

# Sanctions & Embargoes Compliance Guideline

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For questions regarding the versions and exact content-related changes please contact Group Compliance.

The currently valid version is highlighted bold. Currently applicable Compliance guidelines and standards may be consulted via the intranet ([CONET](#), local intranet).



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## Glossary

Board of Directors / Local Management Board	Top level management of the respective PHOENIX group entity, irrespective of the local organizational or legal denomination.
Business Partners	A Business Partner in the regard of this guideline is also a Third Party with the exception that the agreement has been concluded in order to have all business activities with the respective PHOENIX company arranged.
Compliance Organization Handbook	The Compliance Organization Handbook is issued by Corporate Compliance and distributed to all LCM. It comprises all standards, processes, recommendations etc. regarding the realization of the Compliance Management System of the PHOENIX group.
Embargo	Embargoes are restrictions on foreign trade that are imposed for foreign or security policy reasons. They restrict or prohibit actions and legal transactions in foreign trade with a certain country or certain persons or groups of persons. They are usually based on UN Security Council's decisions and implemented by the EU.
Employee	An Employee is any individual, who signed a direct employment contract with PHOENIX group, and performs work or tasks directly for PHOENIX group.
Good Guy	Initial match of a Business Partner or Employee via Hit Management Process declared as trustworthy partner.
Group Compliance Committee (GCC)	Compliance committee at the group level, which oversees tasks related to monitoring, inspection, decision-making, and escalation.
Local Compliance Committee (LCC)	Local compliance committee at the country or regional level, which oversees tasks related to monitoring, inspection, decision-making, and escalation. (See Compliance Principles and Reporting & Investigations Guideline for more details)
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. (See Compliance Principles and Reporting & Investigations Guideline for more details)
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.
Restricted Parties	Any person, company or organization, in particular countries, non-state entities, groups or individuals (such as terrorist groups and terrorists) that are subject to trade sanctions.



Standard	<p>In principle, Standards provide further procedure instruction on how to deal with the regulations laid down in a guideline. This Standard contains additional Information on the Anti-Corruption Guideline. Each employee regardless of the management level must comply with them.</p> <p>All Compliance Guidelines, Standards as well as the respective Local Compliance Management can be found on CONET.</p>
Third Parties	<p>A Third Party is any natural or juridical person with whom a company in the PHOENIX group has contact. This contact includes all business and non-business agreements, whereby the respective agreement is not necessarily concluded to generate revenue (e.g., donations) or has financial impact (e.g., panels for experts). PHOENIX group companies and their employees are not considered as Third Parties.</p>



## I General

The aim of this guideline (together with any similar regulations and Standards) is to protect any PHOENIX entity from becoming involved in business activities with a Third Party who may be subject to trade sanctions or embargoes.

[See Compliance Principles and Point 10](#)

The provisions of the Compliance Principles and Reporting & Investigations Guideline apply to this guideline without any restrictions and shall be applied throughout. In case of questions regarding Sanctions Compliance or any other questions concerning this guideline please contact your LCM or Corporate Compliance.

The aim of this guideline is to inform PHOENIX group's Employees and stakeholders of the key principles of trade sanctions law (particularly in the European Union [EU]) and the United States [U.S.]) as well as embargoes and sanctioned countries and to set out regulations of how to comply with these legal requirements fully. This includes the screening obligations under trade sanctions laws as well as a description of the internal organization and processes in relation to trade sanctions, embargoes, and the consequences of non-compliance with this guideline.

The appendices to this guideline may be subject to swift changes. Therefore, they can be changed by Corporate Compliance swiftly and without the prior approval of the Executive Board of the PHOENIX group. However, the GCC will be adequately involved in the process and the entities of the PHOENIX group will be informed adequately about changes in such a case.

### 1. What are Trade Sanctions and Embargoes?

#### 1.1. Overview

National states like Germany, the United States of America, the United Kingdom or France and supranational organizations like the United Nations or the EU impose sanctions or other restrictive measures against countries, organizations, groups, non-state entities and individuals such as terrorist groups and terrorists (also referred to as "Restricted Parties").

These Restricted Parties infringe internationally accepted behavior and norms, especially those who have been identified as being involved in weapons proliferation, as terrorists or supporters of terrorist organizations, as violators of human rights, or involved in corruption and bribery. Such measures are more commonly known as trade sanctions or embargoes.

#### 1.2 Sanctions Types

##### Definition

Trade sanctions take the form of comprehensive embargoes (total embargoes), partial embargoes, such as arms, trade or financial embargoes, or embargoes targeted against specific individuals, entities, groups and organizations contained in lists (list-based sanctions). Financial embargoes usually prohibit placing assets of any kind at the disposal of sanctioned parties or providing them with financial services of any kind.





**Principles and Rules**

**1.3 Consequences of Non-Compliance**

Non-compliance with trade sanctions laws can expose the PHOENIX group as well as individual managers and Employees to civil, regulatory and criminal penalties, including substantial monetary fines and, in the case of individuals, prison sentences.

