



GEDEON RICHTER

# PROPOSALS FOR THE 2022 ANNUAL GENERAL MEETING

Chemical Works of Gedeon Richter Plc.

Headquarters: H-1103 Budapest, Gyömrői út 19-21., Hungary • Postal address: H-1475 Budapest 10., Pf. 27., Hungary  
Phone: +36 1 431 4000 • Fax: +36 1 260 6650, +36 1 260 4891 • Company Court of Budapest-Capital Tribunal Reg. No. Cg. 01-10-040944  
EU Community VAT Identification No: HU 10484878 • Internet: [www.richter.hu](http://www.richter.hu)

**The Chemical Works of Gedeon Richter Plc.**  
**(Richter Gedeon Vegyészeti Gyár Nyilvánosan Működő Rt.)**  
(H-1103 Budapest, Gyömrői út 19-21.)

**Agenda of Annual General Meeting ("AGM") shall be held on  
Tuesday, April 12, 2022 at 2.00 p.m. (Budapest time)**

**The method of holding the general meeting:** personal attendance

**The venue** of the AGM shall be at Mátyás u. 8, H-1093 Budapest (Budapest Music Center).

1. Report on the 2021 business activities of the Richter Group and presentation of the Richter Group's draft Consolidated Annual Report pursuant to the IFRS
2. Report of the Statutory Auditor on the Richter Group's draft 2021 Consolidated Annual Report pursuant to the IFRS
3. Report of the Supervisory Board including the report of the Audit Board on the Richter Group's draft 2021 Consolidated Annual Report pursuant to the IFRS
4. Approval of the Richter Group's draft 2021 Consolidated Annual Report pursuant to the IFRS
5. Report of the Board of Directors on the 2021 business activities of the Company (on the management, the Company's financial situation and business policy) and presentation of the Company's draft 2021 individual Annual Report prepared pursuant to the IFRS
6. Report of the Statutory Auditor on the Company's draft 2021 individual Annual Report prepared pursuant to the IFRS
7. Report of the Supervisory Board including the report of the Audit Board on the Company's draft 2021 individual Annual Report prepared pursuant to the IFRS
8. Approval of the Company's draft 2021 individual Annual Report pursuant to the IFRS
9. Resolution on the determination and allocation of the after-tax profit and the rate of dividends
10. Corporate Governance Report
11. Advisory vote on the amended remuneration policy of the Company
12. Advisory vote on the remuneration report of the Company on the financial year 2021
13. Amendments to the Company's Statutes
14. Report of the Board of Directors on the treasury shares acquired by the Company based upon the authorization in resolution of the Board of Directors acting in the competence of the General Meeting No.11/2021.04.15.
15. Authorization to the Board of Directors for the purchase of own shares of the Company
16. Election of members of the Board of Directors
17. Resolution on the remuneration of the members of the Board of Directors
18. Resolution on the remuneration of the members of the Supervisory Board
19. Approval of the Rules of Procedure of the Supervisory Board
20. Resolution on the remuneration of the Company's statutory auditor
21. Miscellaneous

# 1.

Report on the 2021 business activities of the Richter Group and presentation of the Richter Group's draft Consolidated Annual Report pursuant to the IFRS

**The Company makes available the  
proposal concerning Agenda item No.1  
in the framework of separate publication  
(jointly with proposal concerning Agenda item No.5)**

## 2.

Report of the Statutory Auditor on the Richter Group's  
draft 2021 Consolidated Annual Report pursuant to the  
IFRS

## INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Richter Gedeon Plc.

### *Report on the Audit of the Consolidated Financial Statements*

#### **Opinion**

We have audited the consolidated financial statements in 549300J6ZJW5IH4WEE46-2021-12-31-en.xhtml<sup>1</sup> digital file of Richter Gedeon Plc. and its subsidiaries (the „Group”) for the year 2021 which comprise the consolidated statement of financial position as at December 31, 2021 – which shows a total assets of mHUF 1,145,282–, and the related consolidated statement of recognized income, consolidated statement of comprehensive income – which shows total comprehensive income for the year of mHUF 150,895–, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended and notes to the consolidated financial statements including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2021 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (the „EU IFRS”), and the consolidated financial statements were prepared in all material respects in accordance with the provisions of the effective Hungarian Act C of 2000 on Accounting (the „Accounting Act”) relevant to the entities preparing consolidated financial statements in accordance with EU IFRS.

#### **Basis for Opinion**

We conducted our audit in accordance with the Hungarian National Standards on Auditing and the effective Hungarian laws and other regulations on audits. Our responsibilities under these standards are further described in the "*The Auditor's Responsibilities for the Audit of the Consolidated Financial Statements*" section of our report.

We are independent of the Group in compliance with the relevant effective Hungarian regulations and the “Rules of conduct (ethical rules) of the auditor profession and the disciplinary process” of the Chamber of Hungarian Auditors and, in respect of matters not regulated therein, the Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (the IESBA Code) and we have fulfilled our other ethical responsibilities in accordance with the same ethical requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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<sup>1</sup> digital identification of the financial statements filed 549300J6ZJW5IH4WEE46-2021-12-31-en.xhtml with the SHA 256 HASH algorithm:

7276595ACB7099ED5227F1F8001C3562ED3FF32350499CBF38D0B758B6436154

Key audit matter	How our audit addressed the matter
<b>Valuation of intangible assets</b>	
<p>(See note 15 to the consolidated financial statements for the details)</p> <p>As described in the consolidated notes to the consolidated financial statements, the Group reported intangible assets in the amount of mHUF 177,673 as at 31 December 2021.</p> <p>As required by the applicable accounting standards, Management conducts regular impairment test to assess whether there is a need to record impairment with respect to the intangible assets based on the existing indicators.</p> <p>The identification of the triggering events and impairment tests are considered a key audit matter, as it requires application of professional judgement and use of subjective assumptions by management.</p>	<p>The relevant audit procedures performed by us included the following:</p> <ul style="list-style-type: none"> <li>- evaluating design and implementation of key controls related to identification of triggering events and performing appropriate impairment testing,</li> <li>-challenging the key market related assumptions in the valuation models against external sources and budgets approved by the Management. Assessing the Management estimation method by back-testing of prior year’s estimates,</li> <li>- involving valuation experts where it was considered necessary to assist us in re-performing the calculation of the impairment test and independently assessing the appropriateness of the assumptions used, the methodologies and policies applied,</li> <li>- Assessing the appropriate identification of impairment triggers, the accounting and the accuracy of impairment loss based on a selected sample,</li> <li>- assessing the adequacy of the disclosures in the financial statements.</li> </ul>
<b>Debt on issue of bonds</b>	
<p>(See note 33 to the consolidated financial statements for the details)</p> <p>As of December 31, 2021, the Group recognized liabilities from the issuance of bonds in a regulated market under the Bond Scheme approved by the National Bank of Hungary in the amount of mHUF 54,468.</p> <p>The accounting treatment of liabilities from the issuance of bonds with special emphasis on the valuation and presentation in the consolidated financial statements and the recognition of the related interest were treated as a key focus area in our audit.</p>	<p>The relevant audit procedures performed by us included the following:</p> <ul style="list-style-type: none"> <li>- evaluating design and implementation of key controls related to the liabilities from bond issuance,</li> <li>- obtaining external confirmation from the organization that had issued the bonds in respect of the number of bonds issued, as well as their nominal value,</li> <li>- assessing whether the recognized balance of liabilities from the issuance of bonds which are measured at fair value was appropriate,</li> <li>- examining whether the accounting standards were applied appropriately and the accounting statements and disclosures were accurate</li> </ul>

### ***Other matters***

The Company's management is responsible for the presentation of the annual financial reports in accordance with the requirements of Article 3 and 4 of Commission Regulation (EU) 2019/815 of 17 December 2018 (the "ESEF Regulation"). The scope of our audit was limited to the human-readable content of the digital file containing the consolidated financial statements, which is electronically identified in our report, and does not include an examination and, accordingly, we do not express an opinion on whether the digitised information complies in all material respects with the requirements of the ESEF Regulation.

### ***Other Information***

Other information includes the "Management Report" of the annual report and consolidated business report of the Company for 2021. Management is responsible for the preparation of the consolidated business report in accordance with the relevant provisions of the Accounting Act and other regulations. Our opinion on the financial statements provided in the section of our independent auditor's report entitled „*Opinion*” does not apply to the business report.

Our responsibility in connection with our audit of the financial statements is to read the consolidated business report and, in doing so, consider whether the consolidated business report is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Furthermore, in accordance with the Accounting Act, our responsibilities also include assessing whether the consolidated business report was prepared in accordance with the relevant provisions of the Accounting Act and other regulations, and to express an opinion on the above and on whether the consolidated business report is consistent with the financial statements.

In our opinion, the consolidated business report of the Company for 2021 corresponds to the consolidated financial statements of the Company for 2021 and the relevant provisions of the Accounting Act in all material respects. As the Company is not subject to additional requirements under any other regulation in connection with the consolidated business report, we have not formulated an opinion on this matter.

In addition to the above, based on the information obtained about the Company and its environment, we must report on whether we became aware of any material misstatements in the consolidated business report and, if so, on the nature of such material misstatements. We have nothing to report in this regard.

### ***Responsibilities of management and those charged with governance for the consolidated financial statements***

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the International Financial Reporting Standards as adopted by the European Union, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

### ***The auditor's responsibilities for the audit of the consolidated financial statements***

Our objectives during the audit are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue, on



the basis of the above, an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Hungarian National Standards on Auditing and the effective Hungarian laws and other regulations on audits will always detect a material misstatement when it exists. Misstatements can arise from fraud or error, and they are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the Hungarian National Standards on Auditing and the effective Hungarian laws and other regulations on audits, we exercise professional judgment and maintain professional scepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify the opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in the Group's internal control that we identify during the audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### ***Report on Other Legal and Regulatory Requirements***

In compliance with Article 10 (2) of Regulation (EU) No. 537/2014 of the European Parliament and the Council, we provide the following information in our independent auditor's report, which is required in addition to the requirements of International Standards on Auditing:

#### *Appointment of the Auditor and the Period of Engagement*

We were appointed as the auditors of the Richter Gedeon Nyrt. by the General Meeting of Shareholders on April 28, 2020 and our uninterrupted engagement has lasted for 2 years.

#### *Consistence with the Additional Report to the Audit Committee*

We confirm that our audit opinion on the consolidated financial statements expressed herein is consistent with the additional report to the Audit Committee of the Richter Gedeon Nyrt., which we issued on March 8, 2022 in accordance with Article 11 of Regulation (EU) No. 537/2014 of the European Parliament and the Council.

#### *Provision of Non-audit Services*

We declare that no prohibited non-audit services referred to in Article 5 (1) of Regulation (EU) No. 537/2014 of the European Parliament and the Council were provided by us to the Group. In addition, there are no other non-audit services which were provided by us to the Richter Gedeon Nyrt. and its controlled undertakings and which have not been disclosed in the consolidated financial statements.

The engagement partner on the audit resulting in this independent auditor's report is the signatory of the report.

Budapest, March 17, 2022



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Horváth Tamás  
on behalf of Deloitte Auditing and Consulting Ltd.  
and as a statutory registered auditor

Deloitte Auditing and Consulting Ltd.  
1068 Budapest, Dózsa György út 84/C.  
Registration number: 000083

Registration number of statutory registered auditor: 003449

### **3.**

**Report of the Supervisory Board including the report of the Audit Board on the Richter Group's draft 2021 Consolidated Annual Report pursuant to the IFRS**

**The Supervisory Board of  
Gedeon Richter Plc.**

**Report**

**to the 2022 Annual General Meeting of Gedeon Richter Plc.**

**on the 2021**

**Consolidated Annual Financial Statements of Richter Group**

The Supervisory Board reviewed the 2021 Consolidated Annual Financial Statements of Richter Group, which had been produced by Gedeon Richter Plc. as parent company. As the Board of Directors regularly presented the quarterly financial reports during the year, the Supervisory Board could gain insight into the interim consolidated financial statements.

In accordance with the International Financial Reporting Standards, the Consolidated Annual Financial Statements consisting of the consolidated balance sheet, the consolidated income statement, the consolidated cash flow statement and consolidated notes to the financial statements, in compliance with the International Financial Reporting Standards, contain statements of equity, finances and income generation for the entire Group, including balance sheet figures for Gedeon Richter Plc. and figures for the subsidiaries, companies under joint management and associate companies which constitute the Group, with the elimination of inter-company transactions.

On consolidation, the data for Gedeon Richter Plc. and subsidiaries were amalgamated in full. The data for joint ventures and for associated companies were amalgamated on the basis of their capital share.

In compliance with the International Financial Reporting Standards, the consolidation process eliminated any inter-company transactions between Gedeon Richter Plc. and its companies involved in consolidation, as well as the transactions between such companies. As a result, the Consolidated Annual Financial Statements presents the Group as a single business entity. Inter-company investments, accounts receivable, accounts payable, income and expenditure items and interim earnings on transactions have all been eliminated.

According to the audited Consolidated Annual Financial Statements, Gedeon Richter Plc. performed the consolidation in compliance with the relevant statutory provisions and standards.

**Proposal for the approval of the 2021 Consolidated Financial Statements  
of Gedeon Richter Plc.**

Having reviewed the Consolidated Audited Financial Statements of Richter Group for 2021 prepared by Gedeon Richter Plc. as parent company and submitted to the Annual General Meeting, the analysis and statement of authentication made by the Auditor Deloitte Auditing and Consulting Limited, and the insight gained during the discussion of the Report, the Supervisory Board proposes that the distinguished members of the General Meeting approve:

- The Consolidated Annual Financial Statements for 2021 submitted to the AGM (with total assets and total liabilities in the Balance Sheet being equally HUF 1.145.282 million), duly audited in compliance with the International Financial Reporting Standards.
- The after-tax profit specified in the audited Consolidated Income Statement for 2021 (before dividend payment) being HUF 141,180 million.

Budapest, 9 March 2022



Dr. Attila Chikán  
Chairman of the Supervisory Board

**4.**

Approval of the Richter Group's draft 2021  
Consolidated Annual Report pursuant to the IFRS

**Proposal to Item No.:4**  
**on the Agenda of the AGM**

**Resolution of the Board of Directors No.: 28/2022**

The Board of Directors proposes to the AGM to approve the Company's draft 2021 consolidated annual report pursuant to the IFRS.

The Board of Directors has approved the resolution unanimously, without a vote against and abstention.

## **5.**

Report of the Board of Directors on the 2021 business activities of the Company (on the management, the Company's financial situation and business policy) and presentation of the Company's draft 2021 individual Annual Report prepared pursuant to the IFRS



**The Company makes available  
proposal concerning Agenda item No.5  
in the framework of separate publication  
(jointly with proposal concerning Agenda item No.1)**

## **6.**

Report of the Statutory Auditor on the Company's  
draft 2021 individual Annual Report  
prepared pursuant to the IFRS

## INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Richter Gedeon Plc.

### *Report on the Audit of the Standalone Financial Statements*

#### **Opinion**

We have audited the standalone financial statements in 54930016ZJW5IH4WEE46-2021-12-31-en.xhtml<sup>1</sup> digital file of Richter Gedeon Plc. (the „Company”) for the year 2021 which comprise the statement of financial position as at December 31, 2021 – which shows a total assets of mHUF 1,046,876 –, and the related statement of recognized income, statement of comprehensive income – which shows a total comprehensive income for the year of mHUF 142,330 –, statement of changes in equity and statement of cash flows for the year then ended and notes to the standalone financial statements including a summary of significant accounting policies.

In our opinion, the accompanying standalone financial statements give a true and fair view of the financial position of the Company as at December 31, 2021 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (the „EU IFRS”), and the standalone financial statements were prepared in all material respects in accordance with the provisions of the effective Hungarian Act C of 2000 on Accounting (the „Accounting Act”) relevant to the entities preparing standalone financial statements in accordance with EU IFRS.

#### **Basis for Opinion**

We conducted our audit in accordance with the Hungarian National Standards on Auditing and the effective Hungarian laws and other regulations on audits. Our responsibilities under these standards are further described in the *“The Auditor’s Responsibilities for the Audit of the Standalone Financial Statements”* section of our report.

We are independent of the Company in compliance with the relevant effective Hungarian regulations and the “Rules of conduct (ethical rules) of the auditor profession and the disciplinary process” of the Chamber of Hungarian Auditors and, in respect of matters not regulated therein, the Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (the IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the same ethical requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

<sup>1</sup> digital identification of the standalone financial statements filed 54930016ZJW5IH4WEE46-2021-12-31-en.xhtml with the SHA 256 HASH algorithm:  
7276595ACB7099ED5227F1F8001C3562ED3FP32350499CBF38D0B758B6436154

Key audit matter	How our audit addressed the matter
<b>Valuation of intangible assets</b>	
<p>(See note 14 to the standalone financial statements for the details)</p> <p>As described in the notes to the standalone financial statements, the Entity reported intangible assets in the amount of mHUF 178,867 as at 31 December 2021.</p> <p>As required by the applicable accounting standards, Management conducts regular impairment test to assess whether there is a need to record impairment with respect to the intangible assets based on the existing indicators.</p> <p>The identification of the triggering events and impairment tests are considered a key audit matter, as it requires application of professional judgement and use of subjective assumptions by management.</p>	<p>The relevant audit procedures performed by us included the following:</p> <ul style="list-style-type: none"> <li>- evaluating design and implementation of key controls related to identification of triggering events and performing appropriate impairment testing</li> <li>-challenging the key market related assumptions in the valuation models against external sources and budgets approved by the Management. Assessing the Management estimation method by back-testing of prior year's estimates.</li> <li>- involving valuation experts where it was considered necessary to assist us in re-performing the calculation of the impairment test and independently assessing the appropriateness of the assumptions used, the methodologies and policies applied,</li> <li>- Assessing the appropriate identification of impairment triggers, the accounting and the accuracy of impairment loss based on a selected sample,</li> <li>- assessing the adequacy of the disclosures in the standalone financial statements.</li> </ul>
<b>Debt on issue of bonds</b>	
<p>(See Note 32. to the standalone financial statements for the details)</p> <p>As of December 31, 2021, the Entity recognized liabilities from the issuance of bonds in a regulated market under the Bond Scheme approved by the National Bank of Hungary in the amount of mHUF 54,468.</p> <p>The accounting treatment of liabilities from the issuance of bonds with special emphasis on the valuation and presentation in the standalone standalone financial statements and the recognition of the related interest were treated as a key focus area in our audit.</p>	<p>The relevant audit procedures performed by us included the following:</p> <ul style="list-style-type: none"> <li>- evaluating design and implementation of key controls related to the liabilities from bond issuance,</li> <li>- obtaining external confirmation from the organization that had issued the bonds in respect of the number of bonds issued, as well as their nominal value,</li> <li>- assessing whether the recognized balance of liabilities from the issuance of bonds which are measured at fair value was appropriate,</li> <li>- examining whether the accounting standards were applied appropriately and the accounting statements and disclosures were accurate</li> </ul>

### ***Other matters***

The Company's management is responsible for the presentation of the annual financial reports in accordance with the requirements of Article 3 of Commission Regulation (EU) 2019/815 of 17 December 2018 (the "ESEF Regulation"). The scope of our audit was limited to the human-readable content of the digital file containing the consolidated standalone financial statements, which is electronically identified in our report, and does not include an examination and, accordingly, we do not express an opinion on whether the digitised information complies in all material respects with the requirements of the ESEF Regulation.

### ***Other Information***

Other information includes the "Management Report" of the annual report and business report of the Company for 2021. Management is responsible for the preparation of the business report in accordance with the relevant provisions of the Accounting Act and other regulations. Our opinion on the standalone financial statements provided in the section of our independent auditor's report entitled „*Opinion*” does not apply to the business report.

Our responsibility in connection with our audit of the standalone financial statements is to read the business report and, in doing so, consider whether the business report is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Furthermore, in accordance with the Accounting Act, our responsibilities also include assessing whether the business report was prepared in accordance with the relevant provisions of the Accounting Act and other regulations, and to express an opinion on the above and on whether the business report is consistent with the standalone financial statements.

In our opinion, the business report of the Company for 2021 corresponds to the standalone financial statements of the Company for 2021 and the relevant provisions of the Accounting Act in all material respects. As the Company is not subject to additional requirements under any other regulation in connection with the business report, we have not formulated an opinion on this matter.

In addition to the above, based on the information obtained about the Company and its environment, we must report on whether we became aware of any material misstatements in the business report and, if so, on the nature of such material misstatements. We have nothing to report in this regard.

### ***Responsibilities of Management and Those Charged with Governance for the Standalone financial statements***

Management is responsible for the preparation and fair presentation of the standalone financial statements in accordance with the International Financial Reporting Standards as adopted by the European Union, and for such internal control as management determines is necessary to enable the preparation of standalone financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

### *The Auditor's Responsibilities for the Audit of the Standalone Financial Statements*

Our objectives during the audit are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue, on the basis of the above, an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Hungarian National Standards on Auditing and the effective Hungarian laws and other regulations on audits will always detect a material misstatement when it exists. Misstatements can arise from fraud or error, and they are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with the Hungarian National Standards on Auditing and the effective Hungarian laws and other regulations on audits, we exercise professional judgment and maintain professional scepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify the opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in the Company's internal control that we identify during the audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are

therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### ***Report on Other Legal and Regulatory Requirements***

In compliance with Article 10 (2) of Regulation (EU) No. 537/2014 of the European Parliament and the Council, we provide the following information in our independent auditor's report, which is required in addition to the requirements of International Standards on Auditing:

#### ***Appointment of the Auditor and the Period of Engagement***

We were appointed as the auditors of the Company by the General Meeting of Shareholders on April 28, 2020 and our uninterrupted engagement has lasted for 2 years.

#### ***Consistence with the Additional Report to the Audit Committee***


We confirm that our audit opinion on the standalone financial statements expressed herein is consistent with the additional report to the Audit Committee of the Company, which we issued on March 8, 2022 in accordance with Article 11 of Regulation (EU) No. 537/2014 of the European Parliament and the Council.

#### ***Provision of Non-audit Services***

We declare that no prohibited non-audit services referred to in Article 5 (1) of Regulation (EU) No. 537/2014 of the European Parliament and the Council were provided by us to the Company. In addition, there are no other non-audit services which were provided by us to the Company and its controlled undertakings and which have not been disclosed in the standalone financial statements.

The engagement partner on the audit resulting in this independent auditor's report is the signatory of the report.

Budapest, March 17, 2022



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Horváth Tamás  
on behalf of Deloitte Auditing and Consulting Ltd.  
and as a statutory registered auditor

Deloitte Auditing and Consulting Ltd.  
1068 Budapest, Dózsa György út 84/C.  
Registration number: 000083

Registration number of statutory registered auditor: 003449

## 7.

Report of the Supervisory Board including the report of  
the Audit Board on the Company's draft  
2021 individual Annual Report  
prepared pursuant to the IFRS



**The Supervisory Board of  
Gedeon Richter Plc.**

**R E P O R T**

**to the 2022 Annual General Meeting of Gedeon Richter Plc.**

Budapest, 9 March 2022

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## **1. Report on the Supervisory Board's work for the year**

### **1. 1. Brief presentation of the work performed by Supervisory Board in 2021**

As in previous years, in 2021 the Supervisory Board (hereinafter: SB) worked in compliance with the provisions of the Hungarian Civil Code and the Statutes of Gedeon Richter Plc. (hereinafter: the Company), following its rules of procedure and work plan. The following changes occurred in the composition of the SB in 2021: Acting within the sphere of competence of the AGM pursuant to the provisions of Sections 5(1) and 9 of Government Decree 502 of 2020 (16 November), by its resolution passed on 15 April 2021, the Board of Directors approved the election of Dr. Zoltán Matos, Dr. Livia Pavlik, Dr. Krisztina Gál employee representative and Péter Müller employee representative to serve on the Supervisory Board for the period of three years until the 2024 Annual General Meeting; furthermore, it approved the re-election of Dr. Attila Chikán and Dr. Jonathán Róbert Bedros as members of the Supervisory Board for the period of three years until the 2024 Annual General Meeting.

In addition to discharging its duties in keeping with the relevant statutory provisions and its rules of procedure, the SB worked in the areas identified in its regularly updated annual work plan determined for the period between AGMs. It discussed the topics in its work programme.

It held nine meetings in the interval between the Annual General Meetings with a 94.4% rate of attendance. In consideration of the COVID-19 pandemic, meetings were held by telecommunications device (Microsoft Teams). All the meetings convened had a quorum, and none of the meetings previously scheduled and announced were cancelled; some of the items on the agenda were reshuffled. The SB's Rules of Procedure allow adaptation to the changing economic environment and flexible management of the changes concerning the Company and its business – a possibility which the SB fully utilized.

Pursuant to the relevant legal regulations, the Company's Statutes and the Corporate Governance Recommendations of the Budapest Stock Exchange, the key responsibility of the SB as a body of ownership control is to supervise the Company's finance and to examine the risk factors affecting it. By doing so, the SB wishes to help the owners form a judgement of the Executive Management's performance.

The SB finds that during its operation it has never encountered any actions that were in conflict with legal regulations, the Company's Statutes or any AGM Regulation, or with the Company's and the shareholders' interests.

It is to be noted that the Executive Management helped the supervisory activity of the SB in every possible way by providing the requested information in time and fulfilling its statutory obligation under the Civil Code to disclose information regularly. The Executive Management provided all the conditions required for the SB's undisturbed operation.

In addition to overseeing the Company's finance, the Supervisory Board also discussed the Company's and Richter Group's annual Business Plan and the issues affecting their future in the short and long run. It also attached high priority to looking at the main actions that would have to be taken to implement such long term goals.

### **1. 1. 1. Key issues discussed by the Supervisory Board in 2021**

In compliance with the legal regulations, the SB discussed each of the quarterly reports and achievements. It also deliberated on all the significant documents and business policy reports that had been submitted to the AGM. It discussed the 2022 business plans of the parent company and of Richter Group (including the consolidated plans), the interim balance sheet of 31.08.2021, the parent company's Financial Statements and the Consolidated Financial Statements for 2021, the parent company's business report and the consolidated business report, as well as the Report on Corporate Governance, the Independent Auditor's Report, and the annual report of the Audit Board.

While discussing the quarterly reports, CEO Gábor Orbán gave an account of not only the relevant past events but also outlined the challenges that the Company would have to face amidst the current economic environment. Assessment of the risks associated with economic events and the Company's responses were highlighted on several occasions. The SB found that the quarterly reports and accounts were informative and of high a standard, and acknowledged them.

In accordance with its work plan prepared for the period between the AGMs, among the many issues that affect the Company's efficiency and future in the short and long run, in 2021 the SB discussed the following issues: Richter's strategy, with special regard to Cariprazine, the branded generic and traditional portfolio pillars; Performance management, a new remuneration system; Biotechnology as a pillar of company strategy; the status of Women's Healthcare as a pillar of the speciality strategy; Automation; Investments; Audit Department activities; Quality management.

Having listened to the presentations the SB discussed and evaluated the proposals in detail. Responses to the questions were acknowledged, the proposals were approved and the related resolutions were passed, taking into consideration the evaluations and supplementations. Some of the topics discussed will be presented in more detail in Section 1. 2.1.

The Chairman of the SB attended the Board of Directors meetings; therefore the SB was always represented.

### **1. 1. 2. Presentation of the Audit Board's operation**

Pursuant to Act V of 2013 on the Civil Code (hereinafter: Civil Code), the Annual General Meeting elected the Audit Board (hereinafter: AB) consisting of three members from among the independent members of the SB.

The AB determined its Rules of Procedure in compliance with the provisions of Section 3:291 of the Civil Code, Section 3:289 of the Civil Code on corporate governance, and Article 16 of the Company Statues.

Under the Civil Code and the Company's Statutes, the competence of the AB includes the following:

- to give an opinion on the annual report prepared pursuant to the Accounting Act;
- to monitor the audits of the annual report prepared pursuant to the Accounting Act;

- to make a recommendation concerning the person and remuneration of the auditor;
- to prepare the contract to be concluded with the auditor;
- to monitor and implement professional requirements and conflict of interest in respect of the auditor;
- to perform duties related to cooperation with the auditor;
- to evaluate the functioning of the financial reporting system; and
- to assist the Board of Directors and the Supervisory Board so as to exercise proper control of the financial reporting system.

In the period since the last AGM the AB discussed and resolved on the following topics:

1. Discussion and approval of the Interim Balance Sheet and Auditor's Report dated 31 August 2021;
2. Richter's foundations in the light of good corporate citizenship;
3. Discussion and approval of the Report on Corporate Governance;
4. Discussion and approval of the 2021 financial statements, business report, and the Independent Auditor's Report;
5. Discussion and approval of Richter Group's 2021 consolidated financial statements, business report, and the Independent Auditor's Report;
6. Discussion and approval of the report to the SB on the AB's activities in 2021.

All AB meetings were attended by all AB members and the meetings had a quorum at all times. None of the meetings previously scheduled and announced were cancelled.

Some of the issues discussed and debated by the AB are also discussed and approved by the SB under its Rules of Procedure. Such issues include the Annual Financial Reports (parent company and Consolidated), the related Auditor's Reports and the Interim Balance Sheet and the related Auditor's Report. Given that the same persons are responsible for presenting such reports, it was deemed expedient and practical to discuss them in a joint meeting with the SB.

The Audit Board regularly monitored the auditor's independence in the course of the year. In this context, it approved on numerous occasions for the Company's Independent Auditor or the auditor belonging to the network of auditors of the Independent Auditor to provide services that are not qualified as prohibited services under Regulation 537/2014 of the EU and its Hungarian implementation.

## **1. 2. Brief evaluation of the Company's performance in 2021 and feedback on the Board of Directors' Report to the Annual General Meeting**

The Company's main objectives for 2021 were as follows: to expand sales despite a difficult market environment; to retain and improve market shares; and to strengthen the strategy of standing on multiple legs in the market; based on the strategic principles to shift business to enhance the contribution of high value added products; to expand the women's healthcare business; to develop a new original CNS product; and to take further steps in the development of biosimilar products. In 2021 the greatest challenge affecting the operating environment including Richter was caused by the COVID-19 pandemic.

In 2021 major changes took place including but not limited to the following areas:  
In late 2019 news first emerged from China about the COVID-19 (Coronavirus). The situation at year-end was that a limited number of cases of an unknown virus had been reported to the World Health Organisation. In the first few months of 2020 the virus had spread globally and its negative impact had gained momentum. While this is still an evolving situation at the time of issuing the 2021 financial statements, to date there has been no discernible impact on the Company's sales or supply chain however, future effects cannot be predicted. Management will continue to monitor the potential impact and will take all steps possible to mitigate any effects.

The financial closure of the asset purchase agreement concluded in December 2020 between Richter and Janssen Pharmaceutica NV, a wholly owned subsidiary of Johnson & Johnson took place on 7 January 2021. The agreement was aimed at the acquisition of Janssen's Evra transdermal contraceptive patch for Outside US markets. On 15 January 2021 Richter announced that the European Commission endorsed the recommendation of the Committee for Medicinal Products for Human Use (CHMP) of the European Medicines Agency regarding the restrictions of the use of ESMYA®. Henceforth ESMYA® can only be used for the treatment of premenopausal women who cannot have surgery (including embolization of uterine fibroids) or for whom surgery has not worked. ESMYA® cannot be applied for pre-surgery symptomatic treatment of uterine fibroids. The SPC and PIL of ulipristal acetate 5 mg, as well as all educational materials for physicians and patient information cards will be supplemented with additional information on the risk of liver damage (in certain cases necessitating liver transplant).

In late March 2021 Richter and Mithra Pharmaceuticals announced that the CHMP adopted a positive opinion for a novel combined oral contraceptive containing estetrol and drospirenone. On 20 May 2021 the European Commission granted approval for the marketing authorization valid for all member states of the European Union. In Europe the product will be marketed by Richter under the brand name Drovelis®.

On 21 May 2021 Richter announced that the CHMP adopted a positive opinion for Ryeqo to treat medium severe and severe cases of uterine fibroma in adult women of childbearing age. On 20 July the European Commission granted approval for the marketing authorization valid for all member states of the European Union.

On 2 June 2021 Richter announced the extension of its existing licensing agreement with AbbVie, a US company regarding the commercialization of, and development activities related to, Cariprazine to include Japan and Taiwan.

On 2 June 2021 Richter held a successful bonds auction for qualified investors and raised funds in the amount of HUF 70,273 million. The bonds were issued in the context of the Bond Funding for Growth Scheme of the Central Bank of Hungary aimed at promoting the efficiency of monetary policy transmission by expanding the liquidity of the Hungarian corporate bonds market.

On 21 June 2021 the Company announced the divestment of its wholesale operation to Grin-Farm S.R.L. and its retail operations to BIRIVOFARM S.R.L., both headquartered in the Republic of Moldova. As majority shareholder of both the wholesale and the retail business, Richter is entitled to approximately 62% of the sales price once the transaction is closed.

On 11 August 2021 Richter notified its shareholders that according to the notification of the Hungarian National Asset Management Inc. (MNV Zrt.) received on 10 August 2021, the influence (share) of the Hungarian State in Gedeon Richter Plc. held it through MNV Zrt. decreased from 5.25% to 0%. At the same time the influence (share)

held in Gedeon Richter Plc. by the Foundation for National Health Care and Medical Education increased to 5.25%.

### **1. 2. 1. Description of the Company's activity in 2021 highlighting some of the key issues addressed by the Supervisory Board in the course of the year**

#### **Audit Department**

Since June of 2021 the Audit Department has been headed by Krisztián Péter Süle. The new Head of Audit introduced himself and presented the Audit Department's report, which included the evolution of staffing, the new methodology to be applied in the audit activity, the audit universe and the annual risk assessment, as well as the 2021 report and the 2022 work plan. The new Head of Department has introduced a new audit methodology: risk-based planning has been introduced to optimise the allocation of resources and end-to-end audits will be carried out instead of the previous spot audits. This puts the focus on a process approach and is coupled with a change in the scope and structure of the report. This is due to the intent to reporting with a focus on senior management and putting business objectives in the centre. Development of the necessary action plans is currently underway. The Supervisory Board will be informed of the progress at the time of reports. The Audit Department has reviewed the triangular transactions, IT eligibility management and the clinical trials process in 2021. The following processes are included in the 2022 work plan: Investment process; IT systems authorisation review (follow-up audit); Procurement processes; Pharmacovigilance; and the Quality management.

#### **Automation at Richter**

The wave of digital change that is spreading through the OT world via the internet and IoT will have an impact on how Richter manages its expanded technology portfolios. As an asset-intensive organisation, Richter needs to be prepared for a wave of changes that includes IT convergence and the huge and rapid evolution of its technological environment as new systems are introduced. An important step to prepare for change was to establish Richter's Automation & Information Technology (AIT) in 2021 and to start the creation of an OT (automation) strategy. The aim of AIT is to become an internal strategic partner for the business areas and to create value by enabling the business areas to see through technology and business challenges at the same time. This includes a shift from a sole IT focus to an integrated IT and OT environment to fully exploit the opportunities of digital transformation, aligning IT/OT, enabling full integration by harmonising the diversity of systems, and achieving cost and resource efficiencies. The Supervisory Board was presented with the AIT strategic roadmap and the milestones of the roadmap to Industry 4.0 for the period 2022-2028.

## **Quality management**

The operation of Richter's comprehensive quality system is a multifaceted and very complex task for the Quality Management Directorate (MIR). An analysis of the headcount data for the last ten years shows that the number of MIR staff fluctuates around 8% of the total number of staff in the Company. Industry experience shows that this figure tends to hover around 10%. As the Company's overall headcount has increased, the number of MIR has also increased, but the ratios have not changed. The biggest challenge in terms of staff numbers is the difficulty in finding and retaining qualified persons (QPs). To address this, Richter is organising QP training courses in cooperation with universities. In addition to Good Manufacturing Practice (GMP), other regulations, guidelines, regulatory requirements and stipulations in marketing authorisations are the benchmark. MIR also had a new special task in 2021, when new European regulations on medical devices came into force. The European medical device regulation (MDR), which contains the rules for medical devices, has been effective since 26 May 2021, but products on the market will remain on the market until the expiry of their certificates. Once the certificates expire, the new rules will apply and will be verified by the certification body. The first audit under the MDR is expected in the first quarter of 2022. Several IT improvements are also underway and are expected to result in significant savings in workforce and data processing.

## **Execution of Richter's strategy in 2021**

The goal of Gedeon Richter Plc.'s business strategy for to the 2018-2028 period is to be in the front line of mid-size pharma companies headquartered in Europe. In 2018 the Company's ten-year strategy was drawn up, and in the following years the supporting framework was established and was broken down by specific areas: the professional goals were formulated at the level of the so-called pillars, since this is where value is created. Thus, the objectives and success criteria were also defined in a pillar-specific way.

In 2021 the focus was on developing standard monitoring systems for the implementation of the strategy. The first results are expected to be evaluated in 2022. Richter will focus on areas that will be the growth drivers in 2018-2028 and where it has specific expertise: the original success product Cariprazine, the central nervous system area in original research, Women's Healthcare, and biosimilar product development. In addition to the strategic pillars, Richter places great emphasis on programmes to develop organisational capabilities, which are necessary to achieve the financial results expected from the pillars in the long term. These focus on three main areas: Structural Transition; enhancing efficiency (Lean); and developing Company culture and leadership capabilities (Culture & Leadership).

### **1. 2. 2. Summary and the Supervisory Board's recommendation to the Annual General Meeting**

The SB reviewed and discussed the documents supporting the 2021 Board of Directors Report to the Annual General Meeting, as well as the Independent Auditor's Report. Based on those and the information gained during the year, the SB was in a position



to judge the figures and statements set out in the reports. We hereby present the following summary report, as jointly agreed by the Committee, and a unanimous opinion of the SB to the distinguished members of the General Meeting.

Net income from sales totalled HUF 454,244 million in 2021, a HUF 41,270 million, or 10%, increase over the 2020 figure.

Domestic sales amounted to HUF 43,587 million, 6.4% higher year-on-year, and international sales were HUF 410,657 million, 10.4 % above the reference year.

