

Rules of Procedure for the Supervisory Board of Heidelberg Pharma AG

HRB 728 735, Mannheim District Court - As Amended On 14 April 2020 -

For the purpose of establishing rules for the orderly conduct of its affairs, the Supervisory Board of Heidelberg Pharma AG (“Company”), formerly WILEX AG, headquartered in Ladenburg, formerly in Munich, adopted Rules of Procedure pursuant to Article 11 (2) of the Company’s Articles of Association by unanimous resolution on 15 January 2007; the Rules of Procedure were subsequently revised by unanimous resolution on 19 February 2008, 1 September 2009 and 15 December 2010. These Rules of Procedure are now to be updated due to the change of name and relocation of the Company’s headquarters and as a consequence of the current recommendations of the German Corporate Governance Code. For this reason, the Company’s Supervisory Board has, by means of unanimous resolution, revised the Rules of Procedure as follows:

Article 1 General

The Supervisory Board shall perform its activities in accordance with the applicable provisions of law, the Company’s Articles of Association, and these Rules of Procedure. The Supervisory Board must act in cooperation with the Company’s Executive Management Board for the benefit and in the best interests of the Company.

Article 2 Duties Owed by Supervisory Board Members; Disclosure Obligations

- 2.1 The duty of care, which encompasses the duty of confidentiality, and the responsibility owed by a Supervisory Board member are established based on Sections 93 and 116 of the Germany Stock Corporation Act (Aktiengesetz – AktG), the provisions of the Company’s Articles of Association, and these Rules of Procedure.
- 2.2 Supervisory Board members are not bound by orders or instructions and are not permitted to accept such.
- 2.3 A Supervisory Board member may not participate in a vote where the matter to be voted on involves the undertaking of a transaction with that member, the commencement or settlement of a legal dispute between that member and the Company, or a claim by the Company against that member or by that member against the Company. The foregoing applies analogously where the Supervisory Board member is representing the affairs of a third party vis-à-vis the Company.
- 2.4 Where a Supervisory Board member comes to believe that a position, obligation or activity exercised outside of that member’s role on the board conflicts with or will come into conflict with the member’s role on the Board, and that member might therefore no longer be able to perform his or her duty as a Supervisory Board member independently or without being unduly influenced, that member is to immediately report the situation to the Supervisory Board Chairman; where the matter involves the Supervisory Board Chairman, the situation must be reported to the Deputy Chairman. The same applies where a Supervisory Board member discontinues a position or function that had been a determining factor in that member’s appointment to the Supervisory Board. The Supervisory Board

Chairman or, in the event that the Supervisory Board Chairman is unable to discharge the duties of that office or is involved in the matter, the Deputy Chairman has the authority to inform the Supervisory Board and the Executive Management Board of the content of such report. Additionally, in its report to the Annual General Meeting, the Supervisory Board must provide information regarding conflicts of interest that have arisen and how these have been handled. Significant conflicts of interest that are not merely temporary are to result in the termination of that member's seat on the Board.

- 2.5 Supervisory Board members are to maintain strict confidentiality with respect to confidential reports and confidential consultations as well as any secrets relating to the Company's affairs, specifically business and trade secrets, that they have become aware of due to their role with the Supervisory Board. This obligation shall survive the expiration of their term of office. Where a Supervisory Board member intends to disclose information regarding items that member believes are not confidential, yet knows or should assume based on the circumstances that such items might be viewed by the Company or by affiliated companies or investees (as applicable) as being confidential, that member must inform the Supervisory Board Chairman or, in the event the Supervisory Board Chairman is unable to discharge the duties of that office or is involved in the matter, inform the Deputy Chairman of that member's intentions and, when the informed party deems it necessary to obtain the opinion of the Supervisory Board, to wait for this.
- 2.6 At the end of their terms, Supervisory Board members must immediately return to the Company all records such as documents, correspondence, drawings and the like relating to the Company's affairs that are in their possession. This obligation extends to duplicates and photocopies. Supervisory Board members do not have the right to retain any such records.
- 2.7 Supervisory Board members are to ensure that the employees they consult will comply with the duty of confidentiality in the same manner.
- 2.8 The remuneration for Supervisory Board members must be indicated individually in the Corporate Governance Report with the components itemized. The same applies to the remuneration paid or benefits provided by the Company to Supervisory Board members for personally performed services, notably consulting and referral services.
- 2.9 In the event a Supervisory Board member has attended fewer than half of the Supervisory Board meetings held in a fiscal year, this must be noted in the Supervisory Board Report.

