

Sustainability Report 2020



GEDEON RICHTER

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CEO's welcome

Dear Partner, Dear Employee, Dear Reader,

2020 was a year of hardship for all of us. The COVID pandemic has shaken not only societies and healthcare systems, but also the economy and all sectors, including the pharmaceutical industry. The unprecedented challenges have further highlighted the importance of responsible thinking and operating with long-term sustainability in mind, which have helped the Richter Group cope with the extraordinary circumstances.

Since the beginning of the pandemic, we have had two main priorities: maintaining business continuity to ensure a safe supply of medicines to the public, and protecting the health of our employees. We have been able to meet both of these objectives thanks to the very strong foundations that Richter is built on. This is demonstrated in our vertically integrated business model, where we produce the active substance for most products ourselves,

so we have not been exposed to the disruption of long supply chains, primarily based on cheap Asian sources. It also includes our responsible employment model, in which we have always made the professional development and well-being of our colleagues a key issue, and which has provided a strong basis for us to immediately put in place a wide range of measures to reduce the risk of infection among our staff. And of course, we should not forget our strong corporate culture, the commitment and responsible attitude of our colleagues, without which we would not have been so successful in 2020.

Thus, in addition to our two key objectives, we were also able to fulfil a third: to do our part in the fight against COVID. We completed the in-house development and production of remdesivir in record time, allowing the treatment of patients in hospitals. As there was a shortage of the product on the global market, supplying Hungarian hospitals was essential during the most severe phase of the pandemic, and we can say without exaggeration that its importance could be measured in the number of lives saved. In addition, as part of our corporate social responsibility activities, we also helped in the prevention and treatment of the pandemic: we donated HUF 140 million to hospitals in Hungary that had



previously participated in our Health City programme, and we provided financial support to several healthcare institutions through our subsidiaries and foreign markets.

Despite the challenges of 2020, we were able to further strengthen both our women's healthcare and biosimilar portfolios through strategic agreements and acquisitions, and our unique antipsychotic drug achieved blockbuster status in the US market with annual sales of USD 1 billion. We are proud that even in these challenging times we were able to fulfil our mission, which is also closely linked to the UN Sustainable Development Goal of ensuring healthy life and well-being: to ensure the widest possible access to safe, affordable, high-quality and effective medicines worldwide.

In the meantime, we also continued to make efforts to better integrate sustainability considerations into our operations and to communicate our sustainability efforts to our stakeholders. In this spirit, from this year onwards, we will publish our sustainability report annually, instead of the previous two-year cycles, and in this publication, we have added more detailed, group-level information in several areas – including the governance of our subsidiaries, compliance reporting, responsible marketing and our corporate social responsibility programmes. We have also sought to develop our content to meet the needs of ESG analysts, for example to provide a more accurate picture of clinical trials or our work to promote access to medicines.

In view of the increasing expectations and information needs related to sustainability, it will continue to be a priority to make our operations even more transparent in terms of ESG criteria.

Gábor Orbán

Chief Executive Officer

Our key results

2020

EMPLOYER

Gedeon Richter Plc was the **winner of the Most Attractive Workplace Award** in the pharmaceutical category of the PwC Career Choice Survey in Hungary.



EQUAL OPPORTUNITY

Ratio of women in middle management is 44%.

MEDICAL TREATMENT

Our original antipsychotic became a blockbuster in the US with annual sales of USD 1 billion.



SOCIAL RESPONSIBILITY

We spent HUF 2 billion to support healthcare, education and women-focused projects.


CIRCULAR ECONOMY

73% of our waste is recycled.



Commitment to the UN Sustainable Development Goals

The principle of “Think globally and act locally” is important to the Richter Group, and we want to make a real impact through our sustainability activities. Our activities contribute to several Sustainable Development Goals (SDGs), as illustrated in the table below.



	Material issues at Richter									
	Product liability and consumer safety	Business ethics, anti-corruption and responsible marketing	Responsible supply chain	Product development and access to pharmaceutical products	Health and safety of our employees	Climate and environmental protection	Employees and employer brand, stable employment and equal opportunities	Protection of human and labour rights	Social programmes	Economic performance
SDG 1. No poverty										
SDG 2. Zero hunger										
SDG 3. Good health and well-being										
SDG 4. Quality education										
SDG 5. Gender equality										
SDG 6. Clean water and sanitation										
SDG 7. Affordable and clean energy										
SDG 8. Decent work and economic growth										
SDG 9. Industry, innovation and infrastructure										
SDG 10. Reducing inequalities										
SDG 11. Sustainable cities and communities										
SDG 12. Responsible consumption and production										
SDG 13. Climate action										
SDG 14. Life below water										
SDG 15. Life on land										
SDG 16. Peace, justice and strong institutions										
SDG 17. Partnership for the goals										

 Priority objectives

One of our priorities is presented in more detail here, while contributions to the other priorities are described in the relevant chapters of this report.

SDG 3. Health and well-being

In line with our corporate goal “Health is our mission”, our products and our social commitment are primarily aimed at making a decisive and sustainable contribution to health and well-being.

A growing share of our sales revenue, 20% in 2020, comes from products for the treatment of mental diseases. Our aim in this area is to improve the quality of life for people with bipolar disorder/schizophrenia. At the end of 2020, our original antipsychotic cariprazine was available in 37 countries worldwide, in 22 of them with reimbursement. Since its launch in the US in March 2016, more than 400,000 patients have been treated with it, and over 3 million prescriptions have been made out in the US. Richter is also running awareness campaigns in several countries on the social understanding and treatment of schizophrenia, which affects 0.5-1% of the population, around 5 million people in Europe. The effective treatment of schizophrenia is often hampered by the fact that family members and the patient’s immediate environment are not well informed. Through these activities, we will contribute, in particular, to SDG 3.4 (Reducing premature mortality by one-third from non-communicable diseases through prevention and treatment by 2030, and promoting mental health and well-being).

A significant part of our product portfolio (and our strategic steps to expand it) addresses challenges in gynaecology. With our wide range of gynaecological products, we not only improve women’s health and well-being, but also contribute significantly to women’s equality. We also support the sustainability of society by strengthening reproductive abilities and family planning goals. We support women in many countries with our gynaecology-focused education campaigns, as sex education and awareness programmes have been shown to help reduce unwanted pregnancies and abortions. This is a key contribution to SDG 3.7 (Ensure universal access to sexual and reproductive health services by 2030, including family planning, information and education, and integrate reproductive health into national strategies and programmes).

In addition, we will focus on increasing access to therapy, mainly through our generic and biosimilar products. Because they are available at a lower price than the originator products, they are more affordable for patients, hospitals, and healthcare providers, thereby widening the pool of people who can receive appropriate treatment. This will contribute to SDG 3.8 (Ensure universal access to healthcare, including protection from financial risks, access to essential quality health services and access to safe, effective and affordable essential medicines and vaccines of appropriate quality).

About the report

From now on, our Company will publish a Sustainability Report every year on its economic, environmental and social performance. Our eighth report covers the calendar year 2020. Prior to this, we published a report in 2020 on the events and developments of 2018-2019. In 2016, we moved to GRI Standards compliance and since then, we have been continuously improving our group-level reporting and the indicators used for reporting to better serve the needs of sustainability analysts and investors. Unless otherwise indicated, the data and information refer to group level. Our objectives include a detailed review of material issues at group level, involving stakeholders.

Material topics

The list of material issues that form the basis of the Sustainability Report is based on previous research conducted by KPMG Hungary. In 2018, we commissioned Alternate Consulting to validate the list, with the involvement of our subsidiaries, and in 2020, we revised it and adapted it to the changing business and social environment and the practices of our competitors. This year, we wanted to move forward in group-level reporting practices. Accordingly, we only made a few stylistic additions, renaming certain issues, merging issues in one case, and including one new material issue. The protection of human and employee rights, which has become an increasingly important focus for regulators and investors since 2020, is now a new focus item on our map of material issues.

Although not included in the list of material issues, the Covid-19 pandemic, which affected the whole world in 2020, is of course a key topic in our report.

Key material topics	Direct impact on external stakeholders	Levels affected by topic
I.1. Product liability and consumer safety	consumers, shareholders,	Richter Group
I.2. Business ethics, anti-corruption and responsible marketing	shareholders, consumers, partners, authorities	Richter Group
I.3. Responsible supply chain	partners	Richter Group
I.4. Product development and access to pharmaceutical products	consumers, shareholders, partners	Richter Group
Material topics		
II.1. Health and safety of our employees	consumers, shareholders	Manufacturing sites
II.2. Climate change and environmental protection	local communities, natural environment (only relevant for factories)	Manufacturing sites
II.3. Employees and employer brand, stable employment and equal opportunities	consumers, shareholders	Richter Group
II.4. Protection of human and labour rights	local communities, partners, shareholders	Richter Group
Additional key topics		
III.1. Social programmes	consumers, wider society, shareholders	Richter Group
III.2. Economic performance	consumers, society, shareholders, partners	Richter Group

Richter is committed to group-wide reporting, and we are gradually including performance data and results from our production and marketing subsidiaries and representative offices. Accordingly, reporting only on parent company practices has been reduced compared to previous reports.

Our report presents the company's group-wide management approach and governance system, with local practices of local companies described where appropriate.

Our report has not been audited. The Sustainability Report corresponds to the 'Core', i.e. basic compliance level of the GRI Standard, for which Alternate Consulting provided professional assistance.

A pdf version of our Sustainability Report is available on the Gedeon Richter Plc website: www.gedeonrichter.com. If you have any questions or comments on our report, you can send them to posta@richter.hu. Source of images in this publication: Richter database, Shutterstock.





Who we are – Introducing the Richter Group

With its headquarters in Budapest, Gedeon Richter Plc is a global specialty pharmaceutical company that builds on innovation. Our Company's core business includes the manufacture and sale of pharmaceutical products, as well as research and development, supported by several subsidiaries, joint ventures and affiliated companies. Together with the parent company these entities make up the Richter Group. The combined performance of the Richter Group is more than the aggregate result of the individual companies. Its vertically integrated operation is reflected in R&D, pharmaceutical production, wholesale and retail trading, as well as in marketing.

Richter's history

1901 – Obtaining a trade license and buying the Sas Pharmacy. The young Hungarian pharmacist, Gedeon Richter visits several European countries to become acquainted with pharmaceutical production during his study trips abroad. His attention is focused on the latest research area of pharmaceutical industry at the time, which studies how to cure the deficiency diseases of the human body with preparations extracted from animal organs. He buys the Sas Pharmacy in Budapest, where he begins to produce and distribute his own products.

1902 – Marketing his first organotherapeutic product. Only a year after adrenaline was first isolated by a Japanese researcher, Gedeon Richter is marketing an adrenaline-based hormonal preparation with vasopressor and haemostatic effects.

1906 – Gedeon Richter buys a plot at 63 Cserkesz Street in Kőbánya, Budapest. As his products are becoming more and more successful against medicines imported from abroad, Richter opts for large-scale industrial production.

1907 – Start of production. Simultaneously with organotherapeutic products, the development of synthetically produced drugs begins, as does the large-scale processing of herbs.

1908 – The first foreign representative office is established in Italy. Using his foreign contacts, Gedeon Richter gradually strengthens and expands his export network.

1912 – Kalmopyrin is put on the market. This effective antipyretic and analgesic is a successful and popular product manufactured to this day.

1926 – The Company is the first in Hungary to distribute insulin. The Company produces high-quality insulin on an industrial scale in accordance with international requirements using its proprietary procedure.

1929 – Hormogland product line is awarded the Grand Prize at the Barcelona World Fair. This period sees the creation of a commercial and representative chain that spans the entire globe and markets Richter products in nearly one hundred countries.

1931 – The Company becomes one of the world's leading oestrone producers.

1939 – The Company is declared a defence plant. This period is characterised by reduced self-determination and a decrease in import and export activities.

1944 – Gedeon Richter is killed.

1948 – With the nationalisation of the Company, the era of centrally planned economy begins. Richter's finances are centralised, its export activities are transferred to the competence of MEDIMPEX, and

research activities are terminated. Its production profile and product portfolio are reduced.

1959 – In the second half of the 1950s, research and development work is gradually resumed. Several new products are added to the factory's product portfolio. One of the most successful new products is the muscle relaxant Mydeton, which achieves international success and is registered in many countries, thanks to its wide range of indications.

1966 – The Company's first oral contraceptive is put on the market.

1977 – The Company's most successful 20th-century original product, Cavinton, which stimulates cerebral circulation, is put on the market.

1979 – Rapid factory development. The expansion and modernisation of regional and production infrastructure are taking place simultaneously. Significant modern facilities are being established: the new Pharmacological Research Centre and Animal House are built, and a new, closed-line hormone tablet production line is installed.

1990 – Gedeon Richter Chemical Works Plc is restructured under Hungarian professional management. The new management sets new strategies: Richter must become an R&D-based and marketing-oriented organisation. The new strategy requires the management to increase innovation and make the Company's operations more economical and efficient.

1992 – Restructuring of export activity, expansion of markets and establishment of an own trade network. Richter gradually takes over Medimpex's entire export business and acquires its western representative offices. It establishes its own representative network in the CIS countries.

1994 – Richter is the first pharmaceutical company in the region to list its shares on the stock market. By the end of a successful privatisation process, the Company's share capital is increased threefold.

1996 – The original product Curiosin, which helps heal wounds, enters the market.

1998 – Regional expansion begins with production subsidiaries being established in Romania, Poland and Russia.

2004 – A new company, Richter-Themis Medicare is founded in India for the purpose of manufacturing active substances and intermediates.

2007 – The Richter-Helm biotechnology joint venture is established in Germany.

2010 – Richter continues to strengthen its gynaecology business by acquiring the Swiss company PregLem and the contraceptive portfolio of Grünenthal in Germany.

2012 – Richter opens its biotechnology plant in Debrecen.

2014 – Expansion begins in Latin America.

2016 – Historic success for the Hungarian pharmaceutical sector: Richter's original product, an antipsychotic containing the active substance cariprazine, is marketed in the United States. The drug receives the Innovation Grand Prize in Hungary.

2019 – Richter's first in-house developed biosimilar product for the treatment of osteoporosis is put on the market.

2020 – Richter's proprietary antipsychotic drug receives the Drug of the Year Award in Hungary.

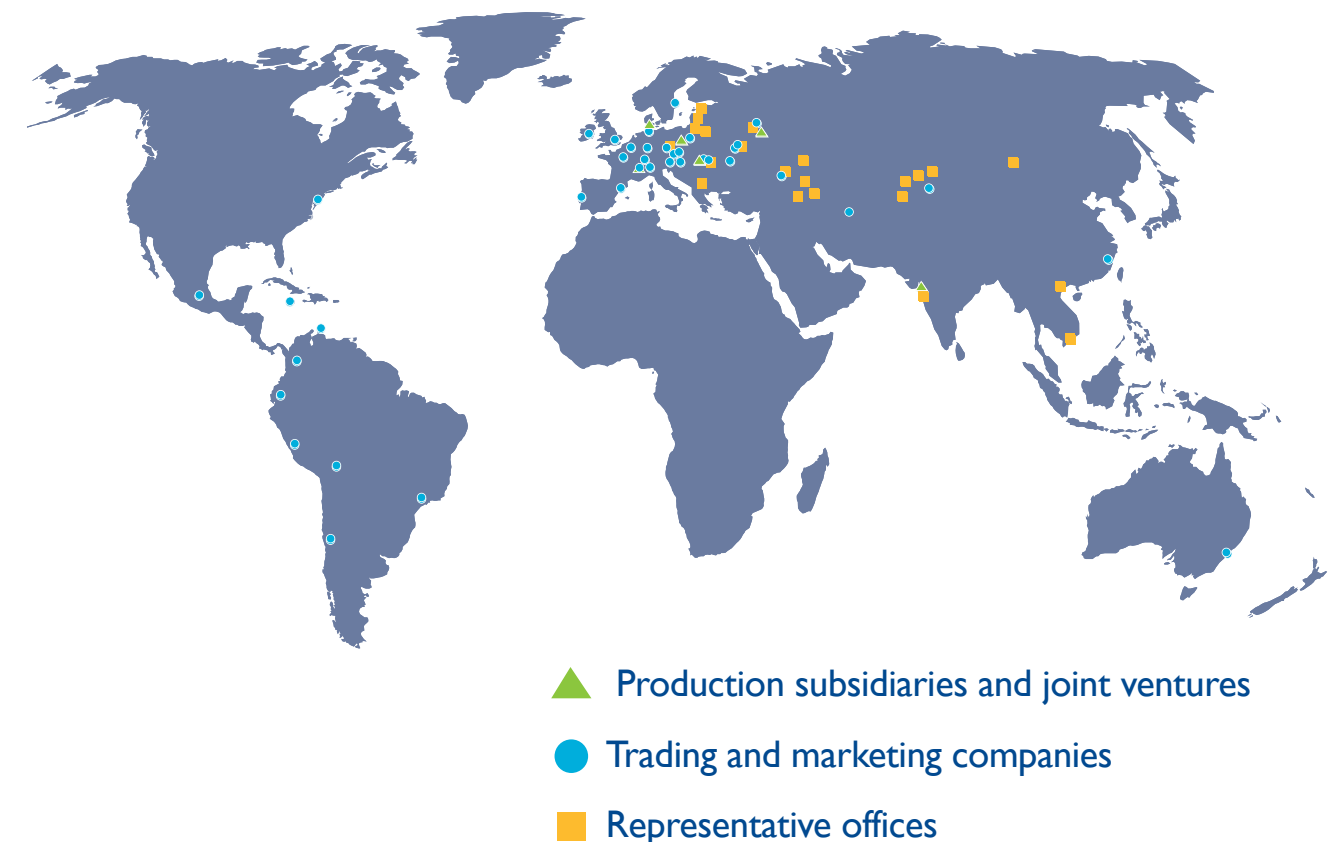
The Richter Group

Our production subsidiaries operating in our traditional markets and the development and continuous expansion of our own specialised marketing network has provided the basis for the Richter Group's multinational character.

Richter conducts sales activities on five continents and is directly present in more than fifty countries. The Richter Group consists of 66 member companies in total. 46 of these companies have a profile in the pharmaceutical manufacturing and sales business, which can be considered the Group's core business segment accounting for nearly 80% of its sales revenue. Another 11 companies are engaged in the pharmaceutical wholesale and retail business, and another 9 companies offer other services.

Within the core segment, several member companies (Gedeon Richter Plc, GR Romania and GR Polska) also carry out R&D activities. In addition, the organisational structure includes manufacturing companies (GR Romania, GR Polska, GR RUS, Richter-Themis Medicare, Richter-Helm BioLogics) and marketing network companies. It should be noted that marketing network companies include units that operate only as foreign trade representative offices and others that have greater legal autonomy as subsidiaries.

In total, the Richter Group employs nearly 13,000 people.

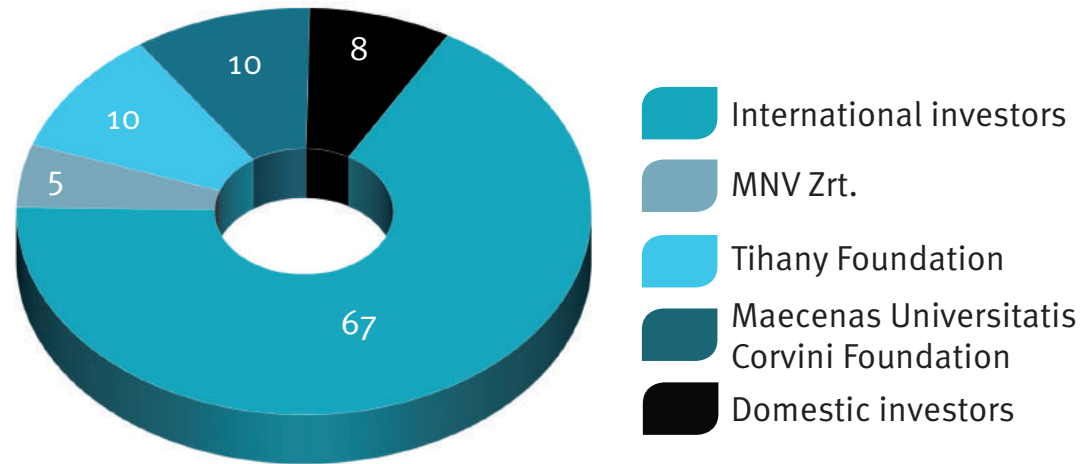


A full list of the member companies of the Richter Group can be found in Annex 1.

Ownership structure

By the end of 2020, the ownership of the Hungarian National Asset Management Company (MNV Zrt), owned by the Hungarian State, decreased to 5.25% following the transfer of a 10% stake by the Hungarian State to the Tihany Foundation. The share of domestic investors decreased to 8%, while the share of foreign investors increased to 67% at the end of the year under review. Equity capital accounted for 0.34 percent.

Ownership structure of Gedeon Richter Plc as of 31 December 2020 (%)



The ownership structure of the Richter Group is presented in the Sustainability/Corporate Governance submenu on the Richter corporate website.



Responsible corporate governance

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 for Gedeon Richter Plc only. A detailed description of this (General Meeting rules, shareholder rights, responsibilities and division of tasks of the Executive Board, the Board of Directors, the Supervisory Board and sub-committees; conflict of interest, remuneration and diversity policy, internal control and risk management system, etc.) is available on the Richter corporate website in the document “Report on Responsible Corporate Governance” under the sub-menu “Investors/General Meetings”. Accordingly, the remainder of this chapter addresses corporate governance at group level.

Corporate governance at group level

Over the past decades, Gedeon Richter Plc has become an international group of companies with a global network. The formation of an international group (hereinafter referred to as the Richter Group) has entailed the establishment and development of a subsidiary management and control system. This process cannot be considered completed, and Gedeon Richter Plc continues to face significant governance challenges and needs to find appropriate responses to them.

Composition of the Richter Group

Gedeon Richter Plc is a full-service 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 basic business segments. These are Pharmaceuticals Manufacturing and Sales, Pharmaceuticals Wholesale and Retail Trading, Other (see Annex 1 for a list).

The “core” business of the Richter Group is the pharmaceutical manufacturing and sales segment. In line with this, the focus of the Group’s management is clearly on its member companies in the pharmaceutical manufacturing and sales segment. The vast majority of the member companies belong to this business segment, operate on the basis of unified management (capital allocation, development policy, coordinated production and marketing) and are dominated by intra-group dealings with the parent company.

The Richter Group’s governance model

A holding company is defined as a group of companies the individual members of which operate under a single management for the purpose of unified market action, rational use of development resources, optimal allocation of capital and coordinated product, service and technology policy. The Richter Group is a pharmaceutical holding company. If, in a group, the parent company, in addition to its controlling ownership role, also performs product development, manufacturing and service roles, it is a ‘core holding company’.¹

¹ The fundamental question of core corporate governance is how far the two governance tasks are mutually reinforcing each other, and whether the performance of one of them is compromised.

In the case of the Richter Group, the parent company is not simply a holding company owned by its owners, responsible for subsidiary management, and the management of the member companies goes beyond the level of simple ownership management. In the Richter Group, the parent company's activities are dominant, as it accounts for around three-quarters of the Group's sales and 90-95% of its profit after tax, and some pharmaceutical functions (original research, production of steroid products, etc.) are performed exclusively by the parent company.

In the Richter Group as a holding company, the parent company has a dual role: on the one hand, it is the largest and most complex R&D, manufacturing and marketing member of the group, and on the other hand, as the group headquarters, it is responsible for the professional (strategic) and financial and asset management of the legally independent subsidiaries. The Richter Group is therefore a "core holding company".

Another fundamental feature of the group governance model is that in Richter's 'core' business, 'core holding management' is primarily functional management.

The parent company organisation is primarily – but not exclusively – functional: the primary structure consists of directorates for research, development, regulation, sales and marketing, production and logistics, engineering and finance, but the creation of the Biotech Business Unit has also introduced a business unit structure within the Company. The picture of the governance structure is further refined by the fact that the parent company's governance structure within the trading function has been regionally structured from the outset.

The management of the member companies is also primarily professional with a functional structure.

