

**PHOENIX group**

**Anti-Corruption Policy**

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## **1. Introduction**

PHOENIX group has built a trustworthy and highly credible reputation as a leading European pharmaceutical distributor and multiple pharmacy operator. Our reputation, credibility and business ethics are of great importance and have come about by years of hard work by all our employees. This is one of our most important assets and of significant strategic advantage to our business. PHOENIX group has adopted a Zero Tolerance approach towards any breaches of this policy and this is fully supported by PHOENIX group Executive Board.

## **2. Objective**

Bribery and corruption are criminal offences in many jurisdictions for both the individual and its employer. PHOENIX group is committed to the prevention, deterrence and detection of bribery and all other corrupt business practices.

## **3. Scope of this Policy**

This policy will apply to all entities and businesses within PHOENIX group and each business entity will seek to adopt and promote policies and procedures that are consistent with the principles set out in this policy. Within PHOENIX group, the responsibility to control the risks of unethical and illegal business practices resides at all levels of the organisation.

Where an entity of PHOENIX group is either a minority or majority shareholder or has managerial responsibility, including joint ventures, the representatives of PHOENIX that sit on the respective entity's Board of Directors or management committee, should actively support the implementation of comparable anti-bribery and corruption standards.

## **4. Conflicts of Interest**

An Employee must disclose any conflicts of interests to their direct superior and also take action to eliminate all personal conflicts of interests before proceeding with a particular matter. All conflicts of interest should be disclosed, regardless of whether or not an Employee believes that such a conflict may lead to a different decision or action. It should be noted that such conflicts may be perceived as influencing decisions or actions by other Employees or Third Parties. A conflict of interest arises where an Employee has a personal or a financial relationship or other type of interest that could have an actual or perceived influence on decisions or actions that would not be aligned with the best interests of PHOENIX group; or where an Employee uses their position in the group for personal gain.

If an employee has any doubts it should always seek advice from their direct superior, local compliance personnel or legal team, if any.

## 5. Legislation

This policy has been made in compliance with the UK Bribery Act 2010 serving as a modern and developed standard for preventing bribery. All PHOENIX group entities and their employees should also comply with the relevant legislation in their own country of operation. If an employee is unsure what the local legislation requirements are then they should discuss with their direct superior, local compliance personnel or legal team, if any.

## 6. What is Bribery and Corruption?

***Giving, offering, promising, accepting or soliciting of an advantage as an inducement for an action with the intention of influencing the behaviour of someone in order to obtain or retain a commercial advantage***

Bribery offences covered by this policy are as follows:

- **Active Bribery:**  
Offering, promising or giving a financial or other advantage to another person with the intention of inducing or rewarding improper performance of a relevant function.
- **Passive Bribery:**  
Requesting or accepting a financial or other advantage as a reward for or with the intention of a relevant function being performed improperly as a consequence.
- **The Corporate Offence:**  
Failure of a commercial organisation to prevent bribery by an associate (employee, director, agent or subsidiary) of this organisation.
- **Bribing a Foreign Public Official:**  
Offering, promising or giving a financial or other advantage to any government official with the intention of inducing or rewarding improper performance of a relevant function.

Penalties under legislation can be far reaching if proven, and may include:

- **Fines or long prison sentence for individuals involved in a bribery offence**
- **Fines for PHOENIX group entities whose representatives are involved in bribery offences**
- **Disqualification of directors.**

## **7. What PHOENIX expects of its Employees**

7.1 It is unacceptable for all staff, Third Parties, agents and contractors to;

- (a) Give, promise to give, or to offer a payment, gift or hospitality with the expectation or hope that an illegitimate business advantage will be received, or to reward such a business advantage that has already occurred or has been agreed.
- (b) Accept a payment, a gift or hospitality that you know or suspect is offered with the expectation that it will obtain a business advantage for that party.
- (c) Engage in activity in breach of this policy or applicable country laws in terms of anti-bribery.

7.2 PHOENIX group expects that all staff, Third Parties, agents and contractors will;

- (a) Comply with the provisions of this policy and that of the applicable laws at all times.
- (b) Raise any concerns as soon as possible if the person believes or suspects that a conflict has occurred or may occur in the future in line with the separate PHOENIX group Whistle Blowing Policy<sup>1</sup>.
- (c) Respect PHOENIX group's customers, suppliers and all other parties with whom it interacts to achieve its objectives by conducting business with integrity and in a lawful and professional manner.
- (d) Seek advice and guidance should they be unclear or unsure of any aspect of this policy and their own responsibilities to ensure compliance.
- (e) Attend any training or other events designed to communicate this policy.