Article 3

Supervisory Board Members, Chairman and Deputy Chairman

- 3.1 Following the Annual General Meeting during which the members of the Supervisory Board were elected, a Supervisory Board meeting is to be held without separate invitation, at which time the Supervisory Board is to elect a Chairman and Deputy Chairman from among the members. The member of the Supervisory Board who is most senior in age is to preside over the election.
- 3.2 No individual who has been a member of the Heidelberg Pharma AG Executive Management Board within the two previous years may become a member of the Supervisory Board, except where such an Executive Management Board member is elected to the Supervisory Board on the basis of a proposal by shareholders holding more than 25% of voting rights in Heidelberg Pharma AG. Nevertheless, where in special circumstances a former Executive Management Board member transfers to the Supervisory Board, as a rule such member may not assume the role of Supervisory Board

Chairman or chairman of a committee under the Supervisory Board. In the event that this rule will not be followed due to special circumstances, the specific justification for the underlying intention must be presented to the Annual General Meeting.

- 3.3 All Supervisory Board members are to ensure that they have sufficient time available to discharge their duties. Supervisory Board members who hold a seat on the management board of a publicly traded company may not hold a total of more than five (5) supervisory board seats in publicly traded companies that are not part of the same corporate group.
- 3.4 The election is to be held in each case for the term of office for the Supervisory Board member to be elected. In the event of the departure of the Chairman or Deputy Chairman from their seats on the Supervisory Board prior to the end of their term, a new election for the seat of the departing member is to be held immediately.
- 3.5 The Chairman oversees the correspondence for the Supervisory Board's affairs. When the Chairman's seat is vacated, the correspondence is to be turned over to the successor or to the Executive Management Board Chairman. Such correspondence also includes personal notes and correspondence exchanged by that member in the capacity of Supervisory Board Chairman.
- 3.6 The Deputy Chairman assumes the duties of the Chairman when the Supervisory Board Chairman is unable to discharge the duties of that office.
- 3.7 Where the Chairman anticipates being unable to discharge the duties of that office, the Chairman is to report this to the Deputy Chairman and to the Executive Management Board Chairman. The Chairman is to provide the required information to the Deputy Chairman.
- 3.8 The Deputy Chairman is to inform the Chairman as soon as possible of the actions that the Deputy Chairman has taken or set in motion, of discussions among and resolutions adopted by the Supervisory Board, and of the matters and events the Deputy Chairman has learned of in the capacity of Deputy Chairman.

Article 4 **Convening the Supervisory Board**

- 4.1 The Supervisory Board is to meet once per calendar quarter, and must be convened twice during each half-year of the calendar. The Supervisory Board shall also be convened if business so requires.
- 4.2 Supervisory Board meetings are to be convened with fourteen days' notice sent in writing by e-mail or fax to the members' last known e-mail addresses or fax numbers by the Chairman or, in the event the Chairman is unable to discharge the duties of that office, by the Deputy Chairman. This notice period shall not include the day on which the notice of meeting is sent out and the day of the meeting itself. In urgent situations, the Chairman or, in the event the Chairman is unable discharge the duties of that office, the Deputy Chairman can reduce the notice period and also call a meeting verbally, by telephone, or via another suitable electronic means. The individual agenda items shall be specified in the notice of meeting. To the extent possible, proposed resolutions and preliminary meeting documents are to be enclosed.
- 4.3 A vote concerning an agenda item that was not included in the meeting notice is permitted only if none of the members objects immediately. Members in attendance can object to the adoption of a resolution only at the meeting; however, absent Supervisory Board