The consequences of non-compliance are determined by national law and, thus, may vary from jurisdiction to jurisdiction.

Non-compliance also poses a substantial reputational risk for the company and could jeopardize important business relationships with companies in other countries which have very high ethical and security standards.

**See Compliance Principles**

The consequences of misconduct set out in the Compliance Principles and Reporting & Investigations Guideline section 4 remain unaffected and apply irrespective of potential legal consequences.

**Definition**

Non-Compliance in the sanctions regulation context comprises intended an unintended provision, transfer and placement of assets of any kind at the disposal of any sanctioned organization and persons or providing them with financial services of any kind.

**II Trade Sanctions**

**2. Screening Obligations**

**Principles and Rules**

To ensure compliance with the requirements under sanctions laws as set out in section 3, the PHOENIX group screens its Business Partners and its Employees against applicable sanctions lists.

For that purpose, the PHOENIX group has established internal processes and controls which are set out in sections 4 et seqq. in detail. The leading principle for all PHOENIX group entities is:

If a Business Partner is in fact included in a sanctions list, PHOENIX group shall terminate the relationship with the Business Partner immediately. In case of uncertainties in respect of the actual identity and screening accuracy of identified Business Partners, please proceed like described in section 5.2.

If an Employee of PHOENIX group or any of its affiliates is in fact included in a sanctions list, PHOENIX group shall immediately terminate the employment contract with such individual. In case of uncertainties regarding the actual identity and the screening accuracy of the identified Employee, please proceed as described in section 5.2.



### 3. Legislation

#### 3.1 Trade Sanctions within Europe

Principles and Rules

PHOENIX screens its Business Partners and its Employees against selected Sanctions lists issued by the EU or single member states as well as Sanctions lists from UK and Switzerland.

EU trade sanctions apply

- a) within the territory of the member states of the EU;
- b) to any person inside or outside the territory of the EU who is a national of a member state, aircrafts and vessels;
- c) to any legal person, entity or body which is incorporated or constituted under the law of an EU member state whether acting inside or outside of the EU; and
- d) to any legal person, entity or body in respect of any business done in whole or in part within the EU.

PHOENIX group's commitments under foreign trade law mainly (but not exclusively) derive from Council Regulation (EC) No 2580/2001 of December 27, 2001. The regulation is directed against certain persons and entities for the purpose of combating terrorism. It aims to prevent and ban the financing of terrorist acts by prohibiting that funds, other financial assets and economic resources are made available, directly or indirectly, to, or for the benefit of, a natural or legal person, group or entity included in the list of Restricted Parties, or by prohibiting financial or other related services from being rendered for the benefit of Restricted Parties.

In addition to the embargoes against certain persons and entities, there are also a number of embargoes against several countries, such as e. g. Iraq, Libya and Russia. The embargoes limit the freedom of foreign trade with the embargoed countries. They also prohibit funds, other financial assets and economic resources that are made available, directly or indirectly, to, or for the benefit of, a natural or legal person, group or entity included in the list of Restricted Parties of that embargoed country, or by prohibiting financial or other related services from being rendered for the benefit of Restricted Parties of that embargoed country.

The given examples only reflect the current legal situation which is, however, subject to changes as sanctions lists are updated on a regular basis.

Definition

Trade Sanctions within Europe are imposed by an entitled authority of the European Union such as the European Council, any other national entitled authority within the EU, any other national entitled authorities of continental Europe and any entitled authority of UK.

More detailed information regarding the Sanctions lists PHOENIX screens against its Business Partners and its Employees can be found in [ANNEX I](#) to this guideline.

#### 3.2 U.S. Trade Sanctions

Principles and Rules

PHOENIX screens its Business Partners and its Employees against selected Sanctions lists issued by the governmental authorities of the United States of America.



U.S. trade sanctions apply primarily to U.S. persons. The term "U.S. person" includes:

- a) All companies and other legal entities organized under U.S. law, including branch offices located within or outside the U.S. In specific cases also non-US-entities owned or controlled by U.S. individuals or U.S. companies (regardless of location) are included;
- b) U.S.-based branches and subsidiaries of non-U.S. companies;
- c) Individuals who are U.S. citizens or permanent residents ("green-card" holders) regardless of their place of domicile or work; and
- d) Any individuals being physically present in the U.S.

Even if entities of the PHOENIX group are not considered as a "U.S. person" as defined above, U.S. sanctions may apply if an entity or individual acts or causes activity within the U.S. (even from outside of the U.S. – so called "doctrine of effects"). Furthermore, non-U.S. persons and entities that cause a U.S. person to violate U.S. sanctions also violate the U.S. sanctions and risk civil and criminal penalties under applicable U.S. law (e.g. in the case of a non-U.S. person involving a U.S. bank in payment transactions with Restricted Parties).

The obligation to screen U.S. sanctions lists may also be derived from contracts with suppliers, credit facilities or loan agreements that require the contracting PHOENIX group entity to comply with U.S. sanctions or to screen against U.S. sanctions lists.