## **8. Specific Areas of focus**

### **8.1 Third parties**

Unethical behaviour of Third Parties can have legal and reputational implications for PHOENIX group entities. Accordingly, we aim to ensure that we engage with Third Parties who share our standards of integrity. Each operating company within PHOENIX group should have designated procedures for how to negotiate and commence business with a Third Party. These procedures should have a formalised approval process.

In addition, in order to ensure that this policy is applied to the Third Parties, pre-contracting due diligence procedures should be conducted on third parties.

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<sup>1</sup> To be implemented as part of group-wide roll-out

If Third Parties require a PHOENIX group entity to enter into an agreement, inter alia, containing provisions, obligations or statements with respect to Anti-Bribery-Regulations, the following applies:

- (a) Inform the Third Party about the PHOENIX group compliance standards with respect to Anti-Bribery and corruption according to the requirements of UK Anti-Bribery Act Legislation.
- (b) Refrain from agreeing to be directly subject to foreign laws (especially do not accept any references to US FCPA and UK Anti-Bribery Act laws save for in the UK).
- (c) Give both parties the right to terminate the agreement if there is any bribery related breach, but exclude compensation.
- (d) Include statement on applying local laws.
- (e) Limit validity period.

Acceptance of such anti-corruption agreements as proposed by Third Parties may constitute risks – which obviously should be avoided – for the PHOENIX group entity entering into such agreement as well as for the group, e.g.

- Anti-corruption agreements may underlie foreign (e.g. US-) law. The acceptance of a foreign legal system might have far-reaching legal and economic consequences which are not fully recognizable when entering into the agreement. Examples are extended liability or termination rights in case of a breach of an agreement;
- Third Parties may try to include their internal anti-corruption guidelines into anti-corruption agreements with PHOENIX group entities. These internal anti-corruption guidelines may be very extensive since the anti-corruption law in some countries (like the United States or UK) is very strict and the pharmaceutical producers try to protect themselves with extensive internal regulation. In addition, these internal guidelines are designed for the Third Party itself, and therefore often don't fit very well to the businesses of PHOENIX group. Therefore, it might at least be difficult to identify all aspects of the accepted undertakings. Complexity increases with every concluded anti-corruption agreement. In addition, pharmaceutical producers might amend or extend their internal guidelines from time to time, further increasing the compliance risk with respect to this kind of agreement;
- Furthermore, anti-corruption agreements could contain regulations addressing issues not directly related to anti-corruption compliance with surprising content, e.g. additional liability risks and/or termination rights in terms of already existing agreements;
- Frequently, anti-corruption agreements do not provide for clear regulations with respect to contract period and termination rights. Therefore, it might be difficult to end such agreements or achieve improvements as soon as they are concluded.

In deviation from the aforementioned regulations a local entity may decide to accept anti-bribery regulations set by Third Parties that do not comply with this Policy, if:

- The local Board of Directors decides to enter such an agreement
- The supply with goods (drugs, medication, supplies, etc.) would be endangered otherwise
- The agreement does only refer to the respective PHOENIX group entity and not to the group as a whole and
- This agreement is valid only for a pre-defined period of time and shall not exceed two years.

In case the above stated points do not apply, a local entity may enter such an agreement only after approval by the Group Executive Board.

## 8.2 M&A Transactions

PHOENIX group entities may be accountable for the past or future actions of our entities in M&A Transactions and therefore it is important to know these parties to ensure they share our standards of integrity and act accordingly. In order to ensure that this policy is applied to the entities within the scope of these transactions, pre-contracting due diligence procedures should be conducted, as well as post-contract monitoring of the activities conducted by these entities. The details of the scope and extent of such due diligence and monitoring is described in the PHOENIX group M&A Policy.

## 8.3 Political Contributions

PHOENIX group entities may occasionally make Political Contributions. Such contributions must comply with the standards of integrity on group and local level and local legal regulations. They can only be approved by the Managing Director of the PHOENIX group entity which makes the Political Contribution, whose approval will be contingent on, among other things, his/her personal assessment that such a donation is not a subterfuge for bribery.

All Political Contribution must be accurately recorded in the Compliance-Register of the respective PHOENIX group entity. In addition records of all correspondence with regards to such activities should be retained and archived by the respective PHOENIX group entity for inspection/audit.

## 8.4 Charitable Donations

We occasionally may provide sponsorship for events, individuals and charitable donations. Such donations must comply with the standards of integrity on group and local level and local legal regulations. They can only be approved by a member of the

Board of Directors of the PHOENIX group entity which makes the charitable donation, whose approval will be contingent on, among other things, his/her personal assessment that such a donation is not a subterfuge for bribery.

All payments related to donation and sponsorship must be accurately recorded in the Compliance-Register of the respective PHOENIX group entity. In addition records of all correspondence with regards to such activities should be retained and archived by the respective PHOENIX group entity for inspection/audit.

