



PHOENIX UK Group

*Anti Corruption and
Bribery Policy*



a PHOENIX company

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1 Introduction

The PHOENIX pan European 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 arisen through 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 European Group has adopted a 'Zero Tolerance' approach towards any breaches of this policy and this is fully supported by the PHOENIX Group European Executive Board.

2 Objective

Bribery and corruption are criminal offences in the United Kingdom for both the individual and their employer. The PHOENIX UK Group is committed to the prevention, deterrence and detection of bribery and all other corrupt business practices.

3 Scope of this Policy

This policy applies to all entities and businesses within the PHOENIX UK 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 the PHOENIX UK Group, responsibility to control the risks of unethical and illegal business practices resides at all levels of the organisation.

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

4 Conflicts of Interest

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 the PHOENIX UK Group, or where an employee uses their position in the group for personal gain. An Employee must disclose any conflicts of interests to their direct line manager and also take appropriate 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.

If an employee has any doubts they should always seek advice from their direct line manager, the Company Secretary or a Director of the Company.

5 Legislation

This policy has been drafted in compliance with the UK Bribery Act 2010 serving as a modern and developed standard for preventing bribery.

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 the 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 this legislation can be far reaching if proven and may include but not limited to:

- **Long prison sentence for individuals involved in a bribery offence**
- **Fines for individuals involved in a bribery offence**
- **Fines for PHOENIX UK Group entities whose employees are involved in bribery offences**
- **Disqualification of Directors**

7 What PHOENIX expects of its Employees

- 7.1 It is unacceptable for staff, third parties, agents and contractors to;
- 7.1a 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.
 - 7.1b 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.
 - 7.1c engage in activity in breach of this policy or applicable United Kingdom laws in relation to anti-corruption and bribery.
- 7.2 PHOENIX UK Group expects that all staff, third parties, agents and contractors will;
- 7.2a comply with the provisions of this policy and that of applicable laws at all times.
 - 7.2b raise any concerns as soon as possible if a person believes or suspects that a conflict has occurred or may occur in the future in line with the separate PHOENIX UK Group Whistle Blowing Policy¹.

¹ To be implemented as part of group-wide roll-out

- 7.2c respect PHOENIX UK Group's customers, suppliers and all other parties with whom they interact to achieve their objectives by conducting business with integrity and in a lawful and professional manner.
- 7.2d seek advice and guidance should they be unclear or unsure of any aspect of this policy and their own responsibilities to ensure compliance.
- 7.2e 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 UK Group entities. Accordingly, we aim to ensure that we engage with third parties who share our standards of integrity and values. Each operating company within the PHOENIX UK 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.

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

- 8.1a Inform the third party about the PHOENIX UK Group compliance standards with respect to anti-bribery and corruption according to the requirements of UK Bribery Act Legislation.
- 8.1b Refrain from agreeing to be directly subject to foreign laws or contractually bound by such foreign laws unless the third party concerned is a member of the PHOENIX pan European group.
- 8.1c Give both parties the right to terminate the agreement if there is any bribery related breach by a party to that

Agreement

- 8.1d Include a Clause with regards to the applicable anti-corruption and bribery legislation.

Acceptance of such anti-corruption agreements as proposed by third parties may constitute risks – which obviously should be avoided - for the PHOENIX UK 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 recognisable 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 UK Group entities. These internal anti-corruption guidelines may be very extensive since the anti-corruption law in some countries 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 the PHOENIX UK 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 when a contract is renegotiated.

8.2 M&A Transactions

PHOENIX UK Group entities may be accountable for the past or future actions of our entities in M&A transactions. 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 European Group M&A Policy.

8.3 **Political Contributions**

It is the policy of all PHOENIX UK Group entities not to make any political donations of any kind.

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 UK Group entity which makes or accepts 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 UK Group entity. In addition records of all correspondence with regards to such activities should be provided to, retained and archived by the Group Company Secretary 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 do not 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 UK 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. tickets (other than hospitality), loans, services, bottles of wine 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 the set current local monetary limit of £15. 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 held by the Group Company Secretary. In addition records of all correspondence with regards to such activities should be retained and archived by the respective PHOENIX UK Group entity for inspection/audit.