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 our affiliates, it is single-channel. The professional management of the marketing subsidiaries and representative offices is provided by the parent company's trading function, along with financial and accounting control and support in corporate law, labour law and compliance. The parent company manages a small number of service companies not included in the pharmaceutical manufacturing and sales segment, which belong to the Other segment, through service agreements and the use of ownership instruments. There is no dedicated management organisation at the parent company for the management of the businesses in the pharmaceutical wholesale and retail segment, which are essentially managed by Gedeon Richter Plc through its ownership instruments and financial reporting.

Controlling support for the management of the Richter Group (planning, reporting, consolidation)

Financial planning and the preparation and evaluation of financial statements are among the most important and coherent coordination and support tools for the management of the Group.

Annual business planning process

Since 2005, Gedeon Richter Plc has been making a consolidated annual business plan not only for the parent company, but also for the whole Group, including all representative offices and the subsidiaries that are most important for revenue and profit generation. The individual business plans made by the

subsidiaries are reviewed, revised and, if necessary, constrained by the parent company's professional functions, which ensure that the proposed plans are in line with the Group's strategy.

At the beginning of December each year, the Board of Directors of Gedeon Richter Plc approves the Group-wide Business Plan for the following year. The key numbers of the final plan for the affiliates are communicated to the member companies by the body representing the owner. Based on the agreed plan, allocation management is carried out at the parent company, while the subsidiaries are subject to a review of sales trends and budget monitoring.

Reporting

The main reporting document of the Group is the consolidated annual report, which is based on the data and reports supplied by the member companies. The quarterly interim management report has long since ceased to include parent company data, and the company has switched to reporting group-level data.

Due to the form and content of the annual report, all fully consolidated subsidiaries provide detailed data and information. In addition to the reports published by the Budapest Stock Exchange, the subsidiaries are required to provide detailed and regular reports.

Annual business planning process of the representative offices

The Commercial Directorate exercises its reporting role over the representative offices of the Richter Group, while maintaining a strict framework of management and a breakdown of group-wide cost control at country level. The Country Managers report twice a year to the Commercial Directorate's representatives, where they give an account of the development of turnover and the overall marketing budget, and the use of the annual budget allocation.

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

In addition to functional professional management and financial and accounting control, management through ownership instruments and support in company law, labour law and compliance play a very important role in the management of affiliated companies (subsidiaries, jointly controlled companies, major shareholdings).

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

- ▶ adoption and amendment of the Articles of Association of the member companies
- ▶ decisions on the composition of the Board of Directors of member companies and on the managing directors of member companies
- ▶ approval of the annual reports, decision on dividends
- ▶ any other matter which is referred to the owners by local company law

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

supreme body (General Meeting/Members' Meeting), management (Board of Directors) and the Managing Director (Country Manager).

The exclusive (non-revocable) competence of the **supreme body (General Meeting/Members' Meeting)** is always determined by local company law. The adoption and amendment of the deed of foundation (Articles of Association), the approval of the business results and the payment of dividends are the competence of the General Meeting in each country. The proposals on profit and loss allocation are made by the parent company's Finance function, taking into account whether the member company concerned has any outstanding loans to be repaid to the parent company. According to Richter's internal policy, an annual ordinary meeting of the supreme body (General Meeting/Members' Meeting) and, where there is a board of directors, a board meeting in preparation for the supreme body meeting must be held no later than 31 May for the approval of the annual report. In companies wholly owned by Richter, and where permitted by applicable local legislation, the Company decides on matters that fall within the competence of the annual general meetings by adopting an owner's resolution.

The **Management Board** 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 term of office of board members is country-specific, usually two-year terms with the possibility of re-election. The main responsibilities of the board include overseeing and supporting the activities of the managing director everywhere, 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. Richter is looking for opportunities for subsidiary boards to take a more active role in the implementation of decisions initiated by the parent company (e.g. preparing marketing budgets) at subsidiary level.

The **Managing Director** is appointed and removed by the Board of Directors or by the General Meeting/Members' Meeting in accordance with local company law regulations. There are examples of both models. The remuneration of the Managing Director is approved either by the Board of Directors or the General Meeting/Members' Meeting. The division of powers between the Board of Directors and the Managing Director is relatively free, but always depends on the local company law rules. A managing director has wide-ranging powers in the day-to-day running of the business, subject to the limits set by law, to act on any matter necessary to ensure the smooth running of the business, except that they have the power to sign up to a certain limit, beyond which they can only sign jointly with a member of the Board of Directors, thus ensuring proper control by the parent company. The limit always depends on the size and business of the subsidiary concerned.

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, which provides strong control to ensure that the meetings of the supreme body (General Meeting/Members' Meeting) are properly convened, conducted and recorded in minutes. On the other hand, each subsidiary has a person in the Legal and International Network Management Division 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.

As regards foreign subsidiaries, the Legal and International Network Management Department 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. The most important factors in selecting a person to head a representative office include commercial, marketing, economic and managerial knowledge gained in the local market, any experience accumulated at Richter or at one of Richter's commercial partners, as well as understanding local official procedures. The appointment, authorisation and approval of the employment contract signed with the head of a representative office fall within the competence of the relevant senior executives of the Commerce Directorate. 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 General for Commercial, International and Government Relations. The parent company's HR and Legal departments support the preparation and implementation of decisions. Decisions on the remuneration of managers at member companies and representative offices are made taking into account local and industry benchmarks, the complexity of the task and the manager's experience. It is the responsibility of the person exercising employer's rights (in the case of a member company, its board of directors) to assign bonus tasks to the head of a representative office or a company manager, to evaluate performance during the bonus period and to approve payment, in consultation with the heads of the parent company departments involved in the main activities of the unit concerned, in accordance with the approved business plan of the member company concerned.

Ongoing legal compliance support for subsidiaries, in particular on the following topics:

- ▶ As part of the legal support provided to subsidiary management in the area of data protection, it is worth mentioning the resolution of pharmacovigilance (PV) issues by Richter developing a privacy notice on the Pharmacovigilance and Medical Information Service ("PV Privacy Notice") and a related data protection framework for the EU subsidiaries of the Richter Group. From the beginning of 2019, the parent company assists the subsidiaries in coordinating the implementation processes related to the PV Privacy Notice and in responding to constantly incoming requests.
- ▶ Conflict of interest is also a legal issue, which is of particular importance for both the parent company and the subsidiaries. A comprehensive conflict of interest policy has been developed to ensure uniform management at group level. The purpose of the Policy is to ensure that Richter and all member companies and representative offices of the Richter Group make business decisions free from undue influence by personal interests, to make employees aware of potential conflicts of interest, to prevent conflicts of interest from arising, and to manage existing conflicts of interest.

Control elements in the management of subsidiaries and representative offices

A local internal auditor is employed at some of the more complex subsidiaries (GR Romania, GR Polska, Mediplus Group), while at the large Western European subsidiaries Richter has replaced the internal auditor with a compliance officer.

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 by units of the parent company;
- ▶ operating a group-wide compliance system.

In addition to these internal control activities, the activities of auditors provide very strong and professional external control.

In-process financial control of subsidiaries and representative offices is achieved through the monitoring of monthly cost statements.

Carrying out on site internal audits abroad

Based on a list of tasks agreed in advance, the audit checks the existing internal regulations, the application of group-wide regulations issued by the parent company and the reporting and planning methodology, supplemented with other, company-specific topics if necessary. On-site inspections of representations are carried out every 2-4 years.

Group-wide controls are implemented **through the Global Compliance Programme** in the areas of anti-bribery and corruption, liaison with healthcare professionals, compliance with pharmaceutical industry legislation, data protection, competition law, and compliance with capital markets regulations:

- ▶ 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 compliance team, reporting on the training 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
- ▶ 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.

External control, audits by auditors

As a general rule, the annual accounts of all subsidiaries are audited by an external auditor in accordance with local requirements. The audits carried out by the group auditor (Deloitte) are of particular importance, which cover both the group-wide and individual company IFRS accounts:

- ▶ Non-consolidated interim balance sheet and annual report of Gedeon Richter Plc
- ▶ Consolidated interim balance sheet and annual report of Gedeon Richter Plc

Local Deloitte teams, in close cooperation with the Group auditor, audit the annual reports of the priority subsidiaries listed below (these local audits cover both the audit of the reports under local regulations and the audit of the IFRS reporting provided for the Group's annual reports, with pre-defined priority audit topics and materiality thresholds):

- ▶ AO Gedeon Richter – RUS (production subsidiary in Russia)
- ▶ Gedeon Richter Polska Sp. z.o.o. (production subsidiary in Poland)
- ▶ Gedeon Richter Romania S.A. and Armedica Trading S.R. L. (Romanian production subsidiary and holding company)
- ▶ Gedeon Richter Farmacia S.A. (pharmacy subsidiary in Romania)
- ▶ Pharmafarm S.A. (Romanian wholesale subsidiary)
- ▶ Richter-Helm Biologics GmbH & Co. KG (biotechnology joint venture in Germany)

External annual audits usually include a two-week intensive local audit activity and not only provide the necessary assurance for the adoption of the annual reports, but in many cases also highlight tax and compliance risks.

Coordination forums for subsidiary governance

Coordination of subsidiary management is carried out at several different forums, with varying regularity, within the system established by the parent company (monthly region-specific international meetings, quarterly periodic business reports and annual planning meetings).

The effectiveness of the management of Richter as a pharmaceutical group depends on

- ▶ how effectively Richter as a parent company, playing a dual role in functional management in the different areas, especially in the commercial area, can fulfil the role of functional management of subsidiaries and representative offices by HQ,
- ▶ the quality of financial, controlling, corporate law and compliance support,
- ▶ how effectively the appointed local executive directors and country managers are carrying out their duties,
- ▶ and how the parent company can enforce the Group's requirement to improve efficiency and profitability in organisations that are predominantly "cost centres".



Business ethics

The Global Compliance Programme of Gedeon Richter Plc brings together and systematically specifies the values and standards to which the employees of the Richter Group must always adhere. The business activities of the Richter Group, including R&D, manufacturing, marketing, sales and promotional activities, have always complied with applicable laws and regulations and have always met the highest ethical standards expected in the pharmaceutical industry.

At the Richter Group, ethical conduct is ensured by the Global Responsibility Programme and the group-wide Code of Ethics applicable to all employees. The Compliance Handbook, which consists of ten separate policies, is part of the Global Compliance Programme and is intended to express our commitment to lawful and responsible daily operation. Therefore, the Group expects its employees, advisers, representatives, suppliers and other business partners to always respect, adhere to and enforce compliance with the requirements of the Compliance Handbook and its revised and updated Code of Ethics in all their dealings with market participants – including healthcare specialists, patients, healthcare organisations, business partners, suppliers and distributors – and to require the above to exhibit the same kind of conduct.

The revision of the Compliance Handbook is ongoing. The first comprehensive review was carried out in 2018, justified by the changes in the legislative environment, in particular, the General Data Protection Regulation of the European Union (GDPR), which has entered into force in the meantime, as well as by the development of new internal regulations, changes in the Company's staff and organisation, and the experience gained from the day-to-day application of the policies, based on comments from the relevant functions.

As part of the extension of the Programme, the relevant parts of the Compliance Handbook have been translated into national languages and adapted to local conditions so that they can become part of local regulations and practical codes. Following the localisation of compliance training materials, local colleagues were also able to receive the necessary training. In 2020, the Conflict of Interest and Business Secrets policies were added to the Global Compliance Programme.

The Compliance Handbook of the Richter Group comprises 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. The Code of Ethics specifically provides for the conduct expected of Richter Group's employees, specifying higher standards for senior employees and guidelines to be followed when communicating across the Group and with business partners.
- ▶ **Business Conduct and Transparency Policy:** This Handbook is one of the most important elements of our compliance system, which brings together and systematically specifies anti-corruption, pharmaceutical law and transparency regulations, including the rules applying to liaising with healthcare specialists.
- ▶ **Handbook for Compliance with Competition Law and On-site Inspection without Prior Notice:** Brief overview of EU's competition regulations; for the sake of clarity, the most critical situations in terms of competition law are illustrated through case studies and presented in a detailed action plan on the procedure to be followed for on-site inspections carried out without prior notice.
- ▶ **Corporate Communications Handbook:** This document regulates the content of and the proce-

sure for statements made to the media and provides guidance on what information can be disseminated by whom and to whom.

- ▶ **Pharmacovigilance Handbook:** 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 Company Law Regulations Handbook:** This document introduces the mandatory domestic 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 Handbook:** 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, the DTC campaign websites, Facebook presence), 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. The Policy contains a number of specific procedures and data protection rules to ensure the highest possible level of security, lawfulness, transparency and support for data subjects in exercising their rights
- ▶ **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.

The Richter Compliance Team regularly provides in-person and online training to employees in connection with the Richter Group Compliance Handbooks. The trainings can be mandatory online sessions for all employees (Code of Ethics, Anti-Corruption and Bribery Training, Data Protection, etc.) or specific to a particular area (marketing promotion, competition law, transparency, etc.).

Number of participants in Anti-Corruption and Code of Ethics trainings in Hungary

Total parent company headcount	Basic rules for combating bribery and corruption*	Code of Ethics
Total headcount on 31/12/2018: 5,623 persons	1,408	-
Total headcount on 31/12/2019: 5,797 persons	760	-
Total headcount on 31/12/2020: 5,828 persons	428	2,316

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

In 2020, Richter introduced Compliance & Data Privacy Dotted Line Reporting, which aims to create a closer link between the parent company and its subsidiaries and to increase the transparency of compliance and data privacy activities of subsidiaries. In the Compliance & Data Privacy Dotted Line Reporting system, a semi-annual reporting obligation has been established, based on a simple and transparent questionnaire.

Protection of human and labour rights

Under the Group's Code of Ethics, employees are required 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 rough and cruel treatment of employees.

It should be emphasised that in our international relations, we consider it important and expect our subsidiaries and partners to act in accordance with good practice, and that it is essential to protect and respect human and labour rights, which are derived from the Code of Ethics and are binding.

In every country where we operate around the world, we are committed to upholding binding 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, the 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 take particular care to protect the rights of our employees and treat them with respect and dignity. In all cases, we comply with international guidelines: we guarantee freedom of association and freedom of organisation, we prohibit forced labour, we do not use child labour, and employment discrimination is prohibited. We believe it is important to regulate working hours, recruit ethically and pay particular attention to setting competitive wages and making the principle of equal pay for equal work a reality. At European Union level, the Charter of Fundamental Rights serves as a model for our Company, as the principles of dignity, freedom, equality and solidarity permeate Richter's business. In addition, certain labour law directives are also part of our work, such as Directive 2003/88/EC on certain aspects of the organisation of working time, Directive 97/81/EC on part-time work and Directive 1999/70/EC on fixed-term work.

Advocacy

The interests of employees at the parent company are represented by the VDSZ Pharmaceuticals Trade Union, which is an independent civil advocacy organisation operating as a legal entity since April 1992. The trade union represents all employees of Richter's organisational units in Hungary. VDSZ has a total of 1,430 active members and a larger number of retired members. The advocacy organisation exercises all trade union rights, one of the most important manifestations of which is a collective bargaining agreement, which has a long tradition going back decades. The scope of the Collective Agreement covers all employees employed by Gedeon Richter Plc provided that they normally perform their work in Hungary. The scope of the Collective Agreement does not apply to the Chief Executive Officer, nor to senior executives. Since 2019, another advocacy organisation, a local section of the Trade Union of Multinational Companies (MCDSZ) has also been carrying out advocacy activities at our Company.

A line of communication is maintained constantly with the HSE Committee to ensure satisfactory working conditions. The traditional right of employees to make joint decisions is exercised by a Works Council, which operates in compliance with applicable law. Its most important tasks include approving the allocation of the welfare budget. It functions as an information bridge between the employer and the employees.

At subsidiary level, we ensure the operation of local representative organisations in each country, in accordance with the legislation of the country concerned. As these may take different forms in different countries, the parent company sets as a matter of principle and expects local management to provide employees with the collective labour rights (right to organise, right to form or join a trade union) under the laws of the country concerned, if they wish to exercise them.

We are committed to protecting fundamental constitutional rights including the prohibition of any discrimination based on race, colour, gender, language, religion, political or other views, ethnic or social origin, wealth, birth or any other circumstance.

Richter supports and helps create a work environment free from verbal and physical harassment. Managers are responsible for ensuring that harassment and discrimination do not arise in their organisational units. Richter also aims to create an environment free from retaliation. Retaliation against an employee who seeks advice in good faith, raises concerns, reports abuse, or provides information in an investigation is strictly prohibited.

Conflict of interest and independence

The purpose of the Conflict of Interest Policy developed in 2020 is to ensure that the parent company and all member companies and representative offices of the Richter Group make business decisions free from unlawful interference with 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 first part of the Policy sets out the generally expected behaviours that are mandatory for all employees, including patterns for recognising and avoiding conflicts of interest (e.g. incompatible forms of employment or benefits that may be used for influence), and instructions defining how to inform superiors and how managers should act. The second part provides for different levels of risk, names them and sets out a set of 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, they may engage in such activities strictly as individuals and in no way on behalf of the Company. Employees of the Richter Group are prohibited from engaging in personal political activities or from using the Richter Group's property or assets for such purposes during working hours.

Because of the increased risk of corruption, the Company does not support political parties, does not engage in lobbying activities and does not influence the financial decisions of national governments. Richter has strict rules for liaising and cooperation with public sector employees and government officials.

Anti-corruption

The principles for combating corruption and bribery are set out in the Code of Business Conduct and Transparency in the Compliance Handbook. The first chapter of the Code, the Anti-Bribery and Corruption Handbook, contains detailed provisions on the rules to be followed by Richter Group employees (including senior executives) in order to avoid active and passive participation in corruption. In its activities, the Richter Group constantly strives to comply with the strictest standards of integrity and applicable laws and regulations in all respects.

The Group expects its employees to adhere to the highest ethical standards and is committed to complying with all local and international anti-bribery and anti-corruption laws and regulations applicable to its operations worldwide.

The Group expects integrity and transparency and pursues a policy of zero tolerance for fraud and all other corrupt activities, regardless of whether the perpetrator is an employee or a third party acting on behalf of Richter. Irrespective of local practice, business culture, or the nature of a request for bribery or other unfair advantage, employees and third parties are strictly prohibited from actively engaging in or passively tolerating corruption in connection with the Company's business.

The Richter Group strictly prohibits its employees and any person acting on behalf of or representing the Group from offering, giving, soliciting, accepting or receiving bribes. Employees and other persons acting on behalf of or representing the Company may never offer or give any sum of money or other benefit (and may not authorise this) for the purpose of exercising undue influence over a government official or providing (or giving the appearance of providing) an undue business advantage.

No employee may be retaliated against or otherwise disadvantaged and demoted for refusing to accept or pay bribes or accepting or granting an unfair advantage, and for complying with the Anti-Corruption Handbook, even if the Richter Group loses a business opportunity as a result.

All employees of the Richter Group receive mandatory ethics, anti-corruption and anti-bribery training as part of the onboarding process.

Transparency

A transparent system of relationships and network of contacts between the Richter and Patient Organisations, Healthcare Professionals and Healthcare Providers facilitate informed decision-making for external stakeholders and contribute to the prevention of unethical and illegal conduct. Therefore, Richter requires its affiliates to disclose Benefits that may potentially lead to a conflict of interest, or to encourage the Beneficiary to do so, if this disclosure is in the interest of patients or the public.

Under applicable rules, regulations and other requirements, pharmaceutical companies are required to disclose, either publicly or directly to relevant stakeholders, payments, other benefits to and agreements with Patient Organizations, Healthcare Professionals and Healthcare Providers.

As a member firm of Medicines for Europe, Richter must directly apply to its business the rules and requirements of the Medicines for Europe Code of Conduct or rules and requirements that are compatible with and at least as comprehensive as those set out in the Medicines for Europe Code of Conduct. Affili-

ates must also adhere to the Medicines for Europe Code of Conduct or a code adopted by the national organisation that is a member of Medicines for Europe, unless they are self-regulatory organisations or are subject to other transparency schemes or to local transparency reporting rules of laws and regulations that are at least as stringent as the Medicines for Europe Code of Conduct.

The parent company and its affiliates should disclose assignments and Benefits in their Annual Transparency Report that could potentially lead to a conflict of interest, and also encourage recipients of benefits to disclose the above where disclosure of the benefits is in the best interests of patients or the public. Disclosure must also be made on the websites of Richter and its affiliates, unless national rules require publication on another platform. Transparency information was disclosed in 2020 as well.

Whistleblowing, reporting ethical issues

Richter’s Legal and International Network Management Division maintains a Compliance Hotline, which is a group-wide system for managing notifications related to issues specified in the Compliance Handbook. Employees can report abuses and ethical violations detected by them by email and telephone – if necessary, anonymously – which will be investigated under the coordination of the Legal and International Network Management Division.

In recent years, the use of the Compliance Hotline has become common, with Richter staff increasingly asking questions about the Compliance Handbook and the Global Compliance Programme. In FY 2020, a total of ten notifications were received globally through the Compliance Hotline, broken down as follows.

Compliance notifications via the Compliance Hotline in 2020

Number of compliance notifications	10
Justified cases*	2
3rd party fraud against Richter	1
Other infringements	1

*when an infringement occurred

Data protection

The Group believes it is of utmost importance to act in accordance with data protection rules and best practices when processing the data of natural persons who come into contact with it, and to process the personal data of natural persons in a lawful and transparent manner. In the vast majority of cases, Richter is the organisation that processes personal data, whether in connection with organising events, reporting side effects, or conducting surveillance of a factory site for security purposes.

In carrying out these activities, the protection of and respect for the rights and freedoms of the persons concerned is a top priority.

In developing its data protection framework, the Richter Group has launched its Data Protection Programme, continuously updates the Global Data Protection Policy and has created a number of specific data protection policies, procedures and sample documentation, both for the parent company and its subsidiaries.



It is important for the Richter Group to maintain the trust of its customers, employees and partners by conducting its business ethically and in compliance with the relevant law as a top priority. One important element of this is that individuals have a legitimate expectation that the Richter Group will handle their data in a lawful manner and that they do not have to fear that their data will be disclosed to unauthorised persons.

Our objectives to improve business ethics

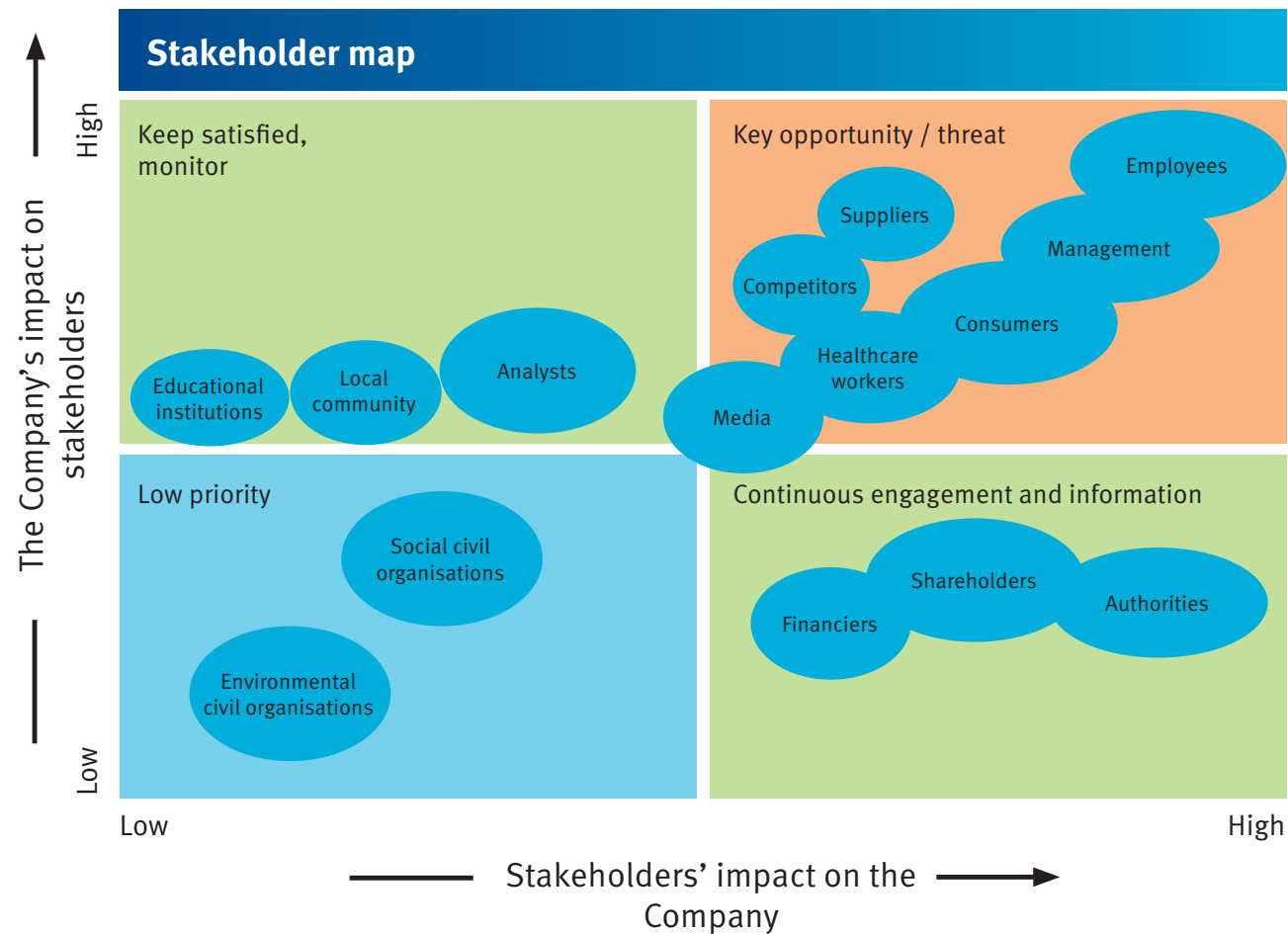
Objective 2020	Status
Development and implementation of a Conflict of Interest Policy at the parent company	implemented
Thorough revision and update of the Compliance Handbook	implemented for the Code of Ethics
Regular training for employees	implemented
Regular contact between parent company compliance colleagues and subsidiary compliance colleagues	implemented (Dotted Line Reporting since 2020 H2)
Objective 2021	
Ensure operation in compliance with EU Directive 2019/1937 on the protection of persons who report breaches of EU law by implementing a dedicated IT system (Virtual Compliance Officer).	
Implement a Global Conflict of Interest Policy at group level.	
Review of the “Policy for the Management of Notifications on the Compliance Hotline”, Annex 1 of the Code of Ethics.	