Sales income from the Europe region (excepting Hungary) was HUF 133,236 million, up by 12.7%. The increase was mostly contributed by the expansion of the Spanish market thanks primarily to Bemfola®, Evra® (appearance of royalty and commercialisation), oral contraceptives and rising Cyclogest sales. In Italy, ascending Evra® (appearance of royalty and commercialisation), Esmya®, Bemfola® and Teriparatide sales were somewhat reduced by a downturn in oral contraceptive sales. The French market was shaped by improving performance of Bemfola® and Dienogest and the appearance of Evra® royalty. In Austria Teriparatide, Esmya® and Evra® turnover increased (appearance of commercialisation and royalty).

The increase in sales in the USA region was contributed by Vraylar® royalty (HUF 113,389 million with an increase of 11.8%).

The income realised in the Chinese market was HUF 15,615 million, 45.1% surpassing the reference year's HUF 10,764 million by 45.1%. The growth was primarily due to the effect of the Cavinton credit note recognised in the reference year.

Growth in the Latin America and Other countries regions was mainly the result of Evra® royalties. Income from sales in Latin America expressed in HUF was 77.3% up, and in Other Countries, 17.5% up and achieved HUF 30,057 million.

Sales income in the CIS countries amounted to HUF 108,817 million, 1.6% down from the reference year, due primarily to dropping Mydeton, oral contraceptives and Groprinosin sales income.

The balance of Other income and other expenses decreased from HUF 14,183 million expenses in the reference year to HUF 8,301 million expense in 2021.

Operating profit was HUF 121,472 million compared to HUF 100,207 million in the reference year, up from 24.2% to 26.7% y/y.

Net financial income/loss was HUF 19,729 million in profit in 2021 compared to a net financial loss of HUF 1,484 million recorded in 2020.

The 2021 unrealized financial items was largely affected by restatements related to the 4.35 RUB/HUF and EUR/HUF 369 exchange rates on 31 December 2021 (as opposed to RUB/HUF 3.96 and EUR/HUF 365.13 on 31 December 2020). The 2021 aggregate impact of restatements was HUF 9,761 million in profits over 2020.

In an effort to strengthen to focus on pharmaceutical production, in June 2021 Richter divested its wholesale and retail operations in the Republic of Moldova.

Taxes on income (including business tax and innovation contribution) amounted to HUF 5,551 million.

The 2021 profit before tax amounted to HUF 141,201 million after HUF 98,723 million in 2020.

The Company's after-tax profit for 2021 was HUF 141,163 million as opposed to HUF 93,217 million in 2020.

The above findings are backed by detailed data in the Report of the Board of Directors and the statements in the Auditor's Report. Having studied and duly deliberated these reports, and based on the experiences the SB gained in the course of its work

throughout the year, the SB finds the statements in the said report are substantiated and reliable.

The Company always fulfilled its obligations to the State, banks, authorities, and market and other partners in a timely manner, and its financial position remained balanced throughout the year.

The SB agrees with the contents of the Company's Financial Report for 2021 and the statements made in the Independent Auditor's Report. Accordingly, it proposes the Company's 2021 Balance Sheet, Income Statement, Notes to the Financial Report, Business Report with their truthfulness and compliance confirmed by the independent auditor, to the distinguished members of the General Meeting for approval.

## **2. Proposals for the approval of the 2021 Annual Report**

### **2. 1. Proposal for the approval of Gedeon Richter Plc's Balance Sheet and after-tax profit for 2021**

Based on the Company's audited Annual Financial Statement for 2021 submitted to the Annual General Meeting, the analysis and Auditor's Statement issued by the auditor Deloitte Auditing and Consulting Limited, and the SB's own analysis, the Supervisory Board proposes that the distinguished members of the General Meeting approve the following:

- The Financial Report for 2021 submitted to the AGM (with total assets and total liabilities in the Balance Sheet being equally HUF 1,046,876 million), duly audited in compliance with the International Financial Reporting Standards.
- The after-tax profit specified in the Profit and Loss Statement of the audited Financial Report for 2021 (before dividend payment) being HUF 141,163 million.

### **2. 2. Proposal for the approval of Gedeon Richter Plc.'s 2021 after-tax profit and rate of dividend**

The proposal made by the Board of Directors is approved and supported by the Supervisory Board.

Accordingly, the Supervisory Board proposes that the distinguished members of the General Meeting

- approve the establishment of 225% dividend on ordinary shares, and payment of HUF 225 per share in dividend as proposed;
- furthermore, approve the recognition of after-tax profit less the dividend paid as the Company's balance sheet profit, and order such profit to be allocated to retained earnings in accordance with the applicable statutory provisions.

Budapest, 9 March 2022



Dr. Attila Chikán  
Chairman of the Supervisory Board

## **8.**

Approval of the Company's  
draft 2021 individual Annual Report  
pursuant to the IFRS

**Proposal to Item No.:8**  
**on the Agenda of the AGM**

**Resolution of the Board of Directors No.: 32/2022**

The Board of Directors proposes to the AGM to approve the Company's draft 2021 individual annual report pursuant to the IFRS.

The Board of Directors has approved the resolution unanimously, without a vote against and abstention.

## **9.**

**Resolution on the determination and allocation of  
the after-tax profit and the rate of dividends**

**Proposal to Item No.:9**  
**on the Agenda of the AGM**

**Resolution of the Board of Directors No.: 33/2022**

The Board of Directors proposes to the AGM to state the rate of dividend relating to common shares payable after the result of business year 2021 in **30%** of the consolidated after tax profit attributable to the Owners of the parent company, which is **HUF 225, i.e. two hundred twenty-five Hungarian Forints** per share.

The Board of Directors has approved the resolution unanimously, without a vote against and abstention.

# **10.**

## **Corporate Governance Report**



**DRAFT !!!**



## Report on Corporate Governance<sup>1</sup>

In order to comply with international and domestic legal and regulatory requirements and the highest ethical standards in all of its operations Gedeon Richter Plc. is committed to developing and maintaining a corporate governance system. This commitment is highlighted by the practice of transparent and efficient differentiation of the rights and responsibilities of the General Meeting, the Board of Directors, the Supervisory Board, and the Executive Management.

**törölt:** (which has operated two subcommittees since 2004, the Corporate Governance and Nomination Subcommittee and the Remuneration Subcommittee)

The corporate governance system and practice developed and applied by Richter is in keeping with the Corporate Governance Recommendations of the Budapest Stock Exchange, the stock market regulations currently in force, the provisions of the Civil Code<sup>2</sup>, the Company's Statutes and with Gedeon Richter Plc's characteristics arising from its line of industry and its structure. The Company reviews its corporate governance principles from time to time to keep abreast with continuously evolving international practice. In this aspect, the Company is also considering ESG requirements, which exercise influence on the judgement of corporate governance systems by capital market participants.

### General Meeting, rules for the conduct of the General Meeting

The supreme body of the Company is the General Meeting, which consists of all shareholders. The Company's Annual General Meeting is convened no later than by the last day of the fifth month of every business year. The Annual General Meeting addresses, among other points on the agenda, the following subjects:

- the Board of Directors' report on the Company's consolidated annual report for the previous business year pursuant to the International Financial Reporting Standards;
- the Supervisory Board's report on the Company's consolidated annual report for the previous business year pursuant to the International Financial Reporting Standards;
- the Auditor's report on the Company's consolidated annual report for the previous business year pursuant to the International Financial Reporting Standards;
- Approval of the Company's consolidated annual report for the previous business year pursuant to the International Financial Reporting Standards;
- the Board of Directors' report on the Company's individual annual report for the previous business year; on the management, the financial situation and the business policy of the Company;

<sup>1</sup> The report concerns the 2021 business year.

<sup>2</sup> Act V of 2013 on the Civil Code

**törölt:** 2020

- the Supervisory Board's report on the Company's individual annual report for the previous business year, including also the recommendation regarding the appropriation of after-tax profits;
- the Auditor's report on the Company's individual annual report prepared for the previous business year;
- Approval of the Company's individual annual report for the previous business year, including the resolution on the appropriation of the after-tax profits;
- Board of Directors' report on the practice of corporate governance and on the departures made by the Company in applying the Corporate Governance Recommendations of the Budapest Stock Exchange;
- Resolution on the remuneration of elected officers.

The Annual General Meeting shall be convened by the Board of Directors unless otherwise provided by the Civil Code. The person or organ convoking the General Meeting shall determine its time, venue, and agenda.

törölt: <sup>3</sup>

The convening of the General Meeting shall be published on the Company's homepage at least 30 days prior to the commencement date thereof pursuant to the provisions applicable to the Company's announcements. The Company may notify shareholders regarding the convocation of the General Meeting in an electronic format, if shareholders have so requested.

The Board of Directors shall have the right to call an extraordinary General Meeting at its discretion. The Board of Directors shall also call an extraordinary General Meeting if persons authorized by the Civil Code or these Statutes request from the Board of Directors that a General Meeting be held. If shareholders holding at least one percent of the votes request for the convening of a General Meeting, stipulating its reason and purpose, such a General Meeting shall be convened.

The announcement (invitation) convening the General Meeting shall indicate the name and seat of the Company, the venue, date, time, agenda and method of holding of the General Meeting, the conditions placed on the exercise of voting rights as specified in these Statutes as well as the time and venue of the reconvened General Meeting. No more than twenty-one days, but at least ten days shall pass between the General Meeting of an insufficient quorum and the reconvened General Meeting. The announcement convening the General Meeting shall contain the information that a shareholder or nominee may participate on the General Meeting if registered in the Share Register at least two working days prior to the beginning date of the General Meeting; and the requirements laid down in these Statutes of exercising the right to supplement the agenda of the General Meeting, as well as the date, place and way of accessing the full and original text of the proposals on the agenda and of the proposed resolutions (including the website of the Company).

The Company shall publish the key data of the Company's draft consolidated annual report for the previous business year pursuant to International Financial Reporting Standards and its draft individual annual report and of the report of the Board of Directors and the Supervisory Board, the total number (proportion) of shares and voting rights at the date of convening the General Meeting, including separate summaries of the individual share classes, together with a summary of the proposals relating to the items on the agenda, the supervisory board report on these, and draft resolutions, as well as forms for voting by proxy, on the Company's website at least twenty-one days prior to the annual General Meeting. The Company shall publish the names of the members of the Board of Directors and the Supervisory Board and all monetary

and non-monetary benefits granted to these members in this role, detailed by members and legal title to said benefit simultaneously with the notice convening the General Meeting.

The General Meeting is chaired by the Chairman of the Board of Directors or another person previously invited by the Board of Directors to take the chair. The General Meeting shall approve the identity of the chairman of the General Meeting prior to substantive discussion of further items on the agenda and until this has happened the General Meeting cannot make a further substantive decision in respect of the items on the agenda.

Items not listed in the published agenda may only be discussed and valid resolutions concerning these items shall only be passed if all of the shareholders are present at the General Meeting and they give their unanimous consent to the addition of such items to the agenda.

With the exception of cases where the presence of a larger number of shareholders is required in order to constitute a quorum, a quorum exists if shareholders, personally or through their representatives, representing over half of the votes embodied by the voting shares are present at the General Meeting and have duly evidenced their shareholder or representative status. The General Meeting may be suspended once. If the General Meeting is suspended, it shall be continued within thirty days. Existence of the quorum shall be examined at each decision. With respect to the quorum, shareholders or representatives of a shareholders who submit a "yes", "no", or "abstention" vote shall be deemed as the ones being present.

If the General Meeting has no quorum, the General Meeting shall be reconvened. With the exception of cases where under the given circumstances the presence of a larger number of shareholders is required in order to constitute a quorum, the reconvened General Meeting shall have a quorum for the purpose of considering items on the agenda of the original General Meeting if the shareholders representing more than 20% of the votes relating to the voting shares issued by the Company are presented personally or via proxy at the reconvened General Meeting and their shareholding or representation right has been duly evidenced.

### **Shareholders' rights and treatment of shareholders**

All shareholders are entitled to participate in the General Meeting, and to request information and to make observations and to submit motions as set out in the Civil Code.

The Board of Directors shall provide every shareholder who makes a written request with information necessary to enable the shareholder to evaluate items on the General Meeting agenda, so that the shareholder making such request at least eight days before the General Meeting shall receive the requested information at least three days prior to the General Meeting.

At the request of a shareholder the Board of Directors shall grant that shareholder access to the relevant documents and data of the Company. The Board of Directors may decide that it will disclose information or grant access to documents on condition that the requesting shareholder makes a written declaration of confidentiality. The Board of Directors may refuse to disclose information or to grant access to documentation or data if its dissemination would compromise the business secrets of the Company, if the shareholder abuses this right or does not make a declaration of confidentiality after being requested by the Board of Directors. If

the shareholder finds that the refusal of his request is unfounded, then he may request the Court of Registration to compel the Company to provide the requested information.

Shareholders may practise their rights after entitlement verification by way of the identification procedure. No certificate of ownership is required for the practice of shareholders' rights. The date of registration in the Share Register shall be the same as the date of the identification of ownership.

At the General Meeting, shareholders' rights can be exercised by means of the voting card. The voting card shall contain the name of the shareholder or the shareholder's representative and the number of votes to which he is entitled to. The Company shall only issue a voting card to a shareholder or shareholder's representative who is registered in the Share Register as the owner of the shares or as the shareholder's representative, or in case of jointly owned shares, as joint representative.

Shareholders may exercise their rights at the General Meeting through an authorized representative. The representative may be also other person than shareholder. Representatives may obtain voting cards if they present authorization contained in an official deed or private deed of full probative value to the Company at the place and time indicated in the announcement regarding the General Meeting.

The name of a shareholder or shareholder's representative who wishes to participate in the General Meeting shall be recorded in the Share Register by the second working day preceding the first day of the General Meeting.

Only those shareholders may exercise their rights at the General Meeting who are the owners of the shares on the reference date for the identification of ownership and whose names are contained in the Share Register on the second business day before the first day of the General Meeting. The keeper of the Share Register shall ensure the possibility of exercising of the right of registration until 6.00 PM (Budapest time) on the second business day before the first day of the General Meeting.

Every share of nominal value HUF 100 shall entitle its holder to one vote. At general meetings a shareholder may not exercise voting rights on his own account or as a representative of another shareholder, alone or in concert with affiliated persons, in excess of twenty-five percent (25%) of the voting rights attached to the shares by shareholders present or represented at the General Meeting. A shareholder shall not be entitled to exercise voting rights prior to having effected full payment of its contribution in cash.

Shareholders are entitled to receive a share of the Company's profits that are distributable and where a dividend is declared by the General Meeting. Such dividend shall be in proportion to the number of nominal shares held by the shareholder (right to a dividend). However, dividends with respect to treasury shares shall be divided to shareholders entitled to dividends, payable in proportion of the nominal value of their shares. Shareholders that have been registered in the Share Register as a result of the identification of ownership prepared on the reference date established and announced by the Board of Directors regarding the payment of dividends are entitled to dividends. The date relevant with respect to the entitlement to dividends established by the Board of Directors may differ from the date of the General Meeting adopting the resolution for the payment of dividends.

In the event of termination of the Company without legal successor, the shareholder shall be entitled - based on the payments and in-kind contributions made by the shareholder for the shares - to a proportion of any remaining assets of the Company following the satisfaction of creditors. Such proportion of the remaining assets shall be distributed to the shareholder in proportion to the ratio of the nominal value of its shareholding in the Company's registered capital and the total registered capital of the Company (proportional right to liquidation assets).

## The Board of Directors

The Board of Directors of Gedeon Richter Plc. is the ultimate decision making body of the Company in matters other than those that are within the exclusive remit of the General Meeting.

Increasing value for shareholders, profitability, enhancing efficiency and transparency of operation and providing the conditions for environmental protection and safe operation as well as good shareholder relations based on consistent information are priority considerations and goals for the Board of Directors.

## The structure, remit and operation of the Board of Directors

Pursuant to the Company's Statutes the Board of Directors is made up of at least three and not more than twelve members. Members of the Board of Directors are elected by the General Meeting for a definite term of not more than five years. Currently the Board of Directors consists of twelve members.

To members of the Board of Directors as executive officers the Company applies the same criteria of independence as those stated in the Civil Code<sup>4</sup> related to the members of the Supervisory Board. With respect to these criteria the definitive majority of the members of the Board of Directors, 75% of them (nine members out of the twelve members of the Board of Directors) are independent.

The Company's Chief Executive Officer is a member of the Board of Directors. Separation of the office of Chairman of the Board of Directors and the Chief Executive Officer is a key aspect of corporate governance. Two different people holding the tasks of the Chief Executive Officer and of the Chairman of the Board of Directors.

The Board of Directors elects its Chairman and - if the members find it necessary - Deputy Chairman from among its members. The Board of Directors may withdraw this mandate at any time. If for any reason, the Chairman or the Deputy Chairman cease to be members of the Board of Directors, their mandate as Chairman or Deputy Chairman shall be terminated.

**Chairman of the Board of Directors:** Erik Bogsch (dependent)

**Members of the Board of Directors:**

Dr. György Bagdy (independent)

Dr. Péter Cserhádi (independent)

Dr. Gábor Gulácsi (dependent)

törölt: eleven

törölt: ten

törölt: The present term of mandate of the members of the Board of Directors is stated in the declaration attached to this report as Annex 1.

törölt: 70

törölt: seven

törölt: ten

törölt: /from April 28, 2020/

<sup>4</sup> In case of those public companies limited by shares which do not have one tier system (Board), but where operate a two tier system - there is an independent Supervisory Board beside the Board of Directors - the Civil Code do not state criteria of independence to the members of the Board of Directors.

Dr. Ilona Hardy (independent)  
 Csaba Lantos (independent)  
 Gábor Orbán (dependent)  
 Dr. Anett Pandurics (independent)  
 Bálint Szécsényi (independent)  
 Prof. Dr. E. Szilveszter Vizi (independent)  
Dr. Nándor Pál Ács (independent) /from April 15, 2021/  
Dr. László Szabó (independent) /from April 15, 2021/

törölt: Dr. Kriszta Zolnay (independent) /until April 28, 2020/

The introduction of the members of the Board of Directors is available on the Company's website at [www.gedeonrichter.com](http://www.gedeonrichter.com).

törölt: richter.hu

The business activity of the Company is controlled by the Board of Directors in accordance with the Company's Statutes, the resolutions of the General Meeting and the relevant effective legal regulations. The Board's remit includes review and approval of the Company's future outlook, strategic principles and programmes, and its transactions beyond the boundaries of regular business. It monitors and regularly evaluates the Company's performance and the management's operation. It selects and contracts the Managing Director; it evaluates the Managing Director's performance and determines the Managing Director's remuneration. It ensures compliance with the statutory provisions and the Code of Corporate Ethics.

The Board of Directors acts and passes resolutions as a body. The Board of Directors keeps minutes of its meetings and its resolutions are documented. Besides the recurrent items on its agenda the Board discusses and evaluates the performance of each of the key business segments.

In 2021, the Board of Directors held eleven (11) meetings with an average attendance rate of 94.69 %.

törölt: 2020

törölt: ten

törölt: 10

törölt: 99

The Board of Directors has the quorum required for decisions on the merit of matters if at least two-thirds but at least three of its current members are present. The current number of members shall mean the number of members in office at the given time. If the Board does not have a quorum when it is first called, the Chairman shall call a repeated meeting for a date within three days from the original date. The reconvened meeting shall have a quorum if the majority of, but not less than three, members of the Board are present. The Board of Directors shall pass its resolutions by simple majority.

The honoraria of the members of the Board of Directors are determined by the Annual General Meeting. Pursuant to the resolution of the Board of Directors - based on Subsection (1) of Section 5 and Section 9 of the decree no. 502/2020. (XI.16.) of the Government of Hungary on the re-introduction of deviating regulations related to the operation of partnerships and capital-concentrating organisations during the state of emergency - acting in competence of the Annual General Meeting of 15 April, 2021, the remuneration of the Chairman of the Board of Directors was set at HUF 730.000,00 per month and that of the members of the Board of Directors at HUF 610.000,00 per month, for year 2021, effective as of January 1, 2021.

törölt: 102/2020 (IV.10.)

törölt:

törölt: 28

törölt: 2020

törölt: 708,975

törölt: 589,950

törölt: 2020

törölt: 2020

## Subcommittees of the Board of Directors

In order to improve efficiency of decision-making processes the Board of Directors set up three subcommittees. The subcommittees consist of at least three Board members. The members of the subcommittees are elected by the Board for a term equal to the member's term on the Board. The duties of the subcommittees are determined by the Board of Directors.

törölt: two

törölt: in 2004

The following subcommittees are in operation:

### Corporate Governance and Nomination Subcommittee

The Corporate Governance and Nomination Subcommittee - which exist since 2004 - consist of three independent members not employed by the Company.

**Chairman:** Prof. Dr. E. Szilveszter Vizi (independent)

**Members:**

Dr. Ilona Hardy (independent)

Dr. György Bagdy (independent)

The introduction of each members of the Subcommittee is available on the Company's website in framework of the introduction of the members of the Board of Directors. The term of mandate of Subcommittee members' equals with their term of mandate as members of the Board of Directors.

Within its sphere of competence the Corporate Governance and Nomination Subcommittee

- makes proposals to the Board of Directors on the number and composition of the Board of Directors and the Supervisory Board in accordance with needs as they arise, and makes proposals on the requirements of independence, qualification and professional experience of proposed candidates;
- prepares decisions of the Board of Directors on candidates for the Board of Directors and the Supervisory Board by recommending suitable candidates and by evaluating candidates proposed by the shareholders' representatives;
- monitors the implementation of the approved principles of corporate governance, prepares annual reports to the Board of Directors, and proposes necessary changes and additions to them.

The Corporate Governance and Nomination Subcommittee acts and makes decisions as a body. The Subcommittee keeps minutes of its meetings and its decisions are recorded.

In the 2021 business year the Corporate Governance and Nomination Subcommittee held one (1) meeting with an average attendance rate of 100%.

törölt: 2020

törölt: .two

törölt: 2

törölt: 2020

In the 2021 business year the Corporate Governance and Nomination Subcommittee discussed the below subjects:

- audition of the candidates to the Board of Directors;
- assessment of the activity of the Board of Directors;
- Corporate Governance Report for year 2020.

törölt: 2019

Members of the Corporate Governance and Nomination Subcommittee with respect to their position and activity in the Subcommittee did not get separate remuneration over the honoraria they were entitled to as members of the Board of Directors.

### Remuneration Subcommittee

The Remuneration Subcommittee - which exist since 2004 - consists of three members. The majority of the members of the Subcommittee are independent, not employed by the Company.

**Chairman:** Csaba Lantos (independent)

**Members:**

Dr. Gábor Gulácsi (dependent) /until February 22, 2021/

Dr. Anett Pandurics (independent)

Dr. Péter Cserhádi (independent) /from February 22, 2021/

The introduction of the members of the Subcommittee is available on the Company's website in framework of the introduction of the members of the Board of Directors. The term of mandate of Subcommittee members' equals with their term of mandate as members of the Board of Directors.

Within its sphere of competence the Remuneration Subcommittee

- evaluates experiences related to the remuneration system of members of the Board of Directors and the Supervisory Board, and makes proposals as to its amendment taking into consideration the relevant effective legal regulations;
- makes proposals to the Board on the evaluation of the performance of the Managing Director and his remuneration.

The Remuneration Subcommittee acts and makes decisions as a body. The Subcommittee keeps minutes of its meetings and its decisions are documented.

In the 2021 business year the Remuneration Subcommittee held three, (3) meetings with an average attendance rate of 100%.

In the 2021 business year the Remuneration Subcommittee discussed the below subjects:

- remuneration of members of the Board of Directors for year 2021;

- remuneration of members of the Supervisory Board for year 2021;

- reviewing the Chief Executive Officer's basic wage and other remuneration.

Members of the Remuneration Subcommittee with respect to their position and activity in the Subcommittee did not get separate remuneration over the honoraria they were entitled to as members of the Board of Directors.

törölt: 2020

törölt: two

törölt: 2

törölt: 2020

törölt: 2020

törölt: 2020



### **ESG Subcommittee**

The Board of Directors with respect to the strengthening role of the ESG requirements both on the national and international capital markets in the last few years, also set up ESG Subcommittee in December 2021.

Chairman of the Subcommittee: Dr. Ilona Hardy (independent)/from December 6, 2022/

Members of the Subcommittee: Bálint Szécsényi (independent)/from December 6, 2022/  
Gábor Orbán (dependent)/from December 6, 2022/

The ESG Subcommittee is responsible for monitoring the ESG requirements of the national and international capital markets, the changes in these requirements, and furthermore with respect to the Company's industrial and structural characteristics to initiate motions to the Board of Directors so that the Company comply with the ESG requirements.

### **Division of responsibilities and duties between the Executive Board and the Board of Directors**

The Executive Board is responsible for management and control of the Company's operative activities. The chairman of the Executive Board is the Chief Executive Officer of the Company. The Board of Directors shall charge one of its members with the duty of controlling the operative activities of the Company in the capacity of Chief Executive Officer for a period determined by the Board of Directors. Except for the rights assigned to the General Meeting, the employer's rights over the Chief Executive Officer shall be exercised by the Board of Directors.

The Executive Board is a forum for the preparation of decisions, where all members have the right and obligation to provide an opinion. Based on the opinions of the members of the Executive Board the final decision shall be made by the Chief Executive Officer or the Board of Directors, depending on their competence.

As set out by the Statutes the Board of Directors shall determine the remit of the Chief Executive Officer and shall approve the Company's Rules of Organization and Procedure. The Board of Directors may assign any of its powers related to day-to-day management to the Chief Executive Officer with terms and conditions as its discretion, and may from time to time revoke or change all or any of the powers so assigned; however, the assignation shall not affect the liability of the Board of Directors.

Under the Rules of Organization and Operation the Chief Executive Officer may assign some of his duties relating to the Company's internal administration to the Company's officers and employees by means of job descriptions, or by general or ad hoc orders. The Chief Executive Officer is competent to make decisions on any issues that are not within the sphere of competence of the General Meeting or the Board of Directors.

The Chief Executive Officer may exercise and delegate employer's rights in respect of employees and persons having other kind of legal relation with the Company within the scope of and in such manner as defined in the Company's Rules of Organization and Procedure.

The Chief Executive Officer makes decisions regarding the evaluation and remuneration of the work of the Executive Board in the context of the annual plan and the bonus system. The Board of Directors makes decisions regarding the evaluation and remuneration of the work of the Chief Executive Officer in the context of the annual plan and the bonus system and on the basis of the proposal of the Remuneration Subcommittee.

Within the frameworks of the organisational division of labour, from November 1, 2017, the Company established the role of the Executive Chairman having a focus on the commercial activities as well as international, public and government relations. His main task is to continue implementing the specialty pharma strategy by strengthening the recently established international sales network in Western Europe and overseas, while continuously broadening the high added value innovative product portfolio.

#### Members of the Executive Board:

Gábor Orbán	- Chief Executive Officer
Erik Bogsch	- Executive Director responsible for Commercial, for Legal and Global Operations, for PR and Government Relations
Dr. Gábor Gulácsi	- Deputy Managing Director of Finance
Tibor Horváth	- Commercial Director
Dr. István Greiner	- Director of Research
Dr. György Thaler	- Director of Development

The introduction of the members of the Executive Board is available on the Company's website at [www.gedeonrichter.com](http://www.gedeonrichter.com).

törölt: [richter.hu](http://richter.hu)

Employees in leadership position directly supporting the activities of the Executive Board:

Katalin Erdei	- Director of Human Resources
Dr. Imre Péter	- Director of Quality Management
Attila Szénási	- Director of Pharmaceutical manufacturing
Tamás Szolyák	- Director, Regulatory and Patient Safety Matters

The introduction of employees in leadership position directly supporting the activities of the Executive Board is available in the Company's annual report.

#### Conflict of interest and independence

In order to avoid conflict of interest of members of the Board of Directors and of the Executive Board in their relations to third parties the employment contract of members of the Executive Board prohibits employment or other legal relationship of a similar nature with an undertaking of a similar profile. Members of the Board of Directors and of the Supervisory Board shall make a declaration of no conflict of interest between their elected position and their other commitments upon their election.

In case of those public companies limited by shares which do not have one tier system (Board), but where operate a two tier system - there is an independent Supervisory Board beside the Board of Directors - the Civil Code do not state criteria of independence to the members of the Board of Directors. Apart from this the Company applies the criteria of

independence concerning Supervisory Board members stated by the Civil Code in respect of both members of the Board of Directors and of the Supervisory Board.

## Supervisory Board

Pursuant to the Company's Statutes the Supervisory Board is made up of at least five and not more than nine members. Members of the Supervisory Board are elected by the General Meeting for a definite term of not more than three years. The present term of mandate of the members of the Supervisory Board is stated in the declaration attached to this report as Annex 1.

Based upon the Statutes, as long as the number of the Company's full time employees exceeds a yearly average of two hundred, employees shall participate in the control of the Company's activities through the Supervisory Board. In such case, one third of the members of the Supervisory Board shall be comprised of the employees' representatives. In the event of a number indivisible by three, such third shall be calculated in such manner as to be more favourable to the employees.

Currently the Supervisory Board consists of six members. The criteria of independence stated in the Civil Code shall be applied to the members of the Company's Supervisory Board. With respect to these criteria the principle of majority of the independent members are fully enforced in respect of the composition of the Supervisory Board. Two of its members represent the employees and the remaining four members are independent (external) persons.

törölt: five

törölt: three

**Chairman of the Supervisory Board:** Dr. Attila Chikán (independent)

**Members of the Supervisory Board:** Prof. Dr. Jonathán Róbert Bedros (independent)  
 Dr. Zsolt Harmath (independent) /until April 15, 2021/  
 Dr. Éva Kozsda Kovácsné (employees' representative) (dependent) /until April 15, 2021/  
 Mrs. Klára Csikós Kovácsné (employees' representative) (dependent) /until April 15, 2021/  
Dr. Zoltán Matos (independent) /from April 15, 2021/  
Dr. Livia Pavlik (independent) /from April 15, 2021/  
Dr. Krisztina Gál (employees' representative) (dependent) /from April 15, 2021/  
Péter Müller (employees' representative) (dependent) /from April 15, 2021/

The introduction of the members of the Supervisory Board is available on the Company's website at [www.gedeonrichter.com](http://www.gedeonrichter.com).

törölt: richter.hu

The Supervisory Board monitors the operations of the Company. The Supervisory Board holds meetings regularly in accordance with the relevant legal regulations and its agenda, passes resolutions on the topics determined in its work plan, and takes action whenever the Company's operative activity so requires. The Supervisory Board keeps minutes of its meetings and its decisions are recorded.

Within its remit the Supervisory Board submits proposals to the Board of Directors, discusses the Company's strategy, financial results, capital expenditure policies, and internal control, risk management and audit systems. At its meetings the Supervisory Board receives regular

and suitably detailed information about the Company's management. The Chairman of the Supervisory Board is entitled to participate in the meetings of the Board of Directors with the right to give advice.

In the 2021 business year the Supervisory Board held nine (9) meetings with an average attendance rate of 94.4%.

törölt: 2020

törölt: 93.33

The Supervisory Board shall have a quorum if at least each of its members has been duly invited thereto and at least two-thirds, but at least four members are present. The reconvened meeting originally adjourned due to the absence of a quorum shall have a quorum if at least three (3) members of the Supervisory Board - in the ratio defined in Section 16.8 of the Statutes - are present. The Supervisory Board shall pass its resolutions by simple majority of those present.

The honoraria of the members of the Supervisory Board are determined by the Annual General Meeting. Pursuant to the resolution of the Board of Directors - based on Subsection (1) of Section 5 and Section 9 of the decree no. 502/2020. (XI.16.) of the Government of Hungary on the re-introduction of deviating regulations related to the operation of partnerships and capital-concentrating organisations during the state of emergency - acting in competence of the Annual General Meeting of April 15, 2021, the remuneration of the Chairman of the Supervisory Board was set at HUF 610.000,00 per month and that of the members of the Supervisory Board at HUF 440.000,00 per month, for year 2021, effective as of January 1, 2021.

törölt: 102/2020 (IV.10.)

törölt:

törölt: 28

törölt: 2020

törölt: 589,950

törölt: 424,350

törölt: 2020

törölt: 2020

## Audit Board

The Company has an Audit Board consisting of three members. Its members are elected by the General Meeting from among the independent members of the Supervisory Board. The Chairman of the Audit Board is appointed by the Supervisory Board. The audit board members as a whole shall have competence relevant to the sector in which the Company is operating. At least one member of the Audit Board shall have a professional certificate in accounting or auditing.

### Members of the Audit Board:

Dr. Attila Chikán  
 Prof. Dr. Jonathán Róbert Bedros /until April 15, 2021/  
 Dr. Zsolt Harmath /until April 15, 2021/  
Dr. Livia Pavlik /from April 15, 2021/  
Dr. Zoltán Matos /from April 15, 2021/

The introduction of the professional background of members of the Audit Board is available on the Company's website at [www.gedeonrichter.com](http://www.gedeonrichter.com).

törölt: richter.hu

The Audit Board is responsible for the supervision of the Company's internal accounting rules. Accordingly, the scope of competences and tasks of the Audit Board includes the following:

- opinion on the consolidated annual report for the previous year pursuant to the IFRS;
- opinion on the individual annual report for the previous business year;

- monitoring the statutory audit of the consolidated and the individual annual report; taking into account any findings and conclusions by the authority in charge of the public oversight of auditors as provided for in Act LXXV of 2007 on the Chamber of Hungarian Auditors, the Activities of Auditors, and on the Public Oversight of Auditors (hereinafter referred to as "Auditors Act") made during the quality assurance review provided for in the Auditors Act;
- recommendation regarding the person and remuneration of the auditor;
- preparation of the agreement to be concluded with the auditor;
- observing the enforcement of the professional, conflict of interest and independency requirements applicable to auditors - with special regard to compliance with the requirements in Article 5 of Regulation (EU) No. 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities and repealing Commission Decision 2005/909/EC, undertaking the duties in connection with the co-operation with the auditor, monitoring other services provided by the auditor - or if the auditor is belongs to a network, members of such network - to the Company or the companies controlled by the Company besides the auditing of the consolidated and individual annual reports, and in case of need, recommendations to the Supervisory Board regarding the arrangements to be carried out;
- monitoring of the operation of the financial accounting system and submitting recommendations regarding the necessary arrangements where deemed necessary;
- assistance with the work of the Supervisory Board in the interest of the appropriate supervision of the financial accounting system as well as
- monitoring the effectiveness of the company's internal control and risk management systems and submitting recommendations where deemed necessary.

The Audit Board acts and makes decisions as a body. The Board keeps minutes of its meetings and its decisions are recorded.

In the 2021 business year the Audit Board held three (3) meetings with an average attendance rate of 100%.

In the 2021 business year the Audit Board discussed the below subjects:

- discussion of the contract of the statutory auditor;
- examining of individual annual report and consolidated annual report and the business reports;
- reviewing the auditor's reports;
- examining of the Corporate Governance Report for year 2020;
- determination of the annual report of the Audit Board;
- the Company's interim financial statement regarding the accounting date of August 31, 2021;
- services not related to auditing (falling out of the scope of auditing the consolidated and individual report) rendered by the business entity acting as statutory auditor and/or entities connecting to the statutory auditor's net.

In 2021, the Board of Directors did not passed such resolution which was against the proposal of Audit Board.

Members of the Audit Board with respect to their position and activity in the Audit Board did not get separate remuneration over the honoraria they were entitled to as members of the Supervisory Board.

törölt: 2020

törölt: six

törölt: 6

törölt: 83.33

törölt: 2020

törölt: - proposal to the election of the statutory auditor;¶

törölt: 2019

törölt: 2020

törölt: 2020

## Introduction to the diversity policy applied to the members of governing bodies

In its operation Richter lays great store by personal values and individual characteristics. According to the Company's creed the exploitation of varying characteristics is the corner stone of innovation and success, and believes that the Company's success is partly based on the diversity of its people. It considers the recognition and appreciation of the individual's personal traits important. It is task for all executives to set an example in the area of handling diversity, tolerance, inclusion and diversity management, furthermore to encourage and within its possibilities to promote the practical expression of the Company's commitment to diversity.

Diversity is a tenet at all levels of Richter's operation. Thus when drafting internal regulations the Company strives to shape the corporate environment to meet this principle.

To implement the Company's views in practice, on 28 May 2018 the Board of Directors adopted the Diversity Policy regarding the Company's governing bodies (Board of Directors, Supervisory Board and Executive Board), which was announced on 21 June 2018. The Diversity Policy accepted for a five-year period, whose implementation is closely tracked by the Board, determines the diversity aspects and objectives applicable for the Company's business management, executive and supervisory bodies.

In the spirit of diversity, when composing the Company's governing bodies priority will be given to knowledge related to Richter's main business, expertise in the economic, social and environmental contexts of the Company's operation, as well as professional and personal reputation. Richter's position is that these diversity considerations are best promoted if the governing bodies have members with qualification and experience in the pharmaceutical industry as well as finance and economics; Richter, therefore, makes an effort to have members with appropriately diverse professional backgrounds serving on its governing boards. The goals formulated in the Policy in conjunction with the governing bodies envision that both sexes should be represented among the members to the extent that the aggregate rate of women should be at least 30%, the age distribution of members should be balanced, and members should also include gifted under 50 year aged persons with appropriate competences.

The Company pays attention to the considerations and goals determined in the Policy when nominating members to the Board of Directors, the Supervisory Board and the Audit Board, and when selecting members and planning potential successors to serve on the Executive Board. As a public limited company, Richter has no power other than nominating members on the Company's boards; their election is the exclusive competence of the AGM.

When nominating and electing the members of subcommittees, besides taking in account the appropriate professional and personal competences, the Board of Directors always encourages the participation of women and age diversification of members. Accordingly, among the members of all subcommittees - including the newly set up ESG Subcommittee in December 2021 - the participation rate of women exceeds 30 %.

As a result of the resolutions regarding the composition of the boards approved by the Board of Directors - based on Subsection (1) of Section 5 and Section 9 of the decree no. 502/2020 (XI.16.) of the Government of Hungary on the re-introduction of deviating regulations related to the operation of partnerships and capital-concentrating organisations during the state of emergency - acting in competence of the AGM in 2021, the age distribution of the Board of Directors definitively did not changed.