members are to be given the opportunity to object to the resolution or to cast their votes in writing, which can also be submitted via fax, by a reasonable voting deadline to be set by the Chairman or, in the event the Chairman is unable to discharge the duties of that office, by the Deputy Chairman. The resolution shall only take effect provided none of the absent Supervisory Board members has objected within the specified period.

- 4.4 Paragraph 4.3 notwithstanding, motions to amend and further proposals for the agenda can be submitted by Supervisory Board members or the Executive Management Board and are to be communicated to the Chairman or, in the event the Chairman is unable to discharge the duties of that office, to the Deputy Chairman in a timely manner such that, as a rule, they can be announced to the Supervisory Board members at least three days prior to the meeting. Under special circumstances, the three-day period may be reduced. Late proposals and those that are not consistent with the duties of the Supervisory Board or are not submitted in the appropriate form can be rejected.
- 4.5 Any Supervisory Board member or the Executive Management Board (in its entirety) may request, stating the purpose and reasons, that the Supervisory Board Chairman immediately convene the Supervisory Board. Where the request to immediately convene the Supervisory Board by a reasonable deadline is not honored within a period of two weeks, and where the request had been made by at least two Supervisory Board members or by the Executive Management Board, the parties making the request may convene the Supervisory Board themselves.
- 4.6 Supervisory Board meetings should be held at the Company's headquarters. The Supervisory Board Chairman may take a different decision.

Article 5

Voting on Resolutions

- 5.1 The Supervisory Board shall adopt its resolutions in its meetings. At the direction of the Supervisory Board Chairman or, in the event the Chairman is unable to discharge the duties of that office, at the direction of the Deputy Chairman, resolutions may also be voted on by video- or Internet-based conferences, in writing, (via fax), via e-mail, or by telephone provided none of the members immediately objects to such method.
- 5.2 Meetings are to be presided over by the Supervisory Board Chairman or, in the event the Chairman is unable to discharge the duties of that office, by the Deputy Chairman or, in the event the Deputy Chairman is also unable to discharge the duties of that office, by the Supervisory Board member most senior in age. The individual presiding over the meeting determines the order in which the agenda items are to be dealt with as well as the manner of voting. The Supervisory Board can, with a majority of votes of members in attendance, stipulate a different order for dealing with the agenda items.
- 5.3 Once the Supervisory Board has been formally established and the Chairman elected, the Supervisory Board shall have a quorum when four of its members participate in the voting. Absent Supervisory Board members can participate in the voting by having their written votes, which may also be sent via e-mail or fax, submitted by Supervisory Board members in attendance or by an individual described below in paragraph 5.5. Members joining the meeting via Internet-based-, video- or teleconferencing are considered to be participating in the voting.
- 5.4 The individual presiding over the meeting can adjourn the meeting or voting concerning an agenda item at his or her discretion in keeping with his or her obligations.