Stakeholder engagement

We considered the following criteria for determining the scope of stakeholders:

- ▶ Who are influenced by the Company’s business?
- ▶ Who influence the Company’s business?
- ▶ Who are the stakeholders that directly depend on the Company’s business and profitability?

Based on the survey, we created the Group’s stakeholder map, where the size of the circles indicates the level of interest of the stakeholder in the responsible and sustainable business of Gedeon Richter, which looks like this:



High level of interest	Medium level of interest	Low level of interest / no interest
Authorities Employees Consumers Management Shareholders	Financiers Media Healthcare workers Analysts	Educational institutions Environmental NGOs Social NGOs Local communities Competitors Suppliers

Stakeholder communication in practice

Medicines are trust-based commodities, which are used to cure patients. The main objective of our communication practice is to maintain this trust, for which the most important tool is transparency. We assess the economic, environmental and social impact of our activity by monitoring the results and impacts of the individual campaigns and objectives, as well as by conducting research studies. We communicate the results of these through all available communication channels primarily to consumer, financial and investor target groups. Members of the Richter Group employ a variety of communication channels and tools to inform and engage its stakeholders. Their regularity and systematic nature may vary from country to country and from topic to topic. Whether one-way or two-way communication methods are used, Gedeon Richter and its subsidiaries, as well as its representative offices seek to cover and integrate, as efficiently as possible, the key sustainability topics. Although this is not complete

yet, it does provide the Group with the ability to understand the most important expectations of its stakeholders and incorporate them into their operations to improve their sustainability performance. The table below shows that there is a form of communication and engagement for all stakeholders, primarily in a country-specific structure. Subsidiaries use their own local communication channels and messages to shape their engagement with local stakeholders along group-wide guidelines and values. It is the headquarters of the Group that is primarily responsible for liaising with the owners, financiers and industry analysts.

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	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue
Questionnaires (e.g. satisfaction surveys), forums, panels	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue
Engagement of stakeholders via committees, providing expert opinion or certification	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue
Voluntary, personal engagement at stakeholders	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue
Training and development for stakeholders	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue
Training and development provided by stakeholders	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue
Joint programmes and projects	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue
Brainstorming and opinion boxes or hotlines	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue
Sustainability Report (Group-wide)	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue
Industry initiatives, industry associations	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue
Company meetings (for the management, for a region or for all employees)	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue
Negotiations with representatives	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue
Formal meetings, negotiations, presentations	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue
Informal meetings	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue
Lobbying and corporate relations activity	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue
Open days, company visits	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue
Support, sponsorship	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue
PR and marketing	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue
Blogging	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue
Media monitoring and media analysis	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue
Complaint hotline and complaint management	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue

Legend: ■ regularly used ■ occasionally used rarely used

Membership in organisations and industry representatives

One of the key ways of representing our interests is to participate in various Hungarian and international organisations. Our role in the National Association of Hungarian Pharmaceutical Manufacturers (MAGYOSZ) is of paramount importance in Hungary. Established in 1990, this sectoral representation body brings together companies operating in the pharmaceutical sector, represents and coordinates our common interests, serves as an intermediary between its members, and monitors Hungarian and international R&D trends and the economic situation. This makes it easier for us to exert our influence in matters relating to regulation, and make our decisions when developing our market strategy. At the European level, a similar representative and coordinating role is played by Medicines for Europe, an industry association of European generic and biosimilar manufacturers that play a key role in the continent's pharmaceutical industry, of which Richter has been a member almost from its inception. This international membership ensures the professional involvement of the Richter Group at a global level.

We are members of the following important organisations:

- EOQ European Organisation for Quality, Hungarian National Committee
- KÖVET Association for Sustainable Economies
- Hungarian Association for Innovation
- Association of Hungarian Chemists
- Hungarian Chemical Industry Association
- National Association of Hungarian Pharmaceutical Manufacturers (MAGYOSZ)
- Business Council for Sustainable Development in Hungary (BDCSH)
- Medicines for Europe

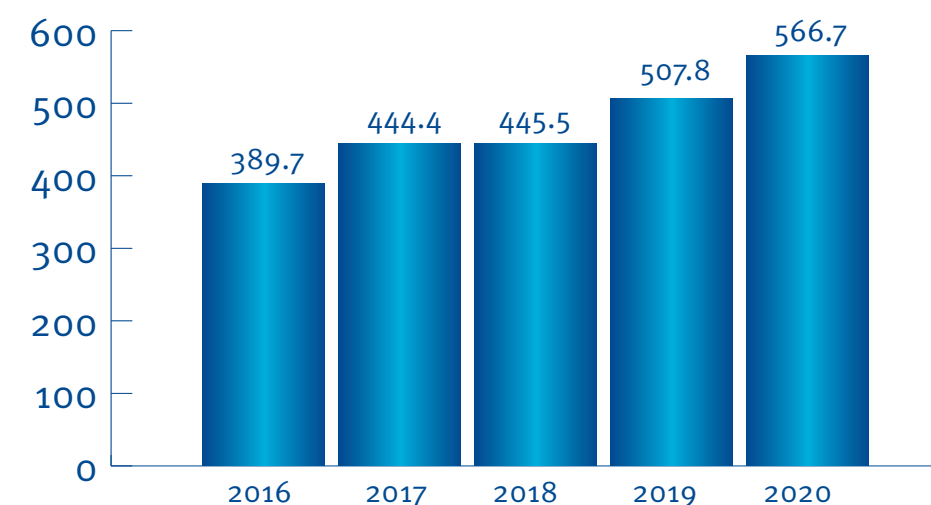
Stable background and economic performance

Our business results

Gedeon Richter Plc is a specialised Hungarian-based multinational pharmaceutical company built on innovation. Its strategy is based on organic growth along with targeted acquisitions, primarily in the field of gynaecology. The Company's mission is to preserve health and improve quality of life by marketing high added-value, original and biosimilar products with specific know-how in their development and production. With a 120-year history, Richter has production and development subsidiaries in six countries in addition to its domestic production units, and distributes its products to almost one hundred countries around the world through its own market network. Over 90% of its sales revenue comes from exports.

The Richter Group's sales revenue in 2020 amounted to HUF 566,776 million (EUR 1,614.8 million), which represents a 11.6% increase (3.5% in EUR) year on year.

Sales revenue (billion HUF)



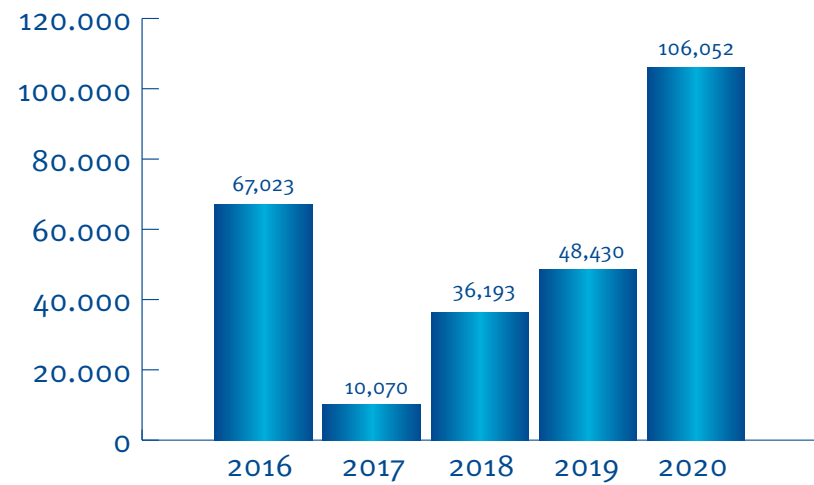
Sales revenue in each region (million HUF)

	2018	2019	2020
Hungary	39,472	40,502	41,891
EU	181,766	208,847	227,533
EU12	123,615	143,257	157,058
Poland	24,204	23,428	26,380
Romania	75,343	93,972	102,859
EU15	58,151	65,590	70,475
CIS	133,356	137,399	139,615
Russia	92,404	86,911	85,844
Ukraine	8,380	11,540	13,161
Other CIS countries	32,572	38,948	40,610
USA	35,985	71,101	108,509
China	26,384	18,975	10,764
Latin America	9,207	10,665	10,999
Other countries	19,314	20,305	27,465
Total	445,484	507,794	566,776

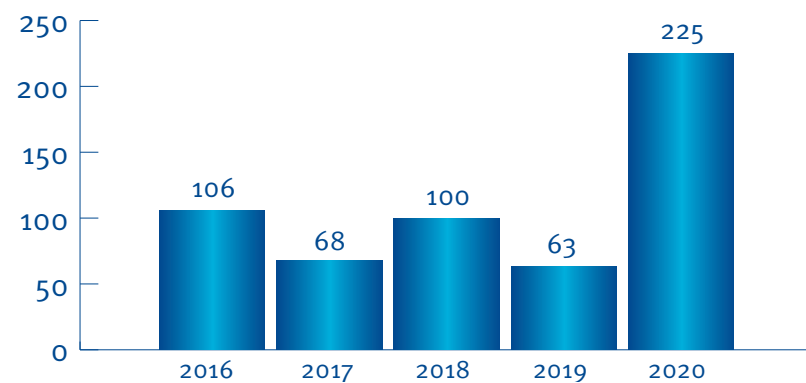
Key financial data

	2016	2017	2018	2019	2020
Total sales revenue (mln HUF)	389,690	444,356	445,484	507,794	566,776
Operating profit/loss (mln HUF)	54,616	20,711	45,040	39,896	115,089
Profit after tax (mln HUF)	67,023	10,070	36,193	48,430	106,052
Earnings per share (EPS, HUF)	356	48	190	253	563

Profit after tax (mIn HUF)



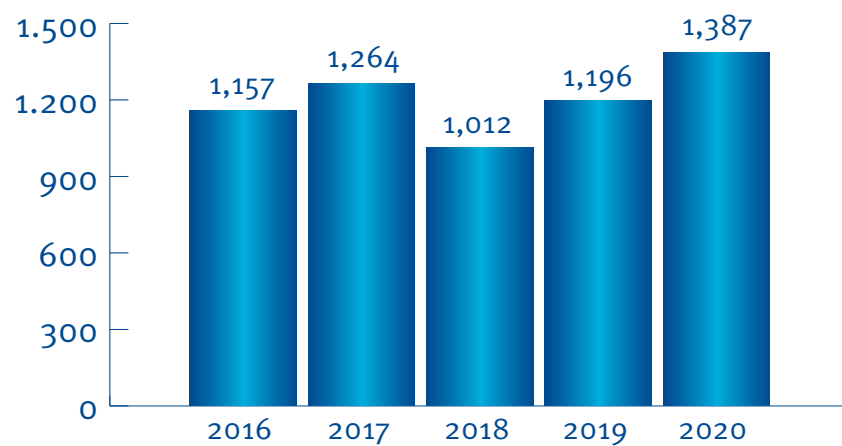
Dividend per ordinary shares (HUF)



Stock market presence

Richter's registered shares were listed on the Budapest Stock Exchange on 9 November 1994. In the same year, our Company was the first in the Central and Eastern European region to list its shares on SEAQ London.

Market capitalisation (billion HUF)*



*All data based on total number of shares and year-end share prices

Supply chain

Our Company places great emphasis on its sourcing processes, in which it has the same high expectations of its suppliers as it has of itself. Our organisations responsible for sourcing need to be as efficient as possible in this extremely broad and rapidly changing area, adapting to the increasingly more stringent quality and legal regulations typical of this business environment. As a result of the centralisation of procurement in recent years, in 2020 there were only two procurement centres at the parent company specialising in these functions, which provided all the tangible and intangible assets required for Richter's core business, operations and management.

The Strategic Procurement and Active Substance Division is responsible for the procurement of product groups necessary for production as well as research and development needs, while the General Procurement Division acts as the central management unit for the other, indirect and direct procurement categories. In procurement, we strive to create the most efficient supply chains possible (in terms of cost, time), largely determined by high quality expectations.

In line with these objectives, our Procurement Policy was updated in 2020 and is presented in Annex 3. Our Company expects and requires all employees and partners to adhere to these principles, and their implementation in practice is governed by the Procurement Code applicable to the parent company. For our staff, this is set out in a standard operating procedure, and for our Partners in the pre-qualification process of the Supplier Qualification System and the relevant chapters of contracts.

In the case of non-compliance, the Legal and International Network Management Department is the competent body, but in 2020, it did not receive any notifications.

We also strengthened the environmental protection aspects of our Supplier Rating System, in line with the objectives set: pre-qualification questions were formulated in relation to the management system used, as well as to environmental protection, safety/health protection and social responsibility.

Our supply chain objectives

Objective 2020	Status
Updating the Procurement Policy	implemented
Strengthening the environmental aspects of the Supplier Rating System	implemented
Objective 2021	
Extending the Procurement Policy to the group level	
Presentation of the Supplier Rating System at group level	



Our products: product development and product liability

Richter's business strategy for 2018-2028 is to become a prominent player in the league of European-based midpharma companies, where the company currently belongs. To this end, the product portfolio, the related knowledge base, infrastructure and commercial capability are constantly being developed, with a focus on products with high intellectual added value. To do this, Richter needs to focus its resources on areas where it has specific expertise: the central nervous system in original research, gynaecology and biosimilar product development.

Strategic pillars – therapeutic focus

Our strategy sets clear directions for each element of our highly diversified product portfolio. Strategic pillars that take into account the different life cycle of each product stemming from their specific properties provide a coherent framework for portfolio management. Original research and biotechnology are the pillars for the initial phase of a product's life cycle and for its long-term development. The pillars representing the growth engine for the 2018-2028 period are life cycle management of Richter's proprietary success product, cariprazine, and women's healthcare. The defensive leg of the strategy consists of branded generics and a traditional portfolio. The contribution of each pillar is equally important to the success of the strategy and to our mission: to provide high quality medicines at affordable prices worldwide. Richter's strategic pillars are presented below:

Cariprazine

This pillar aims to maximise the market potential of the product by developing new forms of packaging, expanding therapeutic areas and increasing geographical coverage.

Original research – Focus on the central nervous system

Research into new, original compounds has always been a priority in Richter's strategy. Our researchers continue to focus on disorders of the central nervous system. The aim of this strategic pillar is to develop a new molecule in a cost-effective way within the strategic horizon and submit it for registration by properly managing the project pipeline and involving new partners.

Gynaecology

One of the key business areas in which Richter intends to take advantage of market niches is gynaecology. Richer has deliberately implemented several development projects and set up production facilities to be able to carry out the lengthy and complex procedures required for manufacturing high-quality gynaecological products. The aim of this strategic pillar is to become the market leader in geographical Europe.

We seek to achieve this objective by entering new niche markets in gynaecology targeting new medical needs, introducing products that define their own market segment, and finding partners. This is facilitated by the purchase of innovative products or late-stage projects in any of the following sub-

segments: women’s fertility, uterine fibroids/endometriosis, female contraception, gynaecological infections and hormone replacement.

Biosimilar business

The microbial fermentation-based development and manufacturing plant in Germany (Richter-Helm Biologics), acquired in 2007, has been complemented by building a greenfield biotechnology facility in Hungary based on mammalian cell-based fermentation technologies. The biotechnology business contributes to the Group’s current and future revenues by developing and marketing our biosimilar portfolio. The search for new business and licensing opportunities, identifying and developing toll manufacturing opportunities, the involvement of partners in ongoing development projects, and the expansion of the geographical availability of teriparatide facilitate the accomplishment of our goals. The therapeutic areas selected for development are osteoporosis and rheumatology.

Branded generic and traditional products

Since the turnover of the traditional and branded generic portfolio accounts for around half of the sales revenue of the pharmaceutical segment, this product line remains the cornerstone of our business. Our business model based on vertical integration includes the in-house development and production of finished products, most of the active substances, as well as the sale of the full product range. Our goal is to maintain our position in our traditional markets by building on our well-established corporate and product brand awareness.



Product line

The Group manufactures more than 200 drugs presented in 400 different forms, offering effective, modern and affordable treatment in almost every therapeutic area. Close to fifty percent of our revenue in 2020 came from sales of high value-added specialty products (cariprazine, gynaecological and biosimilar products), and the other half from branded generic and traditional products.

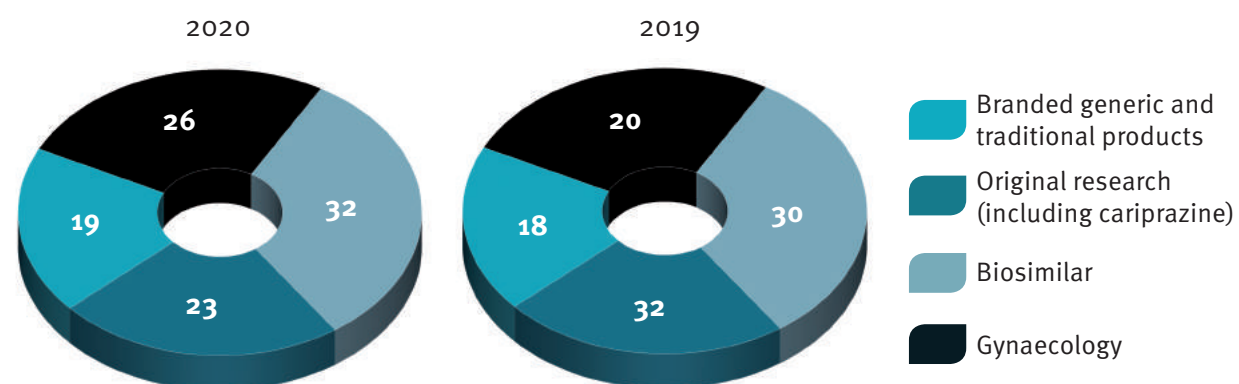
Turnover of the top 10 products

Product	Active substance	Therapeutic area	2020 (HUF m)	2019 (HUF m)	Change (%)
Oral contraceptives	hormones	Gynaecology, oral contraceptive	107,816	95,097	13.4
Vraylar/Reagila	cariprazine	Central nervous system, antipsychotic	90,798	57,686	57.4
Mydeton	tolperisone	Muscle relaxant	17,366	19,811	-12.3
Bemfola	follitropin alfa	Gynaecology, fertility	16,688	16,127	3.5
Panangin	asparaginate	Cardiovascular, cardiology	16,165	15,115	6.9
Verospiron	spironolactone	Cardiovascular, diuretic	14,773	13,542	9.1
Cavinton	vinpocetine	Central nervous system, nootropic	13,180	24,529	-46.3
Groprinosin	inosine pranobex	Antiviral	12,880	7,811	64.9
Aflamin	aceclofenac	Non-steroidal anti-inflammatory drug	10,595	10,759	-1.5
Lisonorm	lisinopril + amlodipine	Cardiovascular, antihypertensive	9,650	8,043	20
Total leading products			309,911	268,520	15.4
Revenue of pharmaceutical production			457,264	407,342	12.3
Share of top 10 products (%)			67.8	65.9	

Research and development – quality healthcare

Richter’s aim is to continuously provide the population with state-of-the-art products and to contribute to the improvement of the quality of human life through its activities. Original drug molecule research and innovation have been key to Richter’s strategy ever since it was founded in 1901. With more than 1,200 people in research and development, our Company has become the most important pharmaceutical R&D centre in the Central and Eastern European region. Drug research and development encompasses four strategic directions: recombinant biotechnology activities, research and development of original small molecule drug candidates, late-stage gynaecological projects, and the development of generic drugs.

Distribution of R&D costs (%)



Cariprazine and its related products

The acceptance of our application for marketing authorisation of the cariprazine molecule in 2015 by the United States Food and Drug Administration (FDA) for the treatment of schizophrenia and bipolar disorder was a major milestone for both our small molecule original research and the Hungarian pharmaceutical industry as a whole. The product's success story continued in 2017 when, at the proposal of the European Medicines Agency, the European Commission granted marketing authorisation for schizophrenia in the territory of the EU. To expand the medical uses of cariprazine, we also conducted clinical trials using the molecule with patients displaying other depressive disorders, of which the clinical trials studying bipolar depression were particularly successful in 2017, and the extension of the product's indication was approved by the authorities in 2019. In addition to cariprazine, we have 10 projects with new compounds underway, two of which have successfully completed Phase I trials, while the others are still in the preclinical phase of research. In 2019, Richter significantly refocused its target therapeutic indications as part of its original small molecule R&D strategy. In recent years, we have continued to focus our resources on research into the symptomatic treatment of illnesses in the negative and positive (psychotic) symptom domains of psychiatry, as well as into the treatment of cognitive disorders. Our aim is to address the significant medical and social needs in these therapeutic areas by developing new small molecule drugs. Significant progress has been made in the preclinical phase and several studies of our basic research have been published in prestigious international journals. We have included potential drug targets in our research topics that represent a great challenge, as well as a significant innovation value. To share the high risks inherent in pharmaceutical research projects and increase professional knowledge, we carry out research collaborations involving many of our employees with Hungarian and foreign professional partners.

Animal experiments at Richter

Due to regulatory requirements for the authorisation of medicinal products, the safety and efficacy of active substances must be demonstrated in animal experiments. At Richter, according to the internal instructions and practices of the Research Directorate, animal experiments may only be carried out within the framework of projects, and only in cases where the use of animals cannot be replaced by

other means. The person ultimately responsible for ensuring compliance with the legal requirements for animal experiments is the Director of Research, who delegates the supervision of work with animals to the Head of Pharmacology, the heads of the animal laboratories and the In-house Animal Welfare Committee. The Head of Pharmacology is responsible for ensuring that animal experiments are carried out in accordance with the project authorisation issued by NÉBIH (National Food Chain Safety Office). Project applications submitted by the Company to NÉBIH are evaluated by ÁTET (Scientific Ethics Council for Animal Tests). The storage and use of animals in accordance with social and official requirements is ensured by the Gedeon Richter Animal Experimentation Code (ÁKSZ), which ensures compliance with Decree 40/2013. (II.14.) and the Directive of the European Parliament and of the Council on the protection of animals used for scientific purposes (2010/63/EU). In accordance with the requirements of the Animal Experiments Decree and the Directive, Richter's designated Animal Welfare Officer is responsible for overseeing the welfare and care of the animals at the Company. Richter has an In-house Animal Welfare Committee (IAWC) in place, which is responsible for drafting its internal animal testing regulations, monitors their implementation, gives preliminary approval for the animal testing methods to be submitted to the authority, organises regular annual trainings on animal testing for the staff involved, and has the right, at the same time as notifying the veterinary authority, to suspend any animal experiment if the welfare of the animals so justifies. The IAWC is assisted by a designated veterinarian. According to Hungarian legislation, a project authorisation for animal experiments must be renewed every five years. The conditions under which animals are kept and the performance of animal experimentation work in accordance with the law are checked every 3 years by the Hungarian state authorities (NÉBIH).