In the Supervisory Board the 30% as a rate of women was provided also without any change in 2021.

törölt: 2020

törölt: The participation rate of woman, due to the expiration of Dr. Kriszta Zolnay's membership in the Board of Directors, has changed to 20% among the members of the Board of Directors.

törölt: 2020

The Company considers it important to regularly inform the shareholders about its Diversity Policy in the Annual Report and the Report on Corporate Governance including changes in, and achievements through, the Policy.

### Internal controls and risk management system of the Company

Richter considers risk management a tool of effective corporate governance. Richter operates a risk management system which abides by the highest international standards and best industry practices. Our goal is to identify, understand and assess risks in a timely fashion and to take steps to manage them, supporting with this the stable and sustainable operation and realization of the company strategy. Evaluation of internal controls is part of risk assessment; hence the risk assessment function helps the Company in maintaining more efficient internal control mechanisms.

törölt: supports

Richter's position is that it is impossible to devise a uniform system for all aspects of risk management; consequently, we rely on the meetings of the Company's various bodies in risk related decision-making and trust the skills, experience and judgment of our decision-makers in the implementation of internal requirements and rules.

Accountability and controls related to risk management:

- ▶ The Board of Directors shall be responsible for the overall control and supervision of Richter's risk management. In this context, the Board of Directors holds the Executive Management accountable for the identification of major areas of exposure, develops the key risk management requirements together with the Executive Management, and requires regular information about the efficiency of related risk management and internal control procedures.
- ▶ The Executive Management shall report to the Board of Directors regarding the implementation of risk management procedures and is ultimately responsible for risk management. The duties and responsibilities of the Executive Management shall cover the development and maintenance of internal controls that ensure the management of exposures arising from the Company's operation and help achieve the Company's goals.
- ▶ Health related risks of the Company's employees as well as the mitigation of negative impacts on the business in general and on the supply chain in particular of the COVID-19 pandemic are managed by a Pandemic Response Team specifically set up for this purpose;
- ▶ Management of strategic risks is the duty of directors responsible for execution of the certain strategic pillars.
- ▶ Total Quality Management and Regulatory direction handling the Company's GxP compliance risks extensively. Compliance risks in connection with sales also handled through a centralized organizational unit responsible for legal direction.
- ▶ The various functional areas are responsible for operating risk management in their particular areas. The heads of the functional areas report to the Executive Management about risks in their particular areas in the context of the Company's internal reporting function.
- ▶ The Company continuously develops its integrated operational risk management system. The main elements of the operational risk management system are the assessment of strategic risks, the risk and control self-assessment of all main processes and activities, building and managing a risk event database, forming a system of key risk indicators, but

törölt: also

törölt: points

the building of an integrated business continuity system is also in connection with these efforts.

- ▶ Financial risks are managed by the financial control function in a centralized fashion with the help of dedicated risk manager, internal regulations, limits and monitoring, risk analyzes and reporting.
- ▶ The main elements of the Company's audit system are the audit by department leaders, appliance of process integrated controls, the activity of internal audit made to be independent and of external auditors.
- ▶ The Internal Audit Department executing the internal audit made to be independent conducts independent and objective assessment of the suitability of the internal controls system for efficient risk management. The assessment is performed on the basis of approved annual examining plans. When drawing up the annual plan the Audit Department shall take into consideration the Company's exposures (based on importance and rotation) as well as the proposals of the Executive Management.
- ▶ The internal audit, risk and compliance functions as internal lines of defense cooperate in order to reduce the risk exposures of the Company.
- ▶ Risk management, internal controls and corporate governance functions shall be evaluated annually in the context of the Annual Report.

In 2021 new risks or newly mapped risks;

- The risk of a power outage, global energy supply risks
- Security risk of supply of materials and components, global supply chain risks
- Risk related to climate change, sustainability, environmental awareness
- Risks of changes of the EU laws and regulations
- The risk of improper and not timely answers on the quick global development of digitalization
- Product recall risk
- Product liability risks

törölt: 2020

törölt: a

törölt: has arisen

In 2021 from our risks the following risks have emerged:

- Outstanding contribution of Cariprazine to the turnover and profits of the Company. The new indication (Major Depression Disorder) is an opportunity to increase the income of the Company, but on the other side the increase of the proportion of Cariprazine in the total income results an increase of the concentration risk
- Difficulties in accessing qualified staff in the Central and East European companies of the Group
- Cyber risk
- Foreign exchange rate risk of cash flows and financial instruments

törölt: - Employments' health risk and adverse effects of the COVID-19 epidemic on Company operations and the supply chain¶

törölt: 2020

While the risks below have decreased:

- Employments' health risk and adverse effects of the COVID-19 epidemic on Company operations and the supply chain.
- Tax related risks
- Lower output and higher costs associated with the implementation of EU serialization and the introduction of Russian serialization.

törölt: ;

törölt: - Licencing and developing WHC specialty products together with partners.¶

törölt: - Difficulties in accessing qualified staff in the Central and East European companies of the Group;

**Statutory Auditor**



On 28 April, 2020 the Board of Directors - based on Subsection (1) of Section 5 and Section 9 of the decree no. 102/2020 (IV.10.) of the Government of Hungary on the deviating regulations related to the operation of partnerships and capital-concentrating organisations during the state of emergency - acting in the competence of the General Meeting has elected **Deloitte Auditing and Consulting Ltd.** as the Company's statutory auditor for a period of three years expiring on April 30, 2023, but not later than the approval of the 2022 consolidated report.

In 2021, Gedeon Richter Plc.'s statutory Auditor was Deloitte Auditing and Consulting Ltd. The individual auditor in charge appointed by the Auditor company, as responsible for fulfilment of tasks of the Auditor was Mr. Tamás Horváth, member of the Hungarian Chamber of the Auditors.

törölt: 2020

In accordance with its contract, Deloitte Auditing and Consulting Ltd. audits the Company's individual Annual Report prepared in accordance with the International Financial Reporting Standards, and the consolidated financial statements prepared in accordance with the International Financial Reporting Standards (IFRS, earlier IAS).

The audit of the financial statements mentioned above was conducted in accordance with the Hungarian Auditing Standards, the International Standards of Auditing (ISA) and the Accounting Act and other statutory provisions relevant to auditing.

The Statutory Auditor ensures continuity of auditing through regular on-site work and participation in meetings of the Board of Directors and the Supervisory Board, and through other forms of consultation. In addition, the Auditor reviews the Company's quarterly reports to BSE.

Pursuant to the resolution of the Board of Directors acting in competence of the Annual General Meeting of 15 April, 2021, the remuneration of the Statutory Auditor for the 2021 year is HUF 27,900,000.00, + VAT, which includes the fee for the auditing of the 2021 consolidated annual report under IFRS, the fee for examining the consonance between the consolidated annual report and consolidated business report for 2021, the fee for the auditing of the 2021 non-consolidated annual report, the fee for examining the consonance between the non-consolidated annual report and business report for 2021, the fee for reviewing the quarterly reports serving the purpose to inform the investors and sent to the BSE (Budapest Stock Exchange) and the MNB (Central Bank of Hungary), and the fee for auditing the Company's non-consolidated interim financial statement, which shall be completed on the accounting date of August 31, 2021.

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With the approval of the General Meeting, the business organization appointed as Auditor has audited the Company's individual financial statements and also audited the Company's consolidated financial statements prepared according to the International Financial Reporting Standards.

The statutory auditor did not perform any activity that might have compromised its independence.

The Audit Board decides on all non-auditing services provided to the statutory auditor and/or to members belonging to the statutory auditor's net and the related contract may only be concluded with the approval of the Audit Board, after the resolution in subject has been passed.

## Shareholder relations

The formal contacts with shareholders include the annual reports and financial statements, the quarterly reports published through the Budapest Stock Exchange and other announcements. Shareholders receive additional information on the Company's business, its results and strategy at the Annual General Meeting. The Company organizes roadshows to inform the investor community in the United States, the United Kingdom and in Europe. Consequent to the restrictive measures implemented by the Hungarian Government in response to COVID-19 pandemic such roadshows, investor meetings and conferences were organised using virtual channels following March 2020. During the year investors may contact the Company with their inquiries and may put questions and make proposals at the General Meeting.

The Company's Investor Relations Department is coordinating the above activities. The Share Registration Department focuses primarily on small shareholder relations. As an additional information channel the Company's website ([www.gedeonrichter.com](http://www.gedeonrichter.com)) includes a specific page which addresses the needs of investor and financial analyst community.

törölt: richter.hu

## The Company's disclosure practices

In accordance with the statutory provisions in force and the General Terms of Service of the Budapest Stock Exchange, the Company publishes its announcements and disclosures as well as its regular and extraordinary information on the website of the [Budapest Stock Exchange \(www.bet.hu\)](http://www.bet.hu), the website dedicated to capital market disclosures managed by the National Bank of Hungary (<https://kozvettelek.mnb.hu/>), and on the Company's own website ([www.gedeonrichter.com](http://www.gedeonrichter.com)), as well as in the [Hungarian Companies Journal](#). The invitation to the General Meeting is also published in [The Financial Times](#) in addition to the above. Accordingly, the Company publishes quarterly reports and, following conclusion of the business year, an annual report, and provides extraordinary information in cases where it becomes aware of actual or expected changes in its business that may directly or indirectly affect the value or yield of its shares, or that are material for market players for making investment-related decisions. In addition, the Company's Investor Relations Department contacts the shareholder community on a regular basis.

törölt: richter.hu

The Company does not determine own publication policy. The Company in connection with its publications follows the rules of the Statutes, the effective legal regulations, and the regarding regulations of the Budapest Stock Exchange and the National Bank of Hungary.

## The Company' policy regarding insider trading

The persons deemed to be insider regarding the Company shall be defined based upon the rules of 596/2014/EU Regulation. The Company has developed regulations on the prohibition of insider trading as provided by law.

The Company does not determine own policy regarding insider trading. The 596/2014/EU Regulation and other regarding legal rules are applicable to the trading of persons deemed to

be insider at the Company. The Company's internal regulations - which covering also regulations related to prohibiting of insider trading - states prohibitions related to trading of insider person in compliance with the legal regulations.

The persons deemed to be insider regarding the Company have individual responsibility to comply with the rules related and connected to prohibition of insider trading and with the Company's internal regulations covering previous subjects.

## Code of Ethics, Compliance

In the course of 2016, the Company reviewed and amended the Code of Ethics of Gedeon Richter Plc. and its affiliates ("RICHTER") as an elemental part of its Global Compliance Program. The Code of Ethics provides requirements for the conduct expected of the Company's employees in subordinate positions and for the higher levels of conduct demands on executive staff. It also sets guidelines on communications within the Company and on relations between the Company and its business partners. In the course of 2017, the renewed Code of Ethics and the Manuals of the Global Compliance Program were localized and implemented in the European affiliates of the Company, where the employees received comprehensive education of their contents.

In 2018, the Global Compliance Program was started to be extended to affiliates and representative offices in Latin American countries and in the CIS member states. In 2019, the Spanish and Russian versions of the compliance materials were completed, with the help of which the local operating procedures were updated, and the employees of the affiliates could be trained.

The Company continues to hold Global Compliance Program-related training, and as a result, compliance awareness has gathered ground.

This is also shown in the increase of incidents reported through the Compliance Hotline on many different topics, including reports related to conflicts of interest, which resulted in the decision to create an individual Conflict of Interest Policy, which entered into force in HY1 2020. The aim of the policy was to draw the attention of employees to potential conflicts of interests, to share guidance on how to avoid them and to handle already existing ones. The Conflict of Interest Policy was extended to foreign affiliates with related training as a part of the Global Compliance Program.

The EU Directive 2019/1937 on the protection of persons who report breaches of Union law (the "Directive") had to be implemented into the national legal systems of the EU Member States by 17 December 2021. The Directive sets out stricter rules on the handling of whistleblowing reports compared to the current Hungarian rules, which ensure that whistleblowers are provided with a high level of protection. Until 21 December 2021 at the Company it was possible to get in contact with Gedeon Richter Plc. by sending individual report in e-mail to [compliance@richter.hu](mailto:compliance@richter.hu) e-mail address concerning questions regarding the Global Compliance Program. In order to comply with the Directive, the Company established a central, confidential, online reporting system (Richter Virtual Compliance Officer – "Richter VCO") which allows the Company's Legal and Global Operations Management Department to investigate and handle the reports of employees and contracted partners related to misconducts, breaches of law and ethical violations. The Richter VCO is available at <https://richter.vco.eu> where anyone can submit a report online in connection with the operation of the Company anonymously, without disclosing personal data. The previous reporting channels are still live (phone: +36 1 431 4700 or e-mail: [compliance@richter.hu](mailto:compliance@richter.hu))

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törölt: The continuous education of employees in compliance related topics is critical for the Company, therefore several trainings have also been held in 2020. Together with the Conflict of Interest Policy, the employees received training on the topics of Code of Ethics and the Compliance Hotline as well as training on the new Trade Secret Policy, which also entered into force in 2020.

besides the Richter VCO. In order to comply with the Directive, the Company has expanded the Richter VCO to group level and all the EU-based affiliates joined the central Richter VCO system.

The 2021 compliance education theme took into account the decision of the National Institute of Pharmacy and Nutrition of 2020, the changes in pharmaceutical legislation since 2020 and the changes in the codes of the self-regulatory bodies, and presented the rules and best practices for the Company's employees to follow in their activities.

The increase and strengthening of compliance awareness are not only important regarding our own employees, but also throughout our entire supply chain. Therefore, all our contracts signed with Third Parties contain anti-corruption clauses, which cover the content of the Anti-Corruption Manual, and which constitute the prerequisite of any contract.

### Corporate Social Responsibility

The Company has a diverse commitment to its immediate environment and to society at large, and so feels it has a duty to support community goals as much as possible, both independently and together with other organizations. Richter is convinced that it must play a role in the areas in which it is active. The Company is a committed sponsor of health care and education, which includes the training of chemists, pharmacists and doctors. Numerous cooperation agreements provide assistance to the research and educational activities of universities that offer training in the natural sciences. Gedeon Richter Plc. has established various foundations to provide support for Hungarian health care. The Company takes part in programmes in Hungary that help people achieve a greater understanding and awareness of particular health problems. This purpose is also served by the Richter Health City programme begun in 2009, whose "health profit" till the end of 2021, was HUF 446 million donated to 86 Hungarian hospitals, which was allocated for improving their equipment.

As a major company in gynaecology, Richter embraces the psychological and social well-being of women as part of its social responsibility, as a result of which it devotes particular attention to supporting programmes that are of value to women. The Company launched its "Richter for Women Programme", now comprising several initiatives, in 2010.

Every year – the last time concerning the year of 2020 – the Company issues a Sustainability Report, which describes the environmental and safety activity of Richter's manufacturing subsidiaries as well as their social responsibility.

The Company is committed to making future generations healthier through its activity.

### Environmental awareness

Compliance with health, safety and environmental regulations is a priority for Richter, therefore the Company strictly observes the statutory provisions relevant to these areas in all of its operations. Gedeon Richter Plc. is convinced that efficient and successful production is the basis of preserving its employees' health, creating a safe working environment, and protecting the environment.

The Company finds it important to focus on environmental protection as a whole and on its particular areas. In order to protect environmental elements the Company takes care to identifying, assessing and reducing the environmental impact, and potential risks associated

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with its business, and also to the disposal and recovery of waste generated in accordance with the applicable requirements. In interest of reducing environmental impacts the Company

- constantly upgrades its production technologies and seeks to use the best available techniques;

- modernizes the infrastructure for storage and supply of chemicals in order to reduce the risk of soil and groundwater contamination;

- continuously monitoring the condition of the neighboring groundwater and air, the quality of waste water emitted and the noise impact of the site;

- calculates carbon footprint of Company's activity (or have it calculated) and work out action plan in order to reduce CO<sub>2</sub> issuance and to mitigate the climate change.

Economic development and operations which take into consideration the state of our environment and social expectations and are pursued in possession of government permits and in compliance with their provisions – in brief, this is Richter's environmental protection strategy. The Company complies with Hungarian and international environmental laws and regulations and has held an **Integrated Pollution Prevention Control (IPPC) licence** since 2004. With a view to continuously improving its environmental performance, the Company operates an Environmental Management System **according to ISO 14001**; its system has been awarded an internationally valid environmental certificate since 2001.

Gedeon Richter Plc. believes it is important to make its environmental efforts and achievements known to everybody interested. From 2001 to 2004 Gedeon Richter Plc. provided information in annual environmental reports. Since 2005 the Company has provided information on environmental protection to stakeholders in its regular Sustainability reports.

Budapest, April ~~12, 2022~~

.....  
 Prof. Dr. E. Szilveszter Vizi  
 Member of the Board of Directors,  
 Chairman of the Corporate Governance  
 and Nomination Subcommittee

.....  
 Erik Bogsch  
 Chairman of the Board of Directors

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**Annex 1**

**Corporate Governance Report  
on compliance with the Corporate Governance Recommendations**

As part of the Corporate Governance Report, the Company makes a statement regarding the extent to which it has implemented in its own corporate governance practice the recommendations and proposals specified in the relevant sections of the Corporate Governance Recommendations issued by the Budapest Stock Exchange Ltd., by completing the following tables.

These tables provide an overview for the investors of the extent of the compliance - by the relevant company - with certain requirements set out in the Corporate Governance Recommendations at glance, and enable easy comparison of the practices of the specific companies.

The Recommendations contain both recommendations that are binding for all issuers and non-binding proposals. Issuers may derogate both from binding recommendations and non-binding proposals. In the event of derogation from the recommendations, issuers are required to publish and justify the derogation in their corporate governance reports ('comply or explain'). This enables issuers to take industry and company-specific requirements into account. Accordingly, even issuers derogating from the recommendations can comply with corporate governance requirements under specific circumstances. Concerning the proposals, issuers should indicate whether they apply a given guideline or not, and they can also explain any derogation from the proposals.

The basic principle and purpose of the corporate governance report is to have companies give a report of their previous business year and to reveal the measure of their compliance with the Recommendations. The Recommendations may, however, include recommendations and proposals relating to events which did not occur at the issuer in the given period. In accordance with the current practice, these 'event type' questions can be answered with 'YES' also when the relevant event did not occur in the business year (for instance, no dividend was paid, or no shareholders' comments were received for the proposals to be submitted prior to the General Meeting) if the Company would have responded to the occurrences of such events as set forth in the Recommendations, in line with the provisions of its Articles of Association or its practices. In a situation like that, the solution that comes closest to the principle of transparent operation is for the issuer to select YES and also to add an explanation that though the event in question did not occur in the previous business year, there are appropriate mechanisms in place to handle it.

<sup>5</sup> [The summary containing the remuneration given to the members of the Board of Directors and of the Supervisory Board with reference to their such position in 2021, and the short summary of the Remuneration policy approved in 2020 and applicable from 2021 will not be introduced in the Corporate Governance Report made from year 2021 with reference to that the Remuneration Report from 2021 shall be discussed as independent agenda item on Gedeon Richter Plc.'s annual general meeting in 2022 based on provisions of Act LXVII of 2019 on the Encouragement of Long-term Shareholder Engagement and Modification of Certain Acts with the Purpose of Legal Harmonization. The concerned AGM proposal will fully introduce the remuneration paid to the members of the Board of Directors and of the Supervisory Board in 2021 and the annual general meeting will also discuss in independent agenda item the modification of the Remuneration policy applicable from 2021, in connection with which the complete text of the modified Remuneration policy could be reached by shareholders as an independent AGM proposal.](#)

törölt: Annex 1<sup>4</sup>

¶ Declaration from remuneration of members of the governing bodies ¶

¶ L/ Remuneration of the members of the Board of Directors and members of the Supervisory Board ¶

¶ Gedeon Richter Plc. provide information from the remuneration per member and described by virtue of the remuneration, all in cash and other (non cash) allowances given to the Members of the Board of Directors and of the Supervisory Board with reference to their such position in 2020 according to the followings:¶

¶ Members of the Board of Directors ¶

¶

... [1]

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**Level of compliance with the Recommendations**

*The Company indicates whether it follows the relevant recommendation or not, and if not, briefly explains the reasons why it did not follow that specific recommendation.*

**1.1.1.** Does the Company have an organisational unit dealing with investor relationship management, or a designated person to perform these tasks?

**Yes**

Explanation: -

**1.1.2.** Are the Company's Articles of Association available on the Company's website?

**Yes**

Explanation: -

**1.1.4.** If the Company's Articles of Association allow shareholders to exercise their rights in their absence, did the Company publish the methods and conditions of doing so, including all necessary documents?

**Yes**

Explanation: *The announcement (invitation) convening the general meeting contains information regarding the way and conditions to appoint representative (nominee) and the fact that the forms for voting via proxy will be published by the Company on its website 21 days prior to the general meeting.*

**1.2.1.** Did the Company publish on its website a summary document containing the rules applicable to the conduct of its General Meetings and to the exercise of voting rights by shareholders?

**Yes**

Explanation: *The announcement (invitation) convening the general meeting contains the regarding rules.*

**1.2.2.** Did the Company publish the exact date when the range of those eligible to participate in a given company event is set (record date), and also the last day when the shares granting eligibility for participating in a given company event are traded?

**Yes**

Explanation: -

**1.2.3.** Did the Company hold its General Meetings in a manner providing for maximum shareholder participation?

**Yes**

Explanation: -

**1.2.6.** The Company did not restrict the shareholders' right to designate a different representative for each of their securities accounts to represent them at any General Meeting. (Answer Yes, if not)

**Yes**

Explanation: -

**1.2.7.** For proposals for the agenda items, were the Board of Directors' draft resolution and also the Supervisory Board's opinion disclosed to the shareholders?

**Yes**

Explanation: -

**1.3.3.** The Company did not restrict the right of its shareholders attending a General Meeting to request information, add comments and submit proposals, or set any preconditions for these with the exception of some measures taken to conduct the General Meeting in a correct manner and as intended. (Answer Yes, if not)

**Yes**

Explanation: -

**1.3.4.** By answering the questions raised at the General Meeting, did the Company ensure compliance with the information provision and disclosure principles set out in legal and stock exchange requirements?

**Yes**

Explanation: *There were no such questions. (With respect to the extraordinary situation formed in Hungary in connection with coronavirus epidemic (Covid-19), according to the rules of decree no. 502/2020. (XI.16.) of the Government of Hungary on the re-introduction of deviating regulations related to the operation of partnerships and capital-concentrating organisations during the state of emergency (hereinafter Gov. Decree no.: 502/2020.) the Company could not hold its annual general meeting convoked for 15 April 2021, in a way which would require the physical presence of the shareholders. According to Gov. Decree No.: 502/2020 the Board of Directors had the right to decide about any and all issues listed on the published agenda of the general meeting.)*

**1.3.5.** Did the Company publish on its website the answers to the questions that the representatives of the Company's boards or its auditor present at the General Meeting could not satisfactorily answer at the meeting within 3 working days following the General Meeting, or an official statement explaining why it refrained from giving answers?

törölt: 102/2020. (IV.10.)

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törölt: differing

törölt: company organs under the period of

törölt: 102/2020

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törölt: 2020

törölt: 102/2020



No

*Explanation:* There were no such questions. (With respect to the extraordinary situation formed in Hungary in connection with coronavirus epidemic (Covid-19), according to the rules of decree no. 502/2020. (XI.16.) of the Government of Hungary on the re-introduction of deviating regulations related to the operation of partnerships and capital-concentrated organisations during the state of emergency (hereinafter Gov. Decree no.: 502/2020.) the Company could not hold its annual general meeting convoked for 15 April 2021 in a way which would require the physical presence of the shareholders. According to Gov. Decree No.: 502/2020, the Board of Directors had the right to decide about any and all issues listed on the published agenda of the general meeting.)

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törölt: 102/2020

törölt: 28

törölt: 2020

törölt: 102/2020

**1.3.7.** Did the Chairman of the General Meeting order a recess or suggest that the General Meeting be postponed when a proposal or proposal relating to a particular issue on the agenda was submitted which the shareholders hadn't had a chance to become familiar with before the General Meeting?

No

*Explanation:* There were no such suggestions, proposals which would justify ordering a recess or postponing the general meeting. (With respect to the extraordinary situation formed in Hungary in connection with coronavirus epidemic (Covid-19), according to the rules of decree no. 502/2020. (XI.16.) of the Government of Hungary on the re-introduction of deviating regulations related to the operation of partnerships and capital-concentrating organisations during the period of the state of emergency (hereinafter Gov. Decree no.: 502/2020.) the Company could not hold its annual general meeting convoked for 15 April 2021, in a way which would require the physical presence of the shareholders. According to Gov. Decree No.: 502/2020, the Board of Directors had the right to decide about any and all issues listed on the published agenda of the general meeting.)

törölt: 102/2020. (IV.10.)

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törölt: company organs under

törölt: 102/2020

törölt: 28

törölt: 2020

törölt: 102/2020

**1.3.8.1.** The Chairman of the General Meeting did not use a combined voting procedure for a decision related to electing and recalling executive officers and Supervisory Board members. (Answer Yes, if not)

Yes

*Explanation:* -

**1.3.8.2.** For executive officers or Supervisory Board members, whose nominations were supported by shareholders, did the Company disclose the identity of the supporting shareholder(s)?

Yes

törölt: No

*Explanation:* The Board of Directors nominated Dr. László Szabó to be the member of the Board of Directors with respect to the minority shareholder's motion submitted by MNV Zrt. (Hungarian National Asset Management Inc.) as representative of the Hungarian State. The other candidates initiated to be re-elected and elected as the members of the Board of Directors were nominated by the Board of Directors with asking the opinion of the major shareholders.

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törölt: to the Board of Directors

**1.3.9.** Prior to discussing agenda items concerning the amendment of the Articles of Association, did the General Meeting pass a separate resolution to determine whether to decide on each amendment of the Articles of Association by individual votes, joint votes, or votes combined in a specific way?

No

*Explanation:* In the proposal to the general meeting it is signed at the agenda item relating to the amendments of the Statutes that the amendments would be proposed in which subjects. (With respect to the extraordinary situation formed in Hungary in connection with coronavirus epidemic (Covid-19), according to the rules of decree no. 502/2020. (XI.16.) of the Government of Hungary on the re-introduction of deviating regulations related to the operation of partnerships and capital-concentrating organisations during the period of the state of emergency (hereinafter Gov. Decree no.: 502/2020.) the Company could not hold its annual general meeting convoked for 15 April 2021, in a way which would require the physical presence of the shareholders. According to Gov. Decree No.: 502/2020 the Board of Directors had the right to decide about any and all issues listed on the published agenda of the general meeting.)

törölt: announcement (invitation) convening

törölt: 102/2020. (IV.10.)

törölt: from

törölt: differing

törölt: company organs under

törölt: 102/2020

törölt: 28

törölt: 2020

törölt: 102/2020

**1.3.10.** Did the Company publish the minutes of the General Meeting containing the resolutions, the description of the draft resolutions and any important questions and answers related to the draft resolutions within 30 days following the General Meeting?

No

*Explanation:* The Company fulfill its obligation to deposit the minutes of the general meeting in compliance with the rules of the Civil Code.

**1.5.1.1. -1.5.6.<sup>6</sup>**

**1.6.1.1.** Do the Company's publication guidelines cover the procedures for electronic, online disclosure?

No

*Explanation:* The Company did not establish publication guidelines. The Company in connection with its publications follows the rules of the Statutes, the effective legal regulations, and the regarding regulations of the Budapest Stock Exchange and the National Bank of Hungary.

<sup>6</sup> As a result of the review of the BSE Corporate Governance Recommendations (hereinafter: "CG Recommendations") in 2020, the Corporate Governance Committee of BSE (hereinafter: "the Committee") repealed Section 1.5 on Remuneration and recommendations under 1.6.7 regarding remuneration and accordingly amended points 1.6.2, 1.6.9 and 2.2.2 as well as Annex 1 of the CG Recommendations, regarding to that from July 2019 the rules of remuneration matters are governed by the provisions of Act LXVII of on the Encouragement of Long-term Shareholder Engagement and Modification of Certain Acts with the Purpose of Legal Harmonization. Nevertheless, in the future, the Committee intends to give interpretations and guidance to complement these legal provisions to the issuers, but for this it is necessary that relevant experience connecting to the new legal regulations is learnt and gathered. The new recommendations and proposals be approved by the Committee later on and stepping instead of the repealed points will summarize these practical experiences.

**1.6.1.2.** Does the Company design its by considering the aspects of disclosure and the information of investors?

**Yes**

*Explanation:* -

**1.6.2.1.** Does the Company have an internal publication policy in place which covers the processing the information listed in Section 1.6.2. of the Recommendations document?

**No**

*Explanation:* The Company formed its internal practice relating to disclosures in compliance with the effective legal regulations, rules of the Statutes, and the regarding regulations of the Budapest Stock Exchange and the National Bank of Hungary.

**1.6.2.2.** Do the internal regulations of the Company cover the methods for the assessment of events judged to be important for publication?

**No**

*Explanation:* The Company formed its internal practice relating to disclosures in compliance with the effective legal regulations, rules of the Statutes, and the regarding regulations of the Budapest Stock Exchange and the National Bank of Hungary.

**1.6.2.3.** Did the Board of Directors/Governing Board assess the efficiency of the publication processes?

**No**

*Explanation:* See as written under Section 1.6.2.1. and 1.6.2.2.

**1.6.2.4.** Did the Company publish the findings of the efficiency assessment of the publication process?

**No**

*Explanation:* See as written under Section 1.6.2.1. and 1.6.2.2.

**1.6.3.** Did the Company publish its annual company event calendar?

**Yes**

*Explanation:* -

**1.6.4.** Did the Company publish its strategy, business ethics and policies regarding other stakeholders?

**Yes**

Explanation: -

**1.6.5.** Did the Company publish the career information of Board of Directors / Governing Board, Supervisory Board and management members in its annual report or on the company website?

**Yes**

Explanation: -

**1.6.6.** Did the Company publish all relevant information about the internal organisation and the operation of the Board of Directors / Governing Board and the Supervisory Board, about the work of the management, the assessments of these and the changes in the current year?

**No**

Explanation: *The Corporate Governance and Nomination Subcommittee assessed the annual work of the members of the Board of Directors. The Supervisory Board reported from its annual work in its report regarding the Company's annual report. Assessing the work of the Chief Executing Officer falls into the competence of the Board of Directors. Assessing the work of other members of the Executive Board falls into the competence of the Chief Executive Officer.*

**1.6.7.1.-1.6.7.2.<sup>7</sup>**

**1.6.8.** Did the Company publish its risk management guidelines and information about its system of internal controls, the main risks and the principles for their management?

**Yes**

Explanation: -

**1.6.9.1.** Did the Company publish its guidelines relating to the trading of its shares by insiders?

**No**

Explanation: *The Company does not publish own guidelines (policy) relating to the trading of its shares by insiders. The 596/2014/EU Regulation and other regarding legal rules are applicable to the trading of persons deemed to be insider at the Company. The Company's internal regulations - which covering also regulations related to prohibiting of insider trading - states prohibitions related to trading of insider person in compliance with the legal regulations.*

<sup>7</sup> See footnote No. 6.

**1.6.9.2.** Did the Company disclose the share of the Board of Directors / Governing Board, Supervisory Board and management members in the securities issued by the Company<sup>8</sup> in the annual report or in some other way?

**Yes**

*Explanation:* -

**1.6.10.** Did the Company publish the relationship of Board of Directors / Governing Board, Supervisory Board and management members may have with third parties which could affect the operation of the Company?

**No**

*Explanation:* There was no such case.

**2.1.1.** Does the Company's Articles of Association contain clear provisions regarding the responsibilities and competences of the General Meeting and the Board of Directors / Governing Board?

**Yes**

*Explanation:* -

**2.2.1.** Does the Board of Directors / Governing Board have a rules of procedure in place defining the organisational structure, the actions for arranging for and conducting the meetings, and the tasks regarding the adopted resolutions, as well as other issues related to the operation of the Board of Directors / Governing Board?

**Yes**

*Explanation:* -

**2.2.2.** Does the Company publish the procedure used for nominating Board of Directors / Governing Board members<sup>9</sup>?

**No**

*Explanation:* Draft resolutions regarding the candidates nominated to be the members of the Board of Directors is proposed by the Board of Directors based upon the preliminary motion of the Corporate Governance and Nomination Subcommittee, at the same time providing the curriculum vitae of the candidates.

**2.3.1.** Does the Supervisory Board provide a detailed description of its operation and duties, as well as the administrative procedures and processes followed by it, in its rules of procedure and work plan?

<sup>8</sup> See footnote No.6.

<sup>9</sup> See footnote No.6.

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**Yes**

*Explanation:* -

**2.4.1.1.** Did the Board of Directors / Governing Board and the Supervisory Board hold meetings periodically at a predefined interval?

**Yes**

*Explanation:* -

**2.4.1.2.** Did the rules of procedure of the Board of Directors / Governing Board and the Supervisory Board provide rules for the conduct of meetings that cannot be planned in advance, and for decision-making using electronic telecommunications means?

**Yes**

*Explanation:* *There is a possibility to hold extraordinary meetings and passing resolution without session.*

**2.4.2.1.** Did board members have access to the proposals to be presented at the meeting of the respective board at least five days prior to the meeting?

**Yes**

*Explanation:* -

**2.4.2.2.** Did the Company arrange the proper conduct of the meetings, the drawing up of the meeting minutes and management of the resolutions made by the Board of Directors / Governing Board and the Supervisory Board?

**Yes**

*Explanation:* -

**2.4.3.** Do the rules of procedure provide for the regular or ad hoc participation of non-board members at respective board's meetings?

**Yes**

*Explanation:* -

**2.5.1.** Were the members of the Board of Directors / Governing Board and the Supervisory Board nominated and elected in a transparent process, and was the information about the candidates made public in due time before the General Meeting?

**Yes**

*Explanation:* -

**2.5.2.** Does the composition and size of the boards comply with the principles set out in Section 2.5.2. of the Recommendations?

**Yes**

Explanation: -

**2.5.3.** Did the Company ensure that the newly elected Board of Directors / Governing Board and Supervisory Board members became familiar with the structure and operation of the Company and their tasks were carried out as members of the respective boards?

**Yes**

Explanation: -

**2.6.1.** Did the Governing Board / Supervisory Board request (in the context of preparing the annual corporate governance report) its members considered to be independent to confirm their independence at regular intervals?

**Yes**

Explanation: -

**2.6.2.** Does the Company provide information about the tools which ensure that the Board of Directors / Governing Board assesses objectively the management's activities?

**No**

Explanation: *Assessing the work of the Chief Executive Officer is falling into the competence of the Board of Directors. Assessing the other members of the Executive Board is the competence of the Chief Executive Officer.*

**2.6.3.** Did the Company publish its guidelines concerning the independence of its Governing Board / Supervisory Board members and the applied independence criteria on its website?

**No**

Explanation: *In case of those public companies limited by shares which do not have one tier (Board) system, but where operate a two tier system – there is independent Supervisory Board beside the Board of Directors - the Civil Code do not state criteria of independence to the members of the Board of Directors. Apart from this the Company applies the criteria of independence stated to the Supervisory Board members by the Civil Code in respect of both members of the Board of Directors and of the Supervisory Board.*

**2.6.4.** Does the Supervisory Board of the Company have any members who has held any position in the Board of Directors or in the management of the Company in the previous five years, not including cases when they were involved to ensure employee participation?

**Yes**

Explanation: -

**2.7.1.** Did members of the Board of Directors / Governing Board inform the Board of Directors / Governing Board and (if applicable) the Supervisory Board (or the Audit Committee if a uniform governance system is in place) if they, or individuals they have business relations with, or their relatives have interest in any business transactions of the Company (or any subsidiaries thereof) which excludes their independence?

**No**

*Explanation: There was no such transaction.*

**2.7.2.** Were transactions and assignments between members of boards/ members of the management/individuals closely associated with them and the Company/subsidiaries of the Company carried out in accordance with the Company's general business practice but applying more stringent transparency rules compared to general business practice, and were they approved?

**No**

*Explanation: There was no such transaction.*

**2.7.3.** Did board members inform the Supervisory Board / Audit Committee (Nominating Committee) if they had received an appointment for board membership or management position of a company not belonging to the Company Group?

**No**

*Explanation: There was no such case.*

**2.7.4.** Did the Board of Directors / Governing Board develop guidelines for the flow of information and the management of insider information within the Company, and monitor compliance with them?

**Yes**

*Explanation: The Company set up rules related to handling insider information in frameworks of internal regulations.*

**2.8.1.** Did the Company create an independent internal audit function that reports directly to the Audit Committee / Supervisory Board?

**No**

*Explanation: According to the Rules of Organization and Procedure approved by the Board of Directors at the Company there is an internal audit department, operating subordinated to the Chief Executive Officer, which reports regularly to the Board of Directors and also fulfills tasks given by the Supervisory Board.*

**2.8.2.** Does Internal Audit have unrestricted access to all information necessary for carrying out audits?



**Yes**

*Explanation:* -

**2.8.3.** Did shareholders receive information about the operation of the system of internal controls?

**Yes**

*Explanation:* -

**2.8.4.** Does the Company have a function ensuring compliance (compliance function)?

**Yes**

*Explanation:* -

**2.8.5.1.** Is the Board of Directors / Governing Board or a committee operated by it responsible for the supervision and management of the entire risk management of the Company?

**Yes**

*Explanation:* *The Board of Directors and the Supervisory Board are jointly responsible for the management of the Company's risk management.*

**2.8.5.2.** Did the relevant organisation of the Company and the General Meeting received information about the efficiency of the risk management procedures?

**Yes**

*Explanation:* *With respect to the extraordinary situation formed in Hungary in connection with coronavirus epidemic (Covid-19), according to the rules of decree no. 502/2020. (XI.16.) of the Government of Hungary on the re-introduction of deviating regulations related to the operation of partnerships and capital-concentrating organisations the period of the state of emergency (hereinafter Gov. Decree no.: 502/2020.) the Company could not hold its annual general meeting convoked for 15 April 2021 in a way which would require the physical presence of the shareholders. According to Gov. Decree No.: 502/2020, the Board of Directors had the right to decide about any and all issues listed on the published agenda of the general meeting.*

**2.8.6.** With the involvement of the relevant areas, did the Board of Directors / Governing Board develop the basic principles of risk management taking into account the special idiosyncrasies of the industry and the Company?

