Manual (or their own equivalent policy, to be vetted by Richter).

**Due diligence.** We must ensure that we “know our partners”. Whenever Richter intends to engage a Third Party (for example, an agent, consultant, joint venture entity or licensee) to provide services for or on its behalf, a due diligence review must be carried out before the business relationship is formed (unless such an assessment has recently been completed for similar services).

Where required, appropriate due diligence should include a consideration of the reputation, beneficial ownership, professional capability, experience, financial standing and credibility of the Third Party and the history of that Third Party's compliance with applicable Anti-Corruption Laws. In cases of doubt about the risk profile of a Third Party or the type of due diligence to be conducted, the Legal and Global Operations Department (phone: +36 1 431 4700; email: [compliance@richter.hu](mailto:compliance@richter.hu)) should be consulted. The evaluation of Third Parties must always be documented.

**Payments to Third Parties.** All fees and expenses paid to Third Parties must represent appropriate, justifiable and proportionate remuneration (i.e. Fair Market Value), which is commercially reasonable under the circumstances, for legitimate services rendered by the Third Party.

All payments to the Third Party must be effected by electronic funds transferred directly into such bank account as the Third Party indicates in writing from time to time. The bank account must be in the Third Party's name and in the country in which the services are provided. Payment must not be made through another party that has no contractual relationship with Richter. Contracts that provide for payments to someone other than the contracting party, or payments to countries other than the home country of the contracting party, must be approved in advance by the local country manager. Accurate financial records of all payments must be kept.

#### **Case to watch**

The French subsidiary of a medical device company paid two foreign corporations, called the "Russian Agents" in the papers, commissions of 15% to 30% *"demonstrating a conscious disregard for the high probability that the Russian Agents were passing along at least a portion of their commissions to the Russian government officials."* Distribution costs were about 2% to 2.5% in contrast to the large commissions paid to the agents. Overall the agents were paid USD 4.6 million on sales of USD 38.6 million. The company was imposed to pay a fine of USD 50 million.

**Monitoring.** It is important that the business activities and operations of each relevant (e.g. high risk) business partner of Richter are regularly monitored so that a reasonable bribery and corruption risk assessment can be carried out if circumstances change and there is a suspicion of bribery or corruption on the part of the Third Party (for example, they are subject to negative press or they begin operations in a high risk jurisdiction). It is the responsibility of all Employees to ensure that Third Parties are properly overseen and to raise any suspicions of bribery and corruption during their course of dealings with any Third Parties to the Legal and Global Operations Department (phone: +36 1 431 4700; email: [compliance@richter.hu](mailto:compliance@richter.hu)).

#### **Case to watch**

The company sold its products at full price to its distributor and then paid the distributor a discount in the form of a kickback to an offshore shell company. The distributor provided cash incentives and other things of value to Greek doctors to purchase the company's products. The company was imposed to pay a fine of USD 22 million.

Examples of common “**red flags**” with Third Parties are as follows:

**General:**

- you become aware that a Third Party engages in, or has been accused of engaging in, improper business practices;
- a Third Party has a reputation for paying bribes, or requiring that bribes are paid to them, or has a reputation for having a “special relationship” with Government Officials;
- a Third Party insists on receiving a commission or fee payment before committing to sign up to a contract with Richter;
- a Third Party requests payment in cash and/or refuses to sign a formal commission or fee agreement, or to provide an invoice or receipt for a payment made;
- a Third Party requests that payment is made to a country or geographic location different from where the Third Party resides or conducts business;
- you are offered an unusually generous gift or offered lavish hospitality by a Third Party.

**Tenders, public procurements** (indications of concern that Third Party makes payment to government customer to win business):

- Third Party requests an unexceptional discount, rebate, or other reduced purchase price;
- excessive commissions paid to agents or consultants;
- unreasonably large discounts to distributors;
- distributor claims that for a particular set of end users a separate sales agent agreement and compensation structure will need to be established;
- requests for political, charitable contributions or other favours as a way of influencing official action.

**Sales and marketing relations:**

- distributor proposes to separate compensation for sales and compensation for certain marketing activities;
- consulting agreements include only vaguely described services;
- consultant does not have experience in business of retention.

If, at any point during due diligence procedures or interactions with a Third Party, the Employee suspects corruption, please immediately contact the Legal and Global Operations Management Department (phone: +36 1 431 4700; email: [compliance@richter.hu](mailto:compliance@richter.hu)) to help the Employee resolve the red flag. All potential conflicts and red flags must be fully documented. All red flags must be sufficiently addressed before the engagement of the Third Party can progress.