Staff working with animals are specifically qualified to work with live animals, as required by law. We consider it important to note that animals, as well as equipment and nutrients suitable for their care are procured only from an ISO certified supplier. These measures give us an efficient tool to ensure that the strictest animal welfare regulations are enforced, and we apply these expectations to our contractual partners as well.

An application for animal testing submitted to the Authority must include demonstration and authorisation of the application of the '3R' (Replacement, Reduction and Refinement) principle in accordance with scientific purposes. Local ethical regulation is intended to ensure that the use of animals for experimental purposes is the result of a carefully considered, rational decision and that all factors are weighed to ensure compliance with the 3Rs Directive. When permitted by a particular experiment, statistical methods are used to determine the optimal number of animals to use in it. At Richter, we are committed to developing new medicines to treat psychiatric disorders through the use of animal tests. To the best of our knowledge, it is not yet possible to fully replace the living and functioning animal brain for this purpose with other, non-living systems³. As a result of applying these principles for decades, by 2020 the annual use of animals at Richter declined to 29.5% of the number of animals used in 2010. In 2010, 46,708 animals were used for scientific experiments, but only 13,774 in 2020. The Authority monitors the number of animals used for experiments as shown in the project permits on an annual basis, reported by the IAWC at the beginning of each year.

³ Homberg et al. "The continued need for animals to advance brain research" Neuron 2021 Aug 4;109(15): 2374-2379.



The decline is driven by a change in research approach that encourages the use of animals that is scientifically sound but minimal. This approach is represented by the ‘Intellicage’ technique, where animals are placed predominantly in non-invasive studies in their own cages, or by the ‘induced pluripotent stem cell’ technology, which can create cell models relevant to psychiatric research in a Petri dish. We can use Artificial Intelligence platforms to help design drug candidate molecules, which will help us optimise the time to complete animal studies by reducing inactive molecules. With the increasing use of these modern technologies, we can continue to reduce the number of animals used in the future.

We are committed to providing the scientific and theoretical background needed to translate animal research results into better human efficacy, and in implementing our research strategy we are constantly looking to further reduce the number of animals used, looking beyond stem cells to the use of tissue culture. To this end, the potential of 3D brain models and touchscreen behavioural techniques are also being explored as they could open up new avenues for testing drug candidate molecules.

Clinical trials at Richter

Our Company pays particular attention to ethical conduct and quality when running clinical trials. As a minimum, all investigators and contractual partners are required to participate in clinical trials by complying with the ethical guidelines set out in the Declaration of Helsinki, Good Clinical Practice (GCP) and local legislation. The acceptance of this expectation is confirmed by the signature of the protocol by the head of each clinical trial site. All study protocols, amendments, informed consent forms and other documents that are required to run the clinical trial (in accordance with local regulations) are submitted to the local/central ethics committees and only after their approval can any clinical trial be started.

In accordance with local regulations, the ethics committee providing the approval is informed of the progress and status of the study and of any relevant events.

In the design and conduct of all trials, we take into account and follow international and local guidelines for clinical trial methodology and therapeutic areas to the maximum extent possible. Where necessary, we also seek the opinion of experts and authorities in the special area. Throughout the clinical development process (design and conduct), risks associated with developing and running the trials are assessed and an action plan is made to address these risks, based on which risk/benefit assessment is ongoing. For clinical trial participants (both sponsors and contractual partners), all training on the guidelines and regulated workflow required for their job is mandatory, completed and documented. Our colleagues participating in clinical trials have relevant qualifications and expertise, and work to a high standard and in a controlled manner in their daily work, following standard operating procedures. We typically conduct clinical trials in Europe, Canada, Mexico, Russia and China.

Richter places particular emphasis on quality in clinical studies. Clinical monitoring at the study site is ensured for all clinical trials, so the Company can continuously ensure that the trials are conducted at the study site in accordance with the protocol and international quality standards. In addition, Richter conducts regular audits of study sites and other contractual Partners involved in clinical trials in accordance with an annual risk-based plan. For all other activities, we provide risk-based supervision in accordance with Good Clinical Practice (GCP).

We pay particular attention to ethical conduct during designing and conducting clinical trials. This includes ensuring that only the minimum number of participants and only the level of intervention that is reasonably necessary are used in these studies. In addition, trial participants are informed in detail and in an understandable way about their rights, as well as the aims, benefits and risks of the trial before any trial-related intervention. After answering all their questions, they are asked to give their consent voluntarily and in writing, which they can withdraw at any time without giving any reason.

In accordance with local legislation, Richter continuously discloses clinical trial data on the relevant regulatory platforms and regularly publishes clinical results in international journals.

Responsible marketing

The marketing staff of the Richter Group, in cooperation with the partner departments, is responsible for creating relevant professional content (key messages, literature reviews, summaries of clinical trial results and practical experience, drug information materials, OTC advertisements, patient information leaflets, educational materials to raise health awareness), identifying and developing effective marketing communication channels and tools (providing drug information through personal visits, participating in conferences, organising exhibitions, symposiums, advertising, direct marketing, organising health days, giving educational presentations to the public, etc.) and coordinating the processes by which the Company reaches its target audiences (doctors, pharmacists, professional societies, other health professionals, wholesalers, patient organisations, patients).

Richter’s employees must, at all times, strictly comply with the laws governing pharmaceutical marketing communications and the relevant international, local and group-wide codes of ethics, must make every effort to establish appropriate contact with health professionals and other customers when providing information about Richter’s products, must present the benefits of Richter’s products in a

professional and scientifically sound manner, and must refrain from disparaging competing products and discrediting competitors. In its interactions with healthcare professionals, our Company strives to comply with the highest standards of integrity, and the provisions of applicable laws and regulations. Promotional material and communications must not be misleading, must be accurate at all times and must comply with relevant healthcare and legal requirements, including those relating to evidence, scientific rigour and a fair balance.

Employees of the Richter Group must comply with all regulations that may apply to the activities they undertake, in particular:

- Directive 2001/83/EC of the European Parliament and of the Council of 6 November 2001 on the Community code relating to medicinal products for human use
- Directive 2005/29/EC of the European Parliament and of the Council of 11 May 2005 concerning unfair business-to-consumer commercial practices in the internal market
- Directive 2006/114/EC of the European Parliament and of the Council of 12 December 2006 concerning misleading and comparative advertising
- Medicines for Europe Code of Conduct on engaging with the healthcare community

Our communication activities in Hungary are governed by Act XCVIII of 2006 on the General Provisions Relating to the Reliable and Economically Feasible Supply of Medicinal Products and Medical Aids and on the Distribution of Medicinal Products; Ministry of Health Decree 3/2009 (II.25.) on the detailed rules for the presentation of a medicinal product or medical device for human use, the register of persons performing the activity of presentation and the commercial practice related to the medicinal product or medical device for consumers (“Promotional Decree”); and Act XLVIII of 2008 on Essential Conditions of and Certain Limitations to Business Advertising Activity (the “Advertising Act”). In our business, we also take into account official resolutions and guidelines (e.g. by the National Institute of Pharmacy and Nutrition, OGYÉI, or the Hungarian Competition Authority, GVH). As part of our self-regulation, we also apply the Pharmaceutical Communication Code of Ethics, established by 4 Hungarian pharmaceutical industry associations. In addition, our internal system of rules and guidelines provides guidance and promotes our commitment to transparent communication observing the relevant rules.

The Privacy Policy is part of the Richter Compliance Handbook for the entire Richter Group, which is designed to ensure that all Richter employees and agents respect the personal data provided to them or that they become aware of in the course of performing their duties and that all applicable national data protection laws are observed within Europe.

Richter’s Compliance Handbook also includes the Code of Business Conduct and Transparency, which brings together and systematically specifies the rules for liaising with healthcare professionals and patient organisations, as well as for pharmaceutical law and transparency. The Handbook of Pharmaceutical Legislation, which is part of the Code, describes in detail, inter alia, the general rules on the content of promotional materials, the mandatory content of information materials if they are intended for professionals, and the requirements for advertising over-the-counter medicines that are communicated to consumers.

Richter has identified six principles that should apply to all promotional communications to Healthcare Professionals or Consumers:

- 1.) It is prohibited to describe or advertise medicinal products for which a marketing authorisation has not been granted for the territory concerned.
- 2.) All information in the promotional material should be in accordance with the information provided in the summary of product characteristics. Advertising outside the permitted indication is prohibited.
- 3.) The information or statements contained in advertising material must not be false or misleading in any way, in particular through distortion of reality, inappropriate emphasis or omission.
- 4.) Promotional materials should be clear, scientifically up-to-date, balanced, and sufficiently complete to allow readers to form their own opinions. Promotional materials should promote the rational use of the drug by presenting the properties of the drug objectively and without exaggeration.
- 5.) All claims made for advertising purposes must be supported by substantial evidence; i.e. by reference to an approved summary of product characteristics or other clinically relevant scientific evidence. Claims for advertising purposes should include clear references that also indicate the source of the reference.
- 6.) Prior to publication or distribution, all promotional materials must be approved in advance by the Medical Service function or other responsible departments. A precondition for the fulfilment of this principle is that all Affiliates are required to have a medical service function in place responsible for providing information on the medicines they distribute.

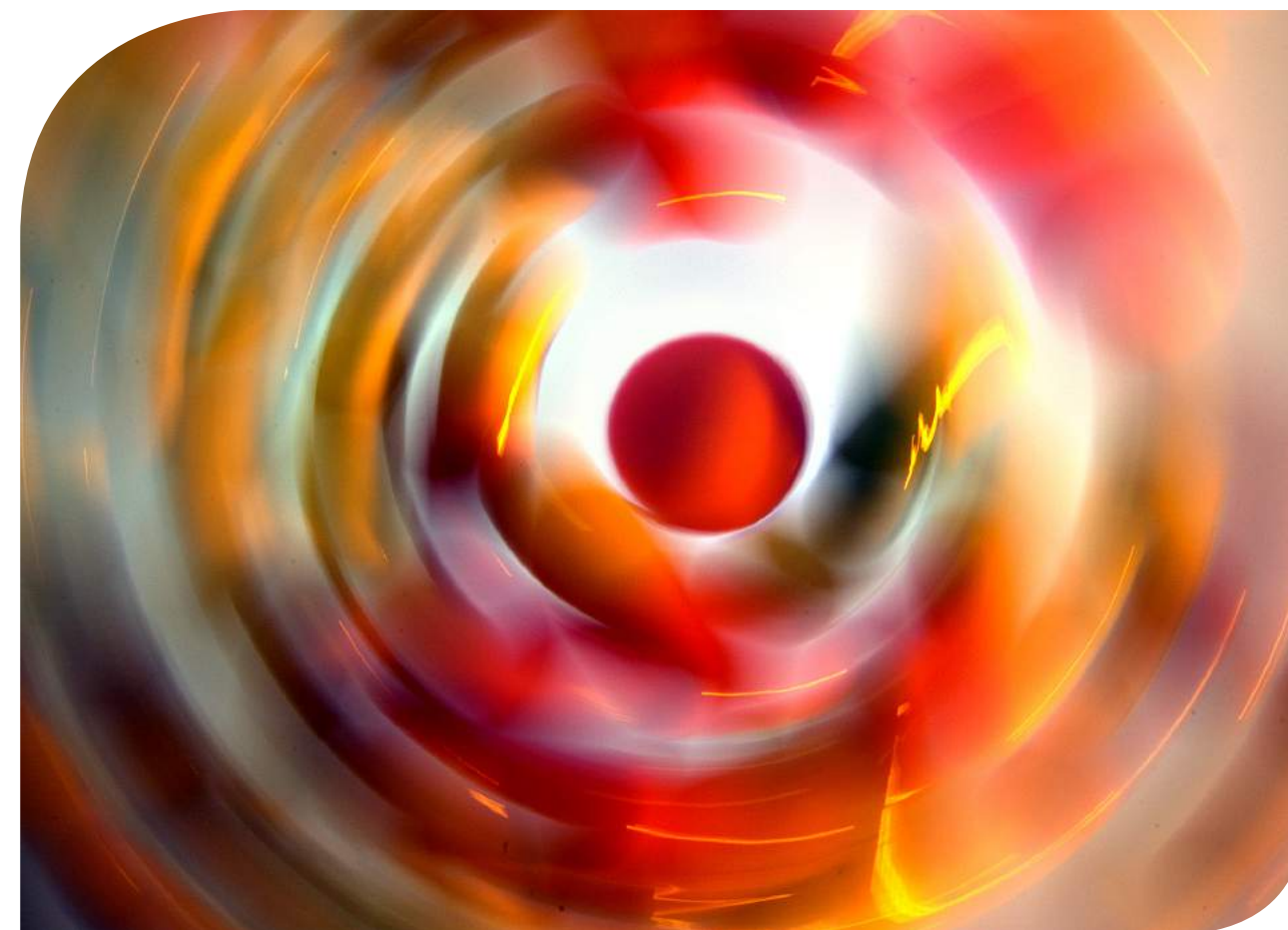
Based on the Richter Business Conduct and Transparency Policy

- for prescription-only products, promotional material must contain at least the following information:
 - the essential details in accordance with the summary of product characteristics (authorised name, pharmaceutical form and efficacy, active pharmaceutical substance (international non-proprietary name – INN), approved indications)
 - the method of application
 - contraindications
 - main side effects
 - the marketing classification of the medicine
 - information on the date of approval and last review of the active substance.
- promotional materials for products available without a prescription must contain at least the following information:
 - the name of the medicine and its international non-proprietary name if it contains only one active substance
 - information needed to use the medicine correctly
 - an explicit and clearly legible invitation to carefully read the patient information leaflet or the directions for use on the outside of the packaging or, where appropriate, to consult the attending physician or pharmacist.
- in the case of promotional materials for the general public, it is forbidden, inter alia:
 - to give the impression that a medical examination or surgical operation is not necessary, in particular by offering a diagnosis or treatment by post

- to claim that the medicine is guaranteed to work, has no side effects, or is more beneficial than or equivalent to another treatment or medicine
 - to claim that the general health of the individual improves with the use of the medicine
 - to claim that the subject's health may be affected if they do not take the medicine
 - to address them exclusively or mainly to children
 - to refer to the recommendations of scientists, health professionals or persons who are not scientists or health professionals but who may be able to promote the use of the medicine based on their popularity
 - to make a misleading self-diagnosis possible by describing or detailing the medical history
 - to refer to symptoms of recovery in an inappropriate, alarming or misleading way
 - to present, in an inappropriate, alarming or misleading way, in pictorial form, the changes in the human body caused by the disease or injury or the effect of the medicinal product on the human body or any part of it.
- It is forbidden to use editorial content in the media to advertise a medicine when Richter pays for the advertisement, but this is not clear to the recipients from the content, images or sounds.
 - Richter may liaise with patients and patient groups who are currently using or are potential users of Richter medicines. The different types of communication with patients (e.g. disease information campaigns, prescription-only medicines leaflets and educational packages, patient collaboration programmes) are not intended to promote medicines.
 - Patient organisations and Richter share a number of common interests, including a commitment to patient well-being, treatment, prevention and the fight against multiple diseases. In its dealings with the Patient Organisations, Richter may
 - provide education and support services to patients
 - sponsor events and research
 - give grants/donations to support Patient Organisations in achieving their goals
 - not offer or give any subsidy or remuneration to Patient Organisations as a direct or indirect incentive or reward for ordering medicines, buying or selling Richter products, or to unfairly influence the decision of Patient Organisations.
 - A transparent system of relationships and network of contacts between Richter and Patient Organisations, Healthcare Professionals and Healthcare Providers facilitate informed decision-making for external stakeholders and contribute to the prevention of unethical and illegal conduct. For more details, please see the Transparency section in the Business Ethics chapter.

We have developed a number of guidelines to support and coordinate Richter's group-wide marketing tasks, including:

- a guide for developing a marketing plan;
- a guide to digital marketing solutions;
- the marketing and medical aspects of making promotional materials, linked to the regulation on the medical acceptance of promotional materials
- organising and conducting scientific events.



Hungarian medical and pharmacy representatives and regional managers engaged in our marketing activities regularly participate in complex medical and skills development trainings offered by our trainers in accordance with the procedural instructions governing these courses. The parent company also regularly organises professional trainings for product managers working in the domestic and international arena, for example in marketing, medico-marketing, and various management topics. Training manuals, professional information materials and promotional materials used in the training activity are also prepared, reviewed and approved in accordance with external and internal regulations.

We incurred no penalties during the reporting period in connection with our marketing communication activity.

Our objectives in responsible marketing

Objective 2021

Updating the regulation on the promotion of medicines marketed in Hungary

The health and safety of our customers

In all phases of our pharmaceutical manufacturing and development activities and throughout the entire life cycle of our products, our primary goal is to protect the health and safety of our consumers. This commitment has been published in our Quality Assurance Policy Statement by our senior executives.

Our Group attaches key importance to operation in accordance with domestic and international pharmaceutical regulatory requirements. We agree to be bound by the resolutions 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).

In our drug development projects, we place strong emphasis on ensuring that our equipment, methods and the expertise of our colleagues meet the highest standards. We are constantly updating our pool of instruments and we consider it important to keep up with advances in technology. Our colleagues working in quality management, close to 500 persons at the Richter Group, regularly attend professional presentations and conferences, by which we aim to raise our innovations to the highest standard using the innovative knowledge they have acquired, keeping pace with the world's leading pharmaceutical companies. In manufacturing, we devote particular attention to compliance with applicable technological and quality assurance regulations, as well as with Hungarian, European and other international laws and requirements. Our manufacturing operations and quality assurance system are regularly inspected by competent Hungarian and foreign authorities at both the parent company and our manufacturing subsidiaries. In addition to the local authorities, the Romanian, Polish, Russian, Belarusian, Yemeni, Chinese, Turkmen, Peruvian, South Korean, Saudi authorities carried out inspections and audited the compliance of the production and quality management system across the Richter Group during the period under review, in line with our trade relations. Our quality system is recognised not only by the European authorities, but also by the FDA. We are very proud that for many years, these inspections have been concluded without any critical observations being made. In 2020, we had 15 successful partner and authority audits, of which 5 were remote audits due to the pandemic.

We operate a comprehensive quality management system based on the requirements of the current GMP (Good Manufacturing Practice) guidelines, which includes risk management for the design, development and regulation of all products, devices and processes that may be a source of danger either for patients or for Richter. As we give priority to developing and harmonising the efficiency of the quality assurance system across the entire Group, we constantly monitor the operation of our subsidiaries and seek to develop the most consistent approach and procedures possible.

We monitor the quality of our products on a daily basis and evaluate it every year. Daily monitoring gives us the opportunity for immediate intervention even in the event of a very small discrepancy.

In 2018, we developed a digital concept of quality management, resulting in the following vision, keeping in mind the Company's expectations and the long-term vision of quality management: "Effective quality management along automated, paperless processes with colleagues who perform value-creating activities." In implementing the strategy in 2020, we focused on:

- Aligning IT development and procurement with long-term priorities;
- Harmonising quality management under a common digital strategy with the involvement of subsidiaries;

- Reducing lead times to get products to market as quickly as possible;
- Making more efficient use of labour force by automating non-value-creating activities.

To achieve our strategic goals, we involve all our employees in quality management activities, planning, and the application and control of GMP guidelines, thus helping to maintain an advanced quality approach with all employees of the Company. This is facilitated by providing our employees with regular training throughout the year, keeping them well informed and providing working conditions that meet the relevant requirements.

Evaluation of the materials purchased from manufacturers and used in production is an important part of our quality assurance system. When selecting partners, the production of high-quality products and a well-functioning quality assurance system are both crucial factors. We verify this during on-site audits: in 2020, we carried out 19 audits, 10 of which were face-to-face inspections. During the successful audits, we checked whether our partners complied with the requirements and processes expected by regulations and our contracts.

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

To ensure compliance with licensing requirements, we operate a strict change monitoring system. The purpose of this is to ensure that changes can only be introduced to our procedures if they have been considered thoroughly by our experts prior to introduction and have been found to have no influence or a positive effect on the quality of our products. These changes may affect manufacturing technology, suppliers, packaging materials, regulations, etc.

We only distribute our products through sales partners who have a valid manufacturing and/or wholesale trading licence. We work with domestic manufacturers, wholesalers and other organisations in an effort to prevent counterfeit products, which could endanger patients' health and lives, from being introduced to the market. To achieve this, we use special packaging technology, a seal and a unique identifier for our products. Safety rules regulate the disposal of products and packaging materials to be scrapped. We pay close attention to and investigate quality notifications where counterfeiting may be reported and handle related alerts from the supply chain in accordance with internal and external regulations.

Consumer health and safety objectives

Objective 2020	Status
Launching the introduction of a new system to support quality assurance	implemented
Launching the implementation of a laboratory information management system	implemented
Launching a GMP Academy to expand the GMP umbrella for companies and representative offices	implemented
Objective 2021	
Increasing our digital literacy will reduce the number of paper-based processes and measurably reduce the use of paper	
Extension of the quality assurance support and laboratory information management system to subsidiaries	
Continuous expansion of the GMP Academy, incorporating new knowledge into the GMP umbrella	

Pharmacovigilance

Because of their biological nature, people may react differently to different medicinal products, which can have undesirable side effects. Science sees the solution for the elimination of these effects in personalised therapies, but this is not yet part of our daily reality. Drugs are developed subject to very rigorous testing and analysis to ensure that products are distributed only if their benefits are considerable for individuals and society as a whole, while the risk of their use is acceptable.

The essence of pharmacovigilance is the continuous monitoring and evaluation of the benefit-risk ratio of medicines and to ensure that they are used correctly and safely. This will ensure that the right patient receives the right medicine at the right time, in the right way/under the right conditions, based on the latest and most complete (efficacy and safety) information available from the manufacturer/distributor of the medicine. Pharmacovigilance ensures that when using a particular product, it is possible to avoid situations where the increased risk is no longer acceptable compared to its benefits. This is possible by monitoring our products in the market environment all around the world. We ensure that the medicines are used in accordance with the most recent summary of product characteristics and, and we record any unexpected outcomes and undesirable side effects that might occur during their use. Pharmacovigilance pervades the business of all units of Richter, from research and development/product development activities through clinical-medical tasks, registration and marketing to quality management activities. There is no aspect of the Company's operations that is not directly or indirectly related to pharmacovigilance at some level. The entire Richter Group is involved in this monitoring activity, and we expect the same degree of care from our trading partners.

Our Group is committed to treating pharmacovigilance as an area of key importance, looking at it as a service that aims to provide patients and physicians with the conditions for safe drug use at all times and to comply with relevant regulations and directives. To this end, Richter operates a pharmacovigilance system with quality assurance for all members of the Group, which monitors any change in the benefit-risk ratio of medicines throughout their life cycle, and informs both the authorities and health-care professionals and patients thereof.

Richter has been using an IT system complying with international standards for 10 years now to support the collection, transmission and analysis of information. It enables pharmacovigilance professionals to continuously analyse incoming data. This activity is performed in line with the pharmaceutical authorities of the European Union, and the information is mutually shared in compliance with our statutory obligations. At Richter Group level nearly 13,500 notifications were recorded and managed in our system in 2020.

The purpose of data collection and analysis is to identify the safety profile of medicines as accurately as possible to ensure that the use of the products is targeted as precisely as possible in terms of both indication and target population, primarily through improving the summaries of product characteristics and patient information leaflets.

The system is also designed to alert and intervene if it detects a change in the product's safety or can anticipate any circumstance that may expose society to an unforeseen risk.