**Yes**

*Explanation:* -

törölt: 102/2020. (IV.10.)

törölt: from

törölt: differing

törölt: company organs under

törölt: 102/2020

törölt: 28

törölt: 2020

törölt: 102/2020

**2.8.7.** Did the Board of Directors / Governing Board define the principles for the system of internal controls to ensure the management and control of the risks affecting the Company's activities as well as the achievement of its performance and profit objectives?

**Yes**

*(Explanation: -)*

**2.8.8.** Did internal control systems functions report about the operation of internal control mechanisms and corporate governance functions to the competent board at least once a year?

**Yes**

*(Explanation: -)*

**2.9.2.** Did the Board of Directors / Governing Board invite the Company's auditor in an advisory capacity to the meetings on financial reports ?

**Yes**

*(Explanation: -)*

#### **Level of compliance with the Proposals**

The Company must state whether it follows the relevant proposal included in the Corporate Governance Recommendations, or not (Yes / No). The Company can also explain any derogation from it.

**1.1.3.** Does the Company's Articles of Association provide an opportunity for shareholders to exercise their voting rights also when they are not present in person?

**Yes**

*(Explanation: -)*

**1.2.4.** Did the Company determine the place and time of General Meetings initiated by shareholders by taking the initiating shareholders' proposal into account?

**No**

*(Explanation: There was no such case.)*

**1.2.5.** Does the voting procedure used by the Company ensure a clear, unambiguous and fast determination of voting results, and in the case of electronic voting, also the validity and reliability of the results?

**Yes**

*(Explanation: -)*

**1.3.1.1.** Were the Board of Directors/Governing Board and the Supervisory Board represented at the General Meeting?

**Yes**

*(Explanation: With respect to the extraordinary situation formed in Hungary in connection with coronavirus epidemic (Covid-19), according to the rules of decree no. 502/2020. (XI.16.) of the Government of Hungary on the re-introduction of deviating regulations related to the operation of partnerships and capital-concentrating organisations the period of the state of emergency (hereinafter Gov. Decree no.: 502/2020,) the Company could not hold its annual general meeting convoked for 15 April 2021, in a way which would require the physical presence of the shareholders. According to Gov. Decree No.: 502/2020, the Board of Directors had the right to decide about any and all issues listed on the published agenda of the general meeting.)*

törölt: 102/2020. (IV.10.)

törölt: from

törölt: differing

törölt: company organs under

törölt: 102/2020

törölt: 28

törölt: 2020

törölt: 102/2020

**1.3.1.2.** In the event the Board of Directors/Governing Board and the Supervisory Board was absent, was it disclosed by the Chairman of the General Meeting before discussion of the agenda began?

**No**

*(Explanation: There was no absence. With respect to the extraordinary situation formed in Hungary in connection with coronavirus epidemic (Covid-19), according to the rules of decree no. 502/2020. (XI.16.) of the Government of Hungary on the re-introduction of deviating regulations related to the operation of partnerships and capital-concentrating organisations the period of the state of emergency (hereinafter Gov. Decree no.: 502/2020,) the Company could not hold its annual general meeting convoked for 15 April 2021, in a way which would require the physical presence of the shareholders. According to Gov. Decree No.: 502/2020, the Board of Directors had the right to decide about any and all issues listed on the published agenda of the general meeting.)*

törölt: 102/2020. (IV.10.)

törölt: from

törölt: differing

törölt: company organs under

törölt: 102/2020

törölt: 28

törölt: 2020

törölt: 102/2020

**1.3.2.1.** The Articles of Association of the Company did not preclude any individuals from receiving an invitation to the General Meetings of the Company at the initiative of the Chairman of the Board of Directors/Governing Board and being granted the right to express their opinion and to add comments there if that person's presence and expert opinion is presumed to be necessary or help provide information to the shareholders and help the General Meeting make decisions.(Answer Yes, if not)

**No**

*(Explanation: The Statutes does not contain such explicit possibility but it is approved according to the Company's long-years practice.*

*With respect to the extraordinary situation formed in Hungary in connection with coronavirus epidemic (Covid-19), according to the rules of decree no. 502/2020. (XI.16.) of the Government of Hungary on the re-introduction of deviating regulations related to the operation of partnerships and capital-concentrating organisations the period of the state of emergency (hereinafter Gov. Decree no.: 502/2020,) the Company could not hold its annual general meeting convoked for 15 April 2021, in a way which would require the physical presence of the shareholders. According to Gov. Decree No.: 502/2020, the Board of*

törölt: 102/2020. (IV.10.)

törölt: from

törölt: differing

törölt: company organs under

törölt: 102/2020

törölt: 28

törölt: 2020

törölt: 102/2020

Directors had the right to decide about any and all issues listed on the published agenda of the general meeting.)

**1.3.2.2.** The Articles of Association of the Company did not preclude any individual from receiving an invitation to the General Meetings of the Company at the initiative of shareholders requesting to supplement the agenda items of the General Meeting and from being granted the right to express their opinion and to add comments there. (Answer Yes, if not)

**No**

*(Explanation: The Statutes does not contain such explicit possibility but with the consent of the Chairman of the Board of Directors it is approved according to the Company's long-years practice.)*

**1.3.6.** Does the annual report of the Company prepared as specified in the Accounting Act contain a brief, easy-to-understand and illustrative summary for shareholders, including all material information related to the Company's annual operation?

**Yes**

*(Explanation: -)*

**1.4.1.** In line with Section 1.4.1., did the Company pay dividend within 10 working days to those of its shareholders who had submitted all the necessary information and documents?

**Yes**

*(Explanation: -)*

**1.6.11.** Did the Company publish its information in English as well, in line with the provisions of Section 1.6.11?

**Yes**

*(Explanation: -)*

**1.6.12.** Did the Company inform its investors about its operation, financial situation and assets on a regular basis, but at least quarterly?

**Yes**

*(Explanation: -)*

**2.9.1.** Does the Company have in place internal procedures regarding the use of external advisors and outsourced activities?

**No**

*(Explanation: The directorates of the Company are entitled to decide on using external advisors and outsourced activities on ad hoc basis to the debit of their budget. In cases of top*

*priority the decision on using external advisor is falling in competence of the Chief Executive Officer.)*

Dated in Budapest, April 12, 2022,

törölt: 15  
törölt: 2021

.....  
Prof. Dr. E. Szilveszter Vizi  
Member of the Board of Directors,  
Chairman of the Corporate Governance  
and Nomination Subcommittee

.....  
Erik Bogsch  
Chairman of the Board of Directors

DRAFT

## Annex 1

## Declaration from remuneration of members of the governing bodies

## I./ Remuneration of the members of the Board of Directors and members of the Supervisory Board

Gedeon Richter Plc. provide information from the remuneration per member and described by virtue of the remuneration, all in cash and other (non cash) allowances given to the Members of the Board of Directors and of the Supervisory Board with reference to their such position in 2020 according to the followings:

## Members of the Board of Directors

	Position	Term of the present mandate	Title of remuneration	Sum of remuneration		Total remuneration in 2020 /HUF/
Erik Bogsch	Board member, and Chairman of the Board of Directors	from April 28, 2020 for a period of 3 (three) years expiring on the AGM in 2023	honoraria	708,975 HUF/month		8,507,700
Dr. György Bagdy	Board member	from April 24, 2019 for a period of 3 (three) years expiring on the AGM in 2022	honoraria	589,950 HUF/month		7,079,400
Dr. Péter Cserhádi	Board member	from April 28, 2020 for a period of 3 (three) years expiring on the AGM in 2023	honoraria	589,950 HUF/month		4,719,600
Dr. Gábor Gulácsi	Board member	From April 24, 2019 for a period of 3 (three) years expiring on the AGM in 2022	honoraria	589,950 HUF/month		7,079,400
Dr. Ilona Hardy	Board member	From April 28, 2020 for a period of 3 (three) years expiring on the AGM in 2023	honoraria	HUF/month		7,079,400
Csaba Lantos	Board member	From April 24, 2019 for a period of 3 (three) years expiring on the AGM in 2022	honoraria	589,950 HUF/month		7,079,400
Gábor Orbán	Board member	From April 28, 2020 for a period of 3 (three) years expiring on the AGM in 2023	honoraria	589,950 HUF/month		7,079,400
Dr. Anett Pandurics	Board member	From April 25, 2018 for a period of 3 (three) years expiring on the AGM in 2021	honoraria	589,950 HUF/month		7,079,400
Bálint Szécsényi	Board member	From April 25, 2018 for a period of 3 (three) years expiring on the AGM in 2021	honoraria	HUF/month		7,079,400
Prof. Dr. E. Szilveszter Vizi	Board member	From April 28, 2020 for a period of 3 (three) years expiring on the AGM in 2023	honoraria	589,950 HUF/month		7,079,400
Dr. Kriszta Zolnay	Board member	From April 26, 2017 for a period of 3 (three) years expiring on the AGM in 2020	honoraria	589,950 HUF/month		2,359,800

## Members of the Supervisory Board

Name	Position	Term of the present mandate	Title of remuneration	Sum of remuneration	Total remuneration in 2020 /HUF/
Dr. Attila Chikán	Chairman of the Supervisory Board	from April 25, 2018 for a period of 3 (three) years expiring on the AGM in 2021	honoraria	589,950 HUF/month	7,079,400
Prof. Dr. Jonathán Róbert Bedros	Board member	from April 25, 2018 for a period of 3 (three) years expiring on the AGM in 2021	honoraria	424,350 HUF/month	5,00
Dr. Zsolt Harmath	Board member	from April 25, 2018 for a period of 3 (three) years expiring on the AGM in 2021	honoraria	424,350 HUF/month	5,092,200
Mrs. Klára Csikós		from April 25, 2018 for a period of			

Kovácsné	Board member	3 (three) years expiring on the AGM in 2021	honorary	424,350 HUF/month	5,092,200
dr. Éva Kozsda Kovácsné	Board member	from April 25, 2018 for a period of 3 (three) years expiring on the AGM in 2021	honorary	424,350 HUF/month	5,092,200

Honoraria of the members of the Board of Directors for year 2020, effective as of January 1, 2020 was determined and approved in 2020 by the Company's Board of Directors - *based on Subsection (1) of Section 5 and Section 9 of the decree no. 102/2020 (IV.10.) of the Government of Hungary on the deviating regulations related to the operation of partnerships and capital-concentrating organisations during the state of emergency* - acting in the competence of the General Meeting in resolution No. 21/2020.04.28. Honoraria of the members of the Supervisory Board for year 2020, effective as of January 1, 2020 was determined and approved in 2020 by the Company's Board of Directors - *based on Subsection (1) of Section 5 and Section 9 of the decree no. 102/2020 (IV.10.) of the Government of Hungary on the deviating regulations related to the operation of partnerships and capital-concentrating organisations during the state of emergency* - acting in the competence of the General Meeting in resolution No. 22/2020.04.28.

In 2020 Members of the Board of Directors and of the Supervisory Board with reference to their such position have received remuneration only in cash.

## **II./ Remuneration of the Executive Board of the Company**

Decision on compensation of the Chief Executive Officer is within the competence of the Board of Directors. The Board of Directors decides in subject of the compensation of the Chief Executive Officer based upon the proposal of the Remuneration Subcommittee.

Compensation of the other members of the Executive Board falls into the competence of the Chief Executive Officer.

## **III./ Remuneration Policy**

The Board of Directors - *based on Subsection (1) of Section 5 and Section 9 of the decree no. 102/2020 (IV.10.) of the Government of Hungary on the deviating regulations related to the operation of partnerships and capital-concentrating organisations during the state of emergency* - acting in the competence of the General Meeting has – in its advisory competence - approved the Remuneration Policy applicable from year 2021, elaborated and proposed by the Board of Directors of the Company with respect to Act LXVII of 2019 on the Encouragement of Long-term Shareholder Engagement and Modification of Certain Acts with the Purpose of Legal Harmonization.

Members of the Board of Directors, the Supervisory Board, as well as the chief executive officer and the deputy chief executive officer(s) (hereinafter: Directors) fall within the personal scope of the Remuneration Policy. The Company's Remuneration Policy distinguishes persons who are employed by the Company as Executives to perform the tasks associated with their job, and in consideration of their status as employees they receive separate remuneration (salary and other benefits) in addition to, or in the absence of, their remuneration as members of the Board of Directors or Supervisory Board.

The Remuneration Policy introduces the general remuneration concept. It discusses in separate chapters the remuneration of the members of the Board of Directors and of the Supervisory Board,

moreover the elements of the remuneration of Directors employed by the Company. Furthermore it describes questions should be regulated in the framework of the remuneration policy according to the relating law. The Remuneration Policy is available on the website of the Company ([www.richter.hu](http://www.richter.hu)).

With respect to the regulations of Act LXVII of 2019 on the Encouragement of Long-term Shareholder Engagement and Modification of Certain Acts with the Purpose of Legal Harmonization the Company shall be obliged to create and publish remuneration report with the content defined in Act LXVII of 2019 on the Encouragement of Long-term Shareholder Engagement and Modification of Certain Acts with the Purpose of Legal Harmonization, in which the Company will give a comprehensive review of the aggregated remuneration determined in any way to the benefit of single Directors in the last business year or based on its results in compliance with the Remuneration Poli



## **11.**

Advisory vote on the amended remuneration policy  
of the Company

## **REMUNERATION POLICY** *(text consolidated with amendments)*

### **PREAMBLE**

Gedeon Richter Plc. (hereinafter: the Company) shall develop its remuneration policy pursuant to the relevant effective Hungarian and European Union legislation<sup>1</sup>.

The purpose of the Remuneration Policy is to provide an incentive for the Company's senior executives to improve their performance in the interest of the Company's profitable operation.

The Remuneration Policy is compatible with efficient and effective risk management. It does not induce to undertaking risks beyond the Company's limit of exposure, is aligned with the Company's business strategy, long-term interests and sustainability, and promotes their realisation and achievement. Through its Remuneration Policy the Company intends to promote the enhancement of its innovation-based economic performance.

### **I. PERSONAL SCOPE OF THE REMUNERATION POLICY**

1.1. Members of the Board of Directors, the Supervisory Board, as well as the chief executive officer and the deputy chief executive officer(s) (hereinafter: Directors) fall within the personal scope of the Remuneration Policy.

1.2. The Company's Remuneration Policy distinguishes persons who are employed by the Company as Executives to perform the tasks associated with their job, and in consideration of their status as employees they receive separate remuneration (salary and other benefits) in addition to, or in the absence of, their remuneration as members of the Board of Directors or Supervisory Board.

### **II. GENERAL REMUNERATION CONCEPT**

2.1. Increasing the Company's economic performance is supported by the development of a remuneration system that provides transparent and predictable remuneration, in line with the company's business strategy, to the Executives falling within the scope of the Remuneration Policy.

2.2. Equitable and consistent remuneration based on performance and coordinated with business goals, the Company's sustainability and the interests and values of employees is a fundamental the interest for the Company to contribute to enhancing the commitment to the

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<sup>1</sup> primarily, [Act LXVII of 2019 on The Promotion of Long-term Shareholder Engagement and The Modification of Certain Legal Acts for Harmonization of the Law](#); as well as [Directive \(EU\) 2017/828 of the European Parliament and of the Council of 17 May 2017 amending Directive 2007/36/EC as regards the encouragement of long-term shareholder engagement](#)

Company and performance of the Executives falling within the scope of the Remuneration Policy with appropriate motivation and incentive.

### **III. REMUNERATION OF MEMBERS OF THE BOARD OF DIRECTORS**

3.1. Members of the Board of Directors receive a fixed monthly remuneration for serving on the Board. Members of the Board of Directors shall receive no remuneration in this capacity that comprises variable components or performance-based remuneration.

3.2. After deliberating the proposal of the Remuneration Subcommittee, the Board of Directors shall submit to the Annual General Meeting the proposal for the resolution on the amount of monthly remuneration due for the current business year.

3.3. The proposal for the amount of remuneration shall be made in consideration of the Company's financial performance in the previous year and the basic wage increase of employees envisioned for the current year.

3.4. The monthly remuneration of the chairman of the Board of Directors shall be higher than that of the members of the Board of Directors.

3.5. If in consideration of the Company's performance in the previous business year a significant shareholder of the Company makes a proposal for a bonus to the members of the Board of Directors in addition to their regular remuneration, the Board of Directors shall submit such proposal to the Annual General Meeting under the agenda item on the remuneration of the members of the Board of Directors. The proposed bonus may only be a one-off fixed amount remuneration.

3.6. Members of the Board of Directors discharge their duties under an agency agreement. The legal relationship of the members of the Board of Directors to the Company shall cover the fixed term set out in the AGM resolution on their appointment. The legal relationship as members of the Board of Directors is created upon acceptance of the appointment. Termination of the legal relationship, *including specifically the cases and conditions for termination*, are governed by the provisions of Book Three, Part Three of the Civil Code (Act V of 2013). After the termination of their legal relationship as members of the Board of Directors, the former Directors shall not be entitled to any payment in regard of their former directorship. Given the nature of the legal relationship, serving on the Board of Directors in itself shall not entitle the member to pension, supplementary pension or early retirement benefit paid by the Company or any of its subsidiaries.

3.7. The remuneration of members of the Board of Directors established by resolution shall be in the public domain.

### **IV. REMUNERATION OF MEMBERS OF THE SUPERVISORY BOARD**

4.1. Members of the Supervisory Board receive a fixed monthly remuneration for serving on the Supervisory Board. Members of the Supervisory Board shall receive no remuneration in this capacity that comprises variable components or performance-based remuneration.

4.2. After deliberating the proposal of the Remuneration Subcommittee, the Board of Directors shall submit to the Annual General Meeting the proposal for the resolution on the amount of monthly remuneration due for the current business year.

4.3. The proposal for the amount of remuneration shall be made in consideration of the Company's financial performance in the previous year and the basic wage increase of employees envisioned for the current year.

4.4. The monthly remuneration of the chairman of the Supervisory Board shall be higher than that of the members of the Supervisory Board.

4.5. Members of the Supervisory Boards discharge their duties under an agency agreement. The legal relationship of the members of the Supervisory Board to the Company shall cover the fixed term set out in the AGM resolution on their appointment. The legal relationship as members of the Supervisory Board is created upon acceptance of the appointment. Termination of the legal relationship, *including specifically the cases and conditions for termination*, are governed by the provisions of Book Three, Part Three of the Civil Code (Act V of 2013). After the termination of their legal relationship as members of the Board of Directors, the former Supervisory Board members shall not be entitled to any payment in regard of their former membership. Given the nature of the legal relationship, serving on the Supervisory Board in itself shall not entitle the member to pension, supplementary pension or early retirement benefit paid by the Company or any of its subsidiaries.

4.6. The remuneration of members of the Supervisory Board established by resolution shall be in the public domain.

4.7. Members of the Audit Committee comprising three independent members of the Supervisory Board shall not receive special remuneration for serving on the Audit Committee.

## **V. ELEMENTS OF THE REMUNERATION OF DIRECTORS EMPLOYED BY THE COMPANY**

Remuneration based on employment may include the following elements:

### **Fixed elements of remuneration (i.e. elements not linked to performance)<sup>2</sup>:**

- Basic wage
- Honorarium
- Fringe benefits

<sup>2</sup> Amended text effective from 9 March 2022. The amended and restructured categorisation and listing of remuneration components is based on the non-binding recommendations issued by the European Commission on the standardised presentation of remuneration reports (See: *COMMUNICATION FROM THE COMMISSION Guidelines on the standardised presentation of the remuneration report under Directive 2007/36/EC, as amended by Directive (EU) 2017/828, as regards the encouragement of long-term shareholder engagement*). Taking into account on one hand that the Remuneration Policy was approved - in an advisory format - by the Board of Directors acting in the competence of the AGM, with Resolution No. 13/2020. 04. 28. adopted on 28 April 2020, based on Subsection (1) of Section 5 and Section 9 of the decree no. 102/2020 (IV.10.) of the Government of Hungary on the deviating regulations related to the operation of partnerships and capital-concentrating organisations during the state of emergency, and with regard to the circumstance on the other hand that the respective Remuneration Policy is applicable from 2021 and the first remuneration report of the Company (on year 2021) will be issued in the year 2022, this amendment does not reflect the votes and views of shareholders on the remuneration policy and the remuneration report.

- [Employees' cafeteria benefits](#)
- [Company vehicle and fuel card](#)
- [Life and accident insurance](#)
- [Corporate health insurance and complex health screening](#)
- [Other fringe benefits, e.g. school-start subsidy, Christmas gift package](#)
- [Remuneration from subsidiaries](#)
- [Contribution to voluntary pension scheme](#)
- [Other, e.g. inventor's royalty, long service recognition award](#)

**Variable elements of remuneration (i.e. elements linked to performance)<sup>3</sup>:**

- [Awarded in respect of each year:](#)
  - [Bonus](#)
  - [Extraordinary premium](#)
  - [Other premium](#)
- [Long-term \(multi-year\):](#)
  - [Remuneration through the Employee Participation Program \(EPP\)](#)
- [Other, e.g. Program related to employee share awards](#)
- [Extraordinary items](#)

**törölt: ¶**

**Fixed elements not linked to performance:¶**

- Basic wage ¶
- Employees' cafeteria benefits ¶
- Company vehicle and fuel card¶
- Contribution to voluntary pension scheme ¶
- Life and accident insurance¶
- Corporate health insurance including complex health screening¶
- Royalty¶
- Remuneration from subsidiaries ¶
- Other fixed remuneration

**5.1. Fixed elements not linked to performance**

**Basic wage**

The basic wage is fixed remuneration reflecting mainly the job, position, responsibility and experience within the organisation ensuring that the Company attracts and retains the best professionals taking into consideration the remuneration offered by potential competitors in the labour market. [The decision on the chief executive officer's basic wage and its yearly increase is made by the Board of Directors of the Company, with regard to the fact that employer's rights over the chief executive officer are exercised by the Company's Board of Directors.](#)

**törölt: Variable elements linked to performance:¶**

- Bonus ¶
- Extraordinary premium¶
- Employee Participation Program (EPP) ¶
- Program related to employee share bonuses ¶
- Other variable remuneration¶

<sup>3</sup> Amended text effective from 9 March 2022. The amended and restructured categorisation and listing of remuneration components is based on the non-binding recommendations issued by the European Commission on the standardised presentation of remuneration reports (See: [COMMUNICATION FROM THE COMMISSION Guidelines on the standardised presentation of the remuneration report under Directive 2007/36/EC, as amended by Directive \(EU\) 2017/828, as regards the encouragement of long-term shareholder engagement](#)). Taking into account on one hand that the Remuneration Policy was approved - in an advisory format - by the Board of Directors acting in the competence of the AGM, with Resolution No. 13/2020. 04. 28. adopted on 28 April 2020, based on Subsection (1) of Section 5 and Section 9 of the decree no. 102/2020 (IV.10.) of the Government of Hungary on the deviating regulations related to the operation of partnerships and capital-concentrating organisations during the state of emergency, and with regard to the circumstance on the other hand that the respective Remuneration Policy is applicable from 2021 and the first remuneration report of the Company (on year 2021) will be issued in the year 2022, this amendment does not reflect the votes and views of shareholders on the remuneration policy and the remuneration report.

#### Honorarium:

Fixed remuneration, paid monthly to the Board of Directors, the Supervisory Board and, - where subcommittee members are remunerated- to subcommittee members. Proposals for decisions on the amount of the honoraria to be paid to the members of the Board of Directors each month in a given financial year are submitted by the Board of Directors to the Annual General Meeting of the Company after having received and discussed the proposal of the Remuneration Subcommittee. The amount of the honoraria is proposed by the Board of Directors taking into account the financial performance of the Company in the previous year and the average base salary increase foreseen for the employees in the given financial year. The amount of the monthly fees of the Chairman of the Board of Directors, of the Supervisory Board and, - if the members of the subcommittees are remunerated -, of the subcommittees exceeds the amount of the monthly fees of the other members of the respective body.

#### Fringe benefits:

##### Employees' cafeteria benefits:

Under the Company's current Cafeteria Policy, Directors are entitled to receive the Cafeteria allowance according to the same principles and rules as all employees.

##### Company vehicle and fuel card

The company vehicle and fuel card may be provided in accordance with the Company's Vehicle Use Regulations.

##### Life and accident insurance

The persons concerned may be provided extensive life and health insurance according to the same principles and rules as those pertaining to every employee.

##### Corporate health insurance including complex health screening

The persons concerned may have recourse to private health care services offered by a health service provider contracted by the Company according to the same principles and rules as those pertaining to every employee, and after the expiry of their trial period they may participate in the Company's complex screening program aimed at health maintenance and health awareness and early detection of diseases.

##### Other fringe benefits

Directors may benefit from the Company's extensive fringe benefits scheme (e.g. school-start allowance, Christmas gift package) in accordance with the rules in force at the all times.

##### Remuneration from subsidiaries

If a person concerned is an executive or a board member at a subsidiary of the Company, they may be entitled to remuneration for no more than three such positions.

#### **törölt: Contribution to voluntary pension scheme¶**

¶ The persons concerned may be extended the contribution to a voluntary pension scheme benefit according to the same principles and rules as those pertaining to every employee. The fact and amount of the benefit shall be determined through negotiations with the representative advocacies.¶

#### **törölt: Royalty¶**

¶ The persons concerned may be paid royalty according to the Company's relevant effective regulations.¶

### Contribution to voluntary pension scheme

The persons concerned may be receive the contribution to a voluntary pension scheme benefit according to the same principles and rules as those pertaining to every employee. The fact and amount of the benefit shall be determined through negotiations with the representative advocacies.

### Other fixed remuneration

Other elements of remuneration not linked to performance and not listed above include remuneration or cost refund based on future market practices, customs or technological innovation (*e.g. inventor's royalty, long service recognition award*), the aggregate amount of which shall not exceed 10% of the annual basic wage.

## **5.2. Variable elements linked to performance**

### One-year:

#### Bonus

As the persons concerned undertake priority tasks that have material effect on the Company's profits, the company intends to make them interested in improving profitability and maintaining their employment in a longer term. In light of this, the Company rewards work of outstanding importance or effectiveness with a bonus.

The bonus defined as a certain percentage of the basic wage (fixed remuneration) shall also be determined on the basis of market-related current wage benchmark data, also in consideration of the Company's individual classification system.

Detailed conditions of bonus allocation are contained in the Company's effective bonus regulations. One part of the bonus is related to meeting individual goals, the other part is related to meeting corporate goals.

The determination of the chief executive officer's bonus - including its amount set as a percentage of the basic wage, and the bonus goals – is made based on the decision of the Board of Directors of the Company, with regard to the fact that employer's rights over the chief executive officer are exercised by the Company's Board of Directors.<sup>4</sup>

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<sup>4</sup> Amended text effective from 9 March 2022. It is a completion of a technical nature to the description of the bonus, with regard to the fact that the bonus of the chief executive officer is determined by the Board of Directors. Taking into account on one hand that the Remuneration Policy was approved - in an advisory format - by the Board of Directors acting in the competence of the AGM, with Resolution No. 13/2020. 04. 28. adopted on 28 April 2020, based on Subsection (1) of Section 5 and Section 9 of the decree no. 102/2020 (IV.10.) of the Government of Hungary on the deviating regulations related to the operation of partnerships and capital-concentrating organisations during the state of emergency, and with regard to the circumstance on the other hand that the respective Remuneration Policy is applicable from 2021 and the first remuneration report of the Company (on year 2021) will be issued in the year 2022, this amendment does not reflect the votes and views of shareholders on the remuneration policy and the remuneration report.

#### Extraordinary premium

The extraordinary premium serves as an *a posteriori* recognition of employees' outstanding performance in the year to which it refers. The budget available for extraordinary premium is established in consultation with the advocacies in Q4 of the current year, depending on the Company's performance. The amount available annually for variable remuneration is a percentage target of the fixed remuneration. This component of remuneration may be extended to the persons concerned according to the same principles and rules as those pertaining to every employee.

The Company's performance indicators are the expected positive value of consolidated operating profit/loss, which is in the joint interest of every employee including the persons concerned.

The maximum amount of extraordinary premium shall be no more than 8% of the annual basic wage.

Other premium: Premium paid under the terms and conditions set out in the Company's respective premium regulations, but not detailed above.

#### Long-term (multi-year):

##### Employee Participation Program (EPP)

The Company has operated an Employee Participation Program (hereinafter: the Program) as a form of remuneration since 2018. Participants in the Program receive financial benefit in cases where the corporate performance criteria set out annually in the remuneration policy or policies (hereinafter: EPP Remuneration Policy) provided for by Act XVII of 1992 on Employee Participation Programs (hereinafter: the EPP Act) are met. The extent of such remuneration is determined in the EPP Remuneration Policy. Pursuant to the relevant provisions of the EPP Act and Act V of 2013 on the Civil Code, the Company has set up Gedeon Richter Plc. Employee Participation Program Organisation (hereinafter: EPP Organisation) for the management of, and benefit payment from, funds that can be acquired in the context of the EPP Remuneration Policy adopted and to be adopted by the Company's Board of Directors. As the supreme powers of the EPP Organisation as a body are not exercised by the Company, it shall be considered independent of the Company pursuant to the provisions of the EPP Act; furthermore, pursuant to the provisions of Act C of 2000 on Accounting, the EPP Organisation shall not be considered as a subsidiary of the Company.

If the statutory provisions do not allow that the EPP Organisation make payments in a given year, the Company may pay a gross amount (payroll cost) premium to participants in the Program with identical terms. Such premium shall be taxed as wage.

##### Other, e.g. Program related to employee share bonuses

This program is a form of remuneration provided for under Section 77C of Act CXVII of 1995 on Personal Income Tax. The framework and basic conditions of this type of remuneration are provided for in the Act cited (e.g. the ceiling of such allocations is HUF 1 million per person per year, a mandatory retention period prescribed for the shares, and senior executives responsible for the preparation of the annual report cannot participate in the program).



Once a resolution is passed on the adoption and implementation of the program related to employee share bonuses, the Company's Board of Directors shall adopt separate regulations on the conditions and detailed rules of participation in the program related to employee share bonuses.

#### Other variable remuneration

Other forms of premium linked to performance and not listed above include premium based on future market practices, customs or technological innovation, the aggregate amount of which shall not exceed 20% of the annual basic wage.

Extraordinary items: Remuneration components not fixed in advance above, the total of which may not exceed 20% of the annual basic wage.

5.3. The total amount of variable, i.e. performance-linked elements of remuneration shall be no more than 0-80% of the total remuneration<sup>5</sup>. It is to be noted, however, that the amounts of variable (i.e. performance-linked) remuneration and fixed remuneration upon payment is not constant as such amounts may vary depending on a number of factors not linked to performance (for example vehicle use or health care services used); consequently, a precise rate cannot be determined.

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5.4. Allocation of the above variable, i.e. performance-linked remuneration is subject to meeting the financial and other conditions determined in detail for the current period by the Company's Board of Directors and other bodies and officers, taking into consideration the current social, market, legal and taxation environment as well as criteria of corporate social responsibility.

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<sup>5</sup> Text effective from 9 March 2022, amended with respect to the resolution of the Board of Directors no. 110/2021, adopted by the Board of Directors of the Company unanimously on 9 November 2021. According to the said resolution: "With reference to Section 9.1-9.3 of the Remuneration Policy adopted by the Board of Directors on 23 March 2020 by resolution no. 30/2020, and approved in an advisory competence with Resolution No. 13/2020. 04. 28. of the Board of Directors acting in the competence of the AGM, based on Subsection (1) of Section 5 and Section 9 of the decree no. 102/2020 (IV.10.) of the Government of Hungary on the deviating regulations related to the operation of partnerships and capital-concentrating organisations during the state of emergency, the Board of Directors approves the deviation from the requirement in the first sentence of Section 5.3 of the Remuneration Policy with the content that the total amount of variable, i.e. performance-linked elements of remuneration shall be maximised at 0-80% of the total remuneration. In respect of the 2021 remuneration of the affected parties, the Board of Directors accepts the derogation from the referenced section of the Remuneration Policy as a measure serving the purpose of the Company's long-term interests and sustainable operation, meeting the requirements set out in Act LXVII of 2019 on The Promotion of Long-term Shareholder Engagement and The Modification of Certain Legal Acts for Harmonization of the Law. The Board of Directors proposes that by early 2022, the Company shall prepare the comprehensive proposal for the amendment of the Remuneration Policy, which the Board of Directors will discuss and then propose to the general meeting for an advisory vote." Taking into account on one hand that the Remuneration Policy was approved - in an advisory format - by the Board of Directors acting in the competence of the AGM, with Resolution No. 13/2020. 04. 28. adopted on 28 April 2020, based on Subsection (1) of Section 5 and Section 9 of the decree no. 102/2020 (IV.10.) of the Government of Hungary on the deviating regulations related to the operation of partnerships and capital-concentrating organisations during the state of emergency, and with regard to the circumstance on the other hand that the respective Remuneration Policy is applicable from 2021 and the first remuneration report of the Company (on year 2021) will be issued in the year 2022, this amendment does not reflect the votes and views of shareholders on the remuneration policy and the remuneration report.

5.5<sup>6</sup>. When determining the above conditions, the Company's Board of Directors and other bodies and officers shall take into account the Company's business strategy, long-term interests and sustainability, considerations of corporate social responsibility, as well as the Company's effective rules and regulations.

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5.6. When determining whether measurable criteria have been fulfilled, the Company shall consider the percentage of fulfilment. The Company shall consider non-measurable criteria fulfilled if the given criteria are fully met. When determining the above criteria the Board of Directors of the Company may apply other methods of evaluation that are reasonable or recognised and accepted by the market.

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5.7. The condition for paying the above premiums is that the employee must be employed by the Company when the fulfilment of criteria is examined. Premium duly paid based on the fulfilment of the prescribed criteria cannot be reclaimed.

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#### **VI. TERM AND TERMINATION OF THE CONTRACT, AND RETIREMENT BENEFITS OF DIRECTORS EMPLOYED BY THE COMPANY**

6.1. The employment contract of the persons concerned is for an unlimited term and contains no special stipulations regarding retirement; should the contract be terminated by the employer, given the job, position and responsibility of the persons concerned, the contract may contain a competition clause in accordance with the relevant effective labour law regulations.

6.2. In the event of termination by the employer, the period of notice, conditions of termination and severance pay, other payments related to termination shall be determined in accordance with the relevant effective labour law regulations, the employment contract of the person concerned, and the Company's Collective Contract.

6.3. The persons concerned shall be entitled to old-age pension, supplementary pension benefit or disability benefit in accordance with the relevant effective statutory provisions.

#### **VII. LIABILITY INSURANCE OF THE DIRECTORS**

The liability insurance taken out by the Company covers every former, current and future member of the Board of Directors and Supervisory Board including their position at the subsidiaries, as the case may be; furthermore, it covers every former, current and future employee of the Company in executive positions.

#### **VIII. THE PROCEDURE OF DETERMINATION AND IMPLEMENTATION THE REMUNERATION POLICY**

8.1. Commissioned by the chief executive officer of the Company, the Remuneration Policy shall be drafted by the director of human resources with the support of the deputy managing director for finance and the secretary of the Board of Directors, and shall be submitted to the

<sup>6</sup> [The amendment is only a correction of technical nature \(correction of the numbering of the provisions\).](#)

Board of Directors by the chief executive officer. Based on the proposal of the chief executive officer, the Remuneration Subcommittee of the Board of Directors shall first discuss, appraise, and give an opinion on the draft Remuneration Policy. The Remuneration Subcommittee's appraisal and opinion shall be presented to the Board of Directors by the chairman of the Remuneration Subcommittee. Having heard the appraisal and opinion of the Remuneration Subcommittee, the Board of Directors shall pass a resolution on the agenda item on the Remuneration Policy. The Board of Directors shall approve the Remuneration Policy for a fixed term of four (4) years. The Board of Directors shall submit the Remuneration Policy approved by it to the next Annual General Meeting of the Company to advisory vote.<sup>7</sup> The general rules of conflict of interest shall be applicable for the decision-making.

8.2. In order to take into consideration the wages and terms of employment of its employees when determining the Remuneration Policy, the Company has set up job levels for the entire organisation based on the job evaluation methodology of the internationally renowned human resource consultancy firm Korn Ferry. Building on this basis, the company has created its unique GR (Gedeon Richter)-specific classification which covers every job. Every employee has been classified in the job matrix based on the complexity of their job.

8.3. Participation in the annual income level surveys ensures that basic wages are in harmony with market trends. The Company gathers wage market benchmark data for each job from the income level surveys of Korn Ferry and the internationally renowned consultancy Willis Towers. The annual general basic wage rise is determined in consultation with the representative advocacies.

8.4. The Company may pay remuneration to the Directors on the basis of the Remuneration Policy submitted to the Annual General Meeting to advisory vote.

8.5. In the case of a positive outcome of the advisory vote by the Annual General Meeting, the chief executive officer shall be responsible for the implementation of and supervision of the Remuneration Policy, with the exception of the remuneration of the chief executive officer. Payment of the chief executive officer's remuneration shall fall within the executive and supervisory powers of the chairman of the Board of Directors. In the course of implementation of the Remuneration Policy the secretary of the Board of Directors shall undertake legal control duties; the director of human resources shall provide professional opinion and operative support in labour issues; and the head of the organisational unit responsible for payroll accounts shall coordinate financial measures based on the instructions of the persons responsible for implementation.

## **IX. DEROGATION FROM THE REMUNERATION POLICY**

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9.1. Any derogation from this Remuneration Policy may only be exceptional and temporary. Exceptional cases are those cases where derogation from the Remuneration Policy is necessary in order to ensure the Company's long-term interests and sustainable operation or

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<sup>7</sup> Pursuant to Section 3:268 (2) of Act V of 2013 on the Civil Code: *In case of public companies limited by shares, the advisory vote on remuneration policy shall fall within the exclusive competence of the general meeting. The remuneration policy shall be put on the agenda of the general meeting if there is a substantial change to it, but at least once every four years.*

viability, including but not limited to in the event of changes in the market, legislative or tax environment.

