

Compliance Principles

GGL_Corporate Legal_20190415_1

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PHOENIX	

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Compliance Principles

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Glossary

Compliance Management System (CMS)	The CMS is the system that combines all activities pertaining to compliance (such as policies, training, compliance processes, etc.) within the PHOENIX group.
Group Compliance Committee (GCC)	Compliance committee at the group level, which oversees tasks related to monitoring, inspection, decision-making, and escalation.
Compliance Organisation Handbook	The Compliance Organisation Handbook is made available to all LCMs by Corporate Compliance. It comprises all instructions, processes, recommended actions, etc. related to the implementation of the PHOENIX group CMS.
Local Compliance Committee (LCC)	Local compliance committee at the country or regional level, which oversees tasks related to monitoring, inspection, decision-making, and escalation.
Local Compliance Manager (LCM)	The individual who is responsible for the implementation of the CMS – following the specifications from Corporate Compliance – in their respective company/companies and who is available as a local point of contact for all matters relating to compliance. One LCM has been designated for each unit within the PHOENIX group.
Employee	An individual who is employed by the PHOENIX group. .
Zero-tolerance	The PHOENIX group does not tolerate any infringements against this policy or any other compliance policies. Every case in which an infringement is suspected will be investigated and appropriate measures taken if needed.
PHOENIX group (or just "PHOENIX")	Comprises all companies in which a majority of the shares are held by PHOENIX Pharma SE or one of its subsidiaries, or which are directly or indirectly controlled by the holding company or its subsidiaries.
SOP	Standard Operating Procedure. Standard operating procedures contain additional regulation with which every Employee with the PHOENIX group is to comply. All compliance policies and SOPs can be consulted via COIN.

I General

1. Subject matter, objective, and purpose

This policy governs the organisation and responsibilities of the PHOENIX group regarding compliance. The objective is both to prevent and to uncover infringements (or potential infringements) against the contents of this and any other compliance policies including further SOPs.

The compliance policies (hereafter referred to simply as policies) include:

- Code of conduct
- Anti-Corruption Policy
- Competition Compliance Policy
- Sanctions Compliance Policy
- Anti-Money Laundering Policy

All regulations in this policy also apply to the aforementioned policies.

As a leading European pharmaceutical distributor, pharmacy operator, and healthcare provider along the entire value-added chain, the PHOENIX group is considered to be trustworthy and highly reliable. The PHOENIX group strives to be the best integrated provider of health services in all regions where it conducts business. In this regard, PHOENIX's good reputation, its credibility, and business ethics are essential components of its success and sustainability as a business. PHOENIX has managed to achieve this as a result of the tireless commitment of all its employees over many years. This is of the utmost value for PHOENIX and represents a significant strategic competitive advantage.

With the full support of the board, the PHOENIX group follows a Zero-tolerance policy when it comes to breaches against these values and the regulations contained in these policies.

2. Scope and applicability

These policies apply to all Employees of the PHOENIX group. Nobody in the company is exempt from the compliance policies.

Employees are obligated to implement and promote the rules and conduct specified in these policies. All levels of organisation within the PHOENIX group are responsible for the monitoring and prevention of unethical and illegal business practices.

If the PHOENIX group or one of its subsidiaries holds a minority or majority share in a company (including joint ventures) or has managerial responsibility, the representatives of the PHOENIX group within the relevant management or supervisory body are obligated to make active efforts to introduce and enforce the relevant compliance regulations, following the underpinning policies.

These policies contain the minimum standards of the PHOENIX group's compliance management system that are applicable throughout the entire group. They serve as a binding regulatory framework.

In individual countries, stricter laws, regulations, or codes may take the place of the principles laid out in this or other policies. In a similar vein, more restrictive regulations might apply individually to certain companies within the PHOENIX group.

Furthermore, for certain individual matters, separate process regulations may be recommended by Corporate Compliance as well as the LCM or the LCC, to be approved by the local board. Matters may also be escalated to the GCC at any time.