Product information documentation is one of the most effective tools for using medicines safely and effectively. The contents and structure of the summary of product characteristics and patient information leaflets are prepared in accordance with the relevant regulations and the requirements of the competent health authorities. The safety profile of a medicine changes throughout its life cycle as new safety information becomes available. The patient information leaflet and the summary of product characteristics should be regularly updated to include the latest product information. We initiated appropriate safety changes for Richter's medicines in 2020, by the deadline set by the authorities in Europe and beyond.

Because no medicine is free of side effects, we believe that our activities, aimed at gaining the most precise understanding of the risk-reward ratio of our medicines, protect both our patients and our products. Our Group views pharmacovigilance as a service, which is also set out in its Pharmacovigilance Policy, attached in Annex 2. We perform this activity subject to quality assurance standards, in accordance with internationally accepted principles of Good Pharmacovigilance Practice. In accordance with legal requirements, Richter employs a Qualified Person for Pharmacovigilance who oversees the operation of the pharmacovigilance system and has personal responsibility for compliance.

Our objectives for pharmacovigilance*

Objective 2020**	Status
Establishing the same processes based on the same principles and methods for all subsidiaries and representative offices, ensuring that the quality management system is ready for audit at any time.	The implementation of standardised processes in the European region is underway.
Improving global operational efficiency in Pharmacovigilance. We are continuously improving our internal business processes by extending digitalisation as widely as possible and by increasingly focusing on operational and cost efficiency, while meeting regulatory compliance requirements.	Over the past year, we have made significant progress in the areas of compliance and cost-effectiveness.
Developing and routinely applying efficiency and compliance metrics: developing a framework.	implemented
Extending risk management activity to the entire product portfolio.	The given set of tasks for the development of the system has been successfully completed.

* Most of our objectives are a multi-year process; here we report on the status of the given phase.

** For more information on the 2020 improvements, please see the Richter Group Business Review 2020 on page 58. The brochure is available on the Richter corporate website in the Investors/Company reports submenu.

Objective 2021
Identifying the same processes based on the same principles and methods for all subsidiaries and representative offices, and creating a cost-effective global quality assurance system.
Maintaining global operational efficiency in Pharmacovigilance and creating continuous operational excellence.
Ensuring consistent, efficient and fast communication both within Richter and with authorities and drug users across the Group to guarantee safe use of pharmaceutical products.
Improving the business process and technology support for alarm and risk management activities.

Access to health

In addition to its proprietary products, Richter also has a number of generic and biosimilar products available at a lower price than the original products, improving access to the given active substance. The extent of the price difference depends, of course, on a number of factors, such as the regulation in the country concerned, the subsidy status of the active substance, the therapeutic area, and the number of competitors.

In the Richter Group markets, we support disadvantaged people based on national decisions to donate medicines to hospitals/social institutions, provide discounted medicines, support family planning programmes/centres in some countries, e.g. with donations of medicines, discounted medicines, and participate in national/regional/hospital tenders with certain products.

As it is important to Richter that patients receive the right therapy at the right time and use it for the right length of time, we have patient support programmes in some therapeutic areas to ensure that patients receive the information they need.

Richter's response to the COVID-19 pandemic

Of the challenges we faced in 2020, the COVID-19 pandemic had the biggest impact on our long-term business. The main priority of our Group was to safeguard the health of our employees and to maintain a smooth business continuity, thereby maintaining a stable supply of medicines. In addition, a third important objective was to play our part in the fight against the coronavirus through our own R&D and manufacturing capacity.

Caring for the health and well-being of employees

We have taken a series of internal steps to prevent the spread of infection and the emergence of infection hotspots. In Hungary, we have set up our own operational staff to increase smooth information flow and decision-making. Travel restrictions and social distancing provisions have been introduced, and disinfection equipment has been installed in community areas. Employees who can do their job duties remotely were sent to work from home during the COVID surges. The Company provided face masks for commuters and made a financial contribution to help them get to work by car. During the pandemic, we provided psychological support to our employees, and the Employee Welfare Foundation donated funds to help families in need.

The instructions of the Hungarian operational staff and the measures implemented were shared as good practices among the subsidiaries and representative offices of the Richter Group. Although the local units had autonomy in setting up their new working schedule depending on the evolution of the pandemic, at Group level we introduced the possibility of working from home and provided employees with protective equipment (masks, gloves, hand sanitizer).

During the pandemic, we did not reduce the wages of our employees or conduct mass layoffs, thus helping to ensure the financial security of our workers.

Providing patient care

Restrictions worldwide have had a negative impact on the supply chain and global logistics routes. Although we faced longer lead times and increasing risks in sourcing raw materials, protective equipment and other materials, we were able to deliver all our products to our markets on time. This is due to several factors. On the one hand, Richter's solid fundamentals have helped it to meet the challenges, including a strong financial position and corporate culture. On the other hand, we have a vertically integrated business model, in which we produce both the active substance and the finished product ourselves for most products, and rely on external sources only for few products. Overall, the challenges of the pandemic have further validated Richter's local manufacturing capabilities and contributed greatly to strengthening our resilience.

Participation in the fight against COVID

The demand for therapies to combat the COVID-19 pandemic has also drawn Richter's attention in this direction. In 2020, several projects were launched that promise therapeutic success in the fight against the pandemic:

- **Remdesivir:** In March 2020, we were asked by the Hungarian government to start working on an antiviral, remdesivir, which, as shown by clinical trials, accelerated the recovery of severe COVID patients and consistently reduced mortality rates. The synthesis of the active substance and the production of the injection dosage form were completed in five months. The entire project budget was provided by the Ministry of Innovation and Technology.
- **Favipiravir:** Richter joined the development of favipiravir as a member of a Hungarian consortium to develop a large-scale production process for the active substance based on laboratory and pilot processes conducted by other consortium members. The consortium will conduct the clinical trial with this active substance. Richter can produce this substance if needed.
- **Fusion protein:** Richter has joined a consortium to develop a fusion protein into a drug that will be effective against the coronavirus. The Company is responsible for developing and scaling up protein production technology.
- **Contract manufacturing agreement for vaccine:** the contract manufacturing of INOVIO's clinical-phase DNA-based vaccine INO-4800 will be carried out by Richter's biotechnology joint venture in Germany, and the finished product will be produced in the biotechnology plant in Debrecen.

Charity

The Richter Group provided financial support to healthcare institutions through its local subsidiaries in several countries to enable them to obtain the necessary protective equipment and testing devices. In Hungary, we have made a similar donation to 70 hospitals and clinics previously participating in the Richter Health City programme, for a total of HUF 140 million. In addition, the members of Richter's Board of Directors and Supervisory Board decided to transfer their one-month salary to the association supporting the recreation of the staff of the Ambulance Service.

For our employees

Our employment culture

Richter is an independent, Hungarian-led organisation with a regionally unique research base and capabilities, operating in the interests of employees, shareholders and the national economy. By operating as an innovative and knowledge-intensive Group with various CSR programmes, Richter supports the development of its employees, as well as that of human resources in the broader sense by supporting healthcare and education, which represent an additional value for society as a whole.

At Richter, we all believe in world-class teamwork to improve people's quality of life, we build on the Company's traditional values, and our operations are permeated by global ambitions. Our aim is to become an ever-better workplace that attracts talent, engages key people through high performance and the achievement of the goals set.

Our employment culture is characterised by predictability deriving from job security, a balance of tradition and innovation within Richter, and strong collaboration. Continuous development gives us stability, underpinned by a career model, a secure financial background and Hungarian-based management. We believe in the science of collaboration, with everyone actively involved in working together, in their own team and beyond. We know how to cooperate effectively and in a good mood with the representatives of other professions, disciplines and organisational units. Our Company pays particular attention to the evaluation and rewarding of employees who show outstanding performance, and offers stress management programmes and personal counselling to promote the mental wellbeing of its staff. In our employment culture, we pay as much attention to the employment of young people starting their careers as to the implementation of a humane generational change.

Our employees provide the foundation on which our continuous business success and the potential for growth inherent in our scientific, commercial and financial values can be built. We have a wide range of tools at our disposal for finding and recruiting dedicated people whose professional experience, motivation and vision for the future will contribute to Richter's success to the greatest extent possible. In addition to creating an attractive workplace, we promote loyalty with a variety of professional and competency development training opportunities, a career development system, a performance appraisal system, and a wide range of fringe benefits.

We share best practices at regular meetings with HR managers from our international subsidiaries. In addition to the high standards of performance and quality that we expect, we need to take into account the different geographical and cultural contexts in our decisions. In employee training, we rely on the trainings developed by the given country. However, respect for Richter's traditions and values and the commitment of our staff are a priority regardless of country.

In the rest of this chapter, due to the lack of group-wide HR data, we will report on the HR activities of the parent company. Any deviation from this is noted separately.

Our values

The dreams of our founder, Gedeon Richter, to run a successful, international pharmaceutical company are still alive. We are proud that the Richter name not only stands for innovative products, but also a stable workplace where it is good and worthwhile to work. In line with our global ambitions, we are constantly developing the areas that make Richter a great workplace, where dedicated and talented professionals want to work.

Although the name Gedeon Richter is a well-known and well-sounding corporate brand, corporate communication alone in its usual form was no longer sufficient to satisfy all needs. That is why in 2019, we launched a comprehensive employer branding process to increase employer brand awareness, support recruitment and increase engagement with existing employees. The results of the process include the development of a unique employer brand image, renewed job postings and flyers, the renewal of the Career Page, the launch of the Richter Career Facebook page with almost 20,000 followers, and the running of our employer image campaign. Our employer branding activities were recognised by the Gold Prize in HRKOMM Award 2020, one of the most prominent competitions in the HR communications profession in Hungary, in the category “Comprehensive employer branding strategy I”. In addition, Richter’s application also won the main prize in the general category outside the specific categories.

The following employer brand values show why Richter is an outstanding workplace.

Hungarian recipe – Global impact: Our employees are helping people in many countries: our Hungarian-headquartered company offers solutions through cutting-edge research and innovation, continuous investment and high-quality products around the world. Therefore, the work of our colleagues is not only important and responsible, but diverse and challenging. They can work on the latest technological challenges, use modern tools, meet interesting people – and create real value in their work.

Innovation – our mission: At Richter, we can use the latest technologies and developments. For us, innovation is not a distant dream, but an integral part of our work. Our colleagues use world-class equipment, state-of-the-art processes and technologies in research and development, quality management, biotechnology and various areas of pharmaceutical manufacturing. The science of continuous innovation is one of our most distinctive and important assets, a key to progress and a successful future.

Continuous development has been giving us stability for 120 years now: At Richter, our colleagues can work knowing that our Hungarian headquarters is under Hungarian control and operates independently. Our financial position is stable and our market presence is strong. Our reliable and recognised brands and carefully developed strategy also provide room for continuous growth. As a responsible and caring employer, we measure growth not only in terms of our results and the quality of our products: we also pay special attention to the professional and personal development of our employees.

In the service of leading full a life: Our company is characterised by a humane culture and a helpful, friendly atmosphere, in which the promotion of a full life plays an important role. As a member of the Richter family, our employees can enjoy all the benefits of our wide range of welfare and health services and community programmes. We promote sport and an active lifestyle, and we also offer holiday op-



portunities for physical and mental recharge. We are convinced that growth is part of a full life, so we also support our colleagues’ development through a wide range of training opportunities.

The science of collaboration: We believe in the power of collaboration and teamwork, as evidenced by our outstanding results. Whether it is international cooperation or collaboration among functions or staff, helpfulness and a family atmosphere are given at Richter for success. We make sure that all our colleagues can experience why it is good to think together in a community. We are proud that different areas work together successfully towards common goals and that there are many supportive micro-communities within the Company.

In 2020, PwC Hungary carried out its fourth survey of the labour market preferences of current and future employees in Hungary. The Most Attractive Employer Award was based on the votes of respondents aged 16-28. The 1st place in the PwC Most Attractive Workplace Award was again awarded to Richter Gedeon Plc in 2020 in the Pharmaceuticals category.

The Loveable Workplaces Award was created by the DreamJo.bs team in 2017 with the mission to showcase companies where employees enjoy working. Richter won the Loveable Workplaces Award in 2020 too.

Recruitment, labour market situation

Attracting, motivating and retaining value-driven, talented and high-performing individuals are a business priority at Richter. We support the development of our colleagues with a safe work environment, a competitive income and benefit system, an inclusive and diverse corporate culture, and the provision of a wide range of training opportunities.

Our aim is the long-term employment of our colleagues and winning support for personnel changes that are essential for sustainable development. During the recruitment/selection process, we place special emphasis on selecting candidates who, based on their expertise and professional experience, are likely to contribute most to Richter's results and whose career plans and attitudes are likely to be closest to the Company's corporate culture.

Retaining an increasingly mobile workforce is a challenge, and we are seeing a growing demand for flexible employment options. The pandemic has heightened employee expectations of working from home, and as a result we are giving employees more flexibility to work from home in certain roles. Labour market developments have led to changes over the past few years, to which market participants need to respond with a high degree of flexibility and speed. To meet the needs of different units even more effectively, we have set up a dedicated recruitment, selection and talent sourcing function. Wage competition among employers for workers in sectors with skills shortages and for those with secondary education has been increasing in recent years. Due to the changes in the labour market, we have supported the selection process of blue-collar staff with active HR/recruiter presence.

In an increasingly competitive job market, finding and retaining the best candidates has become a key factor, so we employ a dedicated colleague to contact candidates and manage the candidates who apply to Richter. We have simplified and shortened the recruitment process and use all available online advertising platforms. In order to ensure that our applicants spread our good reputation and choose us as their employer of choice, we attach great importance to candidate experience, and have developed and run a programme to educate our management staff.

Recognising the trend that employment is becoming increasingly global, we have deliberately opened our Company to foreign workers to import international knowledge. Erasmus+ gives ethnic Hungarians living abroad the opportunity to participate in internships.

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. It is obvious that the gap between the knowledge provided by school systems and the expectations of employers is increasing. By offering summer internships in as many fields as possible, we are constantly striving to ensure the supply of young professionals. We facilitate development within the organisational framework by offering thesis consultation and professional mentoring. 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. In providing career guidance, we liaise with a number of educational institutions and receive students at Richter sites, where in addition to discussing practical questions, we also provide HR assistance (CV consulting, job search portals, presentation of the selection process, trial interview, etc.), and we give presentations to promote our profession. Student employment is on the rise and there is a growing demand for traineeships.

Headcount data

The total number of employees in the Richter Group was 12,842 at the end of 2020, a decrease of 1.4 percent (183 employees) compared to 2019. The number of university graduates working for the Group in 2020 was 7,291, down from 7,450 in 2019. The share of university graduates in the total number of white-collar workers was 87 per cent, compared to 57 per cent in the total number of employees.

Richter Group headcount data

	2018	2019	2020
Hungary	6,037	6,192	6,231
EU (excluding Hungary)	3,165	3,237	3,184
CIS	2,434	2,572	2,493
China	219	195	171
Latin America	248	254	240
Other countries	572	575	523
Total	12,675	13,025	12,842

Changes in parent company headcount data

	2016	2017	2018	2019	2020
Staff turnover in % (churn rate)	7.8	7.5	8.2	10.1	8.4
Average age of employees (years)	44.1	44.1	43.7	43.7	44
Average time spent at Richter (years)	13.7	13.3	12.9	12.6	12.7
Average number of staff (persons)	5,011	5,187	5,509	5,716	5,832
full-time	4,941	5,111	5,396	5,523	5,611
retirees, full-time	6	4	19	90	115
part-time	58	69	85	98	103
retirees, part-time	6	3	2	5	3
Number of staff with an open-term employment contract (persons)	4,633	4,917	5,231	5,605	5,676
Number of staff with a fixed-term employment contract (persons)	450	425	392	192	152

Taking into account the changed employment conditions in the labour market, we use temporary employment options, if necessary, e.g. by concluding temporary agency contracts. In the competition for labour market participants, permanent employment resulted in stronger commitment and motivation, formerly seconded employees were willing to join Richter. In line with this trend, there were only 9 people on temporary employment status at the end of 2020. Employment through a retiree cooperative will continue to be used as an additional atypical form of employment.



Staff turnover at the parent company

Number of entrants (persons)

Age	2016	2017	2018	2019	2020
under 30 years	246	249	275	260	209
Between 30-50 years	236	353	397	361	299
Over 50 years	32	59	79	73	42
Total	514	661	751	694	550

Fluctuation by age group (%)

Age	2016	2017	2018	2019	2020
under 30 years	11.3%	14.2%	17.1%	14.2%	11.3%
Between 30-50 years	5.2%	6.6%	6.8%	9.3%	7.7%
Over 50 years	10.8%	6.7%	7.4%	10.0%	8.7%
Total	7.8%	7.5%	8.2%	10.1%	8.4%

The number of Richter employees increased in 2020 compared to 2019, although the number of new entrants was highest in 2018. The share of new entrants and turnover fell during 2020, both of which were strongly influenced by the pandemic.

Richter's strength as an employer lies in its stability: our employees have an average of 13 years of service. Flexibility of the workforce is important to us, which we ensure through internal training and rotation. In the event of a structural change, we provide our employees with a position that matches their competence.

Diversity and equal opportunities

Regardless of gender and age, we offer opportunities for promotion, professional development and management positions. Equally accessible training/development conditions are available to all levels of management.

It is an advantage for every organisation if colleagues approach a particular task or project from different perspectives. Different views can give the Company a new perspective and opportunity, which can increase its productivity and efficiency. In some areas, Richter deliberately integrates foreign labour force in order to import international knowledge, in line with the professional needs of the given position. We also plan to fill certain global positions from within the Richter Group. We support the reintegration of women after GYES (Child Care Benefit), many of whom are employed on a part-time basis. At the same time, we place emphasis on the employment of students and retirees (through cooperatives offering both full-time and part-time opportunities).

Ratio of women in executive bodies and parent company staff

	2018	2019	2020
Board of Directors	25%	27%	18%
Supervisory Board	40%	40%	40%
The Executive Board	0%	0%	0%
Senior management	30%	24%	24%
Mid-level management	44%	45%	44%
Employees	50%	50%	49%

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 97.3% for employees and 97.9% for managers.

Ensuring notification and escalation of workplace problems

At Richter, we believe it is of utmost importance that all our employees work in an ethical working environment and that cooperation among colleagues is constructive, respectful and smooth, as our mutual success is not only due to the high expertise of our colleagues, but also to a high level of cooperation. Protecting our staff and maintaining a working environment free from verbal and physical harassment is important to us. We denounce any discrimination based on race, ethnicity, religion or on any other grounds and we expect equal treatment and compliance with the Richter Code of Ethics from all our employees and our partners.

To support this, we created the Compliance Hotline in 2016, where colleagues can report anonymously

any incidents they become aware of that are not in line with the above. We treat all reports confidentially, investigate them formally and take the necessary action.

Employee commitment

Our performance appraisal system (TÉR) is designed to set specific tasks for each employee of the parent company for the given year, in addition to assessing their performance. TÉR also provides an opportunity to communicate the goals and tasks facing Richter comprehensively. The TÉR meetings also provide the opportunity to discuss specific future ideas and career plans of our employees.

We launched a new electronic HR self-service system, SuccessFactors, at the end of 2018 for employees and managers. In 2020, its Performance Management, Recruitment, Remuneration and Training modules were used.

We conduct employee satisfaction surveys in consultation with the heads of organisational units, or in cases where we consider this to be appropriate based on the results obtained during the continuous monitoring of staff turnover.

We continued to operate our Professional Development Scheme in 2020, which aims to increase long-term employee engagement through a wide range of benefits. The programme is available for both university graduates and employees with secondary school qualifications working in blue and white-collar jobs.

The Leadership Development Programme, referred to as a ‘Career Programme’, aims to retain, motivate, and prepare participants for a potential leadership career path.

Work-life balance

The parent company supports the recreation, relaxation and health of its employees with a wide range of valuable services and facilities maintained by Richter. Richter’s employees and their families in Hungary have access to our own recreational facilities, sports fields, swimming pools, kindergartens, medical offices and a complex health screening every two years.

We operate our own swimming pool and gym in Budapest, as well as a sports field for employees and their families. We also set up our own gym in Dorog, which provides sports facilities for employees and their families. In Debrecen, we provide access to swimming pool services through our contracted partners, and our employees in Debrecen receive a gym pass. We support our sport clubs by providing a venue for them. We regularly participate in the “Company is running” competition.

We have a kindergarten for the children of our employees in Budapest and Dorog.

Flexibility for our colleagues is provided by the introduction of home office, which offers the opportunity to work from home under specific terms and is very popular among our employees. We provide our employees with a study contract with extra days off during the exam periods. To help the physical staff get to their workplace on time for their shifts, Richter hires bus services.

More than 52% of our employees worked in a flexible work schedule as of 31 December 2020, and more than 11% in freely chosen working hours. We also provide opportunities for part-time employment and telework contracts, but there has been little demand for the latter so far. Entitlement to unpaid leave

is regulated by our Collective Agreement and, in addition to basic cases defined in the agreement, employees may also request it for other reasons (e.g. family matters, long stay abroad).

Benefits

Commitment to performance and result-oriented attitude are also the cornerstones of our Company’s remuneration principles and practices. Both base pay and wage incentives, as well as awarding shares and other forms of benefits and rewards, help us achieve high performance and business goals through the retention of key people. In 2020, we continued to operate a cafeteria system, which also applies to part-time employees.

We offer a wide range of fringe benefits beyond the cafeteria system:

- ▶ Richter attaches particular importance to financial self-care as well as to helping employees preserve their health. To promote self-care, we provide a voluntary pension fund membership fee supplement to our colleagues.
- ▶ From the first day of entry, we take out extensive life and accident insurance for our employees.
- ▶ Despite changes in tax legislation, we continue to provide support for starting school to our employees eligible for child care.
- ▶ Banking agreements: we have contracts with major banks to offer discounts to employees with employee bank accounts.
- ▶ Our employees have the opportunity to take out interest-free loans for building, purchasing or renovating their homes.
- ▶ GYES (Child Care), GYED (Maternity Leave) benefits: Employees can apply for these within 3 months of starting active work.
- ▶ Our employee stock ownership plan is a long-term incentive: in recognition of their work and commitment, our employees can receive Richter shares free of charge under the Recognised Employee Stock Ownership Programme.
- ▶ We recognise the loyalty of employees who have been employed for more than 10 years with a Gedeon Richter Memorial Certificate and a cash prize.
- ▶ We have developed a long-term insurance scheme to retain talented young people, and we strive to provide the best ones with professional career opportunities and mobility options within the organisation.

To preserve the health and comfort of our employees, we pay particular attention to creating a culture of healthy lifestyle and raising awareness of health risks.

- ▶ We continued the Company-funded ‘health programme’ available to all our employees. As part of this, our employees can take part in extensive outpatient medical screenings to preserve their health and prevent and detect diseases at an early stage.
- ▶ We also provide health insurance to our employees, under which they can take advantage of an unlimited number of specialist examinations and a preventive examination once a year, among many other services.
- ▶ We also operate general and specialist medical services, as well as pharmacy services at our Company.

Training and development

The competences and intellectual contribution of our staff are essential for the implementation of a sound business strategy. To this end, Richter places great emphasis on the scientific and professional training and continuing education of its employees.

Our leadership development programme, which was only partially launched online in 2020 due to the pandemic, aims to develop the leadership skills needed to implement the strategy and create a coherent leadership culture. To this end, we have made the trainings available to all managers, around 800 in total, including blue-collar line managers. Three development programmes were launched in parallel. In addition to basic leadership training, we provide opportunities to meet individual development needs and organise programmes to shape our leadership approach. The portfolio covers a variety of methodologies, including workshops and action learning groups, placing more emphasis on digital learning alongside traditional training. Due to the outbreak of the Covid pandemic, all development programmes were implemented online.

Our Buddy system for new entrants and our RáhanGoló onboarding programme continued in 2020. 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 autumn 2020, providing an opportunity for networking with new colleagues. The pandemic situation has also created the need to renew the RáhanGoló presentation, as our access to colleagues working in production is limited via online platforms. In addition to professional and management training, there is a growing need to examine and develop processes within organisational units or across organisations, to solve operational failures, and to support change management in organisational transformation. These are addressed through organisational development projects involving experts.