9.2. Any derogation from this Remuneration Policy shall be subject to the resolution of the Board of Directors adopted by a qualified (2/3) majority vote.

9.3. In the event of derogation the Board of Directors is entitled to depart from any and all elements of the Remuneration Policy.

#### **X. MISCELLANEOUS AND CLOSING PROVISIONS**

10.1. The Board of Directors shall review the Remuneration Policy on an annual basis by 31 March of the year following the closing of the business year, and also on an ad hoc basis if any circumstance or change in relevant legislation so requires.

10.2. The Remuneration Policy shall be in the public domain through the Company's web site. The purpose of publication of the Remuneration Policy is to ensure transparency of the remuneration the company extends to the persons within the personal scope of the Remuneration Policy.

10.3 The benefits paid under the Remuneration Policy must not jeopardise the sustainability of the financial position and the effective operation of the Company.<sup>8</sup>

10.4 The introduction of a remuneration element not included in this Remuneration Policy and the amendment of an existing element of the Remuneration Policy may only be made with the approval of the Remuneration Subcommittee of the Board of Directors, for the purpose of the long-term interests and sustainable operation of the Company.<sup>9</sup>

10.5 This Remuneration Policy, developed by taking into account Act LXVII of 2019 on The Promotion of Long-term Shareholder Engagement and The Modification of Certain Legal Acts for Harmonization of the Law and approved - in an advisory format - by the Board of Directors acting in the competence of the AGM, with Resolution No. 13/2020. 04. 28. adopted on 28 April 2020, based on Subsection (1) of Section 5 and Section 9 of the decree

<sup>8</sup> Text effective from 9 March 2022. Supplementing provision of principle. Taking into account on one hand that the Remuneration Policy was approved - in an advisory format - by the Board of Directors acting in the competence of the AGM, with Resolution No. 13/2020. 04. 28. adopted on 28 April 2020, based on Subsection (1) of Section 5 and Section 9 of the decree no. 102/2020 (IV.10.) of the Government of Hungary on the deviating regulations related to the operation of partnerships and capital-concentrating organisations during the state of emergency, and with regard to the circumstance on the other hand that the respective Remuneration Policy is applicable from 2021 and the first remuneration report of the Company (on year 2021) will be issued in the year 2022, this amendment does not reflect the votes and views of shareholders on the remuneration policy and the remuneration report.

<sup>9</sup> Text effective from 9 March 2022. Supplementing provision of principle. Taking into account on one hand that the Remuneration Policy was approved - in an advisory format - by the Board of Directors acting in the competence of the AGM, with Resolution No. 13/2020. 04. 28. adopted on 28 April 2020, based on Subsection (1) of Section 5 and Section 9 of the decree no. 102/2020 (IV.10.) of the Government of Hungary on the deviating regulations related to the operation of partnerships and capital-concentrating organisations during the state of emergency, and with regard to the circumstance on the other hand that the respective Remuneration Policy is applicable from 2021 and the first remuneration report of the Company (on year 2021) will be issued in the year 2022, this amendment does not reflect the votes and views of shareholders on the remuneration policy and the remuneration report.

no. 102/2020 (IV.10.) of the Government of Hungary on the deviating regulations related to the operation of partnerships and capital-concentrating organisations during the state of emergency, shall be applicable for four years from 1 January 2021.<sup>10</sup>

The Board of Directors deliberated and approved the Remuneration Policy set out in this document - appraised and proposed for approval by the Remuneration Subcommittee -  
- entirely revised in connection with the amendment of Section 5.3 based on Resolution No. 110/2021 of the Board of Directors<sup>11</sup> adopted by unanimous decision of the Board of Directors of the Company on 9 November 2021 pursuant to Section 10.1 of the Remuneration Policy;  
- completed with Sections 10.3, 10.4, and 10.5 in respect of the Miscellaneous and closing provisions;  
- structurally corrected and completed in respect of Sections 5.1 and 5.2, with regard to the non-binding recommendations issued by the European Commission on the standardised presentation of remuneration reports<sup>12</sup>, but unchanged in respect of its principles and concept;  
- consolidated with the amendments  
on 9 March 2022.

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<sup>10</sup> Amended text effective from 9 March 2022. A supplement of a general nature, containing a provision on the temporal scope of the Remuneration Policy.

<sup>11</sup> The resolution is: "With reference to Section 9.1-9.3 of the Remuneration Policy adopted by the Board of Directors on 23 March 2020 by resolution no. 30/2020, and approved in an advisory competence with Resolution No. 13/2020. 04. 28. of the Board of Directors acting in the competence of the AGM, based on Subsection (1) of Section 5 and Section 9 of the decree no. 102/2020 (IV.10.) of the Government of Hungary on the deviating regulations related to the operation of partnerships and capital-concentrating organisations during the state of emergency, the Board of Directors approves the deviation from the requirement in the first sentence of Section 5.3 of the Remuneration Policy with the content that the total amount of variable, i.e. performance-linked elements of remuneration shall be maximised at 0-80% of the total remuneration. In respect of the 2021 remuneration of the affected parties, the Board of Directors accepts the derogation from the referenced section of the Remuneration Policy as a measure serving the purpose of the Company's long-term interests and sustainable operation, meeting the requirements set out in Act LXVII of 2019 on The Promotion of Long-term Shareholder Engagement and The Modification of Certain Legal Acts for Harmonization of the Law. The Board of Directors proposes that by early 2022, the Company shall prepare the comprehensive proposal for the amendment of the Remuneration Policy, which the Board of Directors will discuss and then propose to the general meeting for an advisory vote."

<sup>12</sup> See: COMMUNICATION FROM THE COMMISSION Guidelines on the standardised presentation of the remuneration report under Directive 2007/36/EC, as amended by Directive (EU) 2017/828, as regards the encouragement of long-term shareholder engagement

## **12.**

Advisory vote on the remuneration report  
of the Company on the financial year 2021

# REMUNERATION REPORT OF GEDEON RICHTER PLC.

FOR THE FINANCIAL YEAR 2021

## I. Introduction

Gedeon Richter Plc. (hereinafter the “**Company**”), pursuant to the provision under Section 21 of Act LXVII of 2019 on the encouragement of long-term shareholder engagement and the amendment of certain laws for the purpose of legal harmonisation, herewith publishes the Company’s Remuneration Report for the year 2021 <sup>1</sup>(hereinafter the “**report**” or the “**Remuneration Report**”).<sup>2</sup>

The purpose of the report is to provide a general overview, in accordance with the Remuneration Policy adopted by Resolution No. 13/2020.04.28 passed by the Company’s Board of Directors acting within the competence of the general meeting based on Section 5 (1) and Section 9 of Government Decree 102/2020 (IV.10.) (hereinafter the “**Remuneration Policy**”), to persons falling under the personal scope of the Remuneration Policy, regarding all remuneration awarded in the 2021 financial year or due on the basis of the results of that year, and paid by the Company, thus assuring transparency with respect to the remuneration provided by the Company.

The members of the Board of Directors and of the Supervisory Board of the Company as well as the Chief Executive Officer and the Deputy Chief Executive Officer (hereinafter “**Directors**”) fall under the personal scope of the Remuneration Policy.

The Remuneration Policy of the Company distinguishes between, on the one hand, persons who, as Directors, are employed by the Company for the purpose of performing duties assigned to their position at the Company and who, in view of this legal relationship, receive remuneration (salary and other benefits) in addition to, or sometimes in the absence of, the honoraria (fees) they receive as members of the Board of Directors or the Supervisory Board, and Directors who are not in the employ of the Company on the other.

The quantified data of the Company’s Remuneration Report are presented in sections II-IV of the report and the tables set out in those sections. Values expressed in Hungarian forint (HUF) in the report are gross amounts, unless otherwise stated in the report.

For the Directors whose legal relationship (i.e. whose mandate or board membership) did not cover the entire year of 2021, the report states the pro rata portion of the annual benefits and honoraria due in line with the period of their mandates.

<sup>1</sup> According to Section 3:268, Subsection (3) of Act V of 2013 on the Civil Code of Hungary (the “Civil Code”): *In the case of public limited companies, the remuneration report for the previous business year shall be placed on the agenda of the general meeting for an advisory vote.*

<sup>2</sup> Although Section 19, Subsection (2), point b) of Act LXVII of 2019 stipulates that the report must also include the following information: *“the annual change in remuneration over at least the five most recent business years, the development of the company’s performance and the average remuneration of the employees of the company other than directors during that period – on a full-time equivalent basis and presented in a manner that permits comparison,”* Section 29, Subsection (4) of the same Act contains a transitional provision to the effect that *“the public limited company shall fulfil its obligation under Section 19, Subsection (2), point b) in the first five business years of the application of the remuneration policy adopted on the basis of this Act by applying the provision only in respect of remuneration policies already adopted on the basis of this Act.”* Accordingly, the Remuneration Report for 2021 does not yet contain comparative information.

The Company has paid remuneration to the Directors solely on the basis of the Remuneration Policy<sup>3</sup> and the total remuneration paid to the Directors complies with the adopted Remuneration Policy of the Company, with the deviations specified in section V (Summary) of this Remuneration Report.

The remuneration paid by the Company to the Directors based on the Remuneration Policy in 2021 effectively contributed to the achievement of the goals defined in the Remuneration Policy, and appropriately encouraged the Directors to maximise their managerial performance and achieve the goals set by the Company. In addition, the criteria for the payment of remuneration and of the variable (i.e. performance-dependent) components of remuneration did not encourage the taking of risks in excess of the Company's risk limits and are in harmony with the Company's business strategy, its long-term interests and with the sustainability of these goals, and also promote the implementation of the set goals.

The Company has applied the criteria for the payment of the variable (i.e. performance-dependent) components of remuneration consistently and taking into account the interests of the Company, in the manner explained in detail below in relation to each form of remuneration and to exceptional deviations.

As a result of the above, despite the significant changes in the market caused by the COVID-19 pandemic, the Company achieved outstanding results in the altered economic environment and the price of Richter shares increased significantly.

## **II. Remuneration of Directors not employed by the Company**

### **1. Remuneration of the members of the Board of Directors**

The members of the Board of Directors receive a fixed monthly honorarium (fee) in this capacity of theirs.

With regard to the amount of the honorarium due in the 2021 financial year, the Company's Board of Directors, acting within the competence of the General Meeting *based on Section 5 (1) and Section 9 of Govt Decree 502/2020 (XI.16) on the re-introduction of deviation provisions pertaining to the operation of partnerships and capital companies during the state of emergency*, decided that the chair of the Board of Directors should receive HUF 730,000/month and that the members of the Board of Directors should receive HUF 610,000/month/member in 2021.

Accordingly, in 2021 the following payments were made to the members of the Board of Directors not employed by the Company<sup>4</sup>:

<sup>3</sup> In respect of section 5.3 of the Remuneration Policy, the Board of Directors – based on *Section 17, Subsection (5) of Act LXVII of 2019 on the encouragement of long-term shareholder engagement and the amendment of certain laws for the purpose of legal harmonisation*, and observing sections 9.1-9.3 of chapter IX of the Remuneration Policy – decided to deviate from the Remuneration Policy through Board resolution no. 110/2021, unanimously adopted on 9 November 2021.

<sup>4</sup> The remuneration components not included in the table below are presented in chapter III of the report.



Annual gross amount (HUF)	1. Fixed components of remuneration						2. Variable components of remuneration				3. Extraordinary items	4. Total remuneration	5. Ratio of Total amount of the variable components to the Total remuneration	
	Base salary	Honorarium (fees)	Fringe benefits	Remuneration from a subsidiary	Voluntary pension fund contribution	Other	Total fixed components of remuneration	Relating to one year	Long-term (relating to several years)	Other				Total variable components of remuneration
<b>Members of the Board of Directors</b>														
Nándor Pál Ács dr. Member of the Board of Directors (from 15 April 2021)	-	4 880 000	-	-	-	-	4 880 000	-	-	-	-	-	4 880 000	0%
György László Bagdy dr. Member of the Board of Directors	-	8 499 900	-	-	-	-	8 499 900	-	-	-	-	-	8 499 900	0%
Péter Cserháti dr. Member of the Board of Directors	-	8 499 900	-	-	-	-	8 499 900	-	-	-	-	-	8 499 900	0%
Ilona Hardy dr. Member of the Board of Directors	-	8 499 900	-	-	-	-	8 499 900	-	-	-	-	-	8 499 900	0%
Csaba Lantos Member of the Board of Directors	-	8 499 900	-	-	-	-	8 499 900	-	-	-	-	-	8 499 900	0%
Anett Pandurics dr. Member of the Board of Directors	-	8 499 900	-	-	-	-	8 499 900	-	-	-	-	-	8 499 900	0%
László Szabó dr. Member of the Board of Directors (from 15 April 2021)	-	4 880 000	-	-	-	-	4 880 000	-	-	-	-	-	4 880 000	0%
Bálint Szécsényi Member of the Board of Directors	-	8 499 900	-	-	-	-	8 499 900	-	-	-	-	-	8 499 900	0%
Szilveszter Vizi E. Prof. dr. Member of the Board of Directors	-	8 499 900	-	-	-	-	8 499 900	-	-	-	-	-	8 499 900	0%

The members of the Board of Directors did not receive any performance-based pay consisting of variable components in connection with this office of theirs.

The fees of members of the Board of Directors who, in respect of another position of theirs held at the Company, are in a parallel relationship of employment with the Company<sup>5</sup> are contained in chapter III of the report.

## 2. Remuneration of the members of the Supervisory Board

The members of the Supervisory Board receive a fixed monthly honorarium (fee) in this capacity of theirs.

With regard to the amount of the honorarium due in the 2021 financial year, the Company's Board of Directors, acting within the competence of the General Meeting *based on Section 5 (1) and Section 9 of Govt Decree 502/2020 (XI.16) on the re-introduction of deviation provisions pertaining to the operation of partnerships and capital companies during the state of emergency*, decided that the chair of the Supervisory Board should receive HUF 610,000/month and that the members of the Supervisory Board should receive HUF 440,000/month/member in 2021.

Accordingly, in 2021 the following payments were made to the members of the Supervisory Board not employed by the Company<sup>6</sup>:

<sup>5</sup> Gábor Orbán, CEO, Dr. Gábor Gulácsi, CFO, and Erik Bogesch, Director General for Trade, International and Government Relations

<sup>6</sup> The remuneration components not included in the table below are presented in chapter III of the report.

	1. Fixed components of remuneration						2. Variable components of remuneration				3. Extraordinary items	4. Total remuneration	5. Ratio of Total amount of the variable components to the Total remuneration	
	Base salary	Honorarium (fees)	Fringe benefits	Remuneration from a subsidiary	Voluntary pension fund contribution	Other	Total fixed components of remuneration	Relating to one year	Long-term (relating to several years)	Other				Total variable components of remuneration
Annual gross amount (HUF)														
Members of the Supervisory Board														
Attila Chikán dr. Felügyelő Bizottság elnöke	-	7 320 000	-	-	-	-	7 320 000	-	-	-	-	-	7 320 000	0%
Jonathán Róbert Bedros dr. Supervisory Board member	-	5 280 000	-	-	-	-	5 280 000	-	-	-	-	-	5 280 000	0%
Zsolt Harmath dr. Supervisory Board member (from 15 April 2021)	-	1 760 000	-	-	-	-	1 760 000	-	-	-	-	-	1 760 000	0%
Zoltán Matos dr. Supervisory Board member (from 15 April 2021)	-	3 520 000	-	-	-	-	3 520 000	-	-	-	-	-	3 520 000	0%
Livia Pavlik dr. Supervisory Board member (from 15 April 2021)	-	3 520 000	-	-	-	-	3 520 000	-	-	-	-	-	3 520 000	0%

The members of the Supervisory Board did not receive any performance-based pay consisting of variable components in connection with this office of theirs.

The fees of the members of the Supervisory Board (Supervisory Board members appointed to this position by employees) who, in respect of another position of theirs held at the Company, are in a parallel relationship of employment with the Company, are contained in chapter III of the report.

### III. Remuneration of Directors employed by the Company

Remuneration based on employment may consist of the following fixed, variable and other elements:

#### Fixed components of remuneration (i.e. elements not dependent on performance)<sup>7</sup>:

- Base salary
- Honorarium (fees)
- Fringe benefits
  - Employee cafeteria benefits
  - Company car and fuel card benefits
  - Life and accident insurance
  - Health insurance and comprehensive health screening
  - Other fringe benefits, e.g. school start allowance, Christmas gift pack
- Remuneration from a subsidiary
- Voluntary pension fund contribution
- Other, e.g. Invention Award, Service Longevity Award

#### Variable components of remuneration (i.e. elements dependent on performance)<sup>8</sup>:

<sup>7</sup>The categorisation and listing of the fixed components of remuneration, presented in a new, amended structure that differs from the stipulations of the Remuneration Policy adopted in an advisory capacity through a resolution passed under reference no. 13/2020.04.28 by the Company's Board of Directors acting within the competence of the general meeting, is based on non-binding recommendations issued by the European Commission regarding the standardised presentation of remuneration reports. (See: *COMMUNICATION FROM THE COMMISSION Guidelines on the standardised presentation of the remuneration report under Directive 2007/36/EC, as amended by Directive (EU) 2017/828, as regards the encouragement of long-term shareholder engagement*). In view, firstly, of the fact that acting within the competence of the general meeting based on Section 5 (1) and Section 9 of Govt Decree 102/2020 (IV.10.) on deviation provisions pertaining to the operation of partnerships and capital companies during the state of emergency, the Company's Board of Directors decided to approve, in an advisory capacity, the Remuneration Policy through resolution no. 13/2020.04.28 issued on 28 April 2020, and secondly, given that the Remuneration Policy concerned is applicable from 2021 on, and that the Company's first remuneration report will be issued in respect of 2021 in the year 2022, the amendment concerned does not reflect the opinion or the vote of the shareholders regarding the remuneration policy and report.

<sup>8</sup>The categorisation and listing of the variable components of remuneration, presented in a new, amended structure that differs from the

- Relating to one year:
  - Bonus
  - Extraordinary Reward
  - Other reward
- Long-term (relating to several years):
  - Benefit through the Employee Stock Ownership Plan (ESOP)
- Other, e.g. Employee Securities Compensation Plan

### Remuneration of Directors employed by the Company:

Payments for 2021 based on the above<sup>91011</sup>:

Annual gross amount (HUF)	1. Fixed components of remuneration						2. Variable components of remuneration				3. Extraordinary items	4. Total remuneration	5. Ratio of Total amount of the variable components to the Total remuneration	
	Base salary	Honorarium (fees)	Fringe benefits	Remuneration from a subsidiary	Voluntary pension fund contribution	Other	Total fixed components of remuneration	Relating to one year	Long-term (relating to several years)	Other				Total variable components of remuneration
<b>The Directors employed by the Company</b>														
Gábor Orbán Chief Executive Officer Member of the Board of Directors	53 280 000	8 499 900	7 286 672	3 229 650	1 004 400	-	73 300 622	53 280 000	130 705 937	-	183 985 937	-	257 286 559	72%
Gábor Gulácsi dr. Deputy Chief Executive Officer Member of the Board of Directors	46 218 774	8 499 900	3 046 221	3 866 040	1 079 600	-	62 710 535	23 109 385	30 000 000	-	53 109 385	871 400	116 691 320	46%
Erik Bogsch The chair of the Board of Directors Director General for Trade, International and Government Relations	45 649 024	10 177 950	6 226 911	3 343 280	1 004 400	-	66 401 565	22 814 513	30 000 000	-	52 814 513	854 488	120 070 566	44%
Krisztina Gál dr. Supervisory Board member appointed to this position by employees (from 15 April 2021)	11 347 865	3 520 000	1 835 776	-	683 010	169 386	17 556 037	2 213 779	3 000 000	-	5 213 779	270 000	23 039 816	23%
Péter Müller Supervisory Board member appointed to this position by employees (from 15 April 2021)	7 064 858	3 520 000	365 176	-	426 600	43 500	11 420 134	1 201 644	-	-	1 201 644	-	12 621 778	10%
Klára Kovácsné Csikós Supervisory Board member appointed to this position by employees (until 15 April 2021)	2 046 300	2 091 570	116 231	-	122 778	-	4 376 879	-	-	-	-	-	4 376 879	0%
Éva Kovácsné dr. Kozsda Supervisory Board member appointed to this position by employees (until 15 April 2021)	2 509 544	1 273 050	116 231	-	150 438	47 830	4 097 093	775 739	-	-	775 739	-	4 872 832	16%

### 1. Presentation of the fixed components of remuneration:

stipulations of the Remuneration Policy adopted in an advisory capacity through a resolution passed under reference no. 13/2020.04.28 by the Company's Board of Directors acting within the competence of the general meeting, is based on non-binding recommendations issued by the European Commission regarding the standardised presentation of remuneration reports. (See: *COMMUNICATION FROM THE COMMISSION Guidelines on the standardised presentation of the remuneration report under Directive 2007/36/EC, as amended by Directive (EU) 2017/828, as regards the encouragement of long-term shareholder engagement*). In view, firstly, of the fact that acting within the competence of the general meeting based on Section 5 (1) and Section 9 of Govt Decree 102/2020 (IV.10.) on deviation provisions pertaining to the operation of partnerships and capital companies during the state of emergency, the Company's Board of Directors decided to approve, in an advisory capacity, the Remuneration Policy through resolution no. 13/2020.04.28 issued on 28 April 2020, and secondly, given that the Remuneration Policy concerned is applicable from 2021 on, and that the Company's first remuneration report will be issued in respect of 2021 in the year 2022, the amendment concerned does not reflect the opinion or the vote of the shareholders regarding the remuneration policy and report.

<sup>9</sup> Remuneration from subsidiaries is stated in HUF at the annual average exchange rate.

<sup>10</sup> The final value of the long-term remuneration earned in 2021 (and hence the Total Remuneration) depends on company indicators whose final value can be assessed only after the adoption of the Remuneration Report, and therefore we have indicated in the table the theoretically achievable (target) values of the benefits.

<sup>11</sup> For the Directors whose legal relationship that is relevant for the Remuneration Report (i.e. their mandate or board membership) did not cover the entire year of 2021, the report states the pro rata portion of the annual benefits and honoraria due in line with the time actually covered by their mandates.

- **Base salary:** A fixed remuneration, which is chiefly a reflection of the position held by the jobholder in the organisation, and the responsibility and expertise involved; it ensures that the Company is able to attract and retain the best calibre of professionals, and is partly based on the salaries offered by potential competitors in the jobs market. The annual change in the base salary of the CEO was decided by the Board of Directors of the Company<sup>12</sup>, and the annual pay rise in 2021 of the other Directors employed by the Company was effected in accordance with the rules of the agreement with the Trade Union Committee. The base salary was paid monthly.
  
- **Honorarium (fees):** A fixed remuneration, which is paid to the members of the Board of Directors and the Supervisory Board on a monthly basis. With regard to the amount of the honoraria due in the 2021 financial year, the Company's Board of Directors, acting – *based on Section 5 (1) and Section 9 of Govt Decree 502/2020 (XI.16) on the re-introduction of deviation provisions pertaining to the operation of partnerships and capital companies during the state of emergency* – within the competence of the general meeting, decided that the chair of the Board of Directors should receive HUF 730,000/month, the members of the Board of Directors should receive HUF 610,000/month/member, and the members of the Supervisory Board HUF 440,000 /month/member in 2021. Payments in the year 2021 were made in accordance with this.
  
- **Fringe benefits:**
  - **Employee cafeteria benefits:** Pursuant to the Cafeteria regulations of the Company valid for 2021, the Directors may enjoy Cafeteria benefits in accordance with the same principles and rules as apply to all employees, the annual value of which in 2021 was HUF 402,000 per person. Payments were made in accordance with this, based on the Directors' declarations regarding their Cafeteria plan selections.
  - **Company car and fuel card benefits:** The company car and related fuel card benefits were provided to the Directors in accordance with the Company's Company Car Use and Allowance Regulations.
  - **Life and accident insurance:** The Directors were able to benefit from comprehensive life and accident insurance cover during 2021 in accordance with the same principles and rules as applied to all employees, whereby the Company's employees are insured and are beneficiaries together, as a group. The sums allocated to each person were calculated by the Company as the per-capita amount of the total cost to the Company (based on the annual average headcount).
  - **Health insurance and comprehensive health screening:** In accordance with the same principles and rules as apply to all employees, the Directors were able to use the private healthcare services offered by the healthcare provider that is in a contractual relationship with the Company, and were able to participate in comprehensive health screenings provided by the Company in the interests of preserving the health of its employees, strengthening their awareness of health issues and detecting diseases early on. The Company pays the healthcare provider a flat rate that covers all employees – the contract is not for the benefit of the individual Directors alone. The sums allocated to each person were calculated by the Company as the per-capita amount of the total cost to the Company (based on the annual average headcount).
  - **Other fringe benefits:** The Directors were also able to benefit from the Company's extensive range of fringe benefits in accordance with the applicable internal regulations. In 2021, the 'school start allowance' (the amount of which was fixed in the annual

<sup>12</sup> Given that employer's rights over the CEO are exercised by the Company's Board of Directors.

Collective Agreement on Wage Increases concluded with the Trade Union Committee in the amount of HUF 35,000/child in 2021) and the Christmas gift pack (provided as a fringe benefit to all employees of the Company in December 2021 in a value of HUF 16,090/person) was included in the stated total remuneration of the Directors.

- Remuneration from a subsidiary: A fixed remuneration; a fee paid for membership of the board of directors and/or supervisory board of one or more of the Company's subsidiaries. If the Director performs managerial or board membership duties at a subsidiary of the Company, he or she is entitled to a fixed honorarium for anything up to three subsidiary board memberships.<sup>13</sup> Payments were made in accordance with this in 2021.
- Voluntary pension fund contribution: The Directors were entitled to the Voluntary Pension Fund Contribution (membership-fee supplement) in accordance with the same principles and rules as apply to all employees. This benefit was specified in the annual Collective Agreement on Wage Increases concluded with the Trade Union Committee in 2021 and its rate was set at 6% of the gross base salary stated in the employment contract. The monthly amount of the employer's contribution for any one person may not exceed 50% of the prevailing national statutory minimum wage (from 1 February 2021, HUF 83,700/person/month). Payments were made in accordance with this in 2021
- Other, e.g. Invention Award, Service Longevity Award: Elements of pay not listed among the items specified above, the combined amount of which may not exceed 10% of the annual base salary.

## **2. Presentation of the variable components of remuneration:**

- Relating to one year:
  - Bonus: As the Directors employed by the Company are persons who have a significant impact on the Company's results and who perform tasks of key importance, the Company wishes to provide them with a vested interest in increasing the profitability of the business and in remaining with the Company for the long term. As a result, the Company may choose to reward work of outstanding importance or profitability in the form of a bonus or other award. The size of the bonus, determined as a percentage of the base salary (i.e. of fixed remuneration), is determined on the basis of the latest salary benchmarking data, and partly on the Company's own employee rating system. The detailed terms and conditions applicable to the bonuses are set out in the latest Bonus Policy of the Company. In 2021, 70-100% of the bonus (depending on the job) was tied to the achievement of individual goals, and 0-30% (depending on the job) was linked to the achievement of company-level goals. In 2021, company-level goals were linked to the Company's profitability and to responsible cost management. These goals were fully met.  
The CEO's bonus – in terms of both its size as a percentage of the base salary and the actual bonus targets – was determined in a manner different from the above, based on the decision of the Company's Board of Directors.<sup>14</sup>

<sup>13</sup> membership of the board of directors, management council, supervisory board, etc.

<sup>14</sup> Given that employer's rights over the CEO are exercised by the Company's Board of Directors.

- Extraordinary reward: The extraordinary reward is intended as ex post recognition for the good performance of employees in the subject year. In the fourth quarter of 2021, based on the results of the Company and in accordance with the agreement with the Trade Union Committee, the limit that can be provided for this reward was determined as the amount equivalent to 4 weeks' (20 days') worth of base salary. The amount of variable remuneration within the extraordinary reward was equal to the amount of the fixed remuneration within the extraordinary reward.

In the case of the Chief Executive Officer, the Deputy Chief Executive Officer, the Director-General and the employee delegates of the Supervisory Board, a bonus harmonisation was effected in 2021, as a result of which no extraordinary remuneration was paid to them in 2021.<sup>15</sup>

As a result of the bonus-harmonisation effort, a single, uniform bonus percentage was determined per job level, for everyone, and the extraordinary reward was phased out by the Company, with the understanding that the total annual pay including the management bonus would not decrease as a result, i.e. the extraordinary reward was effectively built into the base salary and bonus at these levels.

The other Directors employed by the Company were entitled to this remuneration component under the same principles and rules as were all other employees, and the amount of the extraordinary reward due to each individual was determined and paid in accordance with the agreement with the Trade Union referred to earlier.<sup>16</sup>

- Other reward: Reward not specified above, paid in line with the terms set out in the Company's latest remuneration regulations.
- Long-term (relating to several years):
  - Benefit through the Employee Stock Ownership Plan (ESOP): The Company has been operating an employee stock ownership plan for remuneration purposes since 2018 (hereinafter: ESOP programme) Every year, the company launches a new two-year ESOP Remuneration Policy and a new programme. 2021 was affected by the 3<sup>rd</sup> Remuneration Policy applicable to the years 2020-2021 and by the 4<sup>th</sup> Remuneration Policy applicable to the years 2021-2022 (in an extent of 50% of each of their annual values).  
In the interest of managing the financial assets acquirable under the ESOP Remuneration Policies adopted by the Board of Directors and of disbursing these benefits, the Company established the Gedeon Richter Plc. Employee Stock Ownership Plan Entity (hereinafter: ESOP Entity). Since the supreme-body rights of the ESOP Entity are not exercised by the Company, it is classed as autonomous of the Company pursuant to the provisions of the (Hungarian) ESOP Act<sup>17</sup>, and according to the provisions of Act C of 2000 on Accounting, the ESOP Entity is not classed as a subsidiary of the Company.

<sup>15</sup> Dr. Krisztina Gál, Supervisory Board (employee delegate, from 15 April 2021)

<sup>16</sup> Péter Müller, Supervisory Board (employee delegate, from 15 April 2021); Klára Kovácsné Csikós, Supervisory Board (employee delegate, until 15 April 2021); Éva Kozsda, Supervisory Board (employee delegate, until 15 April 2021)

<sup>17</sup> Act XLIV of 1992 on Employee Stock Ownership Plans

In all cases, the Remuneration Policy of the ESOP programmes includes a company-level performance indicator relating to the Company's profitability as a condition for the remuneration.

The financial instrument behind the benefit is the cash consideration payable for the Richtershares. At the start of the ESOP programme, the Company will, with respect to the individual participants, make available shares to the ESOP Entity in a number determined on the basis of the individual benefit values expressed in HUF and the market value of the shares. At the end of the programme, if the remuneration condition is fulfilled, the ESOP Entity's management will convert the shares into cash in the manner specified in the ESOP Articles of Association, withdraw the member's shareholdings to which the participants are entitled, and settle accounts with the participants in the programme in accordance with the provisions of the ESOP Articles of Association. The Company will transfer the Richter shares to the ESOP Entity, but the Directors may receive the payments due to them as individuals not in stock but in cash (by bank transfer). This ensures that the Directors will have an interest in increasing the price of Richter shares during the two-year holding period, just as other participants in the ESOP programmes (not classed as Directors) will.

If the company-level performance requirements are met, 50% of the individual benefit values are paid out, while the other 50% are contingent on individual performance evaluations.

Under this Remuneration Report, the item specified as ESOP remuneration is the sum total of the remunerations that were fully earned in 2021 under the ESOP Third Remuneration Policy and those earned only in part in 2021 under the 4<sup>th</sup> Remuneration Policy. The ESOP Remuneration Policies make the remuneration of participants conditional, besides the fulfilment of the individual performance goals, upon the achievement of a company performance objective valid in respect of all participants. The performance statements on the individual and company performance requirements of the 3<sup>rd</sup> ESOP Remuneration Policy were already available at the time that this Remuneration Report was prepared, and therefore this component of the remuneration has been fully earned. However, under the 4<sup>th</sup> ESOP Remuneration Policy, only the individual performance goals were fully achieved in 2021. This is because the company-level performance objective under that policy considers not only the sales revenue for 2021 but also the revenue for 2022, and it will only be possible to issue a statement on this in 2023, after the publication of the quarterly stock-market reports for 2022. This is the reason why 50% of the ESOP remuneration total (payable for the company-level performance goals) has not yet been fully earned and is still an uncertain item.

If a change in the legal regulations does not allow the ESOP Entity to make payment in a given year, the Company may pay a gross (payroll-type) benefit, taxable in the same way as salary, to the participants of the ESOP programme, under the same terms and conditions. No such payment was made to the Directors in 2021.

- Other, e.g. Employee Securities Compensation Plan: A type of benefit made allowable under Section 77/C of Act CXVII of 1995 on Personal Income Tax (hereinafter: PIT Act). The limits on the benefit and its basic terms and conditions are determined by the provisions of the relevant Act. During 2021, the Board of Directors of the Company adopted a separate regulation on the conditions and detailed rules for receiving benefits

under the Employee Securities Compensation Plan. Based on the internal regulations, neither the Company's CEO nor the members of the Board of Directors or Supervisory Board were able to participate in the programme in 2021, and therefore no shares were distributed to the Directors in 2021 under the Employee Securities Compensation Plan.

Any reward (variable remuneration) paid lawfully, based on criteria that has been fulfilled, may not be reclaimed.

- 3. Extraordinary items:** As a result of the bonus-harmonisation effort, a single, uniform bonus percentage was determined per job level, for everyone, and the extraordinary reward was phased out by the Company, with the understanding that the total annual pay including the management bonus would not decrease as a result, i.e. the extraordinary reward was effectively built into the base salary and bonus at these levels. As the bonus harmonisation was implemented by the Company in April, in order that the annual remuneration of those concerned should not decrease, the payment of individual compensation for the months of January-March proved necessary.

One of the principles set out in the Remuneration Policy is that the total amount of the variable (i.e. performance-dependent) components of the remuneration of the Directors should not exceed 0-80% of the total amount of their remuneration. The rate of variable pay per individual recorded in the 2021 annual Report ranged from 0-72%, and was therefore in line with the Remuneration Policy.

A condition for payment of the benefits specified above is that the person be an employee of the Company at the time his or her fulfilment of the criteria is assessed. Any reward paid lawfully, based on criteria that has been fulfilled, may not be reclaimed. During 2021, no such claim arose, either from the employer or the employee side.

#### **IV. Shares and stock options awarded or offered**

a) The Directors could not participate in the Company's Employee Securities Compensation Plan, and therefore no shares were transferred to them in the 2021 financial year within the framework of the Employee Securities Compensation Plan.

b) The benefits that were awarded through the Employee Stock Ownership Plan (ESOP) are set out in the above section IV. 4, under the presentation of long-term remuneration. As we explained above, the Directors may receive the payments due to them as individuals not in stock but in cash (by bank transfer).

Effectively, the Company did not award or offer any shares or stock options to the Directors in 2021.

#### **V. Summary**

Section 17, Subsection (5) of Act LXVII of 2019 on the encouragement of long-term shareholder engagement and the amendment of certain laws for the purpose of legal harmonisation, as well as



chapter IX, sections 9.1-9.3 of the Remuneration Policy adopted by the Company, provide for the possibility of deviating, in exceptional cases and on a temporary basis, from the Remuneration Policy.

In view of this, the Company's Board of Directors, with its resolution 110/2021 that it unanimously adopted on 9 November 2021, decided, in relation to section 5.3 of the Remuneration Policy and in the framework of Board resolution no. 13/2020.04.28 adopted on 28 April 2020 within the competence of the general meeting, to deviate from the Remuneration Policy approved on an advisory basis, as follows:

*"With reference to resolution no. 30/2020 passed by the Board of Directors on 23 March 2020 and sections 9.1-9.3 of the Remuneration Policy approved on an advisory basis in the framework of Board resolution no. 13/2020.04.28 adopted – based on Section 5 (1) and Section 9 of Govt Decree 102/2020 (IV.10.) on deviation provisions pertaining to the operation of partnerships and capital companies during the state of emergency – within the competence of the general meeting, **the Board of Directors hereby approves the deviation from the criterion set out in the first sentence of section 5.3 of the Remuneration Policy to the effect that the total amount of the variable (i.e. performance-dependent) components of the remuneration of those concerned in 2021 shall not exceed 0-80% of the total amount of their remuneration.***

*In respect of the 2021 annual remuneration of those concerned, the Board of Directors approves the deviation from the provisions of the stated section of the Remuneration Policy as a measure intended to serve the goal of supporting the long-term interests and the sustainable operation of the Company in accordance with the criteria set out in Act LXVII of 2019 on the encouragement of long-term shareholder engagement and the amendment of certain laws for the purpose of legal harmonisation. It proposes further that the company prepare, for the start of 2022, a general proposal for the amendment of the Remuneration Policy, which the Board shall, after discussing it, put to the general meeting for an advisory vote."*

The Remuneration Policy was implemented in full accordance with the provisions of the Remuneration Policy adopted on 28 April 2020 and applicable from the start of 2021, with the exception of the deviation from the Remuneration Policy approved by the Board of Directors as described above. There were no other deviations. The Company paid remuneration to the Directors solely on the basis of the Remuneration Policy applied with the described deviation, in accordance with the provisions of that policy.

The objective of the Remuneration Policy to the effect that it should encourage the Company's top executives to achieve the goals set by the Company and should thus promote the profitable operation of the Company was, in the Company's assessment, achieved in 2021.

Place and date: Budapest, 9 March 2022.

## **13.**

### **Amendments to the Company's Statutes**

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STATUTES

of

CHEMICAL WORKS OF GEDEON RICHTER PLC.

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(This consolidated version contains the amendments of the Statutes approved by ~~the Board of Directors acting in the competence of~~ the General Meeting on April 15, 2021.)