In addition to the regulations – which apply to all PHOENIX Employees – LCMs are responsible for the procedural implementation of the PHOENIX groups' CMS. Further details are laid out in the Compliance Organisation Handbook.

[See COIN](#)

Currently applicable policies may be consulted via the intranet (COIN, local intranet).

3. PHOENIX's expectations of its Employees

The PHOENIX group expects the following from all Employees, third parties, representatives, and contractors:

- a) Compliance at all times with the policies and applicable laws;
- b) Reporting, at the earliest possible moment, of anything that gives rise to suspicion of a proximate or future infringement against the policies (see Point 4);
- c) To refrain from issuing instructions that promote prohibited behaviour and to refuse to follow such instructions, reporting them along the same lines as (b);
- d) Respectful behaviour towards all clients, suppliers, and other parties with whom PHOENIX maintains business relationships, as well as ethical, law-abiding, and professional conduct in pursuit of the company's objectives;
- e) To obtain advice and/or guidance from the LCM or Corporate Compliance in case of doubt or uncertainty regarding the policies, and to assume personal responsibility in complying with them;
- f) Participation in training sessions and other events organised with regard to the policies.

4. Reporting (potential) misconduct

Any Employee of the PHOENIX group who acquires knowledge of an infringement (or potential infringement) against applicable laws or policies must report this (or the suspicion of such) immediately.

Employees of the PHOENIX group are obligated to report (anonymously or otherwise) indications of or concerns about (possible) infringements against the policies (e.g. those related to corruption and bribery, cartel violations, etc.) to the following persons:

- a) Their direct superiors;
- b) The competent Local Compliance Manager or Corporate Compliance; or
- c) Via the PHOENIX group's case reporting system

Every Employee, as well as persons outside the group, has access to a case reporting system (in line with c), which may also be used to make anonymous reports.

The system is hosted externally. It is not possible to trace the identity of an anonymous reporter.

The system can be accessed via the following link: <https://phoenixgroup.integrityplatform.org/>

5. Action taken against compliance infringements

Each notification of (potential) misconduct will lead to an appropriate internal investigation as well as an appropriate response (see Point 6 of this policy).

The type of the investigation and its scope will be specified in more detail in accordance with defined processes and/or a decision of the Executive Board, respectively.

6. Consequences of misconduct

Violations of these policies by Employees may result in disciplinary action, up to and including termination of employment. The competent manager will work together with the Human Resources department in deciding on the actual measures to be taken.

In addition, the affected PHOENIX group company may assert claims under civil law against the violating Employee. Violations by third parties may result in the termination of contracts, reports to supervisory authorities or the police, as well as civil claims on the part of the affected PHOENIX group company against the violating party.

If such violations are proven, this could have severe legal consequences, including:

- Fines and long terms of imprisonment for the persons involved;
- Fines for the PHOENIX group companies and their representatives who were implicated in the matter;
- Measures taken under labour law, up to and including the termination without notice of employment as well as the potential assertion of claims for damages under civil law by PHOENIX vis-à-vis the Employee, third parties, representatives, and contractors.

II Implementation

7. Organisation and monitoring

- **Overall responsibility at the group and company level**

The overall responsibility for compliance with the policies within the group lies with the board of PHOENIX Pharma SE. The management of the individual companies in the PHOENIX group bear the overall responsibility for compliance with the policies at the company level.

- **Compliance organisation at the group level**

The Board of PHOENIX Pharma SE establishes a GCC at the group level, which is comprised of the CEO of PHOENIX Pharma SE, the Head of Corporate Legal, the Head of Corporate Human Resources, and the Head of Corporate Audit.

The following tasks are delegated to this committee: monitoring, inspection, decision-making, and escalation of local requests and the setting of value limits, as well as discussing and deciding on the strategic alignment and further development of the PHOENIX group's CMS.