Richter has traditionally placed great emphasis on ensuring the scientific development of its employees, keeping up-to-date with international professional trends, and developing their professional, linguistic and digital competences. In 2020, the measures introduced because of COVID-19 had a significant impact on the international and Hungarian training market, and as a result, the training opportunities for Richter employees have been greatly reduced and transformed. Richter has adapted quickly to the changed circumstances. By the second half of the year, digital switchover was completed in almost all areas of training, taking advantage of the opportunities offered by digitalisation. As of September, online training replaced face-to-face courses, not only for professional and language training, but also for soft skill development.

Number of participants in training

Training areas	2018	2019	2020
Formal academic training programmes	124	124	109
Higher education training programmes	107	106	96
Bachelor programmes (BA, BSc)	33	41	37
Master's degree programmes (MA, MSc)	23	16	11
Specialised continuing training programmes	44	43	40
Doctoral degree (PhD) programmes	4	4	5
Higher education vocational training programmes	3	2	3
Secondary school training programmes (with a school-leaving certificate, technician certificate)	17	18	13
Programmes outside formal academic training	4,623	5,500	3,685
Trainings listed in the National Qualification Register (NQR)	123	170	151
Other vocational training programmes	26	17	15
Trainings related to compliance with the law	736	894	730
Courses (technical, IT, other)	1,076	1,232	558
Trainings aimed at developing competence	136	132	73
Domestic conferences	710	659	189
Language courses	910	1,022	985
Leadership training	387	641	516
HR programmes	519	733	468
Total	4,747	5,624	3,794

In 2020, we also made the LinkedIn Learning platform for online courses available to interested colleagues. The platform provides our colleagues with high-quality learning materials to choose from. We seek to organise a significant part of our training courses on-site, with the involvement of recognised foreign or national experts in the given field. This allows us to make sure that the content of the courses matches Richter's development needs and strategic goals as much as possible. In 2020, 118 people took part in these on-site courses in areas such as pharmaceutical technology, IT, data analysis or LEAN.

It is important for us to know what our staff think and how satisfied they are with the training we provide. To this end, we funnel the feedback that is essential for the further development of our activities primarily through an electronic questionnaire survey or personal interviews after the training courses have been completed.

We also pay particular attention to ensuring the supply of a new generation of qualified specialists. The aim is to provide internships during the academic year and in summer to young people studying in secondary vocational education and higher education. We work closely with a number of partner institutions to achieve this. In this, we were able to rely on the expertise and dedicated work of our nearly 55 student leaders within the framework of our student mentoring scheme launched in 2019. From 2020, in addition to the traditionally large number of pharmaceutical, chemical and bio-engineering degree programmes, a new element of our higher education cooperation will include active participation in cooperative production engineering trainings. In the field of secondary vocational education,

in cooperation with other pharmaceutical companies, we have launched a pilot dual training for chemical technicians in the academic year 2020/21, taking advantage of the opportunities offered by our own training facilities in Budapest and Dorog.

Among our diverse career orientation activities, the organisation of factory visits and lectures for secondary school and university students plays a major role. In 2020, these programmes had to be held in a virtual environment.

Richter has been running an internship programme for young pharmacists and technical university graduates in production, technology and quality management for several years. The programme lasts for 2 years, after which trainees are hired as an employee of one of our Directorates.

Our objectives for our staff

Objective 2020	Status
Attitude change project	Only preparations have been made due to the pandemic
Communication between RG levels	implemented
Identifying organisational levels	implemented
HR digitalisation	implemented
Review of work schedules, job descriptions	implemented
Launching dual training	Only preparations have been made due to the pandemic, including a pilot project

Objective 2021
Attitude change project
Developing a framework for an effective organisation in the face of change
Efficient and customer-focused HR administration
Succession planning in strategic and key positions
Leadership development: introducing a wider and more diverse leadership development portfolio than ever before, with a focus on change, efficiency and innovation
Launching a Balance Programme for the physical and mental health of employees and for maintaining a good environment
Dual training: creation of a dual training centre for the chemical sector

Health and safety at work

Richter is committed to creating and maintaining safe working conditions and protecting the health of employees across the whole Group. We make every effort to have an open and honest dialogue with our employees, the public and the officials because we believe that trust can be the basis of productive and meaningful collaboration.

Richter's management and all hierarchical levels take responsibility for the continuous improvement of workplace safety. We pay special attention to the training and continuing education of our employees to keep risks under control. Our goal is to return all our employees to their families in good health at the end of each working day.

Safety at work is based on prevention. Our safety rules are based on the requirements of Hungarian and European Union law, and we apply the most advanced technological, occupational health and safety solutions.

Our strategic objectives are aligned with the risk profile of the Group's production units. We pay particular attention to raising the safety awareness of our employees. We also demand high standards of safety commitment and performance from our contractual partners.

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

The safety tasks, except for chemical safety, are carried out by independent H&S organisations at each site. The following labour resources are available on a full-time basis: Budapest, Vecsés – 35 persons, Dorog – 21 persons, Debrecen – 4 persons, GR Romania – 24 persons, GR RUS – 5 persons, GR Polska – 2 persons, RTML – 5 persons.

Our chemical safety experts are based at the Budapest site. Their tasks include ensuring REACH compliance, CLP classification and OEB rating of our dangerous chemicals, preparation of safety data sheets, tasks related to the transport of dangerous goods, coordination of the work of the radiation protection service.

At the sites concerned, industrial safety specialists coordinate the processes related to the requirements of the SEVESO Directive.

We operate an accredited laboratory to measure workplace exposures. These are carried out according to a predefined schedule or on demand. We also use the services of external laboratories if we need to carry out tests that we cannot carry out ourselves (e.g. biological factors, local and whole-body vibration, certain hazardous chemicals).

The parameters of hazardous chemicals (electrostatic charge, ignition point, ignition energy, lower explosive limit) are tested at our Dorog site according to operational needs.

Occupational health care is provided by an external service provider.

H&S Management System

We operate an ISO 45001 certified occupational health and safety management system in the following areas of our operations:

- locations in Hungary (Budapest, Vecsés, Dorog: from 2006; Debrecen: from 2021)
- GR Romania (from 2020)

The rest of the Group has written procedures to ensure compliance with health and safety requirements.

Risk profile

To ensure a safe and healthy working environment and prevent injuries and damage to health at work, we carry out regular risk assessments of the activities carried out by our employees in ISO 45001 certified operational areas. For plants using hazardous chemical substances, work equipment and technologies, this is complemented by risk management related to chemical safety, work equipment and technologies.

Typical risks

Chemical safety

One of the most significant risks to occupational safety and health in our production units is the use of hazardous chemicals.

We are committed to implementing Regulation 1907/2006 EC (Registration, Evaluation, Authorisation and Restriction of Chemicals). To meet these requirements, centralised procedures have been developed to define the roles and responsibilities of the different actors involved. The collection of operational information to ensure compliance is centralised at the parent company.

Our sites at GR RUS, RTML, and GR Polska are not affected by REACH.

Hazardous chemicals are handled according to written instructions, and the necessary safety data sheets are available in all workplaces concerned. We regularly train our employees on the risks associated with hazardous substances and risk management measures. Ensuring that technologies are closed (intermediate registration requirement) is also a key element of our H&S policy.

In 2020, we started to redesign and develop the IT system to support Richter's chemical safety expertise.

The transport routes (road, rail, air and sea) used by the Company are classified according to the regulations for dangerous goods by our competent experts. Through our internal procedures and the control activities of our ADR safety advisors, we support the safe and compliant preparation of dangerous goods for transport, dispatch, reception and storage of purchased dangerous goods.



Key safety-related developments in 2020:

Risk	Hungary	GR Romania
mitigating the risk of exposure to hazardous chemical substances	<ul style="list-style-type: none"> ▶ Increasing the enclosure of active substance production technologies (installation of powder dispensers, closed-system dischargers) ▶ establishment of local extraction points ▶ installation/renovation of extraction booths ▶ safety caps for HPLC solvent receivers 	<ul style="list-style-type: none"> ▶ installation of laboratory equipment and instruments, replacement of extraction ducts, installation of central extraction systems
reduction of exposure to hazardous chemicals, closed-system technologies with compact, modern equipment	<ul style="list-style-type: none"> ▶ replacement of hazardous liquid storage tanks with extra nitrogen cushion ▶ replacement of pressure-tight equipment 	
improving the working environment	<ul style="list-style-type: none"> ▶ replacement of windows and doors ▶ upgrading the lighting systems ▶ pavement repair ▶ skid-proof surfaces 	<ul style="list-style-type: none"> ▶ modernisation, reorganisation of space within production departments and development of ancillary activities
improving work safety	<ul style="list-style-type: none"> ▶ replacement of flame arresters ▶ installation/replacement of fire protection cabinets ▶ security lighting upgrade ▶ setting up safety cutting devices 	<ul style="list-style-type: none"> ▶ purchasing a semi-automatic barrel washing machine and barrel transport trolleys
reducing ergonomic risks	<ul style="list-style-type: none"> ▶ development of an ergonomic risk assessment methodology ▶ replacement of manual handling (lifting equipment, lifting tables) 	<ul style="list-style-type: none"> ▶ purchase and installation of ergonomic furniture for offices and laboratories
reducing exposure to noise at work	<ul style="list-style-type: none"> ▶ construction of a noise barrier ▶ installation of a soundproof door ▶ installation of sound absorbing components in working environments requiring increased attention (floors, suspended ceilings, screens, curtains) 	<ul style="list-style-type: none"> ▶ installation of noise attenuators for the air conditioning system, soundproofing of the compressor station and purchase of a more efficient compressor
risk management of biological factors	<ul style="list-style-type: none"> ▶ purchase of ventilated animal boxes ▶ tiling animal house walls 	
training	<ul style="list-style-type: none"> ▶ e-learning curriculum development (ergonomics, fire safety exam, safety training for new entrants) ▶ training film (handling of lifting equipment, working in technical spaces) 	
IT development	<ul style="list-style-type: none"> ▶ H&S IT v2 specification ▶ Development of H&S IT modules (notification of carcinogens, task delegator, delivering personal protective equipment) 	
reducing fire risks, improving emergency response	<ul style="list-style-type: none"> ▶ expansion of the solvent vapour detection network and improvement of the supervisory system ▶ installation of collective technical protection facilities in laboratories (eye and emergency showers) ▶ improving security lighting 	<ul style="list-style-type: none"> ▶ extension of the fire detection and alarm system
Risk	GR RUS	RTML
mitigating the risk of exposure to hazardous chemical substances	<ul style="list-style-type: none"> ▶ purchase of gas masks for the dust-weighing and solvent rooms ▶ reducing exposure to HPLCs 	<ul style="list-style-type: none"> ▶ filling of liquid and flammable hazardous substances under nitrogen in a closed system ▶ increasing the sealing of centrifuges (with inflatable seals)
improving the working environment	<ul style="list-style-type: none"> ▶ repair of odour elimination in the flue gas cabinet 	
reducing fire risks, improving emergency response	<ul style="list-style-type: none"> ▶ installation of a fire alarm system ▶ making an evacuation plan ▶ door lock release system installation ▶ installation of emergency showers 	

Health and safety at work – fire protection – machinery safety – industrial safety

Workplace risks specific to the Group:

At manufacturing sites	hazardous chemical exposure	on all sites
	fire and explosion hazards	
	electrostatic discharge	
	(dangerous) work equipment	
	(dangerous) technologies	
	liquids/gases under pressure	
	noise exposure	
	risks of suffocation	
	cuts/punctures	
	burns	
	working at height	
	manual materials handling	
	psychosocial risks	
	ergonomic risks	
office work (sedentary work, working in front of a screen)		
road transport		

Risk management

We communicate the results of risk assessments and risk management measures and improvements to our employees and their representatives. In factories and laboratories, we reduce risks by collective technical protection (closed technologies, safety equipment/cladding, ventilation systems, local exhaust ventilation, etc.). The allocation of personal protective equipment depends on the risks of the given job.

Major risk management measures:

- ▶ regular occupational health monitoring – depending on job and risk profile
- ▶ collective technical protection (in preference to individual protection)
- ▶ personal protection against hazardous chemical exposure and other risks
- ▶ risk communication, training
- ▶ continuous monitoring of safety compliance: internal audits, safety walks
- ▶ closed systems, equipment, periodic inspections, planned preventive maintenance

Investment/renovation/maintenance planning is part of risk management. This is done in close cooperation with investment and maintenance organisations.

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 6 months to 1 year.

H&S objectives, programmes

Based on Richter's risk profile, our strategic objectives are defined as follows:

- ▶ training, information for and developing the safety awareness of our employees
- ▶ informing external stakeholders, liaising with authorities and institutions
- ▶ in the framework of chemical safety
 - ensuring a closed system for drug and active substance manufacturing technologies, thereby preventing hazardous chemical exposures and reducing fire and explosion risks
 - replacing carcinogenic, mutagenic substances where possible
 - prevention of major industrial accidents
- ▶ managing the risks of work equipment, workplaces
- ▶ reducing ergonomic risks
- ▶ reducing psychosocial risks
- ▶ mitigation of local and whole-body vibration exposure
- ▶ radiation protection risk management in the workplaces concerned
- ▶ reducing the risks of biological factors
- ▶ use of collective protective equipment, reduction of strain caused by personal protective equipment
- ▶ keeping our emergency readiness at a high level.

General and specific H&S training programmes, employee communication

All our new employees receive basic training appropriate to their job, which is complemented by safety training for their job. We then train our employees annually on the safety topics set by the H&S function. Employees in jobs requiring special qualifications are trained in accordance with the legal requirements.

Consultation with our employees on health and safety issues at work is carried out through the safety organisations on the one hand, and through elected safety representatives on the other.

Direct communication with the safety organisation is available to all our employees, both in person and electronically.

Compliance assessment

Regular internal audits and safety walks provide feedback on risk management.

We regularly report our safety performance to senior management: in the form of management reviews in areas certified under MSZ ISO 45001, and elsewhere:

- ▶ GR RUS: The heads of each department are responsible for ensuring that their subordinates comply with H&S requirements and that corrective action is taken in a timely manner. Matrixes of risk assessment and hazards identification are composed by department heads.
- ▶ RTML: The safety committee meets once every six months to discuss major safety incidents and events, and to agree on the necessary actions with the management.

We also place great emphasis on assessing the safety compliance of our contractual partners: regular audits and on-site inspections are carried out to ensure that the standards expected by Richter are met.

Accidents and incidents at work

Statistics on accidents at work

	Budapest, Vecsés			Dorog			Debrecen			RTML		
	2018	2019	2020	2018	2019	2020	2018	2019	2020	2018	2019	2020
Incapacity exceeding 3 days	40	53	47	5	13	9	0	1	0	0	0	2
Work accidents per 1,000 persons (frequency indicator)	8.5	11.5	10.6	4.9	12.4	8.5	0	3.1	0	0	0	5
Sick leave days per 1,000 persons	127.8	235.3	293.5	186.6	178.3	129.9	0	53.3	0	0	0	55
Sick leave days per 1 accident (severity indicator)	15.1	20.4	27.7	38.4	14.4	15.2	0	17	0	0	0	11

	GR Romania			GR RUS			GR Polska		
	2018	2019	2020	2018	2019	2020	2018	2019	2020
Incapacity exceeding 3 days	0	0	0	0	0	1	3	3	3
Occupational accidents per 1,000 persons (frequency indicator)	0	0	0	0	0	2	5.8	5.8	3.7
Sick leave days per 1,000 persons	0	0	0	0	0	30	309.3	530.1	27.1
Sick leave days per 1 accident (severity indicator)	0	0	0	0	0	15	31.8	91	7.33

Breakdown of accidents at work by type

	Budapest, Vecsés			Dorog			Debrecen			RTML		
	2018	2019	2020	2018	2019	2020	2018	2019	2020	2018	2019	2020
Falling and slipping	9	14	10	2	2	4	0	1	0	0	3	3
Cuts, punctures	2	3	3	0	3	1	4	3	0	3	21	21
Skin corrosion, poisoning	0	1	2	0	0	0	1	0	0	0	0	0
Burning, scalding	2	3	2	1	1	0	2	0	0	0	3	3
Eye injuries	0	0	1	0	0	1	0	0	0	0	1	1
Strikes, crushing, trapping	15	22	13	2	2	3	2	2	0	1	2	2
Other (strained joints, sprains)	12	10	16	0	5	0	0	0	0	3	4	4
Mechanical, technological	0	0	0	0	0	0	0	0	0	0	0	0
Electric shock	0	0	0	0	0	0	0	0	0	0	0	0

	GR Romania			GR RUS			GR Polska		
	2018	2019	2020	2018	2019	2020	2018	2019	2020
Falling and slipping	0	0	0	0	0	0	0	2	2
Cuts, punctures	0	0	0	0	0	1	2	0	0
Skin corrosion, poisoning	0	0	0	0	0	0	0	0	1
Burning, scalding	0	0	0	0	0	0	0	0	0
Eye injuries	0	0	0	0	0	0	0	0	0
Strikes, crushing, trapping	0	0	0	0	0	0	0	0	0
Other (strained joints, sprains)	0	0	0	0	0	0	2	1	1
Mechanical, technological	0	0	0	0	0	0	1	0	1
Electric shock	0	0	0	0	0	0	0	0	0

In 2020, 1 major exposure case was reported at the Budapest site; no occupational disease occurred. No other members of the Group had either major exposure or occupational disease.

The results of investigations into workplace accidents and other incidents, the lessons learned and the corrective actions taken are communicated to all stakeholders and are incorporated into our safety communication. Up-to-date statistics, case descriptions and measures introduced are available online at the Hungarian sites.

Our emergency readiness

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

In Hungary, the following sites are subject to the SEVESO regulation:

- ▶ Vecsés – below threshold
- ▶ Budapest – lower threshold
- ▶ Dorog – classified as an upper threshold hazardous facility.

The sites in Debrecen, GR Romania, GR RUS, GR Polska and RTML are not subject to the SEVESO regulations.

To prevent major industrial accidents, risk assessment and protection plans have been developed and documented in the form required by law. These are continuously updated and, after approval by the Emergency Management – Industrial Safety Authority, they are communicated to the population in scope.

Embedded in the certified MEBIR (H&S management system) (at the Hungarian sites), we are building a safety management system covering all areas and external employees. System compliance is ensured by continuous monitoring and review of performance indicators and protection locks.

ATEX

In accordance with Directive 2014/34/EU, we have prepared and continuously update explosion protection documentation for the Budapest, Dorog and Debrecen sites, in which we provide regular information to both senior management and employees on the potential explosion hazards in the workplace, the precautions taken, and the operating principles of the measures and protection systems.

Rescue exercises

Our response to potential emergencies is governed by fire and other rescue plans, which also cover the rescue of external workers; these drills are regular.

Organisations responsible for emergency response at each site

Budapest	facility fire brigade
Vecsés	professional fire brigade
Dorog	facility fire brigade
Debrecen	professional fire brigade
GR Romania	facility fire brigade or professional fire brigade (depending on the severity of the emergency)
GR RUS	<ul style="list-style-type: none"> ▶ contract with the local fire brigade ▶ each division has a special group (5 people per shift) who are trained as firefighting staff
GR Polska	professional fire brigade
RTML	facility fire brigade

Emergency interventions in 2020

Budapest	2 alarms requiring intervention
Vecsés	no intervention
Dorog	3 real, live alarms requiring intervention
Debrecen	no intervention
GR Romania	no intervention
GR RUS	no intervention
GR Polska	no intervention
RTML	no intervention



For our environment

Our Group is committed to reducing the environmental impact of its operations. To this end, environmental criteria are built into research and development, operational processes and investment decisions.

Environmental protection management

The site in Budapest is responsible for the entire vertical chain of pharmaceutical production (R&D, production and storage of active substances and drugs), while in Dorog, only active substances for drugs are produced, and in Debrecen, active substances and packaged drugs based on biotechnology are manufactured. Due to the special nature of biotechnology, the environmental risk of production in Debrecen is insignificant.

We have had a certified ISO 14001 Environmental Management System in place at our production sites in Budapest and Dorog since 2001. The compliance of the system is confirmed by the success of three-year re-certification audits (most recently in 2019) and annual supervisory audits. In 2016, we obtained the certification for our biotechnology plant in Debrecen, so the EMS certificate is now valid for all our Hungarian production sites.

At the same time, we are also improving the environmental processes of our production subsidiaries, with our Romanian unit also obtaining ISO 14001 certification for its environmental management system.

Our European manufacturing subsidiaries (GR Polska, GR RUS, GR Romania) are only engaged in the production of pharmaceuticals. This type of activity is very strictly regulated in terms of quality assurance standards applicable in the pharmaceutical industry, including a number of regulations which at the same time ensure that these companies can be regarded as moderate-risk businesses from the point of view of both environmental protection and occupational health. This is further reinforced by the fact that a very large proportion of the materials used are incorporated into the product, with only a very small proportion ending up as waste.

At our Indian facility (Richter Themis – RTML), active pharmaceutical substances are being produced, which is a chemical activity and as such, its risks can be considered significant. In terms of production processes, the factory can be compared to our pharmaceutical manufacturing plant in Dorog, supplemented with all the service functions needed to operate an independent facility (storage, logistics, energy supply, wastewater treatment, etc.). In the case of RTML, a major challenge is to adapt to typically different climatic conditions, regulations and (work) cultures. Our Indian subsidiary also has an environmental management system (environmental policy, targets/programmes, procedures) in place, but this system is not yet certified.

Key environmental targets

To attain the goals set out in the Environmental Policy, we have identified objectives and allocations, broken down into five-year periods, and developed programmes to achieve them. Our current goals cover the period 2017–2021. The main goals of the period are to preserve the results achieved so far

and to keep our environmental emissions low. Our Environmental Policy and related targets and programmes apply only to our Hungarian sites.

We will continue to develop the technical infrastructure of production technologies and modernise technological equipment, the sewage network, wastewater treatment and materials storage facilities. One of the biggest challenges is presented by the circular economy model. The goal of recycling close to 100% of waste is only marginally achievable at the local (company) level (for quality assurance and other reasons), but if we move up to the group level, we can meet this expectation by collecting and recycling waste in a way that allows Richter to be a source of raw materials and energy that others can use. We are also making efforts to reduce the amount of waste.

Legal compliance

The competent authorities check the implementation of the provisions of the Integrated Environmental Use Permit, combined with annual on-site inspection. For our subsidiaries, the most important goal is also to ensure legal compliance.

No fines were imposed in 2020, neither at our Hungarian sites nor at our foreign subsidiaries.

Climate protection

We are aware of the environmental impact of energy and water use. Therefore, as set out in our Energy Policy, we strive to minimise it, thus contributing to the accomplishment of the climate policy goals set in international conventions. Our Company shares the growing global concerns about the consequences of climate change and is committed to sustainable development that strikes the right balance between environmental protection and economic growth.

During the operation, maintenance and development of our energy supply systems at Richter's sites and at those of subsidiaries, we pay particular attention to the aspects of energy efficiency, operational safety and environmental protection, and to compliance with the legislation applicable to the energy sector. In order to reduce our environmental footprint, we strive to increase energy efficiency and the use of renewable energy sources and reduce our carbon dioxide emissions. To this end, the following comprehensive modernisation programmes are being implemented.

- ▶ We use high-efficiency and low-emission burners in our combustion equipment and strive for maximum heat recovery.
- ▶ We reduce the electricity demand of our fluid technology machines by using modern power control and electric motors with low energy consumption.
- ▶ As for the transformation and development of cooling systems, our task is to meet the increasingly stringent requirements for coolants that create a greenhouse effect and are highly damaging to the ozone layer.
- ▶ In order to reduce losses, the size of distribution systems and power lines for the transmission of energy will be optimised and insulation will be renewed.
- ▶ We are constantly improving our energy measurement systems to monitor energy processes.
- ▶ We will improve our building energy performance by using thermal insulation, shading and energy-saving lighting.

- ▶ Hybrid and electric vehicles account for an increasing share of our vehicle fleet.
- ▶ In order to increase the use of renewable energy sources, we plan to install small and medium-sized solar parks, and we want to use heat pump technology based on the use of geothermal and other heat sources more widely for heating buildings.
- ▶ We mitigate our carbon dioxide emissions by reducing our heat demand and heat losses and upgrading our combustion technology equipment. We measure and calculate carbon dioxide emissions at our subsidiaries and our sites in accordance with professional and current legal regulations. Where required, results are verified by an independent organisation.
- ▶ Over the past 10 years, electricity consumption of our Hungarian sites has increased by 16.1%, while heat consumption has decreased by 20.5%.