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

Gifts should never be given to or accepted 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 UK Group does not object to you attending or inviting people to such events to further develop business relationships and a better understanding with our business partners, however the following rules must be followed;

- 8.8a Such hospitality must be proportionate to the business relationship and have been authorised by an Officer of the relevant PHOENIX UK Group Company.
- 8.8b Registration of the full details of the hospitality to be listed in the Compliance Register held by the Group Company Secretary.

8.9 Loyalty / Points Schemes

Where the PHOENIX UK Group may be eligible to participate in such loyalty schemes involving Company purchases, an employee may not participate in their personal capacity. Where such a scheme is only open to individuals (e.g. air miles) and there is no conflict of interest, then an employee may participate on their own account.

9 Monitoring and Compliance / Organisation

(a) Compliance organisation on group level

Overall responsibility:	The PHOENIX Group European Executive Board;
Group Compliance Committee:	One member of Executive Board, Head of Legal, Human Resources, Audit, Communications: Supervision, review, decision and escalation unit for local request and limits, yearly reports to PHOENIX Group Executive Board
Compliance Manager:	responsible for ongoing operational running and development of compliance system, training, reporting, case handling]

(b) Compliance Organisation at United Kingdom level;

Overall responsibility:	Board of Directors of each entity
Local Compliance Committee:	(One member of the Board, Head of Legal; Supervision, review, decision unit for local concerns, yearly and quarterly reports to local Board
Local Compliance Manager:	responsible for ongoing operational running of compliance system, training, reporting, case handling

Compliance will be monitored through:

- (a) periodic risk assessment,
- (b) reporting and completion of the appropriate registers,
- (c) periodic compliance statements from 'high risk' personnel,
- (d) appropriate anti-bribery and corruption training with staff,
- (e) 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;

- 10.1a Political Contributions (see 8.3)
- 10.1b Charitable Donations (see 8.4)
- 10.1c Inappropriate Gifts (see 8.7)
- 10.1d Hospitality (see 8.8)

The Compliance Register must be available for all audit purposes.

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 any 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.

The local Compliance Organisation determines and proposes the monetary limits for the respective PHOENIX UK 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 UK Group, these limits will be variable and based on the principle of proportionality.

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 Group Company Secretary
- (c) A Director
- (d) The PHOENIX Group Whistle Blower process

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 UK 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 UK Group entity taking civil action, where appropriate, against the offending party.

13 Training Support and

Resources

It is the personal responsibility of every employee within PHOENIX UK Group to understand this policy and act accordingly. The local compliance organisation is responsible for ensuring all employees of PHOENIX UK 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 the Group Company Secretary.

14 Glossary

Board of Directors	UK PMS Board of the respective PHOENIX UK Group entity, irrespective of the local organisational or legal denomination.
Compliance Register	A confidential register held and maintained by the Group Company Secretary
Employee	Person employed by a PHOENIX UK 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.
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 UK Group entity.
PHOENIX UK Group	Includes but not limited to; Phoenix Medical Supplies Limited, Phoenix Healthcare Distribution Limited, Phoenix Distribution Systems Limited, L Rowland & Company (Retail) Limited, Practice Services UK Limited, G Pharma Limited, Nupharm Limited.
Political Contribution	A political contribution is any contribution made in cash or other consideration made in order to support a political cause.
Public Official	<p>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:</p> <ul style="list-style-type: none"> • Appointed or elected • Permanent or temporary • Paid or unpaid • Of any level or seniority or grade • An employee of a government owned or controlled entity e.g. the public health system workers, • An officer or individual who holds a position in a political party • A candidate for public office • A person who otherwise exercises a public function on behalf of or within any country • An employee of a public international organisation, such as the United Nations or the World Health Organization.

Third Parties	Any person, company or organisation, (other than PHOENIX UK Group entity or Employee,) with which PHOENIX UK Group collaborates with, engages to obtain goods or services and/or provides business support, this definition also extends to third parties with whom Phoenix does not currently conduct business with.
Zero Tolerance	PHOENIX UK Group does not allow and will penalise specific action.



a PHOENIX company

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