#### 8.5 Interacting with Public Officials

In general, engaging with a Public Official is only allowed if their knowledge and expertise is unique and if local laws doesn't forbid or require such an engagement. If any interactions are required with Public Officials these should be held in a transparent manner in order to minimise any possible perception of bribery or corruption.



## 8.6 Facilitation Payments

PHOENIX group considers Facilitation Payments to be bribes and therefore prohibits their payment.

## 8.7 Gifts & Incentives

Gifts include anything of any value that is transferred to someone else e.g. money, tickets, loans, services, etc. The intention behind the gift or hospitality should always be considered before offering or accepting such gift or hospitality. For Employees it is inappropriate to offer or accept any gifts or other incentives above a set local monetary limit. Inappropriate Gifts should be politely but firmly refused and never offered to any Third Parties.

In an exceptional situation, if an Employee, for whatever reason, might have accepted an inappropriate gift without realising the significance of such a gift at the time then the Employee should without undue delay bring the matter to the attention of their Line Manager and also register the matter in the Compliance-Register. In addition, records of all correspondence with regards to such activities should be retained and archived by the respective PHOENIX group entity for inspection/audit.

PHOENIX group appreciates that the practice of giving business gifts and the value of gift that is acceptable varies between the countries where PHOENIX group operates and what may be normal and acceptable in one country not in another. Therefore, the definition of an appropriate threshold is in the responsibility of the local organisation according to the procedure set out in section 10.

A cash or cheque 'reward' of any value must never be accepted.

Gifts should never be given to or be received from Public Officials.

Sample tokens of modest value bearing the name or insignia of the organisation giving them (for example, pens, diaries or calendars) whether given personally, or received in the post, may be retained unless they could be regarded as an inducement or reward.

## 8.8 Travel, Lodging, Meals & Hospitality

Occasionally you may be invited to a hospitality event. There might also be occasions when you invite a business partner to a hospitality event. PHOENIX group does not object to you attending or inviting to such events to further develop business relationships and better understanding with our business partners, however the following rules must be followed;

(a) Such hospitality must be proportionate to the business relationship.

- (b) The hospitality should not exceed the local monetary limit set by local compliance organization. The local compliance organization could impose additional requirements, e.g. authorization by a Director of the relevant PHOENIX group entity.
- (c) Registration of the full details of the hospitality to the Compliance-Register.
- (d) The cost for the travel and hotels, when a PHOENIX group employee is invited should always be paid for by the PHOENIX group entity.
- (e) Hospitality may not under any circumstances be taken from or given to a company or individual that the company does not conduct business with or is involved in an ongoing procurement process with the respective PHOENIX group entity.
- (f) Providing or accepting travel, entertainment, meals and hospitality to Public Officials may be a violation of the law if they are excessive and not for a valid business purpose. This hospitality is therefore discouraged.

#### 8.9 Loyalty / Points Schemes

PHOENIX group Employees are only allowed to benefit on their own account from loyalty schemes that are used for Company transactions (e. g. purchases, services and leases) if these transactions are regulated by an internal, binding guideline (e.g. travel guideline).

### 9. **Monitoring and Compliance / Organisation**

- (a) Overall responsibility on group and entity level

PHOENIX group Executive Board is bearing the overall responsibility for Anti-Corruption and Bribery compliance within PHOENIX group. The respective Board of Directors is bearing the overall responsibility for Anti-Corruption and Bribery compliance within the respective PHOENIX group entity.

- (b) Compliance organization on group level

The PHOENIX group Executive Board establishes a Group Compliance Committee consisting of one member of the PHOENIX group Executive Board, Head of Legal, Head of Human Resources, Head of Group Audit, Head of Corporate Communications and applies the following tasks to the it: Supervision, review, decision and escalation unit for local request and limits, yearly reports to PHOENIX group Executive Board.

An operational Compliance manager should be implemented being responsible for the on-going operational running and development of compliance system, training, reporting and case handling.

- (c) Compliance organization on entity level

The local compliance organisation should be part of the MD-organisation. Local compliance organisation can either be on company level or on country level, i.e. compliance organisation of one company is responsible for all PHOENIX group entities in its country.

The respective Board of Directors should establish one (or more) Local Compliance Committees consisting of at least three senior managers, including one member of the local Board of Directors and where existing Head of Legal and Head of Human Resources and apply the following tasks to it: Supervision, review, decision unit for local concerns, yearly and quarterly reports to local Board.

An operational local compliance manager should be implemented being responsible for on-going operational running of compliance system, training, reporting and case handling.