Water use and effluent discharge

To reduce our water consumption, we are taking the following steps:

- ▶ Reduce the amount of fresh water used for cooling by increasing the proportion of recirculation water.
- ▶ Increase the utilisation rate of condensate by reducing the amount of contaminated condensate or by its purification.
- ▶ Over the past 10 years, water use at Hungarian sites has fallen by 5.8%.

In Budapest, wastewater of technological origin – after local treatment if necessary – is discharged into wastewater pre-treatment plants. The pre-treated wastewaters are mixed with other waters before reaching the urban sewage network, and then, after significant dilution, they are discharged into the South-Pest multi-stage biological wastewater treatment plant, and they are ultimately discharged into the River Danube.

In Dorog, rainwater, communal wastewater and technological wastewater are collected and drained via separate networks. All the technological wastewater generated on site is sent to a multi-stage biological treatment plant, the final recipient of which, along with the purified water released by the municipal water treatment plant, is the River Danube.

The site in Debrecen has a segregated sewerage network. Communal and pre-treated technological wastewater is discharged into the industrial park's sewerage network and ultimately, into the municipal wastewater treatment plant. In India and Russia, we have implemented measures to reduce the environmental impact of effluent discharge.

Medicines in the environment

Out of the 3 active substances appearing in living waters and closely monitored by the European Union, our Company is affected by active substances with hormonal effect. Based on extensive studies, it has been established that the sources of active substances in the environment are as follows:

- ▶ 70% from human excretion,
- ▶ 20% from the active substance released into the landfill from unused medicines going to municipal waste from the population,
- ▶ 10% from wastewater from manufacturers' premises.

While the above facts do not reduce manufacturer responsibility, the emphasis in resource allocation is placed on increasing the efficiency of urban wastewater treatment plants. Richter fully supports these efforts and we take advantage of the opportunities for cooperation. To improve our knowledge, we have tested our effluents for these substances, are conducting experiments to remove them and will carry out further monitoring studies in the future.

Raw materials use

The quality and quantity of chemicals and solvents used by our Company are primarily determined by the laws of physics and chemistry that apply to the procedure. A significant part of the materials used are solvents, known as Volatile Organic Compounds (VOCs), almost half of which are recycled, i.e., funnelled back into reactive processes without treatment or after purification.

Highly dangerous substances are only used as reactants in accordance with legal requirements and only when there is no technical or economic substitute, or when an alternative would be even less acceptable in terms of environmental or health protection. In these cases, we create a safe manufacturing environment for the process.

Air pollution

In the past few years, we have introduced a number of technical solutions at our Hungarian sites for reducing emissions of air pollutants, primarily volatile organic compounds (VOCs). The technical standard of production equipment meets BAT (Best Available Technology) requirements. To reduce emissions of other non-solvent substances, we use absorbers, filters with appropriate efficiency, catalytic burners and other equipment. We comply with the legal requirements for emissions, and in the case of volatile substances, our emission rate is significantly lower than required.

Among our subsidiaries, our Russian subsidiary GR RUS in particular has taken significant steps to reduce its emissions to air by introducing a number of technical and management measures.

Waste

A significant proportion of waste from pharmaceutical production is classified as hazardous waste. This waste is transferred to licensed waste disposal plants, as set out in law. Waste disposal is, for the most part, implemented by burning. Any hazardous waste that cannot be disposed of in any other way is taken to a permanent landfill. We do not export and import hazardous waste.

In line with the requirements of modern waste management (circular economy model), we aim to increase the share of recyclable waste and reduce the amount of waste generated. To achieve this, we have extended our selective waste collection system, reorganised municipal waste collection and started to develop a centralised waste management system.

A sludge drainage system has been built at the Dorog site, which will significantly reduce the amount of waste generated and the cost of its disposal.

In Budapest, we have started planning a new Central Waste Collection Facility.



In waste management, our Polish subsidiary in particular has taken major steps (improving the compliance and traceability of waste shipments).

Condition of our production sites (surface and groundwater protection)

Our production sites have been active in the chemical industry for decades, in Budapest for over 100 years. We monitor the current condition of soil or groundwater contamination caused many years ago through a network of monitoring wells that has been expanded several times since the 1990s. We have isolated the detected soil contaminations and are treating them in accordance with official regulations. Such remediation activities are already underway at the Budapest and Dorog sites, while preparations for remediation are in progress at the storage facility in Vecsés. We operate the equipment continuously, monitor its efficiency and report to the environmental authority on the progress of work as often as necessary. It should be stressed that in our current activities, the possibility of soil/groundwater contamination is excluded, thanks to appropriate technical measures.

We have also taken steps to permanently eliminate soil contamination at our Vecsés site.

As our production site in Debrecen was a greenfield investment, there is no soil/groundwater pollution, and the quality of groundwater does not require treatment.

Costs and expenditures

The tables show that we are spending a significant amount on direct and integrated environmental investments year after year. In recent years, the most significant investments have been made in connection with groundwater treatment, wastewater treatment, emergency storage, noise prevention and warehousing.

	2018						
	Budapest (HUF m)	Dorog (HUF m)	Debrecen (HUF m)	GR Romania (RON)	GR RUS (RBL)	GR Polska (PLN)	RTML (INR)
Total investment including environmental protection (direct + integrated)	2,241	2,855	423	1,980,895	22,063,498	0	10,032,156
of which: investment in environmental protection (direct + integrated EV part)	221	796	21	19,742	2,056,540	0	2,182,498
Direct investment in environmental protection	128	378	17	0	1,702,332	0	0
air pollution	0	54	0	0	0	0	0
water pollution	3	166	17	0	1,702,332	0	0
soil, groundwater	70	153	0	0	0	0	0
hazardous waste	41	0	0	0	0	0	0
other	14	5	0	0	0	0	0
Integrated environmental investments	2,113	2,477	406	1,980,895	20,361,166	0	10,032,156
of which: environmental investments	93	418	4	19,742	354,207	0	2,182,498

	2019						
	Budapest (HUF m)	Dorog (HUF m)	Debrecen (HUF m)	GR Romania (RON)	GR RUS (RBL)	GR Polska (PLN)	RTML (INR)
Total investments including environmental protection (direct + integrated)	2,325	3,162	402	105,408	40,581,127	80,308	12,698,910
of which: investment in environmental protection (direct + integrated EV part)	482	478	229	104,803	22,008,924	7,051	2,492,603
Direct investment in environmental protection	283	447	228	104,579	18,028,692	0	0
air pollution	0	41	0	0	0	0	0
water pollution	114	324	178	0	17,411,026	0	0
soil, groundwater	134	58	13	0	0	0	0
hazardous waste	1	22	0	0	617,666	0	0
other	33	1	37	104,579	0	0	0
Integrated environmental investments	2,041	2,715	175	829	22,552,435	80,308	12,698,910
of which: environmental investments	199	31	2	224	3,980,232	7,051	2,492,603

	2020						
	Budapest (HUF m)	Dorog (HUF m)	Debrecen (HUF m)	GR Romania (RON)	GR RUS (RBL)	GR Polska (PLN)	RTML (INR)
Total investment including environmental protection (direct + integrated)	3,107	2,552	31	7,586,843	42,000,339	520,690	19,936,721
of which: investment in environmental protection (direct + integrated EV part)	263	320	1	109,940	33,726,063	111,221	1,878,062
Direct investment in environmental protection	56	281	1	85,641	32,328,236	106,943	0
air pollution	0	34	0	0	0	0	0
water pollution	0	5	0	0	32,328,236	97,443	0
soil, groundwater	49	66	0	12,848	0	0	0
hazardous waste	1	152	1	0	0	0	0
other	6	24	0	72,794	0	9,500	0
Integrated environmental investments	3,050	2,271	30	7,501,201	9,672,103	413,747	19,936,721
of which: environmental investments	206	39	0	24,299	1,397,827	4,278	1,878,062

	2018						
	Budapest (HUF '000)	Dorog (HUF '000)	Debrecen (HUF '000)	GR Romania (RON)	GR RUS (RBL)	GR Polska (PLN)	RTML (INR)
Amounts paid to environmental service providers							
service provided by external labs	0	0	0	0	0	0	3,025,539
solid, non-hazardous waste removal and disposal	61,682	2,251	503	154,383	619,967	108,566	0
disposal of hazardous waste	292,513	610,108	4,055	146,549	4,456,430	7,642	3,005,067
disposal of wastewater through the sewerage network	392,732	5,549	21,501	104,770	341,159	313,459	4,290,963
Environmental protection expenditure within the business organisation							
protection of clean air	11,501	9,430	0	1,186,728	0	18,267	0
wastewater treatment	70,351	414,720	32,286	48,938	0	0	5,495,170
solid, non-hazardous waste management	17,669	0	1,312	0	0	0	0
hazardous waste management	91,107	1,295	14,710	0	0	0	0
soil and groundwater protection	41,040	3,381	188	156,377	542,373	800	0
noise and vibration protection	1,005	618	0	3,300	0	0	0
environmental research and development	0	0	0	0	0	0	0
operation of labs	7,941	9,019	0	0	0	4,841	0
operation of an environmental management system	6,586	0	0	0	0	0	0
other	1,712	2,854	5,070	559,796	0	0	0
Total	995,839	1,059,225	79,625	2,360,841	5,959,929	453,576	15,816,739

	2019						
	Budapest (HUF '000)	Dorog (HUF '000)	Debrecen (HUF '000)	GR Romania (RON)	GR RUS (RBL)	GR Polska (PLN)	RTML (INR)
Amounts paid to environmental service providers							
service provided by external labs	0	0	0	5,732	3,423,883	0	2,633,242
solid, non-hazardous waste removal and disposal	60,708	4,436	432	109,227	326,683	294,203	0
disposal of hazardous waste	328,330	536,086	8,125	15,037	9,453,682	21,888	5,141,437
disposal of wastewater through the sewerage network	426,397	4,657	17,850	146,570	0	260,951	3,375,084
Environmental protection expenditure within the business organisation							
protection of clean air	12,340	7,200	360	3,038,322	0	20,374	0
wastewater treatment	61,396	447,908	12,793	16,385	270,833	0	3,587,507
solid, non-hazardous waste management	19,580	0	1,312	0	660,000	0	0
hazardous waste management	96,721	420	15,787	0	0	0	0
soil and groundwater protection	40,430	3,460	1,289	0	0	800	0
noise and vibration protection	0	0	0	24,603	0	0	0
environmental research and development	0	0	0	0	0	0	0
operation of labs	8,038	7,903	0	0	0	2,400	0
operation of an environmental management system	7,977	0	0	79,975	0	0	0
other	9,003	295	973	165,572	0	6,300	0
Total	1,070,920	1,012,365	58,921	3,601,423	14,135,081	606,916	14,737,270

	2020						
	Budapest (HUF '000)	Dorog (HUF '000)	Debrecen (HUF '000)	GR Romania (RON)	GR RUS (RBL)	GR Polska (PLN)	RTML (INR)
Amounts paid to environmental service providers							
service provided by external labs	0	0	0	10,889	3,594,341	0	3,200,830
removal and disposal of solid, non-hazardous waste	58,337	2,285	362	103,590	698,948	342,806	0
disposal of hazardous waste	388,864	756,033	10,335	49,967	8,091,438	73,341	2,406,612
disposal of wastewater through the sewerage network	405,507	5,238	20,656	177,336	0	0	2,604,951
Environmental protection expenditure within the business organisation							
protection of clean air	3,960	11,860	0	2,474,723	0	19,197	0
wastewater treatment	62,625	513,855	14,433	23,833	336,166	0	7,120,044
solid, non-hazardous waste management	23,521	0	1,312	24,860	512,105	0	0
hazardous waste management	98,909	0	16,358	0	0	0	0
soil and groundwater protection	80,011	2,091	188	0	0	0	0
noise and vibration protection	1,005	1	0	0	0	0	0
environmental research and development	0	0	0	0	0	0	0
operation of labs	8,379	10,588	0	205,095	0	800	0
operation of an environmental management system	1,147	0	0	810,912	0	0	0
other	9,240	1,466	3,678	296,978	0	0	0
Total	1,141,505	1,303,417	67,322	4,178,183	13,232,998	436,144	15,332,437

Additional environmental protection data can be found in Annex 4.

Long-term strategic environmental objectives – parent company

	Objective 2020	Delivery 2020
Compliance with emission limits, ensuring that limits are not exceeded	0	0
In order to protect air quality, a maximum of 5% of the solvents we use can be released into the environment.	5%	1.5%
Under the circular economy principle, more than 65% of our waste is recycled.	>65%	73%

For our communities – social programmes

We feel it is our duty to support our community causes through social programmes as far as we can. The Richter Group provides grants primarily in three main areas related to its activities: healthcare, science education and women-focused initiatives. In this chapter, we will present a few examples of our CSR activities over the past year.

Support for healthcare

Launched in spring 2009 as an initiative to promote health awareness and prevention, the **Richter Health City** is the flagship of our Company's social responsibility programme. The Richter Health City's all-day, free events are the result of a joint effort to raise health awareness and take responsibility for the local healthcare institution. Those who participate in free screenings, counselling or presentations are not only doing it for themselves, but they also help their local health institute to buy equipment. For each activity, the participants receive a donation point worth HUF 300, which at the end of the day is added to the two million Hungarian forints donated by Richter. By the end of 2020, 192,139 participants had collected HUF 422,912,800 in donation in 82 cities. The institutions supported have used the funds to purchase X-ray equipment, ventilators, stress test ECG systems, intensive care monitors and premature baby incubators, to upgrade lung screening equipment, and to finance a mini-laboratory for mobile screening tests and many other improvements.

In 2020, our Russian subsidiary Gedeon Richter Pharma continued its social campaign in the therapeutic area of schizophrenia. In collaboration with the popular Russian YouTube channel "Secrets", it has released a documentary film entitled "**In case of schizophrenia**". At the heart of the film is one of the most mysterious and complex mental illnesses, which is surrounded by myths and fears. The primary aim of the project was to dispel preconceptions and offer an objective perspective on the daily lives of people with schizophrenia. Viewers will get a different perspective on the disease – from relatives, psychiatrists, social workers and the patients themselves. Patients share their own experiences of a difficult journey from learning of their diagnosis to partial or full return to normal social life. Their relatives talk about their experiences and doubts, stigmatisation and fears, not only about their own, but also about those of their neighbours or acquaintances who often attach pejorative attributes to schizophrenics. The views of experts are also presented. The film answers questions such as what is schizophrenia, what are its possible symptoms, how to adapt to changes and how to socialise. The video has been viewed by more than a million people.

The **Gedeon Richter for Hungarian Healthcare Foundation** is particularly important among our Hungarian foundations supporting healthcare. When awarding grants, it is a priority that the support provided:

- should be spent on a specific, clearly defined purpose;
- should improve the situation and lifestyle of specific communities;
- should promote the development of hospital infrastructure development goals;
- if the support is requested by foundations associated with specific therapeutic areas, Richter will give priority to the cardiovascular, central nervous system and musculoskeletal disorders, and will take into account the needs of patient organisations operating in the therapeutic areas of its interest.

Support for education

In our strategy, it is crucial to maintain continuous research and development activities, and we consider the training of future professionals and the support of the education of the next generations to be essential. Support for education is wide-ranging: we support talented secondary school, university and PhD students, as well as educational institutions and their training programmes. We have established and are operating separate foundations to recognise the work of outstanding teachers in chemistry and science education. In networking with young people, we are constantly offering new opportunities, looking for ways and methods and tools that are attractive, interactive and extremely motivating for them.

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 the four university towns (Budapest, Szeged, Pécs, Debrecen), three professional lectures are held with the same programme, based on the scientific concept of the given year. In addition to the presentations, we provide all those interested with the opportunity to apply for our special factory visit programme, in which they can gain insight not only into the pharmaceutical manufacturing process, but also into Richter’s everyday life.

We are committed to helping young people in their studies, because we believe that today’s students can become tomorrow’s scientists and researchers. That is why we invest in projects to get students interested in science.

Under the auspices of the **Foundation for Hungarian Chemistry Education**, the Gedeon Richter Foundation gives several, so-called ‘unconventional chemistry classes’ every year as part of the Hungarian Chemistry Education Award to present a scholarly career. The award-winning teachers and their talented students dedicated to chemistry can learn about the processes of pharmaceutical research, development and innovation, and the lives of pharmaceutical researchers in an interactive presentation. They then visit a laboratory and talk to young researchers. The event fills a gap and significantly shapes the attitudes, knowledge and vision of teachers and students. The programme has already inspired many students to choose a research career. In 2020, we received nearly 60 students under the programme.

Gedeon Richter Romania’s support for the **“Științescu Mureș”** education project is a step in this direction. 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 discover the fascinating details of science. Richter is the first company to support a specific fund targeting a specific discipline. The mission of **“ȘTIINȚESCU – RICHTER for Chemistry”** is to enable students to discover the beauty of chemistry through projects that involve them in hands-on activities and experiments. This special fund encourages teachers to do their best for their students by developing and submitting projects that favour modern teaching techniques and a learning process based on practical activities. The Științescu project runs over several months and consists of several phases, starting with the submission and evaluation of projects, followed by the selection and implementation of the winning applications. Projects are evaluated by an external committee and winners are selected on the basis of various criteria, such as



the innovation they bring to the department. The last three winning projects (Virtual Chemistry 2.0, Essentials, ChimECO), for example, helped students carry out unique chemistry experiments and access educational software and digital content that aroused their interest and curiosity in chemistry.

Our other grants in Hungary are provided through foundations:

Foundation	Form of grant
Foundation for Student Researchers	It provides research opportunities to secondary school students.
University foundations	Awards for prize winners at Students' Scientific Associations conferences and for excellent degree theses. Grants for young researchers and PhD students.
Richter foundations:	
Gedeon Richter Foundation for Hungarian Chemistry Education	Awards for the teaching work of primary and secondary school chemistry teachers.
Gedeon Richter Plc Centenary Foundation	Support for the PhD studies and short and long-term research by young research scientists and university students.
Gedeon Richter Talentum Foundation	Supporting the graduate and postgraduate studies of talented youngsters who, after completing their studies, could become the next generation of successful specialists and researchers in the Hungarian pharmaceutical industry. In addition, supporting the activities of universities and other educational institutions that train young people who are successful in their applications.
Aesculap Foundation	Supporting scientific activities, research, training, education, skills development and the dissemination of knowledge at the Faculty of Pharmacy, Semmelweis University, Budapest.
Foundation for Hungarian Science Education	Rewarding teachers who achieve outstanding results in teaching mathematics, physics, biology and chemistry (Teacher Rátz Life Achievement Award).
Bugát-Richter Science Foundation	Deepening the scientific knowledge of secondary school students, helping talented students with outstanding knowledge, and supporting high-quality competitions and contests.
Varga József Foundation	Supporting scientific activities, research, education, training, skills development, conferences at the Faculty of Chemical and Bioengineering, the Budapest University of Technology and Economics.
ProScola Nostra Foundation	Supporting the talented students of the Vilmos Zsigmondy Secondary Grammar and Vocational School in Dorog in their school environment, as well as supporting training and public education, promoting activities and sports for young people in Hungarian and foreign special camps. Health promotion, skills development, supporting foreign language training, incentives for taking foreign language exams.

Focus on women

Our Group has several decades of unique experience in gynaecological therapy. Of all the companies marketing gynaecological products in the world, Richter offers one of the largest product ranges. Our state-of-the-art gynaecological products support women's health from adolescence all the way through to menopause. The **Achieve Balance** campaign is a national information campaign supported by Richter Gedeon Bulgaria. The campaign aims to raise women's awareness of the symptoms of PCOS (polycystic ovary syndrome) and their treatment. As part of this, women with PCOS symptoms were able to have a free gynaecological examination in 2020. During the campaign, Richter Gedeon Bulgaria published articles on PCOS in popular online lifestyle magazines across the country. Providing valuable content to support women affected by PCOS is important to overcome poor patient-doctor cooperation resulting from lack of information, previous treatment experiences and dissatisfaction with healthcare.

Women's Health Week is a social project in Russia, organised every April by Gedeon Richter Pharma, the Russian commercial subsidiary of Richter. The project encourages women to take care of their reproductive health and make regular visits to the gynaecologist a healthy habit. The company traditionally conducts a survey of women of reproductive age, in partnership with the All-Russia Public Opinion

Research Centre, to find out how they feel about contraception, how often they visit a gynaecologist and why. In 2020, the aim of the project was to remind women to visit their gynaecologist regularly (at least once a year). No matter how busy they are, they should always have time to take care of their own health. Offline events were cancelled due to the COVID-19 pandemic. Instead, an education campaign was promoted in online and print media, along with several podcasts and a series of cartoons highlighting pressing issues in contraception and how contraceptives work.

In 2019, Richter launched its **"For Women"** campaign in Poland in response to a report by the State Audit Office that found that patients in rural areas have difficulty accessing gynaecological care. The main communication objective of the campaign is to raise awareness among women about the need for regular gynaecological check-ups and how to overcome the fear of being diagnosed. Every year, we visit selected regions of Poland with a mobile gynaecology clinic, where women can have a free medical consultation and examination (cytology, transvaginal ultrasound, HPV test and breast examination). Thanks to the campaign, 323 women in 10 Polish cities were able to have a gynaecological check-up in 2020, of whom 49 needed urgent care or were hospitalised. One fifth of the patients studied produced alarming cytology results. The presence of a high-risk oncogenic virus was confirmed in 5% of patients tested for HPV.

In addition to education, we also consider it important to increase the social recognition of women and to promote their mental and social well-being as part of our social engagement. This is why we launched the Richter for Women programme with the following key pillars:

The **Richter Phoenix Community** aims to present examples for starting life afresh from which many people can draw strength. Gabriella Jakupcsek, a well-known TV show host as creator and Pál Szekeres, Olympic bronze medallist and Paralympic champion fencer as patron, take part in the implementation of the initiative. In addition to presenting empowering, inspiring stories, the programme aims to build community because we believe that by working together and supporting each other, it is easier to overcome problems.

The **Richter Anna Award** makes a significant financial contribution to the implementation of the creative ideas of physicians, healthcare professionals, researchers, teachers and pharmacists. The aim of the Richter Anna Award is to draw attention to the importance of health awareness and social well-being, to inspire professionals working in healthcare, education, research and pharmacy, to help implement their innovative ideas and to show them to the general public. The competition is open to teams of up to five people, led by dedicated women working in healthcare and education who want to improve the conditions and everyday life of their institutions, organisations, communities or the patients and students connected to them. The Award has contributed to the implementation of 15 projects with the 3 seasons to date, with a grant of HUF 4 million per team.

The impact of our programmes is monitored and analysed based on research. The research results help us further develop our Richter for Women programme.