#### 4.7 Financial Books and Records

**Book and record-keeping principles.** Richter and Third Party must keep accurate books and records that reflect transactions and asset dispositions in reasonable detail, supported by a proper system of internal accounting controls. These requirements are implemented through Richter's and Third Party's standard accounting rules and procedures, which all Obligor's are required to follow without exception.

Special care must be exercised when transactions may involve payments to Government Officials.

Books and records include accounts, invoices, correspondence, memoranda, tapes, discs, papers, books, and other documents or written information of any type.

No accounts must be kept "off-the-books" to facilitate or conceal improper payments.

Examples of falsified books and records that violate this Anti-Corruption Manual and the applicable laws include the payment of a false or fraudulent invoices, the miscoding of an improper payment in the general ledger, or a falsified expense report to hide improper entertainment of a Government Official.

There are certain "**red flags**" that may indicate possible concealment of the true nature of the transactions, including:

- excessive payments for the services;
- unusual payment engagements (e.g. requests for payments in cash or to off-shore bank accounts, or upfront payment for services without legitimate explanation);
- payment with a lack of supporting documentation (e.g. written agreement clearly detailing the services and payment terms). Vague or false description of services provided such as "For services rendered".

**Anti-money laundering principles.** Money-laundering is the process by which one conceals the existence of an illegal or improper source of income and then disguises that income to make it appear legitimate. Use by Richter of proceeds tainted by illegality can give rise to liability in the countries in which Richter operates. Employees who become aware of suspicious circumstances leading them to believe that any transaction might involve the payment or the receipt of proceeds of any unlawful activity should report this to the Legal and Global Operations Management Department (phone: +36 1 431 4700; email: [compliance@richter.hu](mailto:compliance@richter.hu)).

## 5. OBLIGOR'S RESPONSIBILITY

**General obligations.** All Obligor's are responsible for understanding and complying with the Anti-Corruption Manual. Every Obligor has an obligation to:

- be familiar with the Anti-Corruption Manual and communicate them to subordinates;
- comply with the Anti-Corruption Manual or its own internal anti-corruption policies provided that they contain provisions at least as strict as those contained in this Anti-Corruption Manual at all times;
- ask questions if the Anti-Corruption Manual or action required to be taken in a particular



situation is unclear;

- be alert to indications or evidences of possible wrongdoing;
- promptly report violations or suspected violations through appropriate channels (see under sub-section “Reporting concerns” below); and
- proactively monitor updates to this Anti-Corruption Manual.

Every Employee has an obligation to properly manage and monitor business activities conducted through Third Parties. In the continuously evolving anti-corruption legislative and enforcement environment, Richter may update or change this Anti-Corruption Manual to keep it effective and relevant. Such updates will be made available to the Obligors and it is the Obligors’ express obligation to take note of these updates and to comply with them. Hence, any updates may not exonerate them from liability for non-compliance with the updated clauses.

***Consequences of misconduct.*** Corruption and bribery put the companies and individuals involved at risk of criminal prosecution, including heavy penalties and prison sentences. Any violation of this Anti-Corruption Manual will be treated extremely seriously and may result in disciplinary action up to and including termination of employment for serious cause and/or instant termination of a Third Party’s relationship with Richter. Breaches of law may also result in civil or criminal penalties for the Obligor. Ignorance of Richter’s standards and/or local law is not an excuse for failure to comply. Richter may also disclose the violation to the relevant authorities and file a lawsuit against the wrongdoer.

***No retaliation.*** Richter applies a zero tolerance policy for retaliation against any Employees or Third Parties who have reported or participated in an investigation of possible violations of this Anti-Corruption Manual or other corrupt acts or wrongdoings. Such Employees or Third Parties may not be terminated, disciplined or otherwise discriminated against in revenge for such reporting. Any person attempting to take revenge or to otherwise persecute or harass an Employee or Third Party for making a report in good faith will be subject to appropriate disciplinary measures, up to and including termination of employment for serious cause and/or instant termination of a Third Party’s relationship with Richter.

***Reporting concerns.*** If you are aware that an Employee or Third Party is involved in acts which violate this Anti-Corruption Manual, you must report such conduct without delay to the Legal and Global Operations Management Department (phone: +36 1 431 4700; email: [compliance@richter.hu](mailto:compliance@richter.hu)).

## 6. MONITORING

The Legal and Global Operations Management Department will monitor the effectiveness and review the implementation of this Anti-Corruption Manual, also in light of the developing case law and compliance best practices. Any amendments or improvements identified (particularly in case of change of the applicable Anti-Corruption Laws or authority regulations) will be made as soon as possible. Internal control systems and procedures will be subject to regular audits to ensure that they are effective in addressing bribery or corruption concerns.