(d) Compliance will be monitored through:

- periodic risk assessment,
- reporting and completion of the appropriate registers,
- periodic compliance statements from 'high risk' personnel,
- appropriate anti-bribery and corruption training with staff,
- the active and visible support of the Executive Board and all Board of Directors for each business, particularly in regularly monitoring of events that could give rise to a risk of corruption and bribery.

Where appropriate, internal and external audit controls may also be used.

## **10. Records, Local limits**

### 10.1 Records

Each local compliance organisation maintains a Compliance-Register which contains the records on;

(a) Political Contributions (see 8.3)

(b) Charitable Donations (see 8.4)

(c) Inappropriate Gifts (see 8.7)

(d) Hospitality (see 8.8)

The Compliance-Register must be available for all audit purposes.

The group compliance organisation may provide further specifications in terms of the Compliance-Register, e.g. with respect to form, contents and availability.

We must retain sufficient reasonable documentation to demonstrate the measures put in place to prevent bribery and corruption risks. The books and records must accurately, fairly and reasonably reflect the substance of transactions and comply with relevant accounting policies. This includes retaining for example:

- Copies of signed contracts
- Recording gifts and hospitality received and given
- Due diligence performed on Third Parties (see 8.1)

Employees are responsible for ensuring books and records are maintained and ensuring they are available for audit purposes if required.

## 10.2 Local limits

A local limit applies in the following cases:

- (i) Gifts & Incentives (8.6)
- (ii) Hospitality (8.8)

The local compliance organisation determines and proposes the monetary limits for the respective PHOENIX group entities and maintains a register of the existing local limits, with such records being made available for all audit purposes and to the group compliance organisation. The local limits must be approved by the Managing Director of the respective group company. Group compliance organisation supports the local compliance organisation in setting appropriate monetary limits.

## 11. How to Report Any Concerns of Misconduct

Any concerns you have in relation to bribery and corruption must be reported to/through:

- (a) Your direct manager, or
- (b) The local compliance manager, or
- (c) The PHOENIX group Whistle Blower process<sup>2</sup>

## 12. Consequences of Misconduct

Failure of an employee to comply with this policy will result in disciplinary action up to and including termination of employment. The respective Board of Directors together with local human resources department are responsible for determining the appropriate course of action.

The respective PHOENIX group entity may also take civil recovery action against the Employee. In the case of Third Parties, a failure to comply may result in a contract being terminated, the matter being reported to a regulatory body, the matter reported to the police or respective PHOENIX group entity taking civil action, where appropriate, against the offending party.

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<sup>2</sup> To be implemented as part of group-wide roll-out

### 13. Training Support and Resources

It is the personal responsibility of every Employee within PHOENIX group to understand this policy and act accordingly. The local compliance organisation is responsible for ensuring all Employees of PHOENIX group are aware of this policy and any subsequent amendments made.

If you have any questions or concerns in relation to this policy or bribery and corruption in general please contact your local compliance manager.

### 14. Glossary

Board of Directors	Top level Management of the respective PHOENIX group entity, irrespective of the local organisational or legal denomination.
Employee	Person employed by a PHOENIX group entity
Facilitation Payment	A facilitation payment is a bribe paid to facilitate a routine Government action such as obtaining a licence, permit, visa etc. to which you are entitled.
FCPA	The Foreign Corrupt Practices Act (“FCPA”) is a United States federal law introduced in 1977 to prohibit companies from paying bribes to foreign government officials and political figures to obtain business.
Inappropriate Gifts	All gifts and incentives with a higher value or in case of doubt about the value.
M&A	Mergers and acquisitions
M&A Transactions	M&A transactions include mergers and acquisitions and joint ventures.
PHOENIX group	Includes any company where the majority of the shares are owned by a PHOENIX group entity.
Political Contribution	A political contribution is any contribution made in cash or other consideration made in order to support a political cause.
Public Official	A Public Official is any person holding any legislative, executive, administrative or judicial position of a State, whether domestic or foreign and whether at local or central government level. They may be: <ul style="list-style-type: none"> <li>• Appointed or elected</li> <li>• Permanent or temporary</li> <li>• Paid or unpaid</li> </ul>

	<ul style="list-style-type: none"> <li>• Of any level or seniority or grade</li> <li>• An employee of a government owned or controlled entity e.g. the public health system workers,</li> <li>• An officer or individual who holds a position in a political party</li> <li>• A candidate for public office</li> <li>• A person who otherwise exercises a public function on behalf of or within any country</li> <li>• An employee of a public international organisation, such as the United Nations or the World Health Organization.</li> </ul>
Third Parties	Any person, company or organisation, (other than PHOENIX group entity or Employee,) with which PHOENIX group collaborates with, engages to obtain goods or services and/or provides business support.
Zero Tolerance	PHOENIX group does not tolerate any violations of this Policy. It will investigate any suspicions of non-compliance with this Policy and take the appropriate measures.