CSR expenditures (HUF)

	2018	2019	2020
Gedeon Richter Plc	1,061,000,000	1,184,000,000	1,410,000,000
Richter Group without parent company	496,980,364	718,763,651	599,604,729
Richter Group total	1,557,980,364	1,902,763,651	2,009,604,729

Appendices

1. Richter Group subsidiaries as of 31 December 2020

Name	Place of incorporation (or registration) and operation	Proportion of ownership %	Principal activity
AO Gedeon Richter - RUS	Russia	100.00	Pharmaceutical manufacturing, wholesale
Gedeon Richter Romania S. A	Romania	99.92	Pharmaceutical manufacturing
Gedeon Richter Polska Sp. z o.o.	Poland	99.84	Pharmaceutical manufacturing, Marketing services
Richter Themis Medicare (India) Pvt. Ltd.	India	51.00	Pharmaceutical manufacturing
Gedeon Richter Pharma GmbH	Germany	100.00	Pharmaceutical trading, Marketing services
Gedeon Richter USA Inc.	USA	100.00	Pharmaceutical trading
RG Befektetéskezelő Kft.	Hungary	100.00	Financial-accounting and controlling activities
Gedeon Richter UA PAT	Ukraine	100.00	Pharmaceutical trading
Gedeon Richter UK Ltd.	UK	100.00	Pharmaceutical trading, Marketing services
Gedeon Richter Iberica S.A.U	Spain	100.00	Pharmaceutical trading, Marketing services
Medimpex Jamaica Ltd	Jamaica	60.00	Pharmaceutical trading
Medimpex West Indies Ltd.	Jamaica	60.00	Pharmaceutical trading
Humanco Kft.	Hungary	100.00	Social, welfare services
Pesti Sas Holding Kft.	Hungary	100.00	Portfolio management
Richter Szolgáltató Kf	Hungary	100.00	Catering services
Reflex Kft.	Hungary	100.00	Transportation, carriage
Chemitechnik Pharma Kft.	Hungary	66.67	Engineering services
GYEL Kft.	Hungary	66.00	Quality control services
Armedica Trading S.R.L.	Romania	99.92	Portfolio management
Gedeon Richter Farmacia S.A.	Romania	99.92	Pharmaceutical retail
Gedeon Richter France S.A.S.	France	100.00	Pharmaceutical trading, Marketing services
I.M. Gedeon RichterRetea Farmaceutica S.R.L.	Moldavia	51.00	Pharmaceutical retail
Richter-Helm BioLogics GmbH & Co. KG	Germany	70.00	Biotechnological manufacturing and research
Richter-Helm BioLogics Management GmbH	Germany	70.00	Asset management
Medimpex UK Ltd.	United Kingdom	100.00	Pharmaceutical trading
Farnham Laboratories Ltd.*	United Kingdom	100.00	Pharmaceutical trading
Gedeon Richter Aptyeka SP 000	Armenia	51.00	Pharmaceutical retail
Pharmafarm S.A.	Romania	99.92	Pharmaceutical wholesale
Gedeon Richter Ukrfarm TOV	Ukraine	100.00	Pharmaceutical retail
Gedeon Richter Italia S.R.L.	Italy	100.00	Pharmaceutical trading, Marketing services
PregLem S.A.	Switzerland	100.00	Research and development, marketing services
Gedeon Richter Marketing ČR s.r.o.	Czech Republic	100.00	Marketing services

Gedeon Richter Slovakia s.r.o.	Slovak Republic	100.00	Marketing services
Richter-Lambron SP 000	Armenia	51.00	Pharmaceutical trading
Gedeon Richter Austria GmbH	Austria	100.00	Marketing services
Gedeon Richter (Schweiz) AG	Switzerland	100.00	Marketing services
Pharmarichter 000	Russia	100.00	Pharmaceutical sales promotion
I.M. Rihpangalparma S.R.L.	Moldavia	65.00	Pharmaceutical wholesale
Gedeon Richter Portugal S.A.	Portugal	100.00	Marketing services
PregLem France SAS	France	100.00	Management services
Gedeon Richter trženje, d.o.o.	Slovenia	100.00	Marketing services
Gedeon Richter Benelux SPRL	Belgium	100.00	Marketing services
Gedeon Richter Nordics AB	Sweden	100.00	Marketing services
TOO Gedeon Richter KZ	Kazakhstan	100.00	Pharmaceutical trading, Marketing services
GRMed Company Ltd.	Hong-Kong	100.00	Marketing services, distribution
Gedeon Richter Pharmaceuticals (China) Co. Ltd.	China	100.00	Marketing services
Gedeon Richter Colombia S.A.S.	Columbia	100.00	Pharmaceutical trading, marketing services
Gedeon Richter Croatia d.o.o.	Croatia	100.00	Marketing services
Gedeon Richter Mexico, S.A.P.I. de C.V	Mexico	100.00	Pharmaceutical trading, Marketing services
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
Mediplus (Economic Zone) N.V.	Curacao	100.00	Pharmaceutical trading, Marketing services
Gedeon Richter Peru S.A.C.	Peru	100.00	Pharmaceutical trading
GEDEONRICHTER 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	Trading of biotech products, 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
Finox Biotech UK and Ireland Ltd.	United Kingdom	100.00	Marketing services
GR Ireland Ltd.	Ireland	100.00	Marketing services
Gedeon Richter Bulgaria	Bulgaria	100.00	Marketing services
Gedeon Richter Pharma O.O.O	Russia	100.00	Marketing services
Pharmapolis Gyógyszeripari Tud. Park Kft.	Hungary	100.00	Building project management
Forharcare Kft.	Hungary	100.00	Pharmaceutical retail

*The company's principal activity was suspended.

2. Pharmacovigilance Policy



PHARMACOVIGILANCE POLICY

Gedeon Richter Plc. (referred to as “Company”) considers pharmacovigilance as an area of outstanding priority, thinks of it as a service, with the **aim to be able** to continuously monitor the benefit-risk balance and **to ensure the safe administration of our medicinal products for the patients and healthcare professionals.**

To achieve this aim, we perform our tasks according to the following principles:

- we **comply with all health authority regulations**, and ensure that these highest standards of pharmacovigilance shall continuously apply at all part of the Company Group regardless of geographical location;
- we **operate a robust quality system** and have the framework of policies and procedures that enable us to continuously monitor, evaluate and report pharmacovigilance data;
- we pay special attention **to ensure** that any adverse event related to the administration of any products of the Company shall be identified and collected, and the global analyses of the gathered data shall contribute to the appropriate drug administration and to the prevention of the occurrence of adverse reactions. The Company’s **pharmacovigilance system connects** to the international adverse reaction surveillance networks, alerts and intervenes if a new adverse reaction is identified, or if a change in the safety profile of a product is observed;
- we **continuously evaluate the benefit-risk** profile of our medicines. We are **committed** to transparency regarding the results of the evaluation of these benefits and risks with patients, healthcare professionals and regulatory authorities;
- we provide **up-to-date information** to patients and healthcare professionals and ensure that all questions raised and all problems occurred related to drug administration will be answered and resolved without any delay. For this purpose, we maintain communication channels and information sharing surfaces with 24/7 availability.

Each employee of the Company Group is responsible to ensure the collection and reporting of safety information to the Company’s Global Pharmacovigilance Department. When necessary, further information is sought from individuals who have reported the potential adverse event, and the data is recorded in a computerised database for ease of retrieval and analysis.

Pharmacovigilance is our common responsibility and is in our common favour, which provides protection to the patient, to the product and to the Company at the very same time.

Budapest, 3rd March 2020

Gábor Orbán
Chief Executive Officer

Tamás Szolyák
Director, Regulatory Science Division

3. Procurement Policy



Procurement Policy

1. Aim of the Policy

Gedeon Richter Plc. (“Company”):

- **knows and understands** the effects of its procurement processes on its own performances,
- **is committed to** continuously improving its procurement processes and performances and maintaining compliance with the changing external and internal requirements,
- **undertakes to** combine the Company’s more than 100 years of traditions, extensive pharmaceutical and other knowledge with the technical requirements of modern procurement.

Procurement considerations are an integral part of the Company’s economic decisions. The main focus is on keeping the Company’s basic procurement principles in mind, while ensuring the availability of the necessary materials, tools and services in a cost-efficient manner, at the right place and time, in the right quantity and quality, in order to help the Company achieve its strategic goals.

In order to enforce the above requirements, the Company takes into account the following principles in its activities.

2. Principles of the Policy

- **Cost-effectiveness**
Particular attention should be paid to ensure reasonable and economical management of the costs incurred. Purchases should be made using cost-effective methods, at the lowest cost over the entire life cycle.
- **Quality-oriented approach**
Business partners should be selected with the utmost care, ensuring their trustworthiness, reputation and, last but not least, the quality of their products/services.
- **Environmental protection**
During the purchasing process, solutions resulting in the lowest possible environmental impact should be favoured.
- **Compliance with legal requirements**
During procurement it must be ensured that the activities fully satisfy the relevant domestic and foreign legal requirements, and that they comply with the rules and

standards specified by the relevant professional bodies and the general domestic and foreign practices.

- **Competition law**

The Company also attaches great importance to the enforcement of fair competition and competition law in its procurement processes and, where possible, intends to select its business partners through open tender in order to achieve the widest possible bidding base and the greatest possible cost-effectiveness.

- **Equal opportunities, equal treatment**

A level playing field must be created for all business partners; they must be treated in an objective and equal way, without bias and prejudice. The Company expects from its business partners to provide equal employment opportunities, and to treat employees without regard to personal characteristics such as race, colour, ethnicity, creed, ancestry, religion, sex, sexual orientation, age, gender identity or gender expression, national origin, marital status, pregnancy, childbirth or related medical condition, genetic information, military service, medical condition (as defined by local laws) or other characteristics protected by applicable laws.

- **Cooperation**

The Company's business partnerships are based on fair and ethical business cooperation.

- **Integrity**

The employees concerned must separate their personal and business interests. Individual interests and personal gain cannot play a part in procurement, neither from the employees' side nor from the business partners' side. In this regard, any direct or indirect relationship between the business partners and the Company's employees that may affect any business relationship which may be established or already exist between the business partners and the Company must be disclosed and notified to the Company prior to the business negotiations.

- **Confidentiality**

Confidentiality of business information is a top priority for the Company throughout the procurement process. The Company expects its business partners to treat all information (regardless whether in oral or written form) which is acquired during its cooperation and relationship with the Company as trade secrets.

- **Personal data protection**

The Company, its business partners and its agents under the relevant legal regulations are accountable for protecting personal data, and for processing personal data only within the boundaries of applicable laws, the Company policies and procedures. The Company, its business partners and its agents help protecting the privacy of the individual, including personal data relating to health status, medical treatment, sickness, race and ethnicity, religious, political or other philosophical belief (which are defined as special categories of personal data).

- **Anti-corruption**

The Company requires compliance with the highest ethical standards and the Company 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.

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

- **Prevention on money laundering**

The Company's business partners are obliged to comply with the legal provisions aimed at preventing money laundering and must not participate in any money laundering activities.

- **Human rights, combating human trafficking, child and forced labour**

The Company expects from its business partners to respect human rights as defined in the relevant international conventions and in local laws and regulations.

The Company strongly condemns practices of human trafficking, child exploitation and forced labour and is committed to prevent these practices in its operations, as well as in its supply chain and the Company also opposes harsh and cruel treatment of employees.

3. Commitment

Adherence to the above principles is the obligation of all employees and business partners of the Company. The principles serve as guidelines for the development of detailed rules related to the Procurement Policy and shall be taken into account in their practical application.

The present Procurement Policy shall enter into force on the date of its signature and shall simultaneously repeal the Procurement Policy dated on the 28th of June 2016.

Budapest, 27 April 2020



Gábor Orbán
Chief Executive Officer

4. Environmental Data

Materials used

		2018								
		units	Budapest	Dorog	Debrecen	GR Romania	GR RUS	GR Polska	RTML	Total
Purchased chemicals	t*	5,192	6,830	125	534	284	277	1,970		15,211
Of which: purchased solvents	t	2,653	4,594	1	30	21	18	1,731		9,048
Recycled solvents	t/year	3,075	4,419	0	0	0	5	1,321		8,820
Ratio of recycled solvents	%	54	49	0	0	0	22	43		

* 't' in this and subsequent tables refers to metric ton

		2019								
		units	Budapest	Dorog	Debrecen	GR Romania	GR RUS	GR Polska	RTML	Total
Purchased chemicals	t	5,362	6,409	107	555	368	246	327		13,374
Of which: purchased solvents	t	2,510	4,309	15	27	28	19	2,097		9,005
Recycled solvents	t/year	3,083	6,695	0	0	0	7	943		10,728
Ratio of recycled solvents	%	55	61	0	0	0	27	31		

		2020								
		units	Budapest	Dorog	Debrecen	GR Romania	GR RUS	GR Polska	RTML	Total
Purchased chemicals	t	5,713	10,958	101	616	536	371	417		18,712
Of which: purchased solvents	t	2,686	4,074	3	29	97	24	1,801		8,714
Recycled solvents	t/year	3,180	11,927	0	0	0	8	1,029		16,144
Ratio of recycled solvents	%	54	75	0	0	0	25	36		

Energy use

		2018								
		units	Budapest	Dorog	Debrecen	GR Romania	GR RUS	GR Polska	RTML	Total
Direct	Natural gas	GJ	381,498	11,386	108,049	53,946	62,705	29,145	0	646,729
	Furnace oil	GJ	0	0	1,037	0	2,218	0	1,410	4,665
	Coal	GJ	0	0	0	0	0	0	98,546	98,546
Indirect	Steam	GJ	329,651	287,116	0	0	0	0	0	616,767
	Other	GJ	23,385	246	0	0	0	0	0	23,631
	Electrical energy	MWh	81,841	31,008	9,480	7,653	8,905	6,200	8,493	153,581

		2019								
		units	Budapest	Dorog	Debrecen	GR Romania	GR RUS	GR Polska	RTML	Total
Direct	Natural gas	GJ	408,740	11,691	120,323	54,558	60,163	28,120	0	683,595
	Furnace oil	GJ	0	0	1,163	0	860	0	3,931	5,954
	Coal	GJ	0	0	0	0	0	0	107,494	107,494
Indirect	Steam	GJ	305,072	257,151	0	0	0	0	0	562,223
	Other	GJ	24,058	158	0	0	0	0	0	24,216
	Electrical energy	MWh	81,381	26,924	11,876	7,678	8,918	6,460	8,472	151,709

		2020								
		units	Budapest	Dorog	Debrecen	GR Romania	GR RUS	GR Polska	RTML	Total
Direct	Natural gas	GJ	359,952	12,913	78,706	56,992	62,551	29,831	0	600,945
	Furnace oil	GJ	0	0	794	0	1,312	0	2,165	4,271
	Coal	GJ	0	0	0	0	0	0	133,531	133,531
Indirect	Steam	GJ	315,335	233,077	0	0	0	0	0	548,412
	Other	GJ	18,667	197	0	0	0	0	0	18,864
	Electrical energy	MWh	82,335	27,481	12,880	7,429	9,170	6,324	8,820	154,439

Total water withdrawals by source

		2018							
		units	Budapest	Dorog	Debrecen	GR Romania	GR RUS	GR Polska	RTML
Surface water	thousand m ³	1,367	427	102	53	0	0	79	
Groundwater	thousand m ³	1	165	1	0	31	41	0	
Total	thousand m ³	1,368	592	103	53	31	41	79	

		2019							
		units	Budapest	Dorog	Debrecen	GR Romania	GR RUS	GR Polska	RTML
Surface water	thousand m ³	1,527	368	132	77	0	0	76	
Groundwater	thousand m ³	3	123	0	0	31	34	0	
Total	thousand m ³	1,529	491	132	77	31	34	76	

		2020							
		units	Budapest	Dorog	Debrecen	GR Romania	GR RUS	GR Polska	RTML
Surface water	thousand m ³	1,415	382	123	89	0	0	89	
Groundwater	thousand m ³	1	190	1	0	32	37	0	
Total	thousand m ³	1,416	571	124	89	32	37	89	

Greenhouse gas emissions

		2018								
		units	Budapest	Dorog	Debrecen	GR Romania	GR RUS	GR Polska	RTML	Total
Direct CO ₂	t	21,402	639	6,138	2,846	3,696	1,447	9,496		45,664
Indirect CO ₂	t	24,543	15,934	n.a.	n.a.	n.a.	n.a.	n.a.		40,477

		2019								
		units	Budapest	Dorog	Debrecen	GR Romania	GR RUS	GR Polska	RTML	Total
Direct CO ₂	t	22,930	656	6,836	2,943	2,096	1,396	8,814		45,672
Indirect CO ₂	t	22,879	14,274	n.a.	n.a.	n.a.	n.a.	n.a.		37,154

		2020							
	units	Budapest	Dorog	Debrecen	GR Romania	GR RUS	GR Polska	RTML	Total
Direct CO2	t	20,193	724	4,474	2,667	3,625	1,481	10,902	44,067
Indirect CO2	t	23,560	11,778	n.a.	2,153	n.a.	n.a.	n.a.	37,491

Emissions of ozone-depleting substances

		2018							
Purpose of use	units	Budapest	Dorog	Debrecen	GR Romania	GR RUS	GR Polska	RTML	
production	kg	0	0	0	0	0	0	0	0
coolant	kg	297	29	6	12	0	0	0	0

		2019							
Purpose of use	units	Budapest	Dorog	Debrecen	GR Romania	GR RUS	GR Polska	RTML	
production	kg	0	0	0	0	0	0	0	0
coolant	kg	786	0	0	87	0	0	0	0

		2020							
Purpose of use	units	Budapest	Dorog	Debrecen	GR Romania	GR RUS	GR Polska	RTML	
production	kg	0	0	0	0	0	0	0	0
coolant	kg	118	24	38	520	91	0	0	0

Emission of NOx, CO and other significant air pollutants by type and weight

		2018							
	units	Budapest	Dorog	Debrecen	GR Romania	GR RUS	GR Polska	RTML	
VOC loss in air	%	2.3	2	not relevant	78.7	71.6	36.1	1	
VOC loss in air	t	138.4	351	not relevant	24	15	8	30	
NOx	kg	670	13	219	1,758	4,590	1,371	3,338	
CO	kg	285	5	96	351	1,970	205	not monitored	
PM	kg	0	0	0	not monitored	not monitored	13	33,389	

		2019							
	units	Budapest	Dorog	Debrecen	GR Romania	GR RUS	GR Polska	RTML	
VOC loss in air	%	2.5	1.5	not relevant	56.7	80.3	38.5	0.7	
VOC loss in air	t	138.9	182.4	not relevant	15	22	10	23	
NOx	kg	757	14	263	1,818	2,716	1,323	1,513	
CO	kg	360	5	130	363	235	192	monitored	
PM	kg	0	0	0	monitored	monitored	12	36,426	

		2020							
	units	Budapest	Dorog	Debrecen	GR Romania	GR RUS	GR Polska	RTML	
VOC loss in air	%	2,6	1	not relevant	58	8,8	32,6	0,6	
VOC loss in air	t	147	166	not relevant	17	8	10	18	
NOx	kg	699	14	172	1.833	4.457	1.403	1.081	
CO	kg	220	4	60	366	191	210	not monitored	
PM	kg	0	0	0	not monitored	not monitored	13	45.175	

Wastewater discharge by recipient

		2018							
	units	Budapest	Dorog	Debrecen	GR Romania	GR RUS	GR Polska	RTML	
Technological wastewater	surface water	m ³	0	681,140	0	0	27,620	0	0
	municipal sewage	m ³	176,588	0	70,783	35,276	0	48,726	16,000
Other wastewater	surface water	m ³	0	31,730	0	not broken down into technological and other wastewater			
	municipal sewage	m ³	1,000,665	20,381	7,865	not broken down into technological and other wastewater			

		2019							
	units	Budapest	Dorog	Debrecen	GR Romania	GR RUS	GR Polska	RTML	
Technological wastewater	surface water	m ³	0	566,867	0	0	48,771	0	0
	municipal sewage	m ³	191,725	0	58,864	49,350	0	38,417	79,570
Other wastewater	surface water	m ³	0	0	0	not broken down into technological and other wastewater			
	municipal sewage	m ³	1,086,442	17,539	6,540	not broken down into technological and other wastewater			

		2020							
	units	Budapest	Dorog	Debrecen	GR Romania	GR RUS	GR Polska	RTML	
Technological wastewater	surface water	m ³	0	641,310	0	0	43,605	0	0
	municipal sewage	m ³	376,122	0	71,518	48,631	0	49,397	89,365
Other wastewater	surface water	m ³	0	0	0	not broken down into technological and other wastewater			
	municipal sewage	m ³	839,429	21,937	3,038	not broken down into technological and other wastewater			

Total water discharge by quality

		2018							
	units	Budapest	Dorog	Debrecen	GR Romania	GR RUS	GR Polska	RTML	
KOI	mg/l	708	82	293	315	4.4	n/a	376	
KOI	t	883,5	48.6	23	2.65	0.12	n/a	0.01	
AOX	ug/l	384	338	n/a	n/a	n/a	n/a	n/a	
Ammonium	mg/l	15.2	10	20.3	n/a	n/a	n/a	8.23	
Total phosphorus	mg/l	2.6	0.3	5.4	n/a	n/a	n/a	n/a	
Total nitrogen	mg/l	27	13.6	24	n/a	n/a	n/a	n/a	
VOC	t	45.5	12.3	n/a	n/a	n/a	n/a	n/a	
VOC	%	0.75	0.1	n/a	n/a	n/a	n/a	n/a	

		2019						
	units	Budapest	Dorog	Debrecen	GR Romania	GR RUS	GR Polska	RTML
KOI	mg/l	610	83	230	629	3,4	n/a	297,8
KOI	t	780	48,8	15	4,81	0,17	n/a	0
AOX	ug/l	147	347	n/a	n/a	n/a	n/a	n/a
Ammonium	mg/l	12,6	6,2	18,4	n/a	n/a	n/a	11,07
Total phosphorus	mg/l	1,9	0,3	2,95	n/a	n/a	n/a	n/a
Total nitrogen	mg/l	23,9	15,1	27,1	n/a	n/a	n/a	n/a
VOC	t	53,2	9,9	n/a	n/a	n/a	n/a	n/a
VOC	%	0,97	0,05	n/a	n/a	n/a	n/a	n/a

		2020						
	units	Budapest	Dorog	Debrecen	GR Romania	GR RUS	GR Polska	RTML
KOI	mg/l	637	87	165	790	n/a	n/a	332
KOI	t	775	57.2	12.3	8.4	n/a	n/a	0.03
AOX	ug/l	472	251	n/a	n/a	n/a	n/a	n/a
Ammonium	mg/l	17	4.9	12	n/a	0.37	n/a	12.9
Total phosphorus	mg/l	2.5	0.1	2.2	n/a	0.11	n/a	n/a
Total nitrogen	mg/l	39.6	7.1	21	n/a	0.047 - Nitrite ion 22 - Nitrate ion	n/a	n/a
VOC	t	49.3	13.1	n/a	n/a	0.002	n/a	n/a
VOC	%	0.9	0.1	n/a	n/a	0.00206	n/a	n/a

Generated waste

		2018								
	units	Budapest	Dorog	Debrecen	GR Romania	GR RUS	GR Polska	RTML	Total	
Hazardous waste	incineration	t	3,750	1,833	54	1	6	8	636	6,288
	utilization	t	2,584	12,742	0	10	94	0	294	15,724
Non-hazardous industrial waste	t	794	255	0	49	48	197	0	1,343	
Municipal waste	m ³	2,820	462	194	415	592	491	0	4,974	

		2019								
	units	Budapest	Dorog	Debrecen	GR Romania	GR RUS	GR Polska	RTML	Total	
Hazardous waste	incineration	t	2,827	1,791	78	1	2	0	490	5,189
	utilization	t	3,575	9,598	0	7	89	11	409	13,689
Non-hazardous industrial waste	t	1,071	276	0	74	155	246	0	1,822	
Municipal waste	m ³	2,950	456	160	362	450	611	0	4,989	

		2020								
	units	Budapest	Dorog	Debrecen	GR Romania	GR RUS	GR Polska	RTML	Total	
Hazardous waste	incineration	t	3.406	2.262	106	21	116	0	92	6.003
	utilization	t	3.044	12.560	0	0	219	15	589	16.427
Non-hazardous industrial waste	t	1.034	410	17	184	114	153	0	1.912	
Municipal waste	m ³	2.629	369	114	404	544	491	0	4.551	

Legal compliance

		2018						
		Budapest (HUF)	Dorog (HUF)	Debrecen (HUF)	GR Romania (RON)	GR RUS (RBL)	GR Polska (PLN)	RTML (INR)
Wastewater		0	0	0	9,545*	0	0	0
Air pollution		0	0	0	0	0	0	0
Waste		0	0	0	0	0	0	0
Noise		0	0	0	0	0	0	0

		2019						
		Budapest (HUF)	Dorog (HUF)	Debrecen (HUF)	GR Romania* (RON)	GR RUS (RBL)	GR Polska (PLN)	RTML (INR)
Wastewater		0	0	0	16,292*	110.000	0	0
Air pollution		0	0	0	0	0	0	0
Waste		0	0	0	0	0	0	0
Noise		0	0	0	0	0	0	0

		2020						
		Budapest (HUF)	Dorog (HUF)	Debrecen (HUF)	GR Romania (RON)	GR RUS (RBL)	GR Polska (PLN)	RTML (INR)
Wastewater		0	0	0	0	0	0	0
Air pollution		0	0	0	0	0	0	0
Waste		0	0	0	0	0	0	0
Noise		0	0	0	0	0	0	0

*Not a fine but an environmental fee

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* 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

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