A Group Compliance Manager will be appointed, who is responsible for the ongoing enforcement of the compliance requirements, the further development of the CMS, compliance training courses, compliance reports, and the handling of all other matters related to compliance.

At least once annually, Corporate Compliance shall draft a report that comprises, among other things, the status and further development of the group-wide CMS, projects, statistical information on notifications and cases of suspicion, as well as an overview of compliance training courses.

- **Compliance organisation at the local level**

The local compliance unit is to be incorporated into the management organisation. The local compliance unit may be established at either the company or the country level, which would mean, for instance, that a compliance unit which is established at one company is also responsible for all other PHOENIX group companies in that country.

The competent management will form one or more LCCs, comprised of at least three senior managers, including a member of local management¹ and – if available – the head of Human Resources. These committees are to have the following tasks: monitoring, inspection, and decision-making in local matters, the setting of local value limits (following the specifications of the GCC), as well as reporting to local management, Corporate Compliance, or GCC when requested to do so.

¹ Local management member as a member of local management or board with operative capacities, and not the supervisory board, for instance.

A LCM is to be appointed, who is to be responsible for the ongoing implementation of compliance requirements, compliance training courses, compliance reports, and the handling of matters related to compliance – in short, the implementation of the group-wide CMS.

- **Monitoring of compliance is to be achieved by:**
 - Periodic Self-Assessments and Risk-Analyses;
 - Reports and entries in the relevant registers;
 - Periodic compliance declarations from Employees who carry with them an increased risk potential²;
 - Adequate training for Employees; as well as
 - The active and visible engagement of the Board and all Board Members of all business areas, particularly via the regular monitoring of events which come with an increased risk potential of (potential) violations against the policies.

If required, internal and external audits of the CMS may also be conducted.

Further details on the organisation and monitoring of the PHOENIX group's CMS are laid out in the Compliance Organisation Handbook.

8. Information and training

Each Employee of the PHOENIX group is obligated to inform themselves about the policies and the contents thereof and to conduct themselves accordingly.

It is the task of the local compliance unit to ensure that all Employees are informed about the policies and any subsequent modifications. Employees are trained in accordance with the compliance-training programme in use throughout the PHOENIX group. On the local level, companies within the PHOENIX group can decide on and define additional training requirements together with Corporate Compliance.

9. Responsibility and implementation

All managers within the PHOENIX group are responsible for the implementation of the policies within their functional area of responsibility. They must lead by example with regard to everything contained in these policies and provide advice and guidance to all Employees who report to them.

All Employees of the PHOENIX group are responsible for compliance with the contents of the policies.

² It is up to Corporate Compliance to define which Employees carry with them an increased risk potential.

The authority responsible for these policies is Corporate Compliance. If you have any general questions about the policies, please contact your competent LCM or Corporate Compliance directly.

10. Searches by authorities

In order to enforce national or EU law, authorities (such as national authorities or the EU Commission) may conduct searches of the premises of PHOENIX businesses. The competences of the authorities may vary from country to country.

[See guideline on searches \(COIN\)](#)

If the premises or a unit in the PHOENIX group is actually searched (Dawn Raid), the guideline on searches for that country are to be applied, if available.

In principle, PHOENIX cooperates with the national authorities and assists in clearing up the matter in question.

11. Exceptions

The GCC shall decide on all matters which are not covered by this policy and/or other regulations.

12. Contact

[See Point 4](#)

There are various options available when it comes to reporting misconduct (see Point 4)

In case of any questions about this or one of the other policies, please contact your LCM or Corporate Compliance.

Corporate Compliance may be reached via the following channels:

By email: compliance@phoenixgroup.eu

By phone: +49 621 8505 – 8519

(Anonymously) via the case reporting system: <https://phoenixgroup.integrityplatform.org/>

By post:

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Corporate Compliance
Pfungstweidstraße 10-12
68199 Mannheim
Germany