- 5.5 Where a Supervisory Board member is prevented from discharging his or her duties, that member may submit authorization in writing, which can also be sent via e-mail or fax, for an individual who is not a Supervisory Board member to take the place of the absent Supervisory Board member in Supervisory Board meetings and committees. The individual so authorized does not have the power to cast votes. Paragraph 6.3 applies analogously.
- 5.6 Unless otherwise provided by law, resolutions by the Supervisory Board are adopted by a simple majority of votes cast. Abstentions are not considered votes cast. In case of a tie, the chairman's vote shall decide the matter. Where the Supervisory Board Chairman does not participate in the voting, the stand-in to cast the tie-breaking vote shall be the member who is next highest in rank; this also applies with regard to elections.
- 5.7 Minutes of the Supervisory Board meetings shall be prepared such that they reflect the participants, the agenda, the proposed resolutions and the results of the voting. These minutes shall be signed by the Chairman of the Supervisory Board or, if the Chairman is unavailable, by the Deputy Chairman and provided in photocopy to all members of the Supervisory Board within two weeks of the relevant meeting. Any objections regarding the correctness of the minutes not submitted to the Supervisory Board Chairman no later than by the start of the next Supervisory Board meeting are barred.
- 5.8 The Supervisory Board Chairman or, in the event the Chairman is unable to discharge the duties of that office, the Deputy Chairman has the authority to submit on behalf of the Supervisory Board any such declarations of intent as are required for the implementation of the resolutions adopted by the Supervisory Board.
- 5.9 In situations in which a delay until the Supervisory Board might adopt a resolution is untenable due to the necessity of averting negative consequences for the Company, the Supervisory Board Chairman or, in the event the Chairman is unable to discharge the duties of that office, the Deputy Chairman can exercise the rights held by the Supervisory Board or committee and issue the required statements or declarations. In such situation, the Supervisory Chairman (or Deputy Chairman) must immediately arrange for a retroactive vote by the Supervisory Board or committee.
- 5.10 Where no member of the Executive Management Board is in attendance at a Supervisory Board meeting or where voting is held outside of a meeting, the Supervisory Board Chairman or, in the event the Chairman is unable to discharge the duties of that office, the Deputy Chairman is to notify the Executive Management Board or its Chairman of the resolutions adopted as soon as possible and provide more details upon request.

Article 6

Third-Party Attendance at Supervisory Board Meetings

- 6.1 As a rule, all members of the Executive Management Board are to attend Supervisory Board meetings provided the Supervisory Board Chairman or, in the event the Chairman is unable to discharge the duties of that office, the Deputy Chairman does not issue instructions to the contrary in a given situation. The Supervisory Board is to meet regularly even without the Executive Management Board.
- 6.2 The Supervisory Board may decide to hear third parties, in particular subject matter experts or knowledgeable individuals, with regard to individual agenda items and may permit them to attend the meeting in such context. In particular, the individual presiding over the meeting may appoint a non-member of the Supervisory Board to take the minutes.

- 6.3 Where third parties not obligated to maintain confidentiality by virtue of their profession participate in Supervisory Board meetings, they are to sign a separate confidentiality agreement insofar as one does not already exist for other reasons.

Article 7
Providing Statements, Supervisory Board Representation

- 7.1 Statements by the Supervisory Board or its committees are provided to external parties by the Supervisory Board Chairman or, in the event the Chairman is unable to discharge the duties of that office, by the Deputy Chairman.
- 7.2 In the specific situations provided by law, the Supervisory Board Chairman or, in the event the Chairman is unable to discharge the duties of that office, the Deputy Chairman represents
- the Supervisory Board as a governing body before the Executive Management Board as a governing body
 - the Company before the Executive Management Board and its members
 - the Company to third parties (Section 112 of the Stock Corporation Act)

Article 8
Supervisory Board Functions and Responsibilities

In the context of the functions laid out by law, the Supervisory Board (in its entirety) is responsible for all matters that are not assigned to a committee under these Rules of Procedure. Among other things, it is responsible for the following:

- (1) Reviewing the annual financial statements, management report and the proposal for the appropriation of net retained profits, and for formally approving the Company's annual financial statements
- (2) Reporting to the Annual General Meeting
- (3) Submitting proposals to the Annual General Meeting
- (4) Appointing and removing members to and from the Executive Management Board and, where required, appointing the Chairman of the Executive Management Board
- (5) Determining the total remuneration of the individual Executive Management Board members and reviewing the structure of the remuneration system for the Executive Management Board pursuant to Section 10.2 of these Rules of Procedure
- (6) Discussing and voting on long-term succession planning as this relates to the members of the Executive Management Board together with the Executive Management Board pursuant to paragraph 5.1.2 of the German Corporate Governance Code as amended on 16 December 2019
- (7) Reviewing the efficiency of the activities of the Supervisory Board pursuant to paragraph 5.6 of the German Corporate Governance Code at least once every two fiscal years
- (8) Voting on interim dividend payments to shareholders pursuant to Section 59 (3) of the Stock Corporation Act
- (9) Electing the Chairman and Deputy Chairman of the Supervisory Board
- (10) Issuing Rules of Procedure for the Company's Executive Management Board
- (11) Convening the Annual General Meeting in a situation as described in Section 111 (3) of the Stock Corporation Act
- (12) Making decisions on all other matters as identified under Section 107 (3) sentence 3 of the Stock Corporation Act
- (13) Making decisions as set out in paragraph 12.5 of these Rules of Procedure
- (14) Approving the annual budget

- (15) Appointing the auditor for the financial statements, including formally entering into a corresponding agreement
- (16) In special circumstances, making decisions regarding a matter assigned to a committee on the basis of a resolution adopted by the Supervisory Board

Article 9 **Committees**

- 9.1 The Supervisory Board may establish committees from among its members and, to the extent permitted by law, delegate decision-making authority to such committees. The provisions of the Articles of Association and these Rules of Procedure apply analogously to the proceedings of such committees except as otherwise provided in these Rules of Procedure or based on a determination by the Supervisory Board.
- 9.2 The following permanent committees are to be created regardless of the Supervisory Board's option to establish other committees from among its members:
 - Compensation and Nomination Committee pursuant to Section 10 of these Rules of Procedure
 - Audit Committee pursuant to Section 11 of these Rules of Procedure
 - R&D Committee pursuant to Section 12 of these Rules of Procedure

Article 10 **Compensation and Nomination Committee**

The combined Compensation and Nomination Committee is responsible for the following:

- 10.1 The Compensation Committee (preparatory committee) prepares all contractual matters between the Company and the Executive Management Board members for the Supervisory Board insofar as such contracts relate to their role as a member of the Executive Management Board as a governing body. In particular, it is responsible for the preparation for signing, amending, and terminating the employment contracts of Executive Management Board members, for the preparation of any retirement benefits and other commitments, and for the preparation for granting, revoking, or modifying stock options, convertible bonds, or similar Executive Management Board members' rights.
- 10.2 Based on the recommendation of the Compensation Committee, the Supervisory Board (in its entirety) determines the total remuneration for the individual Executive Management Board members and is to decide on and regularly review the remuneration system for the Executive Management Board. Additionally, it grants the advance approval for Executive Management Board members to accept secondary employment. All contractual arrangements with Executive Management Board members are to be decided on by the Supervisory Board in its entirety, must be in writing, and are to be signed after corresponding authorization to do so is granted by the Supervisory Board Chairman or, in the event the Chairman is unable to discharge the duties of that office, by the Deputy Chairman.
- 10.3 The Nomination Committee (preparatory committee) recommends to the Supervisory Board suitable candidates for its nominations to be submitted for the Annual General Meeting and carries out the preparatory work for the appointment of new Executive Management Board members. To the extent permitted by the legislation applicable at the time, only shareholder representatives are to hold seats on the Nomination Committee.

Article 11
Audit Committee; Supervisory Board and Audit of the Financial Statements