## CHEMICAL WORKS OF GEDEON RICHTER PLC.

### STATUTES

This document prepared on the basis of Act V of 2013 on the Civil Code (the "Civil Code") is the consolidated version of the statutes ("Statutes") of the mid-sized Chemical Works of Gedeon Richter PLC ("Company"), a leading pharmaceutical company of the Central-Eastern European region with growing presence in Western Europe, that controls a multinational pharmaceutical company group ("Richter Group") with more than one hundred years' experience in the research and development, manufacturing and sale of pharmaceutical products carried out with the support of a number of subsidiaries as well as jointly controlled and affiliated companies.

**(1) The name of the Company: Richter Gedeon Vegyészeti Gyár Nyilvánosan Működő Rt.**

Abbreviated name of the Company: Richter Gedeon Nyrt.

The trade name of the Company in foreign languages:

in English: Chemical Works of Gedeon Richter Plc.

abbreviated name: Gedeon Richter Plc.

in German: Chemische Fabrik Gedeon Richter Offene AG.

abbreviated name: Gedeon Richter AG.

in French: Fabrique de Produits Chimiques Gedeon Richter S.A.

abbreviated name: Gedeon Richter S.A.

in Russian: Otkritoye A.O. Chimichesky Zavod Gedeon Richter

abbreviated name: Gedeon Richter O.A.O.

in Spanish: Fábrica de Productos Químicos Gedeon Richter S.A.

abbreviated name: Gedeon Richter S.A.

**(2) Seat of the Company: 1103 Budapest, Gyömrői út 19-21.**

Branch Offices of the Company:

2510 Dorog, Esztergomi út 27.

4031 Debrecen, Richter Gedeon u. 20.

4031 Debrecen, Kígyóhagyma u.8.

6720 Szeged, Eötvös u. 6 .

7673 Kővágószőlős, 505/2 hrsz.

**(3) The Company is the General Legal Successor of Kőbányai Gyógyszerárugyár.**

**(4) The Company is Established for an Indefinite Period of Time.**

The Company shall commence its activities on the day of its foundation.

**(5) Scope of the Activities of the Company (TEÁOR'08):**

The main activity of the Company:

**21.20 Manufacture of pharmaceutical preparations**

Other scope of activities of the Company:

10.86	Manufacture of homogenised food preparations and dietetic food
10.89	Manufacture of other food products n.e.c.
17.22	Manufacture of household and sanitary goods and toilet requisites
20.13	Manufacture of other inorganic basic chemicals
20.14	Manufacture of other organic basic chemicals
20.20	Manufacture of pesticides and other agrochemical products
20.42	Manufacture of perfumes and toilet preparations
20.59	Manufacture of other chemical products n.e.c.
21.10	Manufacture of basic pharmaceutical products
26.60	Manufacture of irradiation, electromedicinal and electrotherapeutic equipment
32.50	Manufacture of medicinal and dental instruments and supplies
35.11	Production of electricity
35.12	Transmission of electricity
35.13	Distribution of electricity
35.14	Trade of electricity
35.21	Manufacture of gas
35.22	Distribution of gas
35.23	Trade of gas
35.30	Steam and air condition supply
36.00	Water collection, treatment and supply
37.00	Sewerage
38.11	Collection of non-hazardous waste
38.12	Collection of hazardous waste
38.21	Treatment and disposal of non-hazardous waste
38.22	Treatment and disposal of hazardous waste
38.32	Recovery of sorted materials
39.00	Remediation activities and other waste management services
41.10	Development of building projects
46.19	Agents involves in the sale of variety of goods
46.38	Wholesale of other food
46.44	Wholesale of china and glassware and cleaning materials
46.45	Wholesale of perfume and cosmetics
46.46	Wholesale of pharmaceutical goods
46.47	Wholesale of furniture, carpets, and lighting equipment
46.49	Wholesale of other household goods
46.52	Wholesale of electronic and telecommunications equipment and parts
46.69	Wholesale of other machinery and equipment
46.73	Wholesale of wood, construction materials and sanitary equipments
46.75	Wholesale of chemical products
46.76	Wholesale of other intermediate products
46.90	Not specialized wholesale trade
47.41	Retail sale of computers, peripheral units and software in specialized stores
47.42	Retail sale of telecommunication products in specialized stores
47.53	Retail sale of carpets, rugs, wall and floor coverings in specialized stores
47.59	Retail sale of furniture, lighting equipments and other household articles in specialized stores
47.73	Dispensing chemists in specialized stores
47.78	Other retail sale of new goods in specialized stores
49.20	Freight rail transport
49.41	Freight transport by road
52.10	Storage and warehousing
52.21	Service activities incidental to land transportation
52.24	Cargo handling
55.20	Holiday and other short-stay accommodation
55.90	Other accommodation
56.21	Event catering activities
56.29	Other food service activities
64.20	Activities of holding companies
64.30	Trusts, funds and similar financial activities
64.99	Other financial service activities, except insurance and pension funding n.e.c.
68.10	Buying and selling of own real estate
68.20	Renting and operation of own or leased real estate
68.32	Management of real estate on fee or contractual basis
69.20	Accounting, bookkeeping and auditing activities; tax consultancy
70.10	Activities of head offices
70.21	Public relations and communications activity
70.22	Business and other management consultancy activities
71.12	Engineering activities and related technical consultancy
71.20	Technical testing and analysis

- 72.11 Research and experimental development on biotechnology
- 72.19 Other research and experimental development on natural sciences and engineering
- 72.20 Research and experimental development on social sciences and humanities
- 74.90 Other professional scientific and technical activities n.e.c.
- 77.12 Renting and leasing of trucks
- 77.32 Renting and leasing of construction and civil engineering machinery
- 77.33 Renting and leasing of office machinery and equipment (including computers)
- 77.39 Renting and leasing of other machinery, equipment and tangible goods n.e.c.
- 77.40 Leasing of intellectual property and similar products, except copyrighted works
- 81.10 Combined facilities support activities
- 81.29 Other cleaning activities
- 82.30 Organization of conventions and trade shows
- 82.92 Packaging activities
- 82.99 Other business support service activities n.e.c.
- 85.10 Pre-primary education
- 85.51 Sports and recreation education
- 86.21 General medical practice activities
- 86.22 Specialist medical practice activities
- 91.01 Library and archives activities
- 96.01 Washing and (dry-)cleaning of textile and fur products

## (6) The Registered Capital (Subscribed Capital) of the Company:

- 6.1 The registered capital (subscribed capital) of the Company is: **HUF 18,637,486,000**, i.e. eighteen-billion-six-hundred-thirty-seven-million-four-hundred-and-eighty-six-thousand Hungarian Forints, of which HUF 6,147,486,000 comprises cash contributions and HUF 12,490,000,000 comprises in-kind contributions.

The in-kind contributions consist of the assets of Kőbányai Gyógyszerárugyár (HUF 11,390,000,000) as determined in its transformation plan, and the in-kind contribution of Richter Gedeon Vegyészeti Gyár Rt., having been determined to have a value of HUF 100,000,000.

- 6.2 The in-kind contribution of Richter Gedeon Vegyészeti Gyár Rt. consists of certain intangible assets of Richter Gedeon Vegyészeti Gyár Rt. with a value of HUF 100,000,000. The founders shall accept the value of the in-kind contribution of the Company at the above specified value. Richter Gedeon Vegyészeti Gyár Rt. permits the Company to use the trade name "Richter Gedeon Vegyészeti Gyár Rt." free of charge.

- 6.3 (Deleted pursuant to the resolution passed by the General Meeting held on September 28, 1993)

## (7) Shares and Shareholder Rights

- 7.1 The Company's registered capital:

**186,374,860**, that is one hundred eighty-six million three hundred seventy-four thousand eight hundred sixty **dematerialized registered common shares**, each with a nominal value of HUF 100 that is one hundred Hungarian forints.

- 7.2 The distribution of shares at foundation of the Company:

- 7.2.1 The Company was established as a closely-held company. By signing the Company's Statutes and Deed of Foundation, the founders of the Company subscribed for the total registered share capital (HUF 12,417,500,000) of the Company and received all the then issued shares. The shares were allotted in accordance with Act XIII of 1989 and the transformation plan in the following proportions:

The Hungarian State - State Property Agency	11,390,000,000 Ft
The Hungarian State - Richter Gedeon Vegyészeti Gyár Rt.	100,000,000 Ft
Magyar Hitel Bank Rt.	917,500,000 Ft

Pharma Haupt GmbH 10,000,000 Ft

- 7.2.2 Pursuant to General Resolution No. 1/1991, the Company converted HUF 806,474,000 of capital assets into registered capital, and accordingly issued 63,950 bearer shares each having a nominal value of HUF 1,000 and 742,524 registered preference shares each having a nominal value of HUF 1,000.
- 7.2.3 Pursuant to Resolution No. 26/1994. 09. 28. of the General Meeting, the Company increased its registered capital by HUF 4,413,512,000 and issued 4,413,512 new registered common shares; thereafter, in accordance with Resolution No. 27/1994. 09. 28. of the General Meeting, 63,950 bearer shares, each having a nominal value of HUF 1,000, were converted into registered common shares, each having a nominal value of HUF 1,000, on a one-by-one basis.
- 7.2.4 Upon request of the shareholders and pursuant to Resolution No. 19/1995.04.27., the General Meeting of the Company transformed one registered preference share into one registered common share.
- 7.2.5 Upon request of the shareholders and pursuant to Resolutions No. 13/1996. 05. 03. and No. 14/1996. 05. 03., the General Meeting of the Company approved the conversion of 517,139 registered preference shares into 517,139 registered common shares.
- 7.2.6 At the request of the shareholders and pursuant to Resolution No. 11/1997. 04. 29. and no. 12/1997. 04. 29., the Annual General Meeting of the Company converted 171,413 registered preference shares into 171,413 registered common shares.
- 7.2.7 The Company's Extraordinary General Meeting held on May 28, 1997 approved to increase the registered share capital by HUF 1,000,000,000 up to HUF 18,637,486,000 in accordance with Resolution No. 7/1997. 05. 28.
- 7.2.8 At the request of the shareholders and pursuant to Resolution No. 11/1998. 04. 28. and No. 12/1998. 04. 28., the Annual General Meeting of the Company converted 16,327 registered preference shares into 16,327 registered common shares.
- 7.2.9 At the request of the shareholders and pursuant to Resolution No. 11/1999. 04. 28. and No. 12/1999. 04. 28., the Annual General Meeting of the Company converted 3,498 registered preference shares into 3,498 registered common shares.
- 7.2.10 At the request of the shareholders and pursuant to Resolutions No. 9/2000. 04. 26. and 10/2000. 04. 26., the Annual General Meeting of the Company converted 16,987 registered preference shares into 16,987 registered common shares.
- 7.2.11 At the request of the shareholders and pursuant to Resolutions No. 9/2001. 04. 26. and 10/2001. 04. 26., the Annual General Meeting of the Company converted 4,066 registered preference shares into 4,066 registered common shares.
- 7.2.12 At the request of the shareholders and pursuant to Resolutions No. 9/2002. 04. 25. and 10/2002. 04. 25., the Annual General Meeting of the Company converted 1,688 registered preference shares into 1,688 registered common shares.
- 7.2.13 At the request of the shareholders and pursuant to Resolutions No. 11/2003. 04. 28. and 12/2003. 04. 28., the Annual General Meeting of the Company converted 1,806 registered preference shares into 1,806 registered common shares.
- 7.2.14 Pursuant to Resolution No. 16/2003. 04. 28., the Annual General Meeting of the Company has approved the conversion of the registered common shares of the Company into dematerialized shares.

- 7.2.15 At the request of the shareholders and pursuant to Resolution No 12 /2004. 04. 28., the Annual General Meeting of the Company converted 2,570 registered preference shares into 2,570 registered common shares.
- 7.2.16 At the request of the shareholders and pursuant to Resolution No 14 /2005. 04. 27., the Annual General Meeting of the Company converted 2,678 registered preference shares into 2,678 registered common shares.
- 7.2.17 At the request of the shareholders and pursuant to Resolution No 12 /2006. 04. 26., the Annual General Meeting of the Company converted 892 registered preference shares into 892 registered common shares.
- 7.2.18 Pursuant to Resolutions No. 11/2007.04.25, 12/2007.04.25 and 13/2007.04.25, the Annual General Meeting converted 3,459 registered preference shares into 3,459 registered common shares.
- 7.2.19 Pursuant to Resolution No. 10/2013.04.25., the Annual General Meeting transformed 18,637,486 that is eighteen-million six-hundred-and-thirty-seven-thousand four-hundred-eighty-six dematerialized registered common shares, each with a nominal value of HUF 1,000 that is one thousand Hungarian forints into 186,374,860, that is one hundred eighty-six million three hundred seventy-four thousand eight hundred sixty dematerialized registered common shares, each with a nominal value of HUF 100 that is one hundred Hungarian forints; by splitting the nominal value in a ten-to-one ratio.
- 7.3 The shares of the Company (including the interim shares) are dematerialized shares (Subsection 3:214 (2) of the Civil Code)
- 7.4 Within one category and class of shares, several series may be issued. Shares belonging to one series of shares may not differ as to their face value or method of production.
- 7.5 (This section was deleted in accordance with the resolution of the AGM held on April 24, 2014.)
- 7.6 (This section was deleted in accordance with the resolution of the AGM held on April 25, 2007).
- 7.7 If a resolution is passed at a General Meeting on the conversion of any categories of shares of the Company, the Board of Directors, at cost of the Company, shall provide, in compliance with the legal rules and the regulations of the central depository for the invalidation of the document issued previously relating to the dematerialized shares but which is not deemed to be security, the issuance of a new document and the registration of the converted shares on the securities accounts.
- 7.8 Should the Company's registered capital be increased, the price of the shares to be issued and the due date by which payments for such shares shall be made, shall be determined – in accordance with the provisions of the Civil Code – in the resolution on the increase of the Company's registered capital.
- 7.9 If a shareholder fails to provide his contribution undertaken by the date set forth, the Board of Directors shall order such shareholder to provide the contribution within a period of thirty days. Such order shall also note that failure to perform will result in the termination of the shareholder status with respect to the shares concerned, as of the day following the expiry of the deadline. In the event the period of thirty days passes without performance, the shareholder status with respect to the given shares shall terminate on the day following the expiration of such period. The Board of Directors shall inform the shareholder thereof in writing (Subsection 3:98. (2) of the Civil Code).



7.10 (Deleted pursuant to the resolution passed by the General Meeting held on April 25, 2007).

7.11 Rights of the shareholder:

7.11.1 The shareholder is entitled to receive a share of the Company's profits that are distributable and where a dividend is declared by the General Meeting. Such dividend shall be in proportion to the number of nominal shares held by the shareholder (right to a dividend) however, dividends with respect to treasury shares shall be divided to shareholders entitled to dividends, payable in proportion of the nominal value of their shares. (Subsection 3:225 of the Civil Code). Shareholders that have been registered in the share-register as a result of the identification of ownership prepared on the reference date established and announced by the Board of Directors regarding the payment of dividends are entitled to dividends. The date with relevance with respect to the entitlement to dividends established by the Board of Directors may be different than the date of the general meeting adopting the decision for the payment of dividends.

7.11.2 In case of termination of the Company without a legal successor, the shareholder shall be entitled – based on the payments and in-kind contributions made by the shareholder for the shares - to a portion of any remaining assets of the Company following satisfaction of the Company's creditors. Such portion of the remaining assets shall be distributed to the shareholder in proportion to the ratio between the nominal value of its shareholding in the Company's registered capital and the total registered capital of the Company (proportional right to liquidation assets).

7.11.3 Every shareholder has the right to participate in the General Meeting, to request information, to voice its opinion and to submit motions within the limits set forth by the Civil Code Shareholders entitled to vote may vote.

7.11.4 The Board of Directors shall provide every shareholder who makes a written request with information necessary to enable the shareholder to evaluate items on the General Meeting agenda, so that the shareholder, who made such a request at least eight days before the General Meeting, shall receive the requested information at least three days prior to the General Meeting.

At the request of a shareholder, the Board of Directors shall grant the shareholder access to the relevant documents and data of the Company.

The Board of Directors may decide that it will disclose information, or grant access to the documents on condition that the requesting shareholder makes a written declaration of confidentiality. The Board of Directors may refuse to disclose information or grant access to documentation or data if its dissemination would compromise business secrets of the Company, the shareholder abuses this right, or does not make a declaration of confidentiality after being requested by the Board of Directors. If the shareholder finds that the refusal of his request is unfounded, then he may request the Court of Registration to oblige the Company to provide the requested information and grant access to documentation (Sections 3:23 and 3:258 of the Civil Code).

7.11.5 (Deleted and inserted in Section 11.4 pursuant to the resolution passed by the General Meeting held on April 27, 2005)

7.11.6 (Deleted and inserted in Section 11.5.3 pursuant to the resolution passed by the General Meeting held on April 27, 2005)

7.12 Court review of resolutions

Any shareholder of the Company, any member of the Board of Directors or of the Supervisory Board may request the court to annul the resolutions passed by the organs of the Company with reference to the point that such resolution violates the law, or these Statutes.

The action for court annulment of a resolution violating the law shall be initiated against the Company within thirty days after the person initiating the action has obtained knowledge, or should have obtained knowledge of the resolution in question. Following expiration of a one year non-appealable deadline from the date of the passing of the resolution no action shall be initiated. (Sections 3:35-37 of the Civil Code)

Any person who voted in favour of a resolution is not entitled to this right to bring an action against such a resolution, provided that the person's affirmative vote was not procured by mistake, fraud, or unlawful threat.

7.13 A resolution of the General Meeting aiming at the change of the form of operation of the Company comes into effect upon the delisting of the Company's shares. (Subsection 3:211. (3) of the Civil Code)

7.14 Obligations of Certain Shareholders:

7.14.1 A shareholder of the Company may not establish, manage, administer or permit the continuance of any depositary arrangement in Hungary or any other country in respect of shares or any other securities convertible into shares of the Company unless provisions having substantially the same purpose and effect as the provisions in Sections 9 and 13 hereof are imposed on investors and any other participants in such depositary arrangement by the agreement(s), conditions and any other instrument(s) constituting or otherwise regulating such depositary arrangement.

7.14.2 For the purposes of the present Statutes, a "depositary arrangement" shall mean any arrangement for the holding of shares or convertible securities of a corporate entity by a depositary or any other person (however defined) registered as a shareholder in the Share Register of such entity pursuant to which the persons participating in such arrangement as investors are granted interests in a global certificate, or are issued with securities or certificates, such global certificate or securities or certificates evidencing interests or rights in respect of the shares or convertible securities held by such depositary or other person holding the shares or convertible securities. The Statutes may provide that the depositary or other person holding the shares shall not be subject to the provisions of Articles 9 and 13, or shall be subject only to certain of them, provided, however, that such depositary or other person shall always comply with Section 7.14.1 hereof.

## **(8) Share Register**

8.1 The Board of Directors of the Company shall keep a register of shareholders, including holders of interim shares. The Board of Directors of the Company may outsource the administration of its Share Register to a clearing house, a central depository, an investment enterprise, a financial institution, an attorney at law or an auditor (other than the elected auditor) subject to publication of the commission and identity of the consignee in the Cégközlöny (Companies Gazette) and on the Company's homepage. The following shall be recorded in the Share Register: the name (company) and address (registered seat) of the shareholders and the shareholders' representatives (hereinafter referred to jointly as "shareholders"), or in the case of jointly owned shares, the name (company) and address (seat office) of the joint representative, furthermore, the number of shares or interim shares (ownership ratio) of shareholders as per each series of shares, as well as any other data set forth by law and in section 9.3 of the Statutes. (Section 3:245 of the Civil Code)

- 8.2 Anyone whose actual or deleted data is contained in the Share Register may inspect the Share Register, and may request a copy of the section thereof concerning themselves from the keeper of the Share Register, which request the keeper of the Share Register shall satisfy within five days. The first copy of such certificate of shareholding (the extract in the case of digital data carriers) shall be provided free of charge. Any further copies shall be provided at the expense of the shareholder requesting them. The Share Register may be inspected by third parties within the limits of the legal regulations concerning the inherent rights and the protection of data. (Section 3:247 of the Civil Code) While inspecting the Share Register the Company informs the inspecting person if it has initiated an identification of ownership procedure. The Company publishes the rules of inspection on its website.
- 8.3 The securities account keeper of the shareholder files the shareholders' request of registration to the keeper of the Share Register within two working days after the crediting of the shares to the securities account, except if the shareholder explicitly prohibits or does not authorize the securities account keeper to do so. The keeper of the Share Register may refuse to comply with the registration request of shareholder, if such shareholder has acquired his shares in violation of the regulations on the transfer of shares set out by law or the Statutes. A registered shareholder shall be deleted from the Share register upon his request. (Subsections 3:246 (2)-(3))
- 8.4 The determination of entitlement to exercise the rights of shareholding takes place by way of identification of ownership. A certificate of ownership is not required for the exercise of shareholding rights (Subsection 3:254 (6) and Section 3:248 of the Civil Code) The date of registration in the Share Register shall be same as the date of the identification of ownership.

## **(9) Transfer of Shares**

### **A. General**

- 9.1 The shares of the Company shall be acquired and transferred by debiting of the securities account of the transferor and crediting of the securities account of the new shareholder with the dematerialized share. The person on whose account the share is registered shall be deemed to be the holder of the share. (Sections 6:577 and 6:578 of the Civil Code)
- 9.2 Shareholders may exercise shareholder rights towards the Company only upon being registered in the Share Register. (Subsection 3:246 (1) of the Civil Code)

### **B. Entry in the Share Register**

- 9.3 In case of persons falling under the obligation of notification pursuant to the provisions of the Capital Market Act, the transfer of registered shares shall be entered by the Company in the Share Register upon evidencing that the report to the Commission relating to the acquisition of shares and the required public disclosure regarding same pursuant to the provisions of the Capital Market Act has been made, and furthermore upon the presentation to the Board of Directors by the transferee of shares, by the shareholder's representative or, in case of jointly owned shares, the joint representative of the information satisfactory to the Board of Directors concerning (a) the circumstances of the acquisition of shares, (b) the identity (in the case of a natural person) or the status and ownership (in the case of a legal entity or other body, incorporated or otherwise) of the transferee of shares Within the framework of the obligation of notification, at least the following documents must be presented to the Board of Directors:
- (i) in case of shareholders which are legal entities, a recent certificate of incorporation or any other official document of equivalent purpose providing detailed information concerning the current legal status and ownership structure of the shareholder, and

- (ii) a statement by the shareholder indicating (a) whether the shareholder is the beneficial owner of the shares to be entered in the Share Register, (b) whether there is any agreement relating to the exercise of voting rights with respect to the shares, and (c) providing - in case of shareholders which are legal entities - information satisfactory to the Company concerning the name, registered seat and ownership structure of any shareholder, partner, member of, or holder of any interest in, the shareholder holding or controlling 20% (twenty percent) or more of its registered capital or voting rights at its general meetings. The certificate of incorporation or any other official document of equivalent purpose relating to the member of the shareholder holding at least 20% of the voting rights in the shareholder must also be presented to the Board of Directors and furthermore, the notification obligation shall also apply with respect to members holding at least a 20% interest or voting rights in the shareholder;
- (iii) a statement of the shareholder pursuant to which such shareholder shall undertake to notify, without any delay, the Board of Directors of the Company of any agreement relating to the exercise of voting rights with respect to the shares;
- (iv) a statement declaring that the shareholder will notify, without any delay, the Board of Directors of the Company of any change in its ownership, where such change is resulting in a member or shareholder of such shareholder acquiring or otherwise controlling - directly or indirectly - at least 20% (twenty percent) or more of the registered capital of the shareholder or voting rights at its general meetings.

In each case, a request for registration into the Share Register by a shareholder shall contain an authorization by said shareholder for the cancellation of the registration in case that such request shall - either at the time of the request or subsequently - contain any materially false, fraudulent or misleading statements.

- 9.4 (Deleted on the basis of the resolution of the AGM of April 28, 2003 due to the dematerialization of the common shares.)
- 9.5 (Deleted on the basis of the resolution of the AGM of April 28, 2003 due to the dematerialization of the common shares.)
- 9.6 The Company shall send its notices to the shareholders or shareholders' representatives - in case of jointly owned shares, the joint representative - registered in the Share Register and to the address indicated in the Share Register, and shall not assume any liability if the actual ownership structure is different from the structure entered in the Share Register.
- 9.7 (a) The Company shall be entitled to refuse registration in the Share Register, and/or the Board of Directors shall be entitled to delete the registered shareholder or the shareholders' representative from the Shareholders' Register even without the consent of the shareholder thereto, if: (i) a shareholder or shareholder's representative fails to provide the documents, certificates and statements set forth in Section 9.3 hereof where such shareholder or shareholder's representative is required by the present Statutes to provide such documents, certificates and statements, or (ii) if a shareholder has failed to fulfill its notification and publication obligation relating to the acquisition of influence or has acquired influence in excess of the threshold in the Capital Market Act, other than as a result of a successful mandatory offer in accordance with the provisions of the Capital Market Act, or (iii) if the request for registration contains illegible or not understandable information. Any registration in the Share Register made on the basis of materially false, fraudulent or misleading statements shall be deemed null and void and may be cancelled by the Board of Directors.
- (b) A shareholder (i) whose acquisition or holding of shares is prohibited by applicable law including when the shareholder has failed to fulfill its notification and publication obligation relating to the acquisition of influence; or (ii) whose shareholding has not been registered in or has been deleted from the Company's Share Register, may not exercise its shareholders' rights with respect to the Company (including but not limited to the right to vote and to receive dividends). In case the Board of Directors deletes the shareholder from the Share Register for lack of the required certificates or for non-appropriate certificates, then the resolutions of the General Meeting passed with the participation of

such shareholder shall only remain in force if the majority required to pass such resolution was met without the votes of the deleted shareholder.

(c) A shareholder shall be liable for all losses and damages caused to the Company or any other shareholder arising from the provision of materially false, fraudulent or misleading information in documents, certificates or statements in connection with an application for entry into the Share Register, or any material failure to meet its obligations under this Article 9.

### **C. Publication of the acquisition of influence and Notification to the Company - Thresholds**

(Deleted on the basis of the resolution of the AGM held on April 28, 2009.)

#### **(10) Signing on Behalf of the Company**

The following persons shall be authorized to sign their names under the stamped, printed, or handwritten name of the Company, and thereby undertake rights and obligations on behalf the Company:

- (a) the Chief Executive Officer acting **solely**, on behalf of the Company,
- (b) any two members of the Board of Directors acting **jointly**,
- (c) any member of the Board of Directors of the Company **jointly** with an employee of the Company vested by the Board of Directors with the authority to sign on behalf of the Company,
- (d) any two employees of the Company vested by the Board of Directors with the authority to sign **jointly** on behalf of the Company.

#### **(11) The General Meeting**

11.1 The General Meeting is the highest decision-making body of the Company, and shall be comprised of all of the shareholders.

11.2 An annual General Meeting shall be held no later than by the last day of the fifth month of every business year. The agenda of such annual General Meeting shall contain the following items without limitation:

- 11.2.1 the Board of Directors' report on the Company's consolidated annual report for the previous business year pursuant to the International Financial Reporting Standards (IFRS);
- 11.2.2 the Supervisory Board's report on the Company's consolidated annual report for the previous business year pursuant to the IFRS;
- 11.2.3 the Auditor's report on the Company's consolidated annual report for the previous business year pursuant to the IFRS;
- 11.2.4 approval of the Company's consolidated annual report for the previous business year pursuant to the IFRS;
- 11.2.5 the Board of Directors' report on the Company's individual annual report for the previous business year prepared pursuant to the Accounting Act; on the management; the financial situation and the business policy of the Company. (Section 3:284 of the Civil Code);

- 11.2.6 the Supervisory Board's report on the Company's individual annual report for the previous business year, including also the recommendation regarding the appropriation of after-tax profits;
  - 11.2.7 the Auditor's report on the Company's individual annual report for the previous business year;
  - 11.2.8 approval of the Company's individual annual report for the previous business year, including the resolution on the appropriation of the after-tax profits;
  - 11.2.9 the Board of Director's report on the practice of corporate governance and on the departures made by the Company in applying the Corporate Governance Recommendations of the Budapest Stock Exchange;
  - 11.2.10 determination of the remuneration of the elected directors;
- 11.3 The Annual General Meeting shall be convened by the Board of Directors unless otherwise provided by the Civil Code. The person or organ convoking the General Meeting shall determine its time, venue, and agenda.
- 11.4 The Board of Directors shall have the right to call an extraordinary General Meeting at its discretion. The Board of Directors shall also call an extraordinary General Meeting if persons authorized by the Civil Code or these Statutes request from the Board of Directors that a General Meeting be held. If shareholders holding at least one percent of the votes request for the convening of a General Meeting, stipulating its reason and purpose, such a General Meeting shall be convened. (Sections 3:103 and 3:266 of the Civil Code) In the cases determined by the Civil Code, the Supervisory Board, and the Court of Registration are entitled to convene an extraordinary General Meeting.
- The Auditor shall initiate the convocation of the General Meeting in cases described by Section 3:38 of the Civil Code. If a General Meeting is not convened, or if the decision called for by the legislation is not made, the Auditor notifies the Court of Registration supervising the Company.
- A General Meeting may only be convened while an action is pending at the court with respect to the registration of a capital increase, and subscribers to the increased registered capital are unable to exercise their voting rights with respect to the shares subscribed in the capital increase as a result of the pending registration, if extraordinary circumstances justify the convening of such General Meeting. Such extraordinary General Meeting may only discuss and resolve items justified by such extraordinary circumstances.
- 11.5 The convening of the General Meeting shall be published on the Company's homepage at least 30 days prior to the commencement date thereof pursuant to the provisions applicable to the Company's announcements. The Company may notify shareholders regarding the convocation of the General Meeting in an electronic format, if shareholders have so requested. If an extraordinary Meeting is convened due to a shareholder stance rendered in connection with a public offer or following a successful public purchase offer and initiated by the acquirer of influence, the Meeting must be convened at least fifteen days prior to its commencement day.
- 11.5.1 The members of the Board of Directors and of the Supervisory Board and the auditor shall receive separate invitations to the General Meetings.
  - 11.5.2 The announcement (invitation) convening the General Meeting shall indicate the name and seat of the Company, the venue, date, time, agenda and method of holding of the General Meeting, the conditions placed on the exercise of voting rights as specified in these Statutes as well as the time and venue of the reconvened General Meeting. No more than twenty-one days, but at least ~~ten days~~ **one hour** shall pass between the ~~starting times of a~~ General Meeting of an insufficient quorum and the reconvened General Meeting. The announcement convening

the General Meeting shall contain the information that a shareholder or nominee may participate on the General Meeting if registered in the Share Register at least two working days prior to the beginning date of the General Meeting (Subsection 3:273 (2) of the Civil Code, Section 13.1 of these Statutes); and the requirements laid down in these Statutes (Section 11.5.3.) of exercising the right to supplement the agenda of the General Meeting (Section 3:259 of the Civil Code), as well as the date, place and way of accessing the full and original text of the proposals on the agenda and of the proposed resolutions (including the website of the Company). (Subsection 3:272 (1) of the Civil Code)

11.5.3 If shareholders with at least one percent of the votes inform the Board of Directors in writing at the latest within eight days following the publication of the agenda about their proposal to amend the Agenda - in accordance with the provisions on detailing the items of the agenda -, or table draft resolutions for items included or to be included on the agenda, the Board of Directors shall render an opinion on the request and publish a notice on the amended agenda and the tabled draft resolution within eight days. The issue indicated in such notice shall be regarded as added to the agenda. The Board of Directors may reject the shareholders' request if the fulfilment thereof infringed upon the law. If the Board of Directors rejects the shareholder's request, the Board of Directors shall publish a notification to that effect along with the reasons for the rejection. (based on Section 3:259 of the Civil Code)

11.5.5 Items not listed in the published agenda may only be discussed and valid resolutions concerning these items shall only be passed if all of the shareholders are present at the General Meeting and they give their unanimous consent to the addition of such items to the agenda. The agenda shall be indicated in the invitation or the proposals for resolutions in sufficient detail to enable the persons entitled to vote to formulate an opinion on the subjects to be discussed. (Section 3:17 of the Civil Code).

11.5.6 The announcement of the General Meeting shall indicate that the shareholders entitled to participate and vote at such General Meeting shall have the right to be represented in participation and voting at the General Meeting by a duly authorized proxy, pursuant to Article 13.4. Such duly authorized representatives are not required to be shareholders of the Company.

11.6 The Company shall publish the key data of its draft consolidated annual report for the previous business year pursuant to the IFRS and its draft individual annual report and of the report of the Board of Directors and the Supervisory Board, the total number (proportion) of shares and voting rights at the date of convening the General Meeting, including separate summaries on the individual share classes, together with a summary of the proposals relating to the items on the agenda, the supervisory board reports on these, and draft resolutions, as well as forms for voting via proxy, on the Company's homepage at least twenty one days prior to the General Meeting. ~~The Company shall publish the names of the members of the Board of Directors and the Supervisory Board and all monetary and non-monetary benefits granted to these members in this role, detailed by members and the legal title for the benefit simultaneously with convening the General Meeting.~~ (Subsections 3:258 -(2) and 3:272 -(3) of the Civil Code)

11.7 With the exception of cases (that might be issues listed under 12.1. d/ii and y/i) where the presence of a larger number of shareholders is required due to the voting proportions set out in article 12.1 in order to constitute a quorum, a quorum exists if shareholders, personally or through their representatives, representing over half of the votes embodied by the voting shares are present at the General Meeting and have duly evidenced their shareholder or representative status. The General Meeting may be suspended once. If the General Meeting is suspended, it shall be continued within thirty days. Existence of the quorum shall be examined at each decision. With respect to the quorum, shareholders or representatives of a shareholders who submit a "yes", "no", or "abstention" vote shall be deemed as the ones being present.

11.8 If the General Meeting has no quorum, the General Meeting shall be reconvened in accordance with Section 11.5.2. With the exception of cases (that might be any issues listed under 12.1) where under the given circumstances the presence of a larger number of shareholders is required due to the voting proportions set out in article 12.1 in order to constitute a quorum, the reconvened General Meeting shall have a quorum for the purpose of considering items on the agenda of the original General Meeting if the shareholders representing more than 20% of the votes relating to the voting shares issued by the Company are presented personally or via proxy at the reconvened General Meeting and their shareholding or representation right has been duly evidenced.

11.9 The General Meeting shall be chaired by the Chairman of the Board of Directors or by a person called upon in advance by the Board of Directors. The General Meeting shall approve the identity of the president of the General Meeting prior to the substantive discussion of further items of the agenda and until this has happened, the General Meeting cannot make a further substantive decision in respect of the items on the agenda.

