

## **The Sanction Framework of Gedeon Richter Plc.**

Sanctions are tools implemented by the relevant countries (e.g., USA, UK), international organizations (e.g., UN), and unions of countries (e.g., European Union) (hereinafter collectively referred to as “sanctions”), with the goal of the enforcement of international law, the prevention of international crises, the support of conflict resolution, to combat terrorism, and to prevent the proliferation of weapons.

Sanctions measures typically include a range of restrictive actions, including: asset freezes, travel bans, trade restrictions, financial sanctions, service restrictions, embargoes, and/or designation of individuals, companies, vessels, aircraft etc. subject to sanctions.

Sanction monitoring is a mandatory obligation for all companies established in the European Union. "Best effort obligation" clauses (see, for example, Article 8a of EU Regulation 833/2014) stipulate that applicable sanction regulations also extend to subsidiaries of an EU-established parent company, regardless of the country where the subsidiary was founded.

In order to enhance transparency, and to strengthen the trust of our shareholders, vendors and clients, Gedeon Richter Plc. (hereinafter referred to as “Gedeon Richter”) hereby wishes to publish a summary of the efforts undertaken by Gedeon Richter and its Affiliates to be compliant with the sanction regulations of the UN, US, UK and the EU.

### **Risk-Based Approach**

In line with EU guidelines, companies are required to tailor their sanction framework to their specific risk profiles, taking into account factors such as industry, geography, supply chain, and customer base. Gedeon Richter has identified the following risk areas related to sanctions imposed by the EU, US, and UK concerning Russia and Belarus:

#### **I. Business Presence in Russia and Belarus**

Gedeon Richter operates affiliates and conducts business in both Russia and Belarus, making this a higher-risk area in terms of sanctions-compliance. The Gedeon Richter’s Global Compliance Team (hereinafter referred to as “GR Global Compliance Team”) closely monitors activities in these regions with a view to ensure compliant operation and maintains regular communication with all relevant stakeholders.

#### **II. Pharmaceutical Products**

As a manufacturer of pharmaceutical products—which are generally exempt from sanctions—Gedeon Richter’s products are considered low-risk.

#### **III. Common List of High Priority Items**

Certain ingredients used in pharmaceutical manufacturing may occasionally appear on the EU’s List of Common High Priority Items. In such cases, Gedeon Richter obtains the necessary export licenses to ensure full compliance with the relevant laws and regulations.

#### **IV. Provision of Services to Russian Affiliates**

Services such as auditing, legal, and IT support provided to affiliates in Russia are currently classified as high-risk, as they are subject to EU restrictions on service exports to Russia.

The aforementioned services constitute inherent elements of the legal and operational relationship between a parent company and its affiliate and are indispensable for ensuring the requisite oversight and control over the affiliate's activities, as mandated by applicable sanctions legislation.

Furthermore, these services are essential for the conduct of our business operations, specifically the manufacture and distribution of pharmaceutical products.

In order to guarantee the control over our affiliates, Gedeon Richter secures individual licenses from the relevant authority for all such services delivered to its Russian affiliates, which are 100% owned by Gedeon Richter.

### **Management Commitment**

Senior Management is fully committed to adhering to Gedeon Richter's sanctions framework and all applicable sanctions regulations.

Gedeon Richter has established a dedicated Global Compliance Team, operating within the Legal and Intellectual Property Department, which oversees compliance-related activities worldwide, including sanctions-related matters.

Senior Management receives regular updates on sanctions compliance from the Head of the Legal and Intellectual Property Department. When necessary, relevant members of Senior Management are directly involved in specific cases to ensure informed decision-making and appropriate oversight.

### **Preventive Measures, Due Diligence, Auditing and Monitoring**

#### **I. Sanctions Monitoring**

Gedeon Richter regularly receives and reviews updates from EU, US, and UK authorities via newsletters and official channels. New sanctions packages are continuously monitored and assessed for relevance, with all pertinent stakeholders involved in the evaluation process.

#### **II. Certified Sanctions Expertise**

To reinforce our commitment to robust compliance practices, GR Global Compliance Team employs a Certified Sanctions Specialist, a colleague responsible for sanctions-related matters who has the Certified Sanctions Specialist (CSS) Certification. This achievement contributes to:

- **Reduced Regulatory Risk:** Strengthened internal expertise helps prevent violations and ensures alignment with evolving international sanctions regimes.
- **Operational Resilience:** A certified sanctions specialist enhances our ability to navigate complex geopolitical landscapes and maintain uninterrupted business operations.
- **Trust and Transparency:** Proactive compliance efforts foster stakeholder confidence and reinforce our reputation as a responsible and trustworthy organization.

#### **III. Audit Reporting**

Gedeon Richter reports its sanctions compliance activities on a quarterly basis to the designated bookkeeping auditors, ensuring transparency and accountability.

**IV. Third-Party Inquiries**

Inquiries from external parties—such as financial institutions—are regularly received and handled by the relevant internal departments (e.g., Finance Department) in coordination with the Global Compliance Team.

**V. Due Diligence Program**

The GR Global Compliance Team performs due diligence checks, and depending on the risk level of a transaction, they conduct enhanced reviews of all parties involved. Such due diligence is typically required prior to mergers and acquisitions, during high-risk procurement activities, when engaging new third-party vendors or distributors, entering into joint ventures, or conducting transactions in jurisdictions with elevated compliance or sanctions risks.