- 11.1 The Audit Committee (preparatory committee) carries out the preparatory work for the Supervisory Board for the decision regarding the engagement of the financial statements auditor, for the audit of the annual financial statements, of the management report and of the proposal for the appropriation of net retained profits, of the consolidated financial statements and of the Group management report (as applicable), and of the report on the relationships with affiliated companies (as applicable). The members of the Audit Committee are to be provided with the audit reports by the auditor. Furthermore, it is specifically to attend to the auditing of the accounting, of the accounting process monitoring, of internal control system efficiency, of the risk management system, of the internal audit system, of the financial statements audit, and of compliance. Additionally, the Audit Committee reviews the half-yearly financial reports and interim reports and discusses these with the Executive Management Board prior to their publication.
- 11.2 Prior to submitting its nomination for auditor, the Audit Committee must obtain a statement from the intended auditor as to whether and, as applicable, what business, financial, personal, or other relationships exist between the auditor, its officers, directors, and audit managers as one party, and the Company and its officers and directors as the second party, as could give rise to doubts concerning the auditor's independence. The statement must also address the extent to which other services for the Company, in particular any services relating to consulting, were performed in the preceding fiscal year or contractually agreed for the following year. The Supervisory Board must reach an agreement with the auditor that the Audit Committee Chairman is to be immediately informed of potential grounds for disqualification or lack of impartiality arising while the audit is ongoing insofar as such are not remedied immediately.
- 11.3 The Supervisory Board formally appoints the auditor and arranges the fee with the auditor. The Supervisory Board's agreement with the auditor is to stipulate that the auditor is to report to the Audit Committee without delay regarding any findings and circumstances that come to light from the audit of the financial statements as are significant to the functions of the Supervisory Board. Furthermore, the Supervisory Board's agreement with the auditor is to stipulate that the auditor is to inform the Supervisory Board or make a notation in the audit report in the event the auditor discovers facts when conducting the audit as would indicate that the compliance statement issued by the Executive Management Board and the Supervisory Board with respect to the German Corporate Governance Code is inaccurate.
- 11.4 The auditor is to participate in Supervisory Board discussions regarding the annual financial statements and, where applicable, regarding the consolidated financial statements, and report on the key findings of the audit.

Article 12
R&D Committee

The R&D Committee (preparatory committee) deals with issues relating to research and development and undertakes preparatory work in this regard for the Supervisory Board. Such issues include the following topics in particular:

- The performance of ongoing and planned clinical studies
- The discussion of study findings
- The handling of regulatory affairs issues
- The continued strategic development of the research and development portfolio

Article 13
Committee Composition and Procedures

- 13.1 The provisions set out below apply to Supervisory Board committees.
- 13.2 All committees are to be comprised of two or three members of the Supervisory Board, who are to be elected from among the members of the Supervisory Board by a simple majority of votes cast. The Supervisory Board sets the precise number of members of the respective committees when electing the committee members. As a rule, the Supervisory Board Chairman is to take on the role of Chairman of the Compensation and Nomination Committee. As a rule, the Supervisory Board Chairman should not take on the role of Audit Committee Chairman. One member of the Audit Committee must possess the qualifications of a so-called financial expert as set out in Section 100 (5) of the Stock Corporation Act.
- 13.3 The Supervisory Board may elect alternates for committee members and committee chairmen who may be prevented from discharging their duties.
- 13.4 The committees adopt their resolutions by a simple majority of votes cast by the committee members.
- 13.5 Where a resolution is not adopted or the Chairman (or their deputy) is outvoted, the Chairman (or their deputy) may appeal to the Supervisory Board. Additionally, the Executive Management Board may appeal to the Supervisory Board in the event it is not in agreement with a resolution adopted by a committee. Any appeal to the Supervisory Board must be made immediately. In the event of an appeal to the Supervisory Board, the committee's resolution is not to be implemented.
- 13.6 Each committee can, to the extent permitted by law, assign individual members to complete certain tasks, subject to the decisions within the authority of the committee.
- 13.7 The Chairman of the respective committee reports to the Supervisory Board at Supervisory Board meetings regarding the activities and (in the case of committees adopting resolutions) regarding the resolutions adopted by the committee.
- 13.8 The resolutions adopted by the committees (in the case of committees adopting resolutions) are to be reported to the Executive Management Board or its Chairman as soon as possible in an appropriate manner and more details are to be provided upon request.

Ladenburg, 14 April 2020



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