**(12) Matters Within the Exclusive Competence of the General Meeting:**

12.1 The following matters shall belong to the exclusive competence of the General Meeting:

- (a) establishment and - unless these Statutes provide otherwise - modification of the Statutes (three quarter majority of the votes present at the General Meeting, but at least 20% + 1 vote of all the voting shares, except for those decisions requiring a greater majority pursuant to the Statutes);
- (b) decision on the change of the form of operation of the Company (90% majority of the votes present at the General Meeting, but at least 45% + 1 vote of all the voting shares), which enters into force upon the delisting of the Company's shares;
- (c) decision on transformation or termination without a legal successor of the Company (90% majority of the votes present at the General Meeting, but at least 45% + 1 vote of all the voting shares);
- (d) (i) the election and removal of the members of the Board of Directors, the Supervisory Board, the Audit Board and of the Auditor, and the establishment of their remuneration (for election and the establishment of the remuneration, simple majority of the votes present at the General Meeting, but at least 20% + 1 vote of all the voting shares; (ii) for the removal of a member of the Board of Directors, a simple majority of those present but at least 35%+1 vote of all the voting shares , and (iii) for the removal of members of the Supervisory Board and of the Audit Board and of the Auditor, three quarter majority of the votes present at the General Meeting, but at least 35% + 1 vote of all the voting shares);
- (e) approval of the consolidated annual report for the previous business year pursuant to the IFRS and of the individual annual report, including the decision on the appropriation of after-tax profits (simple majority of the votes present at the General Meeting, but at least 20% + 1 vote of all the voting shares);
- (f) decision - unless otherwise stipulated by the Statues - to pay interim dividends (simple majority of the votes present at the General Meeting, but at least 20% + 1 vote of all the voting shares);
- (g) advisory vote on the remuneration policy (at a material change thereof but in any case at least every four years) and advisory vote on the remuneration report on the previous business year [Subsections 3:268 (2)-(3) of the Civil Code]; decision concerning the approval of the report on corporate governance (Subsection 3:289 (2) of the Civil Code); (in each case above simple majority of those present at the General Meeting, but at least 20% + 1 vote of all the voting shares);



- (h) decision – with the exception of transactions specified in law, – based on the detailed proposal of the Board of Directors, ~~—~~ on providing financial aid for third parties to acquire the Company's own shares (Subsection 3:227 (1) of the Civil Code) (upon the approval of at least the three-quarter majority of the voters present, which votes shall represent at least 20%+1 vote of all the voting shares);
- (i) variation of the rights attached to the individual series of shares, and the transformation of categories or classes of shares (three quarter majority of the votes present at the General Meeting, but at least 20% + 1 vote of all the voting shares);
- (j) decision - unless otherwise stipulated by the Statues - on the issue of convertible, self-converting bonds or bonds with subscription rights (simple majority of the votes present at the General Meeting, but at least 20% + 1 vote of all the voting shares);
- (k) decision on the acquisition of own shares, unless otherwise provided for by the Statutes, furthermore, the authorization of the Board of Directors for the acquisition of own shares (simple majority of the votes present at the General Meeting, but at least 20% + 1 vote of all the voting shares);
- (l) decisions on the (i) listing or (ii) delisting of Company shares on the Stock Exchange (three quarter majority of the votes present at the General Meeting, but at least 20% + 1 vote of all the voting shares in case of listing, or 35% + 1 vote of all the voting shares in case of delisting, unless the decision would result in the change of the Company's corporate form);
- (m) with the exception of commercial transactions, any resolution concerning financial matters of the Company that involves the distribution of funds, the obtaining of loans, the granting of guarantees, or the creation of any other financial liability the aggregate financial effect of which over one year exceeds fifteen percent (15%) of the Company's total assets (saját vagyon) as determined by the last audited balance sheet (simple majority of the votes present at the General Meeting, but at least 20% + 1 vote of all the voting shares);
- (n) decisions on investments and leases which have a financial effect over one fiscal year equalling or exceeding twenty-five percent (25%) of the Company's total assets as determined by the last audited balance sheet (simple majority of the votes present at the General Meeting, but at least 20% + 1 vote of all the voting shares);
- (o) decisions on the acquisition of other companies, their share capital, and/or the formation of any other company, if any such transaction has a financial effect over one fiscal year equalling or exceeding thirty percent (30%) of the Company's total assets as determined by the last audited balance sheet (simple majority of the votes present at the General Meeting, but at least 20% + 1 vote of all the voting shares);
- (p) decisions which may result, in one or more steps, in a fundamental reduction of the research and development or manufacturing activities of the Company in Hungary (90% majority of the votes present at the General Meeting, but at least 45% + 1 vote of all the voting shares);
- (q) decisions concerning the renaming, or any amendment to the registered and/or trading name, of the Company (90% majority of the votes present at the General Meeting, but at least 45% + 1 vote of all the voting shares). (Subsection 3:102 (2) of the Civil Code);
- (r) decisions concerning the changing of the registered seat of the Company (90% majority of the votes present at the General Meeting, but at least 45% + 1 vote of all the voting shares). (Subsection 3:102 (2) of the Civil Code);

- (s) decisions concerning the cancelling of the registration of the following classified activities within the Company's scope of activity: in accordance with the classification under the new TEAOR '08 (21.10) Manufacture of basic pharmaceutical products; (21.20) Manufacture of pharmaceutical preparations; (20.13) Manufacture of other inorganic basic chemicals (20.14) Manufacture of other organic basic chemicals, or the cessation of any of such activities (90% majority of the votes present at the General Meeting, but at least 45% + 1 vote of all the voting shares). (Subsection 3:102 (2) of the Civil Code)
  - (t) decision on all matters belonging to the exclusive competence of the General Meeting pursuant to the laws or these Statutes (simple majority of the votes present at the General Meeting, but at least 20% + 1 vote of all the voting shares, unless otherwise stipulated by the Statutes or by the laws);
  - (u) decision - unless otherwise stipulated in the Civil Code - on the increase of the registered capital of the Company (three quarter majority of the votes present at the General Meeting, but at least 20% + 1 vote of all the voting shares);
  - (v) decision - unless otherwise stipulated in the Civil Code - on the decrease of the registered capital of the Company (three quarter majority of the votes present at the General Meeting, but at least 35% + 1 vote of all the voting shares);
  - (w) decision on the exclusion of the exercise of preferential subscription rights (three quarter majority of the votes present at the General Meeting, but at least 20% + 1 vote of all the voting shares);
  - (x) (The section has been deleted by the AGM held on April 28, 2009.)
  - (y) if in any year four or more members of the Board of Directors or three or more members of the Supervisory Board are removed, the removal of the fourth and the subsequent member(s) of the Board of Directors or the third or subsequent member(s) of the Supervisory Board (i) a simple majority of those present in the case of the removal of a member of the Board of Directors, but at least 45%+1 vote of all the voting shares; (ii) 90% majority of the votes present at the General Meeting in the case of the removal of a member of the Supervisory Board, but at least 45% + 1 vote of all the voting shares).
- 12.2 Decisions on matters belonging to the exclusive competence of the General Meeting shall be decided by the majority of votes set forth in Section 12.1.
- 12.3 If the general meeting of the Company decides on the delisting of the shares listed on a regulated market, the shareholder whose shares are directly affected by the delisting - except if the shareholder contributed to the approval of the delisting by the general meeting - is entitled to demand within a period of 60 days from the publication of such decision (term of preclusion) that the Company buy its shares for the consideration set forth in Section 63/A of the Capital Markets Act. The offer for sale shall not be withdrawn. [Subsection 63(7) of the Capital Markets Act] The share transfer agreement between the Company and the shareholder making the offer for sale shall be deemed concluded on the last day of the period open for the exercise of the right to sell. [Section 63/A (6) of the Capital Markets Act]
- (13) Voting**
- A. General**
- 13.1 Certification of ownership is not required for the exercise of shareholders' rights; the entitlement is verified by way of the identification of ownership procedure. (Subsection 3:254 (6) of the Civil Code) Pursuant to the identification of ownership initiated by the Company, or in the case of a representative, on the basis of the power of attorney, the Board of Directors shall issue a voting card or another

certificate containing an entitlement to vote (the "voting card"). At the General Meeting, shareholder rights can be exercised via the voting card. The voting card shall contain the name of and the number of votes entitled to the shareholder or the shareholder's representative.

The Company shall only issue a voting card to a shareholder or shareholder's representative who is registered in the Share Register as the owner of the shares or as the shareholder's representative, or in case of jointly owned shares, as joint representative.

The name of a shareholder, or of a shareholder's representative, who wishes to participate in the General Meeting shall be recorded in the Share Register by the second working day preceding the commencement day of the General Meeting. [Subsection 3:273 (2) of the Civil Code]

In the case of identification of ownership initiated by the Company, if it is in connection with the closing of the Share Register, the keeper of the Share Register delete all the data in the Share Register at the time of identification of ownership and at the same time shall record in the Share Register the data resulting from the identification of ownership. (Section 3:248 of the Civil Code)

Shareholders' rights at the General Meeting may be exercised by the person who is the owner of the shares on the reference date for the identification of ownership and whose name is contained in the Share Register on the second business day before the first day of the General Meeting. (Subsection 3:273 (3) of the Civil Code). The keeper of the Share Register shall ensure the possibility of exercising of the right of registration until 6.00 PM (Budapest time) of the second business day before the first day of the General Meeting.

The closing of the Share Register shall not impede the transfer of shares following the closing of the Share Register by a person registered in the Share Register. The transfer of shares prior to the commencement day of the General Meeting does not exclude the right of a person registered in the Share Register to participate in the General Meeting and to exercise the rights to which he is entitled as a shareholder. [Subsection 3:273 (3) of the Civil Code]

- 13.2 Subject to the provisions of Section 13.8 hereafter, every share of nominal value HUF 100 entitles its holder to one vote.
- 13.3 A shareholder shall not be entitled to exercise voting rights prior to having effected full payment of its contribution in cash.
- 13.4 Shareholders may also exercise their rights at a General Meeting through an authorized representative. One representative may represent several shareholders; however, one shareholder may have only one representative. If the shareholder holds shares that are held on more than one securities account, it may authorize different representatives for each securities account. However, with respect to the shares held by the same shareholder, the votes cannot be different, otherwise all votes of that shareholder are invalid.

Representatives may obtain voting cards if they present authorization contained in an official deed or a private deed of full probative value to the Company at the time and place indicated in the announcement regarding the General Meeting.

In case of doubt, the power of attorney issued by a shareholder shall be valid for one General Meeting, and applies to any continuations of a suspended General Meeting and also any reconvened General Meetings postponed due to a lack of quorum. Members of the Board of Directors, of the Supervisory Board or the auditor shall not be authorized to represent a shareholder at a General Meeting.

The above provisions do not affect the regulations relating to the "shareholder's nominees".

- 13.5 If the voting is effected by using voting cards, the Board of Directors shall issue to the shareholders (or to the authorized representatives) entitled to vote such number of voting cards that is equal to the number of items on the agenda of the General Meeting, on which voting is required.

Voting cards shall bear:

- the name of the Company and the class of shares,
- the name of the shareholder,
- the time of the General Meeting,
- the number of votes, and
- clearly indicated spaces for the marking of "yes," "no," and "abstain."

For the calculation of the votes for the adoption of a valid resolution, only the voting cards that are submitted must be taken into account, and only where "yes," "no," and "abstain" (and only one of these) are clearly marked. A voting card marked as "abstain" shall be considered a valid, submitted vote. For the passing of a valid resolution, only voting cards marked "yes" shall be taken into account.

At the General Meeting, the voting shall be effected by handing over the voting cards to the vote counters.

The Board of Directors may decide to implement another method for the vote counting (i.e., using a computer to count votes). In such case, the proper recording of the above mentioned information shall have to be secured.

- 13.6 A three member commission shall be elected at the beginning of the General Meeting for the purpose of counting the votes. The Chairman of the General Meeting shall nominate members for election to the commission. The Chairman of the General Meeting may not be elected as a member of the commission.

- 13.7 The result of each vote shall be presented by the commission in a written report duly countersigned by the members of the commission.

#### **B. Limitation on Voting Rights**

- 13.8 At general meetings, a shareholder may not exercise voting rights, for its own account or as the representative of another shareholder, alone or in concert with affiliated persons, in excess of 25% (twenty five percent) of the voting rights attached to the shares held by shareholders present or represented at the general meeting.

#### **C.**

- 13.9 (Deleted on the basis of the resolution of the AGM of April 28, 2009.)

#### **(14) The Board of Directors**

- 14.1 The Board of Directors shall be the Company's managing body. It shall represent the Company with respect to third parties, in court and before other authorities. The Board of Directors shall develop and control the Company's operations and shall exercise employer's rights over the Chief Executive Officer. The Board of Directors shall be comprised of 3 (three) but no more than 12 (twelve) members. The General Meeting shall elect from time to time the members of the Board of Directors for a defined period of time that shall not exceed the term of 5 years.

The names and data of the members of the Board of Directors are contained within Annex (A) of these Statutes.

- 14.2 The Chairman and – if the members find it necessary – the Deputy Chairman of the Board of Directors shall be elected from among the members of the Board of Directors by the members of the Board of Directors. The first Chairman of the Board of Directors shall be appointed for a term equal to the term for which the first Board of Directors has been appointed. Subsequently, the Chairman of the Board of Directors shall be elected for a term, the duration of which shall be decided by the Board of Directors. The Board of Directors may withdraw the mandate of the Chairman at any time. If for any reason, the Chairman or the Deputy Chairman cease to be members of the Board of Directors, their mandate as Chairman or Deputy Chairman shall be terminated. The Board of Directors shall control the Company's business activities in compliance with the provisions of these Statutes, the resolutions of the General Meeting, and all applicable laws. The remuneration of the members of the Board of Directors shall be determined by the General Meeting.
- 14.3 The convocation and rules of procedure of the meeting of the Board of Directors:
- 14.3.1 The Board of Directors shall convene ordinary meetings at least four times a year. The venue, date, time and agenda of such meetings shall be determined by the Chairman of the Board of Directors at his discretion. Members of the Board of Directors shall be notified thereof not less than 8 days before the meeting. The invitation to the meeting of the Board of Directors shall be in writing.
- 14.3.2 The Chairman of the Board of Directors or, if absent, the Deputy Chairman shall convene the meeting of the Board of Directors if requested by the Chief Executive Officer or by any two members of the Board of Directors jointly. The meeting of the Board of Directors shall be chaired by the Chairman of the Board of Directors or, if prevented from attending, the Deputy Chairman.
- 14.3.3 If the Chairman and the Deputy Chairman of the Board of Directors are not present at the meeting of the Board of Directors, the members present shall elect a Chairman from among the members of the Board of Directors present.
- 14.3.4 Two-thirds of the total number of the members of the Board of Directors, but no less than three members, must be present at the meeting of the Board of Directors to constitute the quorum required to pass valid resolutions. The total number of the members of the Board of Directors shall mean the number of the members of the Board of Directors in office at such time.
- 14.3.5 In lack of a quorum at a Board of Directors' meeting, the Chairman shall convene another meeting to be held within three days from the date of the original meeting. At such second meeting a quorum exists if the majority of the directors in office, but at least three members, are present.
- 14.3.6 Should the number of the members of the Board of Directors fall below three, an extraordinary General Meeting shall be convened in order to elect new directors.
- 14.4 The Board of Directors shall have the competence:
- (a) to convene an ordinary and extraordinary General Meeting, except in cases defined by the Civil Code;
- (b) to prepare proposals relating to the matters specified in Section 12 of these Statutes, in case of a prior approval of the Supervisory Board, to approve such proposals and submit them to the General Meeting; in case of proposals not approved by the Supervisory Board in advance or proposals deviating from the one approved by the Supervisory Board, to send the proposal approved by the Board of Directors to the Supervisory Board again and submit it to the General Meeting;;

- (c) to prepare reports on the management, financial situation and business strategies of the Company, and to submit such reports to the General Meeting once a year, and to the Supervisory Board every three months;
- (d) to decide on the Company's annual and medium term business plans, to be carried out by the management of the Company;
- (e) (i) to decide on any financial matters (excluding commercial transactions), involving expenses, borrowing, the granting of guarantees, or the placing of a financial liability on the Company with a value in excess of two percent (2%) but less than fifteen per cent (15%) of the value of the Company's total assets as determined in the Company's last audited balance sheet;  
  
(ii) to decide on investments and lease-purchases not provided for in the Company's annual business plan, the financial effect of which over one year is in excess of two percent (2%) but less than twenty-five percent (25%) of the value of the Company's total assets, as determined by the Company's last audited balance sheet;
- (f) to decide on the acquisition of other companies or a part of their registered/share capital, and/or the foundation of new companies not provided for in the Company's annual business plan, where such transactions have a financial effect over one year in excess of two percent (2%) but less than thirty (30%) of the Company's total assets as determined in the Company's last audited balance sheet, and to make decisions regarding the acquisition of a share interest in another company exceeding 25%;
- (g) to determine the scope of authority of the Chief Executive Officer entrusted with the management of the Company;
- (h) to approve the Company's internal Organizational and Operational Rules and Regulations and to authorize the Chief Executive Officer to amend parts of the Organizational and Operational Rules and Regulations identified in the resolution of the Board of Directors;
- (i) to determine the employees' right to sign on behalf of the Company;
- (j) to decide on acquisition of the Company's own shares (i) if the Company acquires the shares in a court proceeding aimed at the settlement of a claim to which the Company is entitled, or in a restructuring; (ii) if the shares are acquired in order to avoid an imminently threatening serious damage to the Company, except for the case of a public takeover offer aimed at the acquisition of the shares; or (iii) if approved by the General Meeting; to decide on the sale of treasury shares owned by the Company;
- (k) to ensure that the books of the company are kept according to the rules;
- (l) in the cases set forth in the Civil Code or in the Statutes, to accept an interim balance sheet with the prior approval of the Supervisory Board, furthermore to decide on the issuance of bonds, on the increase of the registered capital and on the payment of interim dividends;
- (m) to decide on changing the business sites and branch offices of the Company and (with the exception of the main activity and the activities listed in Section 12.1 (s) hereof) the scope of the Company's activities, and on the related amendment of the Statutes.

The limitations in the value of the transactions as set forth in 14.4 (e) and (f) hereof shall apply to the aggregate value of transactions of the same type carried out within one year.

- 14.5 Any limitation of the right of representation of the Board of Directors according to the above shall be null and void with respect to third persons.
- 14.6 The Board of Directors shall pass its resolutions by a simple majority voice vote. In case of an equality of votes for and against, the Chairman shall have a decisive vote if the Chairman of the Board of Directors is present. If the Chairman is absent and there is an equality of votes, the proposed resolution shall be considered rejected. At the request of any member of the Board of Directors, the Chairman shall order a secret vote.
- 14.7 Members of the Board of Directors shall be liable for any damages caused to the Company by any breach of their obligations in accordance with the provisions of the Civil Code on liability for damages caused by the breach of a contract.
- 14.8 A conflict of interest against a member of the Board of Directors shall mean any reason, fact or circumstance due to which the personal interest or business interest of the respective member of the Board of Directors - by common sense - significantly or durably is contrary or could be contrary to the Company's interest.

The business interest of a member of the Board of Directors is contrary to the interests of the Company, if the Company's interest is contrary to the interest of the employer of the respective member of the Board of Director or the interest of a legal person with the participation of or under control by the respective member of the Board of Directors.

A legal person with the participation of or under control by the member of the Board of Directors shall include a legal person in which the respective member of the Board of Directors (i) is an executive officer or (ii) directly or indirectly has voting rights or share of at least 25 per cent, or (iii) otherwise has decisive influence over the operation of the legal person (Section 8:2 of the Civil Code).

A conflict of interest arises especially if:

- the Company or any legal person within the Richter Group initiates a lawsuit against the member of the Board of Directors;
- the member of the Board of Directors initiates a lawsuit against the Company or any legal person within the Richter Group;
- a criminal procedure is initiated against the member of the Board of Directors or against a legal person with the participation of or under control by the member of the Board of Directors (because the personal and/or business integrity of the member by such action, which may affect the reputation of the Company).

If the Board of Directors establishes that a conflict of interest exists in respect of a member of the Board of Directors, the exercise of the rights of the member affected by the conflict of interest will be suspended until the General Meeting adopts a resolution regarding the removal the affected member (in accordance with Section 12.1 (d)). During the suspension, the respective member of the Board of Directors cannot exercise its rights under such mandate (especially, the member cannot receive information related to the operation of the Company, cannot participate and vote at the meetings of the Board of Directors). The suspension shall lapse if the first General Meeting following the establishment of conflict of interest rejects (does not approve) the proposal for resolution on the removal of the member of the Board of Directors affected by the conflict of interest. The affected member shall be entitled to posteriorly receive the remuneration due for the period of suspension if the General Meeting rejected the resolution on the removal of such member.

## **(15) The Chief Executive Officer**

- 15.1. The Board of Directors shall authorize one of its members to control the day-to-day operations of the Company , in any case, for a term of office to be decided by the Board of Directors.

- 15.2 The Chief Executive Officer shall be personally liable for managing the Company's affairs in accordance with applicable laws and regulations, these Statutes, and the resolutions of the General Meeting and Board of Directors.
- 15.3 The Chief Executive Officer may, according to the Company's internal Organizational and Operational Rules and Regulations and within the sphere of the internal administration of the Company, delegate his duties and powers to managers and employees of the Company. Such delegation shall be executed by a formal, written instrument specifying the duties and powers delegated. The Chief Executive Officer's delegation of duties and powers may be general or made on a case-by-case basis. However, any limitation of the Chief Executive Officer's sphere of authority arising out of his membership on the Board of Directors shall be null and void with respect to third persons.
- 15.4 The Chief Executive Officer shall be entitled to decide on any matters that do not belong to the competence of the General Meeting or the Board of Directors.
- 15.5 The employer's rights over the employees of the Company can be exercised by employees of the Company and persons having an other kind of legal relation with the Company in accordance with the rules set forth in the Organizational and Operational Rules and Regulations.
- 15.6 The Chief Executive Officer, acting in the interests of the Company, shall enter into agreements, represent the Company with respect to third persons, before courts and other authorities.
- 15.7 The Chief Executive Officer shall:
- prepare the agenda of the General Meeting and the meeting of the Board of Directors, and shall present proposals and motions for decisions at such meetings,
  - implement the resolutions and decisions passed at the General Meeting and control the performance of the undertakings falling within the Company's scope of activities.
- 15.8 Except for the rights assigned to the General Meeting, the employer's rights over the Chief Executive Officer shall be exercised by the Board of Directors. The Chief Executive Officer may not vote on decisions regarding these matters and on resolutions affecting his person as a member of the Board of Directors.
- 15.9 The Board of Directors may delegate any of its powers related to the day-to-day management of the Company to the Chief Executive Officer under the terms and conditions set forth at the Board of Directors' discretion. The Board of Directors may withdraw or alter any or all of these powers from time to time. Such delegation shall not affect the responsibility of the Board of Directors.

**(16) The Supervisory Board and the Audit Board**

- 16.1 The Supervisory Board shall be comprised of at least ~~five 5 members~~ and ~~shall not exceed not more than~~ nine natural person members. The rules of conflict of interest in respect of the members of the Board of Directors shall be appropriately applicable to the members of the Supervisory Board (Section 14.8 of these Statutes) with the deviation that the existence of the conflict of interest affecting the member of the Supervisor Board shall be established by the Supervisory Board.
- 16.2 The members of the first Supervisory Board shall be appointed by the Founders in the Deed of Foundation for a term of 1 (one) year starting from the date of appointment. Subsequently, the General Meeting shall from time to time appoint the members of the Supervisory Board for a defined period of time that shall not exceed the term of three years. The General Meeting shall not appoint employees of the Company to the Supervisory Board except for the employees' representatives appointed in accordance with Subsection 3:124 (1) of the Civil Code . The members of the Supervisory Board shall elect a chairman from among themselves.



The majority of the members of the Supervisory Board must be independent. A member of the Supervisory Board shall be independent if the member has no other legal relationship with the Company than the membership of the Supervisory Board, or legal relationships which are part of the Company's ordinary activities and aims to fulfill the personal needs of the Board member.

A Member of the Supervisory Board is not independent, if he/she:

- a) is an employee or previous employee of the Company for five years following the termination of such legal relationship;
- b) carries out activities as an expert or in another mandate legal relationship for the Company or its executive officers and their benefit for consideration;
- c) is a shareholder in the Company who directly or indirectly possesses at least thirty percent of the votes or is a close relative [Subsection 8:1 (1) 1. of the Civil Code] or common law spouse of such a person;
- d) is a close relative or common-law spouse of one of the Company's – not independent – executive officers or executive employees;
- e) is entitled to financial benefits as a member of the Supervisory Board upon the successful operation of the Company, or if he is remunerated by the Company, or by a business affiliated with the Company, in addition to the fee received as a member of the Supervisory Committee;
- f) is in a legal relationship in a company with a non-independent member of the Board of Directors or the Supervisory Board, based on which the non-independent party has a controlling right;
- g) is the Company's auditor, or is the auditor company's employee or member, for three years following the termination of such legal relationship;
- h) is an executive officer or executive employee in a company, in which the independent members of board of directors or supervisory board are executive officers in the Company at the same time.

The names and data of the Supervisory Board members are contained in Annex (A) to these Statutes.

16.3 The duties of the Supervisory Board shall be:

- (a) to control the management of the Company;
- (b) to examine all substantial business strategy reports on the agenda of the General Meeting, as well as any proposals relating to issues falling within the exclusive competence of the General Meeting. If the Supervisory Board examined the General Meeting proposal submitted to the Board of Directors in advance, and the Board of Directors approved that with unchanged content, another examination by the Supervisory Board is not necessary. The General Meeting may pass resolutions on the consolidated annual report for the previous business year pursuant to the IFRS and the individual annual report for the previous business year, including also the appropriation of the after-tax profits, only if in possession of the written report of the Supervisory Board;
- (c) any other duties prescribed by the Civil Code.

16.4 If, in the course of carrying out its duties, the Supervisory Board becomes aware of any measures in contradiction with the laws or these Statutes or the resolutions of the General Meeting, or if in its opinion the business activities of the Company are contradictory to the interests of the Company or its shareholders, the Supervisory Board shall convene a General Meeting without delay and propose its agenda.

16.5 On the Supervisory Board, employees' representatives shall have the same rights and same obligations as all other members. If the unified opinion of the employees' representatives differs from the majority standpoint of the Supervisory Board, the minority standpoint of the employees shall be stated at the General Meeting.

16.6 The procedural rules (standing orders) governing the Supervisory Board shall be established by the Supervisory Board and approved by the General Meeting.

- 16.7 The Supervisory Board shall have a quorum if each of its members has been duly invited thereto and at least two-thirds, but at least four of the members are present. If there is a lack of quorum, the meeting shall be postponed. The reconvened meeting shall have a quorum if at least three members of the Supervisory Board - in the ratio defined in section 16.8 hereafter - are present. The Supervisory Board shall pass resolutions by simple majority of those present. In case of an equality of votes for and against, the Chairman shall have a decisive vote if the Chairman of the Supervisory Board is present. If the Chairman is absent and there is an equality of votes, the proposed resolution shall be considered rejected.
- 16.8 As long as the number of the Company's full time employees exceeds a yearly average of two-hundred, the employees shall participate in the control of the Company's activities through the Supervisory Board. In such case, one-third of the members of the Supervisory Board shall be comprised of employees' representatives. In the event of an uneven number, such one-third shall be calculated in such a manner which is more favorable to the employees.
- 16.9 If at the time of adopting the Company's annual report it is determined at the Annual General Meeting that the number of employees dropped below two hundred during the previous financial year, the right of employee representatives to participate in the Supervisory Board shall cease. (Subsection 3:125 (4) of the Civil Code)
- 16.10 Following a statement of opinion from the trade unions represented at the Company, the employees' delegates on the Supervisory Board shall be nominated by the works council from among the employees. Persons nominated by the works council shall be elected as members of the Supervisory Board by the General Meeting at its first meeting following such nomination, unless statutory grounds for disqualification exist in respect of the nominees. In this case, a new nomination shall be requested. Failure to delegate such person shall have no effect on the Supervisory Board's operation, provided that all other statutory requirements are satisfied. In that case the seats of employee representatives may not be occupied, however, the supreme body is to elect at least three members for the supervisory board nonetheless. (Subsection 3:125 (2) of the Civil Code).
- 16.11 The employees' representative who is a member of the Supervisory Board shall inform the employees of the Company through the works council, of the Supervisory Board's activities, - but shall keep the business secrets of the Company.
- 16.12 Membership of an employees' representative on the Supervisory Board shall also terminate if his labor relationship is terminated. Employees' representatives may only be dismissed by the General Meeting upon the proposal of the works council.16.13.
- 16.13 A three-member Audit Board operates at the Company, the members of which are chosen from among the independent members of the Supervisory Board by the General Meeting. The Chairman of the Audit Board is appointed by the Supervisory Board. The audit board members as a whole shall have competence relevant to the sector in which the Company is operating. At least one member of the Audit Board shall have a professional certificate in accounting or auditing. Annex (A) of the present Statutes contains the names and data of the members of the Audit Board.
- 16.14 The following matters belong in the scope of competences and tasks of the Audit Board:
- a) opinion on the consolidated annual report for the previous year pursuant to the IFRS;
  - b) opinion on the individual annual report for the previous business year;
  - c) monitoring the statutory audit of the consolidated and the individual annual report; taking into account any findings and conclusions by the authority in charge of the public oversight of auditors as provided for in Act LXXV of 2007 on the Chamber of Hungarian Auditors, the Activities of Auditors, and on the Public Oversight of Auditors (hereinafter referred to as "Auditors Act") made during the quality assurance review provided for in the Auditors Act;
  - d) recommendation regarding the person and remuneration of the auditor;

- e) preparation of the agreement to be concluded with the auditor,
- f) observing the enforcement of the professional, conflict of interest and independency requirements applicable to auditors – with special regard to compliance with the requirements in Article 5 of Regulation (EU) No. 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities and repealing Commission Decision 2005/909/EC, undertaking the duties in connection with the co-operation with the auditor, monitoring other services provided by the auditor – or if the auditor belongs to a network, members of such network - to the Company or the companies controlled by the Company besides the auditing of the consolidated and individual annual reports, and in case of need, recommendations to the Supervisory Board regarding the arrangements to be carried out;
- g) monitoring of the operation of the financial accounting system and submitting recommendations regarding the necessary arrangements where deemed necessary;
- h) assistance with the work of the Supervisory Board in the interest of the appropriate supervision of the financial accounting system as well as
- i) monitoring the effectiveness of the company's internal control and risk management systems and submitting recommendations where deemed necessary.

#### **(17) The Statutory Auditor**

- 17.1 The Founders shall appoint an Auditor in the Deed of Foundation for a period of 1 (one) year. Subsequently, the General Meeting shall appoint the Auditor from time to time for a defined period of time that shall not exceed the term of five years to the effect that the term of the mandate shall be no less than the time period between the General Meeting that has elected the Auditor and the General Meeting approving the next annual report. If the Auditor is a legal person, the legal person must designate its member, executive officer or employee who shall be personally responsible for the completion of the audit. In the event of such person's prolonged absence, the assistant auditor may be designated to substitute the Auditor who is personally responsible. The name and data of the Auditor is contained in Annex (A) to these Statutes.
- 17.2 A person who is registered in the public registry of auditors pursuant to the applicable legislation may be elected as the Company's Auditor. The Auditor shall not be a shareholder or founder of the Company, nor member of the Board of Directors or Supervisory Board, nor a relative of any such member. An employee of the Company shall not be Statutory Auditor during his mandate or for three years following the termination of his mandate as Auditor.
- 17.3 It is the duty of the Auditor to complete the audit as set forth in the Accounting Act, and primarily to determine, whether the consolidated annual report of the company complies with the International Financial Reporting Standards, whether the individual annual report of the Company complies with the Accounting Act and whether they present a reliable and realistic picture of the Company's financial situation, assets and the results of its operation. The Auditor may not provide services to the Company that could jeopardize the objective and independent completion of above-mentioned public interest tasks. Separate legislation defines the scope of activities that may be pursued by the Company's Auditor, as well as the conditions and limits of services provided. The Auditor may examine the Company's books, documents and accounting records to ensure the completion of the Auditor's tasks, and it may also request information from executive officers, members of the Supervisory Board and the Company's employees. The Auditor may examine the Company's bank accounts, customer accounts, treasury, security and goods inventory, accounting books and agreements.
- 17.4 The Supervisory Board may initiate the Auditor's hearing at a meeting of the Supervisory Board, and at the request of the Supervisory Board, the Auditor is obliged to participate at the meeting of the Supervisory Board. The Supervisory Board shall include an issue on its agenda if that has been recommended by the Auditor. The Auditor may participate with a right of consultation at the meeting of the Supervisory Board. The Auditor may not establish a professional relationship with the management of the Company that may jeopardize the independent and objective completion of the Auditor's tasks. The Auditor shall be invited to the meeting of the Company's highest decision-making

body where the annual reports of the Company is discussed. The Auditor shall participate in the meeting, however if the Auditor is absent, the meeting may be held nonetheless. (Section 3:131 of the Civil Code)

**(18) Business Year**

18.1 The business year shall be the calendar year. The first business year shall commence on the date of the foundation of the Company and shall end on 31 December of the same year.

18.2 Subsequent to the closing of the business year, a consolidated and an individual report shall be prepared with regard to the previous business year.

**(19) The Books of the Company and Financial Statements**

19.1 The Company shall keep its books in the Hungarian language. The books and other records of the Company shall be kept at the seat of the Company, and shall be available at any time for inspection for the members of the Board of Directors, the Supervisory Board, and the Auditor.

19.2 The members of the Board of Directors shall bear joint and several liability for the preparation of the consolidated and the individual annual report submitted to the General Meeting in accordance with all applicable laws.

19.3 The Company's after-tax profit shall be allocated according to the following principles:

- the General Meeting shall determine the proportion of the Company's after-tax profit to be allocated for profit reserves and for dividend distribution. The General Meeting shall also determine the amount to be withdrawn from the profit reserves for the purpose of dividend distribution, and the actual amount to be distributed as dividends;
- a shareholder shall be entitled to that part of the Company's after-tax profit determined by the General Meeting as a dividend in proportion to his shareholding in the Company. Any dividend that is payable on the company's own shares shall be divided to shareholders entitled to dividends, payable in proportion of the nominal value of their shares;
- the payment of dividends shall commence at least ten (10) business days after the date of the first publication of the announcement containing also the amount of the dividends and based on the resolutions passed by the General Meeting or the Board of Directors on the amount of the dividends and the commencement date of the payment of dividends.

19.4 At the end of each financial year, a consolidated and an individual annual report shall be prepared regarding the Company's assets. The approval of such report shall fall within the exclusive competence of the General Meeting of the Company. The Company's individual interim balance sheet relating to the acquisition of the Company's shares by the Company, the payment of interim dividends and the increase of the registered capital from the Company's assets in excess of its registered capital, may also be approved by the Board of Directors with the prior consent of the Supervisory Board.

19.5 During the period between the approval of two consecutive individual financial reports, the General Meeting of the Company may resolve to pay interim dividends, if according to the Company's individual interim balance sheet according to the Accounting Act, the company has funds sufficient to cover such interim dividends; the amount distributed does not exceed the amount of available profit reserves shown in the interim balance sheet supplemented with the after tax profits; and the payment of such interim dividends does not result in the Company's adjusted equity capital to drop below its share capital (Section 3:263 of the Civil Code). Upon the payment of an interim dividend, the content of the interim balance sheet can be taken into consideration within six months after the balance sheet date of the interim balance sheet. Within six months after the balance sheet date of the Company's individual annual report, interim dividend may be distributed based on the annual report. Instead of the General

Meeting, the Board of Directors shall also be entitled to approve the payment of interim dividends with the prior approval of the Supervisory Board. The rules relating to the payment of dividends shall appropriately apply - with the differences set forth in the Civil Code and in the Statutes - for the payment of interim dividends.

**(20) Increase in the Registered Capital of the Company, issuing bonds**

20.1 Registered capital may be increased:

- a) by the issuance of new shares,
- b) to the debit of assets in excess of share capital,
- c) by the issuance of employees' shares,
- d) by the issuance of convertible bonds, as conditional increase of the share capital.

The Company may increase its registered capital by issuing new shares if the nominal or issue value of all shares issued have been paid and any in-kind contributions have been rendered at the disposal of the Company.

If the Company has issued shares belonging to different types or classes, the General Meeting's resolution on the increase of registered capital shall only be valid if the directly affected shareholders of the differing types and classes of shares have also granted their consent for the increase of the registered capital separately for each series, prior to or simultaneously with the resolution on the increase of the registered capital, with a simple majority of the votes present at the General Meeting. In the course thereof, the provisions on any restriction or exclusion of voting rights attached to such shares may not be applied, save where voting rights relating to shares held by the Company are excluded.

20.2 If the registered capital is increased by contributions in cash, the shareholders of the Company, and within this category primarily those shareholders who own shares belonging in the same series of shares as the shares issued, then the owners of convertible bonds and in the same line the owners of bonds with subscription rights - in this order - shall be entitled to a preferential subscription. If the registered capital is increased through a private issuance, the subscription preference right shall be deemed to be a preferential right to receive the shares.

Within 2 (two) days following a resolution on the increase of registered capital by contribution in cash, the Company's Board of Directors shall initiate the publication of an announcement on the Company's homepage to notify the shareholders regarding the possibility to exercise the preferential subscription rights in connection with the registration/receipt of shares, the nominal value and the issue value of the shares to be subscribed, and the starting and closing day of the period of the exercise of such rights, and the way of exercising such preferential rights. The starting date may not be earlier than the day following the publication of such announcement. The Company, in case of a request of a shareholder communicated via e-mail, shall also provide information relating to the conditions of the exercise of the preferential subscription rights via e-mail. In case certain shareholders intend to subscribe for more shares than the number of shares they could actually subscribe for pursuant to their preferential subscription rights, they shall be entitled to subscribe for such further shares in the proportion of the nominal value of their previously owned shares, provided that in case of a fraction - independently of the value of such fraction - the number of the shares any given shareholder may subscribe for, shall be rounded down.

The General Meeting - on the basis of the Board of Directors' written proposal - may exclude the exercise of the preferential subscription rights. In such a case, the Board of Directors shall present, in this proposition, the reasons for the exclusion of the exercise of the preferential subscription rights and the planned issue value of the shares. In its reasoning, the Board of Directors shall present the advantages to the Company arising from the exclusion of the exercise of the preferential subscription rights. The rules relating to the consideration of the proposal are the same as the general rules relating

to the consideration of proposals presented to the General Meeting. The General Meeting shall vote regarding the exclusion proposal simultaneously with the vote regarding the proposal relating to the increase of the registered capital. The Board of Directors shall submit to the Court of Registration the resolution of the General Meeting, and shall simultaneously arrange for the publication of an announcement regarding the contents of the resolution in the Company Gazette.

If the increase of the registered capital is carried out through a private issuance of new shares for in-kind contribution, the persons entitled to receive such shares shall be indicated in the resolution deciding on the increase of the registered capital. The category and the class, the number, the series, the nominal and issue value of the shares to be received by such persons shall also be indicated in such resolution.

If the increase of the share capital is carried out through a private issuance of new shares for cash contribution, the persons entitled - to the extent the persons entitled to exercise preferential rights to receive shares have not exercised such rights, or the General Meeting has excluded the exercise of such rights - to receive such shares shall be indicated in the resolution. The category and the class, the number, the series, the nominal and issue value of the shares to be received by such persons shall also be indicated in such resolution. (On the basis of Subsection 3:296 (2) of the Civil Code) Upon the public issuance of shares, the resolution of the General Meeting regarding the increase in registered capital shall not specify the group and person of future shareholders taking part in the increase in registered capital. Persons wishing to acquire the new shares shall undertake to pay the consideration due for the shares and become entitled to receive the shares pursuant to the registration proceedings as set forth in the legislation applicable to securities.

The Company may increase its registered capital by its assets in excess of registered capital, or a part thereof, if, according to the balance sheet of the individual annual report prepared for the previous financial year or to the interim balance sheet of the year, the Company has sufficient funds in excess of the share capital, which can be used for increasing the share capital, and if the Company's resulting registered capital does not exceed its ~~adjusted~~-equity capital shown in the Company's individual balance sheet ~~minus the tied-up reserve and the revaluation reserve. The annual report or the interim balance sheet may be taken into consideration for determining the size of funds in excess of the share capital within the six-month period following the balance sheet date.~~ (Section 3:300 —of the Civil Code).

- 20.3 The Board of Directors is, for a period of five (5) years from April 28, 2010 entitled to increase the Company's registered capital by a maximum of twenty-five percent (25%) per year. The largest amount by which the Board of Directors may increase the Company's registered capital within five years shall be HUF 38,239,604,000 that is, thirty-eight billion two hundred and thirty-nine million and six hundred and four thousand Hungarian Forints, thus the amount of the approved registered capital shall be HUF 56,877,090,000 that is, fifty-six billion eight hundred and seventy-seven million and ninety thousand Hungarian Forints.

If the Company has issued shares belonging to different types or classes, the General Meeting's resolution on the temporary transfer of the competence relating to the increase of the registered capital shall be valid only if the shareholders of the differing types and classes directly affected by the increase in the registered capital have also granted their consent for the temporary transfer of such competence separately, prior to or simultaneously with the resolution on the increase of the registered capital, with a simple majority of the votes present at the General Meeting. In the course thereof, the provisions on any restriction or exclusion of voting rights attached to such shares may not be applied, save where voting rights relating to shares held by the Company are excluded.

If an increase of the Company's registered capital is declared and successfully implemented by the Board of Directors, the Board of Directors shall be obliged to amend these Statutes.

## (21) Foundation Expenses

The Founders agree that any costs and stamp duties in connection with the foundation of the Company shall be borne by the Company.

## **(22) Termination of the Company**

22.1 The Company shall be terminated if:

- (a) the General Meeting resolves its termination without legal successor;
- (b) the General Meeting resolves its termination with legal succession (transformation, merger, demerger);
- (c) the court of registration terminates it based on the causes set forth in the Act on Company Registration and Winding-up Proceedings);
- (d) the legislation so provides;

22.2 If the Company is terminated without legal successor, the assets of the Company remaining after the claims against the Company have been satisfied, shall be distributed among the shareholders on the basis of their payments and contributions in kind actually provided, in proportion to the face value of their shares.

## **(23) Applicable Law, and the Procedure for Settling Legal Disputes**

23.1 Matters not provided in these Statutes are governed by the provisions of the Civil Code, the Capital Market Act and Act XXIV of 1988 on Foreign Investments in Hungary (as amended).

23.2 The Permanent Court of Arbitration attached to the Hungarian Chamber of Commerce and Industry shall have exclusive jurisdiction and competence to decide any a) all legal disputes based on a company law relationship between the Company and its shareholders, including excluded shareholders or shareholders who have otherwise parted ways with the Company; b) legal disputes in connection with the Statutes or the operation of the Company between shareholders in their legal relationships; c) any dispute between the Company and its executive officers or Supervisory Board members, arising out of their office or membership in the Supervisory Board, and d) the review of resolutions adopted by the General Meeting. The Court of Arbitration shall apply its rules of procedure and appoint a panel comprised of three arbitrators. The members of the panel or its chairman may be foreign individuals. (Subsections 3:92 (1) and (2) of the Civil Code)

23.3 The venue of the Court of Arbitration shall be Budapest.

23.4 The language of the proceedings of the Court of Arbitration shall be Hungarian.

23.5 Throughout the proceedings before the Court of Arbitration, the parties are mutually obliged, at the request of any one of the adverse parties to give the Court of Arbitration and the adverse party copies of the legal documents in both English and Hungarian.

23.6 In case of legal dispute, applicable law shall be Hungarian law.

## **(24) Announcements, Advertisements**

24.1 Announcements and advertisements of the Company shall be published on its homepage. Furthermore, if required by law, announcements shall be published in the Cégközlöny (the official gazette of the Hungarian Courts of Registration). In addition thereto, as long as the shares of the Company are traded on the Budapest Stock Exchange (BSE), those announcements required by the BSE shall be published in a manner as set forth by the BSE.

## **(25) Miscellaneous**

- 25.1 Addresses and notice: The address for receiving notice for every shareholder or shareholder's representative shall be the address listed in the Share Register. The Company bears no responsibility if a shareholder or a shareholder's representative does not communicate a change of address to the Company in a timely manner. In the context of these Statutes, any announcements or notices shall be made in writing and in Hungarian, and in English for those foreign shareholders or shareholder's representatives listed in the Share Register. In the absence of differing provisions in the present Statutes, notice shall be conclusively presumed by the parties to have been made if such notice is delivered personally, sent by courier, registered mail, facsimile, or telegram, and simultaneously, a notice is sent via registered mail with a copy of the registration receipt enclosed. In every case, the sender shall bear the cost of delivery. Where a legal statement made in writing has been sent by way of post, it shall be considered received - if sent to a resident recipient - at the point in time indicated on the notice of receipt, and in the case of registered mail on the fifth working day following dispatch, in the absence of proof to the contrary.
- 25.2 Headings: The headings contained in this Statute are solely for the purpose of convenience. They are not to be considered as part of these Statutes, and do not control, expand, nor limit the scope or meaning of any term contained in these Statutes.
- 25.3 In cases where these Statutes mention a certain ratio (percentage) of shareholders, the portion of the shares represented by the shareholder(s) shall be understood.

Date: Budapest, April 15~~2~~, 202~~2~~~~1~~.

*I hereby countersign on the basis of Section 51(3) of Act V of 2006 on Public Company Information, Company Registration and Winding-up Proceedings the Statutes of Chemical Works of Gedeon Richter Plc. which were prepared by me and are consolidated with the amendments of Sections ~~14.17~~, 11.4, 11.5.2, 11.6, 12.1 (h), 14.6, 16.1, 16.7 and 20.2 as well as Annex (A); and the insertion of Section 14.8 provided for by resolutions no. 9[...]~~12-23~~ passed by the ~~Board of Directors~~ General Meeting on April 15~~2~~, 202~~2~~~~1~~ ~~acting in the competence of the Annual General Meeting (based on Subsection (1) of Section 5 and Section 9 of the decree no. 502/2020 (XI.16.) of the Government of Hungary on the re-introduction of the deviating regulations related to the operation of partnerships and capital concentrating organisations during the state of emergency).~~*

Countersigned on ~~[...]~~~~12~~ May 202~~2~~~~1~~ in Budapest

dr. Szecskay András, ~~lawyer~~ attorney-at-law  
KASZ number: 36069294



## **14.**

Report of the Board of Directors on the treasury shares acquired by the Company based upon the authorization in resolution of the Board of Directors acting in the competence of the General Meeting No.11/2021.04.15.

**Report of the Board of Directors on the treasury shares purchased on the basis of the authorization granted by Resolution No. 11/2021.04.15. of the Board of Directors acting within the competence of the AGM**

On 15 April 2021 the Board of Directors acting within the competence of the AGM authorized the Company to purchase its own common shares (treasury shares) with an aggregated nominal value not exceeding 10% of the registered capital.

Furthermore, the Board of Directors acting within the competence of the AGM authorized the use of the purchased treasury shares for the following purpose:

- Facilitation of the realization of Richter's strategic objectives, in particular the use of its own shares as means of payment in acquisition transactions,
- Assurance of shares required for Richter's share-based employee and executive incentive systems.

Based on the authorization, in order to satisfy such needs the Company purchased 101,235 treasury shares on the stock exchange and 274,775 outside the stock exchange in the course of the year.

It has been and is the Company's intention to allocate treasury shares to its executives and employees in the context of its incentive policy.

The Company has been operating two share incentive programmes in 2021 described in detail below. Besides these programmes, further 6,980 shares were transferred during the year to employees showing outstanding performance in promoting the Company's successful operation.

Employee Participation Program (EPP)

The aim of the establishment of the Richter EPP in 2018 is to strengthen the performance and loyalty of officers and key employees of the Company through sharing the success of the Company. In 2021, the Company transferred 11,869 treasury shares to the EPP Organisation under the EPP Organisation's Remuneration Policy III (expansion), followed by 215,252 treasury shares under Remuneration Policy IV.

Programme Related to Employee Share Bonuses

In accordance with its employee share scheme regulated by Section 77/C of the Act on Personal Income Tax, in 2021 the Company allocated 212,693 treasury shares to 4,783 employees. The shares will be deposited until 1 January 2024 in the employees' securities accounts kept with UniCredit Bank Hungary Ltd.

Budapest, 9 March 2022



Gábor Orbán  
Chief Executive Officer

## **15.**

Authorization to the Board of Directors for the purchase  
of own shares of the Company

**Proposal to Item No.:15**  
**on the Agenda of the AGM**

**Resolution of the Board of Directors No.: 39/2022**

The Board of Directors proposes to the AGM to make a resolution regarding the Company purchase its own common shares (i.e. shares issued by Gedeon Richter Plc.) having the face value of HUF 100, by the date of the year 2023 AGM, either in circulation on or outside the stock exchange, the aggregated nominal value of which shall not exceed 10% of the then prevailing registered capital of the Company (that is maximum 18,637,486 registered common shares) and at a purchase price which shall deviate from the trading price at the stock exchange at maximum by +10% upwards and at maximum by –10% downwards.

The purchase of its own shares shall serve the following purposes:

- the facilitation of the realization of Richter's strategic objectives, thus particularly the use of its own shares as means of payment in acquisition transactions,
- the assurance of shares required for Richter's share-based incentive systems for employees and executive employees.

The Board of Directors has approved the resolution unanimously, without a vote against and abstention.

## **16.**

Election of members of the Board of Directors

**Proposal to Item No.:16**  
**on the Agenda of the AGM**

**Resolution of the Board of Directors No.: 41/2022**

The Board of Directors proposes to the AGM to approve the **re-election** of **Mr. Lajos Csaba Lantos** as Member of the Board of Directors for a period of 3 (three) years expiring on the AGM in 2025.

The Board of Directors has approved the resolution with the majority of the votes.

**Resolution of the Board of Directors No.: 42/2022**

The Board of Directors proposes to the AGM to approve the **election** of **Ms. Iona Dávid** as Member of the Board of Directors for a period of 3 (three) years expiring on the AGM in 2025.

The Board of Directors has approved the resolution with the majority of the votes.

**Resolution of the Board of Directors No.: 43/2022**

The Board of Directors proposes to the AGM to approve the **election** of **Mr. István Hamecz** as Member of the Board of Directors for a period of 3 (three) years expiring on the AGM in 2025.

The Board of Directors has approved the resolution unanimously, without a vote against and abstention.

# CSABA LANTOS

In 1986 he gained a degree in economics and sociology at the Budapest University of Economics.

## **1987-1989 Budapest Bank**

He started his career as a bond trader at Budapest Bank.

## **1989-2000 CA-IB**

Between 1989 and 2000 he worked at Creditanstalt Group (Creditanstalt Bankverein) in different leading positions: first as the leader of the Investment Fund, and later as the CEO of the Hungarian investment banking arm (CA-IB).

## **2000-2007 OTP Bank Plc.**

From 2000 until 2007 he was Member of the Board and Deputy CEO of the OTP Bank Plc., he led the Retail Division of the Bank.

## **From 2007 Lantos Vagyonkezelő Ltd.**

From 2007 he manages his own investments focusing on the life sciences sector.

## **His current positions**

- Member of the Board of Directors of **Richter Gedeon Plc.**
- Chairman of the Board of Directors of **MET Holding AG**
- Member of the Supervisory Board of the **Gutmann Magyarország Ltd.**
- Chairman of the Board of Directors of “**Dunamenti**“ **Power Plant (DERT) Ltd.**

## **His previous positions**

- 1993-2015 **KELER** (Central Securities Depository of Hungary) - Chairman of the Board
- 1990-2002 Member of the Council of the **Budapest Stock Exchange**
- 2005-2011 **Budapest Stock Exchange** - Chairman of the Supervisory Board
- 2007-2013 **Investor Protection Fund** - Member of the Board of Directors

## **Additional information**

He is one of the founders of the **János Bolyai Award**, set up in 1997 as the most prestigious Hungarian scientific awards.

He is the chairman of the **Széll Kálmán Foundation**, a non-public discussion club which was established in 2003 with the aim of providing its members with an invitation-only intellectual

platform where they can share information on social, economic, or even philosophical issues on a regular basis.

Member of the Strategic Advisory Committee of the **Hungarian Academy of Sciences**.

Chairman of the Consistory of the **University of Szeged**.

2015 – The first awarded of the André Kostolany Medal founded by the Hungarian Stock Exchange.

2017 – Wahrmann Mór prizewinner - awarded by Hungarian Academy of Sciences.



# Ilona Dávid

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Place and date of birth: Tata (Hungary), 30/12/1972 | Address: Veresegyház, Tavasz u. 7. H-2112  
| Phone:+36 30 497-3801 | E-mail: [david.ilonagögvccgroup.hu](mailto:david.ilonagögvccgroup.hu)

## Qualifications

### **ECONOMIST | 1996 | COLLEGE OF FINANCE AND ACCOUNTING**

- Major: Accounting, specialisation: Enterprises

### **CERTIFIED ECONOMIST | 2012 | UNIVERSITY OF WESTERN HUNGARY**

- Major: Management and Organisation

## Positions held

SB member | University of Dunaújváros – Supervisory Board of Public Interest | August 2021  
– present | MOL Hungarian Oil and Gas Plc. | 2017 – present

President | Voluntary Pension fund of Railway and Transport Workers | 2017 – present

CEO | GzSEV (Raaberbahn) Zrt. | 2010-2021

President | STRATOSZ Association of Strategic and Public Utility Companies | 2017-2021

Chairman | Hungrail Hungarian Railway Association | 2016-2019

Chairman | Board of Dunaújváros University | 2016-2019

## Professional experience

### **CEO | GVC LTD – HUNGAST GROUP | NOVEMBER 2020 – PRESENT**

- I have been CEO of GVC GROUP (George's Venture Capital Zrt.) managing HUNGAST Group since November 2020. Commissioned to restructure the Group's organisation, develop its growth strategy and improve its sales revenue. I am responsible for the coordination of management systems in catering, food processing, agriculture, start-up, sport and other areas of business as head of GVC GROUP in a matrix management structure.

Chairman and CEO | Volánbusz Zrt. | 2018-2020

- I was appointed CEO of Volánbusz Zrt. following the achievement of the national economic strategic goals in the field of rail transport.
- My duty was to revamp the operation of the regional bus and coach companies. As of 1 October

2019, Volánbusz Ltd. is the only state-owned company in the country providing intercity public passenger transport by bus and coach. With the merger of six regional transport centres and a total of almost 19,000 employees, the new company is the third largest public company in Hungary. The goal of the integration of the bus transport company was to operate more efficiently and effectively.

Chairman and CEO | MÁV Hungarian State Railways | 2012-2018

- With the organisational simplification of MÁV Group, I brought the previously fragmented railway company back to unity, and under my leadership the Group's debt was significantly reduced. For the first time in decades, I achieved a positive operating result and a consolidated Group result at MÁV Hungarian State Railways

CEO | GySEV (Raaberbahn) Zrt. | 2010-2012

Head of Accounting | MÁV Hungarian State Railways | 2005-2010

CFO | Duna Autó Zrt. | 2004-2005

CFO | Lukoil Zrt. | 2003-2004

CFO | Dunaferr Zrt. | 2001-2003

Accountant, Head of Finance Unit, Chief Accountant | Spar Hungary Ltd. 1996-2001

## **Awards and recognition**

Lánczy Leó Prize | 2020

Most Influential Woman in Hungary | Forbes | 2017, 2018 | Second on Forbes's list in 2019 and 2020, and tenth in 2021.

Logistics Order of Merit | Association of Hungarian Logistics Service Centres | 2017

Service of the Public Medal – Gold Grade | 2015

Knight's Cross (civilian) of the Hungarian Order of Merit | 2014

Golden Chariot | 2013

## **Active citizenship**

Founding member of WOMEN FOR HUNGARY Club

Vice Chairman of the Hungarian Ski Association

Participant of the campaigns of the Hungarian Association of Managers

Mentor in HBSL's management programme

## **Foreign language proficiency**

Medium level English “C” certificate of proficiency | 1990

## **Other information**

Category B driving license

Knowledge, use and introduction of IT systems – MS Office, SAP

I see my work as my vocation, in which the team I work with plays an important role. In my current role, besides corporate governance I am involved in brand building, market positioning, digitalisation and innovation in all areas. I believe in being humble at work, but also representing a strong opinion.

Budapest, 23 February 2022.

Ilona Dávid

## CURRICULUM VITAE

### PERSONAL PARTICULARS

Name István Hamecz  
Mobile phone +36 30 9507531  
E-mail hameczi@gmail.com

### WORK EXPERIENCE

- Duration 2020-
- Employer Gedeon Richter *Plc.*
- Position Chief Financial Officer
  
- Duration 2017-
- Employer ODBE
- Position Member of the Supervisory Board
  
- Duration 2016-2017
- Employer OTP Ukraine
- Position Member of the Supervisory Board
  
- Duration 2013-2016
- Employer OTP Bank Plc.
- Type of business Bank
- Position Managing Director
- Main responsibilities MD in charge of Russia and Ukraine
  
- Duration 2011-2016
- Employer OTP Bank Plc.
- Type of business Bank
- Position Member of the Management Committee
- Main responsibilities Participation in OTP Group's main governing body, which determines and implements the strategy of OTP
  
- Duration 2012-2016
- Employer OTP Bank Ukraine Plc.
- Type of business Bank
- Position Chairman of the Supervisory Board
- Main responsibilities Development of the Bank's new strategy and supervision of its implementation
  
- Duration 2007-2013
- Employer OTP Fund Management Pte Ltd.
- Type of business Financial institution, member of OTP Group
- Position Chairman and CEO
- Main responsibilities Governing Hungary's largest fund management company
  
- Duration 2008-2012
- Employer OJSC OTP Bank Russia
- Type of business Bank, member of OTP Group
- Position Member of the Board of Directors, from 2009 Chairman of the Board of Directors
- Main responsibilities Development of the Bank's new strategy and supervision of its implementation

- Duration 1994-2007
  - Employer Hungarian National Bank (MNB), Szabadság tér 8/9., Budapest H-1085
  - Type of business Central bank of Hungary
  - Position Director heading Economic and Monetary Policy
  - Main responsibilities As Head of Economic and Monetary Policy, I managed the work of the Economics and Research Department and the Financial Analysis Department. My main professional responsibility was preparing decisions for the Monetary Council on monetary policy and financial stability issues. Prior to that position, I was Senior Economist (1994-1996), Deputy Head of the Monetary and Fiscal Research Unit (1996-1998), Deputy Head of the Economics and Research Department (1998-2001), Head of the Economics and Research Department (2001). In these positions, my core responsibilities were to develop the Bank's analytical and forecasting capabilities.
- 
- Duration 1992-1994
  - Employer Hungarian Academy of Sciences, Institute of Economics (MTA KTI)
  - Type of business KTI is a research institute of the Hungarian Academy of Sciences
  - Position researcher
  - Main responsibilities My area of research was related to labour markets.
- 
- Duration 1991-1992
  - Employer Ministry of Finance, Institute of Economic Policy and Planning (GTI)
  - Type of business GTI was the economic research institute of the Ministry of Finance
  - Position researcher
  - Main responsibilities My area of research was related to privatisation.

## INTERNATIONAL EXPERIENCE

- Duration 2003-
  - Organisation European System of Central Banks' Monetary Policy Committee
  - Position Delegate of MNB
- 
- Duration 2002-
  - Organisation European Union's Economic and Financial Committee
  - Position Alternate delegate of MNB
- 
- Duration 1998-2001
  - Organisation OECD Economic Policy Committee's WP No.1 on Macroeconomic and Structural Policy Issues
  - Position Delegate of MNB
- 
- Duration 1997
  - Organisation The World Bank and the Ministry of Finance
  - Position Consultant, Pension Modelling Working Group

## OKTATÁS ÉS KÉPZÉS

- Duration 2005
  - Organisation Management Centre Europe, Brussels
  - Type of training Developing Executive Leadership
- 
- Duration 1998
  - Organisation IMF, Washington D.C.
  - Type of training Banking and Currency Crises Workshop
- 
- Duration 1997
  - Organisation Bank of England, London, UK,
  - Type of training Centre for Central Banking Studies Workshop on Debt Management

- Duration 1992-1993
- Organisation University of Rochester, Rochester, N.Y.
- Type of training Alexander Hamilton Scholarship
- Area of studies Economics
  
- Duration 1989
- Organisation George Washington University, Washington D.C.
- Type of training Economics Summer School
  
- Duration 1988
- Organisation Pembroke College, Oxford University
- Area of studies Economics
- Type of training Visiting Student
  
- Duration 1986-1991
- Organisation Karl Marx University of Economics, Budapest
  - Major Economic Planning
  - Degree Honours

## ACTIVE CITIZENSHIP

2008  
Open Standards Alliance

2003  
Association of Alumni of College for Advanced Studies

## **17.**

Resolution on the remuneration of the members of the  
Board of Directors

**Proposal to Item No.:17**  
**on the Agenda of the AGM**

**Resolution of the Board of Directors No.: 44/2022**

The Board of Directors proposes to the AGM to approve the honoraria for the members of the Board of Directors for 2022 effective as of January 1, 2022 according to the following:

Chairman of the Board of Directors: HUF 792,000/month  
Members of the Board of Directors: HUF 662,000/month/member

The Board of Directors has approved the resolution unanimously, without a vote against and abstention.

**Resolution of the Board of Directors No.: 45/2022**

The Board of Directors - *based on the motion submitted by Prof. Dr. Elek Szilveszter Vizi, chairman of the Corporate Governance and Nomination Subcommittee of the Board of Directors* - proposes to the AGM - relating to the outstanding results of the Company in 2021 - that the chairman and the members of the Board of Directors shall receive reward equalling to their two months honoraria according to the following:

Chairman of the Board of Directors: HUF 730,000  
Members of the Board of Directors: HUF 610,000/member

The Board of Directors has approved the resolution unanimously, without a vote against and abstention.



## **18.**

Resolution on the remuneration of the members of the  
Supervisory Board

**Proposal to Item No.:18**  
**on the Agenda of the AGM**

**Resolution of the Board of Directors No.: 46/2022**

The Board of Directors proposes to the AGM to approve the honoraria for the members of the Supervisory Board for 2022 effective as of January 1, 2022 according to the following:

Chairman of the Supervisory Board: HUF 662,000/month

Members of the Supervisory Board: HUF 477,400/month/member

The Board of Directors has approved the resolution unanimously, without a vote against and abstention.

## **19.**

Approval of the Rules of Procedure of the  
Supervisory Board

GEDEON RICHTER PLC.

## RULES OF PROCEDURE OF THE SUPERVISORY BOARD

### *I. General provisions and rules*

1.1. The Supervisory Board (hereinafter: SB) of Chemical Works of Gedeon Richter Plc. (hereinafter: the Company) shall perform its activities and operation on the basis of Act V of 2013 on the Civil Code (hereinafter: the Civil Code), in particular in compliance with the provisions of the Civil Code on the Supervisory Board (Section 3:26-28, 3:119-128, and 3:290 of the Civil Code), on the conditions of payment of dividend and interim dividend (Section 3:261-263 of the Civil Code) on quarterly reports (Subsection 3:284 (1) of the Civil Code), on the audit board (Section 3:291) and on the report on corporate governance (Section 3:289 of the Civil Code), as well as in accordance with the provisions of Article 16 of the Company's Statutes. Furthermore, in course of its operation the SB pay attention to the concerning regulations of Corporate Governance Recommendations of the Budapest Stock Exchange as amended from time to time.

Pursuant to the Civil Code, the Supervisory Board shall establish and decide on the amendment of its own rules of procedure, and shall submit it for approval to the (next) general meeting of the Company.

1.2. Members of the SB, including employees' representatives, are elected by the general meeting of the Company for a maximum period of three years as set forth by the Company's Statutes. Supervisory Board membership shall take effect by acceptance. The elected member shall make a written statement of acceptance.

Members of the SB shall elect a chairman (hereinafter: Chairman) from among themselves. The SB may remove the Chairman at any time. If the Chairman, for any reason, ceases to be a member of the SB, his mandate as Chairman shall also automatically terminate.

The Chairman is responsible for organization and control of the continuous functioning of the SB and shall thereby:

- (a) convene and chair the meetings of the SB, and approve the minutes, certified by the keeper of minutes, of the meetings chaired by him;
- (b) liaise with the Board of Directors.

The Chairman is entitled to request a member of the SB to substitute in the event of the Chairman's incapacity.

1.3. The SB member's mandate shall terminate:  
– upon expiration of the definite term of appointment;

- upon condition is met, if the mandate is rendered subject to some condition for termination
- upon removal;
- upon resignation;
- upon the member's death;
- upon occurrence of any statutory grounds for disqualification under the Civil Code;
- in case of conflict of interest, according to the regulation in the Company's Statutes;
- upon occurrence of any grounds for disqualification determined by separate statutory provisions;
- upon the termination of employment of an employees' representative.

**törölt:** or conflict of interest

**Formázott:** felsorolás és számozás

- 1.4. SB member may resign from its office with written notice addressed to the Board of Directors at any time with the proviso that if the functionality of the Company so requires the resignation shall only become effective on the sixtieth day from its announcement unless the General Meeting has already elected a new member prior to that date.
- 1.5. If any change occurs in an SB member's personal circumstances that would preclude SB membership he shall report the change to the Chairman of the SB in writing without delay. If the Chairman of the SB is affected, the Chairman shall submit its report to the Chairman of the Board of Directors.
- 1.6. Should the number of SB members fall below the minimum of five set forth in the Company's Statutes due to resignation or other reasons (for instance termination of employment of an employees' representative), the Chairman of the SB may initiate the convocation of a general meeting.
- 1.7. The Chairman shall make sure that the SB can discharge its duties on a continuous basis. The Company's Board of Directors shall provide the conditions necessary for the SB to discharge its duties.
- 1.8. The SB shall act as a body. The members of the SB shall discharge their duties personally; representation on the SB is not allowed. SB members shall be independent of the Company's Board of Directors, and shall not be instructed in performing their duty.
- 1.9. Members of the SB shall participate in the Company's general meeting with the right of consultancy, and if invited, in meetings of the Board of Directors.
- 1.10. Members of the SB shall keep the Company's business secrets and secrets of other parties learnt in relation to their mandate in the SB, and shall handle all information that comes to their knowledge whilst discharging their duties as confidential. Materials classified in accordance with the rules of confidentiality must be returned to the Chairman after SB meetings, and the Chairman shall take action on their proper documentation or destruction. Those materials, which were not separately classified in accordance with the rules of confidentiality, getting into the possession of the SB members in connection with the operation of the SB or in course of fulfilling the SB members' tasks and obligations, must be safeguarded by the SB members with the

**törölt:**

**törölt:** In accordance with the rules of confidentiality, classifieds materials

appropriate protection which could be expected from them or to destruct these by using appropriate method.

- 1.11. Any fact, information, solution or data relating to the economic activity that, if published or acquired or utilized by unauthorized persons, may infringe or jeopardize the beneficiary's legal financial, economic or market interests and in respect of whose confidentiality the beneficiary has taken the necessary steps shall be considered as a business secret.
- 1.12. The employees' representatives taking part in the Supervisory Board shall inform the Company's employees through the works council of the activities of the SB, but shall keep the business secrets of the Company.
- 1.13. The Company shall reimburse justifiable costs of the SB members that have been incurred in conjunction with discharging their duties. Reimbursement shall be based on duly presented documents.
- 1.14. The SB members are entitled to a remuneration established by the general meeting.

## ***II. The competence and duties of the SB***

- 2.1. The SB is the general supervisory body of the Company set up for the purpose of supervision of the Company's management with the aim of defending the Company's interest. It supervises, on behalf and for the benefit of the shareholders, the Company's business procedures, compliance with the Civil Code and other relevant legal regulation and compliance with the Company's Statutes and resolutions of the general meeting. It supervises the Company's finances, the efficiency of finances and the regulation of procedures.
- 2.2. The SB shall discuss the report on the Company's management, financial status and business policy prepared by the Board of Directors for the SB with the regularity set forth by the Civil Code.
- 2.3. It monitors the statutory auditor's activity and in general assists the general meeting with the experiences acquired in the course of its work in assessing the work of the management.
- 2.4. The SB may request information, data and reports from the Company's Board of Directors and competent employees. The SB shall have access to the Company's documents, accounting reports and books, and is authorized to inspect the Company's payment account, cash desk, securities portfolio, inventories and contracts or to have them inspected by an expert
- 2.5. In accordance with the Civil Code the SB shall examine ex officio all reports and proposals to be submitted to the general meeting which report or proposal shall not be submitted to the general meeting without the SB's prior approval; and it is obliged to present its opinion thereof at the general meeting.

- 2.6. The SB shall examine the Company's consolidated annual report for the previous business year pursuant to the IFRS and individual annual report for the previous business year which shall be proposed to the AGM by the Board of Directors, the proposal of the Board of Directors regarding the distribution of after-tax profits and dividend payment, the relevant submissions and proposals, the Company's interim balance sheet, and the Report on Corporate Governance. The SB shall familiarize with the statutory auditor's opinion and reports in the above matters.
- 2.7. The SB discharges its duties by way of ad hoc investigations. The investigations are performed by a member of the SB or a working group consisting of the required number of SB members. The SB may involve the Company's employees or external experts if so required, at the Company's cost.
- 2.8. The SB shall function as a body, but may entrust any of its member to fulfil certain of its tasks, or may divide its duties among its members on a permanent basis.
- 2.9. The SB shall have working relationship and cooperate with the Company's statutory auditor. The statutory auditor may attend at the SB meeting in advisory capacity, and must attend at such meetings when so requested by the SB. The Supervisory Board shall put the items recommended by the statutory auditor on the agenda.
- 2.10. The SB shall inform the chairman of the Board of Directors and the managing director of any irregularities detected in the course of its work and submit its opinion as to the action required to eliminate the same.
- 2.11. If, in the judgment of the SB, the activity of the management is contrary to the law, to the Company's Statutes or to the resolutions of general meeting, or otherwise infringes upon the interests of the Company or its shareholders, the SB shall call an extraordinary general meeting and shall propose its agenda.
- 2.12. The SB shall prepare an annual work plan and shall send it to the chairman of the Board of Directors, the managing director and the auditor. The annual work plan may be modified or completed as need may arise. Any modification shall be brought to the attention of the parties concerned.
- 2.13. The SB shall discuss the annual report of the Audit Board.
- 2.14. The SB prepares annual report on its activities, the discharge of its duties and its findings to the general meeting. The report shall also describe the operation of the Audit Board.
- 2.15. If the unified opinion of employees' representatives of the SB differs from the majority standpoint of the SB, the minority standpoint of employees' representatives shall be disclosed at the Company's next general meeting.
- 2.16. Members of the SB shall be held liable for damages caused to the Company resulting from their omission of supervisory responsibilities in accordance with

the provisions on liability for damages for loss by a non-performance of an obligation.

### III. Operation of the SB

- 3.1. Meetings of the SB shall be convened by the Chairman with the indication of the agenda. Any two members may request convocation of the SB at any time, indicating the reason and purpose thereof. If in such cases the Chairman fails to call an SB meeting within eight days the meeting may be called by the two members. Besides the members of the SB the Company's Board of Directors and the managing director may also request convocation of the SB with the simultaneous indication of the agenda. The Chairman shall take action to call the SB meeting so requested. The Office of Corporate Affairs shall handle the documents (minutes and resolutions) generated by the SB.
- 3.2. Invitations to the SB meeting shall be sent by the Chairman or the person designated by the Chairman eight days before the date of the meeting with the agenda included, by registered mail, e-mail or personal delivery. The agenda and all relevant materials shall also be sent to the chairman of the Board of Directors, the managing director and the statutory auditor. The SB meeting may be convened within 8 days in reasonable cases.
- 3.3. Materials relevant to the agenda must be sent by personal delivery or e-mail at least three days before the meeting.
- 3.4. The meetings of the SB shall be chaired by the Chairman or in the event of the Chairman's inability to attend, by the member appointed by the Chairman to substitute. In cases where neither the Chairman nor the member appointed to substitute attend the SB meeting, chairman of the meeting shall be elected from among the members of the SB that are present.
- 3.5. The SB - with the previous consent of the Chairman - may invite any person whose attendance is necessary and justified for the discussion of the agenda. Such persons shall only have the right of consultation.
- 3.6. The SB shall have a quorum if each of its members has been duly invited thereto and at least two-thirds, but at least four of the members are present. In the absence of a quorum the meeting shall be adjourned. A repeated SB meeting originally adjourned due to the absence of a quorum shall have a quorum if at least three (3) of the members - in the ratio defined in Section 16.8 of the Company's Statutes - are present. The SB shall pass its resolutions by simple majority of open votes of those present. In case of tie vote – if the Chairman of the SB is present – the proposed resolution is decided by the vote of the Chairman. In lack of presence of the Chairman of the SB, in case of tie vote, the proposed resolution shall be considered as rejected.

törölt: member

törölt: , fax

törölt: In case of tie vote, the proposed resolution shall be considered as rejected.



3.7. When adopting resolutions, the SB member against whom there is a conflict of interest, or who is otherwise personally interested in or affected by the decision of the SB, has no voting right.<sup>1</sup>

3.8. As a general rule the meetings of the SB are held with the personal attendance and participation of the SB members.

3.9. After notification submitted to the Chairman of the SB at least one working day before the day of the meeting – SB members are entitled to participate at the SB meeting by telephone- or videoconference call, or other appropriate electronic means of communication which enables identification of the members and mutual, continuous, direct and unrestricted communication among the members (hereinafter together: electronic means of communication). Taking part at the meeting by the way of electronic means of communication shall also be deemed to be personal attendance.

3.10. In order to promote having quorum and cost effectiveness, the Chairman of the SB is entitled to call upon an SB member not living in Budapest or not residing in Budapest due to other circumstances, to participate in the meeting by using electronic means of communication.

3.11. In interest of the effective operation of the SB - deviating from the general rule defined in point 3.8. - the Chairman of the SB is also entitled to convene the meeting of the SB using telephone- or video conference or other appropriate electronic means of communication enables identification of the members and mutual, continuous, direct and unrestricted communication among the members.

3.12. Resolutions of the SB may also be passed outside meetings in writing (by registered letter or e-mail) if the Chairman requests such way of passing a resolution in justified case and none of the SB members raises an objection to such a procedure in writing (by registered letter or e-mail) within three (3) days from the Chairman's notice.

törölt: 7

törölt: fax,

törölt: fax,

3.13. The Chairman takes care of the vote in writing. The written voting procedure shall be managed by the Chairman. The Chairman shall send the SB members the description of the topic requiring decision and the draft resolution by registered letter or e-mail and instruct the members to respond in writing (by registered letter or e-mail) within three (3) days by signing the appropriate section of the draft resolution (yes – accepted; no – rejected; or abstention) and by clearly indicating the date of signature.

törölt: 8

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3.14. In adopting a resolution in writing (without holding meeting), the provisions of this Rules of Procedure on quorum and voting shall apply with the exception that the written decision-making process shall be considered effective if the number of votes sent to the Chairman corresponds to at least the number of SB members required to attend for a quorum if the meeting was in fact held in session. Based upon the votes the Chairman shall establish the position of the SB and shall notify the SB members thereof in writing (by registered letter or e-mail) no later than within three (3) days following the last day of the time limit

törölt: 9

törölt: fax,

<sup>1</sup> See Subsection (2) of Section 3:19 of the Civil Code.

prescribed for voting. The date of the resolution shall be the last day of the voting deadline, or if the votes of all members are received previously, the day when the last vote is received. The decision as well as the votes shall be attached to the minutes of the next meeting.

3.15. In the event that the number of votes received is insufficient for passing a resolution (i.e. for establishing whether the draft resolution is approved or rejected), or if any of the SB members requests decision on the given matter on a meeting of the SB, the Chairman shall convene a meeting of the SB.

törölt: 10

3.16. The SB shall draw up minutes of its meetings. The minutes shall include the name and position of those present, the place, date and time of the meeting, the items of the agenda discussed, and a concise description of the opinions and differences that the Chairman or another member of the SB considers relevant. The minutes must also include the outcome of votes, the consecutively numbered resolutions (with restarted numbering per annum), and the SB's proposals for action. Dissents shall also be recorded in the minutes. In the minutes, the way of the meeting kept (by personal attendance or by electronic means of communication) and also the mode of attendance of the SB members and other invited persons (physical attendance or being present through electronic means of communication) shall be recorded.

törölt: 11

3.17. The minutes shall be prepared within eight days after the meeting and shall be sent to the SB members, complete with the signatures of the chair of the meeting and the keeper of minutes within 15 days. The members have 8 days from delivery to question the accuracy of the minutes and of the translation of the summary minutes and may ask for its completion, and/or amendment.

törölt: 12

3.18. The minutes shall be authenticated by the chairman of the meeting and the keeper of minutes and shall be forwarded to the SB members, the chairman of the Board of Directors, the managing director and the statutory auditor.

törölt: 13

3.19. In case justified due to the sensitive nature of the agenda item, upon the motion of the SB Chairman, the SB may hold a closed meeting. Only the SB members and those persons may be present at a closed meeting who were invited by the SB Chairman in written form. Access to the minutes of a closed meeting may only be granted with the prior approval of the Chairman of the SB.

3.20. The SB adopts its Rules of Procedure in Hungarian and English languages. In case of inconsistency or discrepancy between the different versions, always the Hungarian version shall prevail.

#### **IV. Closing provisions**

SB members are obliged to notify the Chairman of the Board of Directors immediately from any and all changes occurred to their personal contact data (delivery address, telephone number, electronic mail address). SB members are fully responsible for any damages arising from the failure to make such notification.

Technical conditions of the continuous and undisturbed operation of the SB, performing of SB's administrative duties - including the payment of costs - shall be ensured by the Company.

In case of attending the SB meeting in a way of telephone- or video conference call or other electronic means of communication, the SB member is not entitled to reimbursement of expenses.

These Rules of Procedure have been discussed and approved by the SB at its meeting on 8 March 2022, and will be submitted to the next general meeting for approval.

Budapest, 8 March, 2022

Dr. Attila Chikán  
Chairman of the SB

törölt: 21 February

törölt: 17

törölt: 21 February

törölt: 17

**20.**

Resolution on the remuneration of the Company's  
statutory auditor

**Proposal to Item No.:20**  
**on the Agenda of the AGM**

**Resolution of the Board of Directors No.: 47/2022**

The Board of Directors - based upon the motion of the Audit Board - proposes the AGM to approve the honoraria amounting to **HUF 32,300,000 + VAT** for **Deloitte Auditing and Consulting Ltd.** (headquartered: 1068 Budapest, Dózsa György út 84/C.) for its performance as auditor of the Company in 2022. The honoraria includes the fee for the auditing of the 2022 consolidated annual report, the fee for examining the consonance between the consolidated annual report and business report for 2022, the fee for the auditing of the 2022 non-consolidated annual report, the fee for examining the consonance between the non-consolidated annual report and business report for 2022, auditing the Company's remuneration report prepared from year 2022, the fee for reviewing the quarterly reports serving the purpose to inform the investors and sent to the BSE (Budapest Stock Exchange) and the MNB (Central Bank of Hungary), and the fee for auditing the Company's consolidated interim financial statement which shall be completed on the accounting date of August 31, 2022.

The Board of Directors has approved the resolution unanimously, without a vote against and abstention.

**21.**

Miscellaneous