The E.U. and the U.S. are not the only countries to have established trade sanctions using different types of sanctions lists. There are also other sanctions lists for different purposes (i.e. especially for export laws) and different countries. The PHOENIX group does only screen against selective sanctions laws (see [ANNEX I](#)).

**Definition**

U.S. Trade Sanctions are imposed by an entitled national authority of the United States of America such as i.e. the Office of Foreign Assets Control (OFAC).

More detailed information regarding the Sanctions lists PHOENIX screens against its Business Partners and its Employees can be found in [ANNEX I](#) to this guideline.

**Principles and Rules**

**3.3 Conflicting Trade Sanctions Laws**

In case of a conflict between different applicable sanctions laws, please immediately contact Corporate Compliance or the LCM for advice and support before taking any business decision.

Such conflict may arise, for example, if the trade sanctions or embargo laws of one country prohibit certain trade or transactions with Restricted Parties whereas blocking statutes or anti-boycott laws of another country require PHOENIX group not to comply with such rules.

**4. Internal Processes, Controls and Documentation**

The PHOENIX group has implemented an IT-based screening solution with the following processes and controls (see section 4.1-4.6) in order to prevent the company from conducting business with or employing any Restricted Party.



See [AnCo Standard Third Party Management](#)

Furthermore, to strengthen its preventive approach, before initiating a business relationship with certain Business Partners, these are also subject to a Business Partner Due Diligence including a comprehensive Sanctions Screening. Please refer to the Anti-Corruption Guideline and the [Standard on Third Party Management](#) for further details.

All screening activity towards Employees is conducted pursuant to all GDPR requirements and in strict alignment with Corporate Data Protection.

Corporate Compliance regularly conducts shareholding/ownership sanctions screening of entities in which PHOENIX group possesses a shareholding/ownership position.

**Principles and Rules**

**4.1 Current Business Partners and Employees**

As a general rule, all Business Partners and all Employees of the PHOENIX group need to be checked against the relevant sanctions lists as set out in [ANNEX I](#).

Furthermore, the following points apply:

- a) Any potential match will be carefully investigated (see section 5). If necessary, further information will be obtained from the Business Partner or Employee and / or a competent authority;
- b) The LCM prepares and keeps a record of any potential match, the outcome of the investigation, supporting documentation as well as the refusal, suspension and termination of the business relationship;
- c) If the Business Partner is a Restricted Party, all subsequent business with the Business Partner shall be prohibited and the relationship with the Business Partner shall be terminated in accordance with the requirements of the applicable trade sanctions law and other applicable local law;
- d) If a current Employee is a Restricted Party, the employment contract shall be terminated in accordance with the requirements of the applicable trade sanctions law and other applicable local law.

**Definition**

A current Business Partner is a party which is an already existent debtor or vendor in an ERP or CRM system of an entity of PHOENIX.

A current Employee is any individual, who is an already existent individual in any employees/staff data system of an entity of PHOENIX.

**Principles and Rules**

**4.2 New Business Partners and Employees**

As a general rule, all new Business Partners and all new Employees will be checked against the relevant lists of Restricted Parties.

Furthermore, the following points apply:

- a) Any potential match will be carefully investigated. If necessary, further information will be obtained from the new Business Partner or Employee and / or a competent



authority. The relationship with the new Business Partner or new Employee shall not be taken up or executed until final confirmation has been received that the new Business Partner or Employee is not a Restricted Party.

- b) If the new Business Partner or Employee is a Restricted Party, all business with the Business Partner or Employee shall be prohibited.
- c) The LCM prepares and keeps a record of the match, the outcome of the investigation, supporting documentation as well as the refusal, suspension and termination of the business relationship.

#### Definition

A new Business Partner is a party with whom PHOENIX does not have a prior business relationship and no master data in either ERP or CRM systems of a PHOENIX entity exists.

A new Employee is any individual with whom PHOENIX does not have a prior employment contract and no data in any employees/staff data system of a PHOENIX entity exists.

#### Principles and Rules

### 4.3 The Risk of Business Partner being controlled by Restricted Party

Besides defined exceptions regulated by law, trade sanctions do not only prohibit business with Restricted Parties that are listed in the relevant sanctions lists, but also prohibit making funds or economic resources indirectly available to or for the benefit of the Restricted Parties ("Sanctions by Ownership").

For example, a Restricted Party would indirectly benefit from a payment if the payment was made to a legal entity which is owned or controlled by such Restricted Party. Thus, the prohibitions and restrictions on dealings with Restricted Parties apply to a legal person, group or entity that is controlled or owned by this Restricted Party, regardless of whether the legal person, group or entity itself is listed.

In these cases, in addition to checking the Business Partner against the lists of Restricted Parties, it must be checked whether the business relationship is indirectly beneficial to a Restricted Party. The thoroughness of the background check for each Business Partner depends on a corresponding individual risk assessment, including criteria such as the organizational structure and country of origin of the Business Partner. The LCM shall identify those Business Partners for which indirect beneficiaries must be identified and screened. A Business Partner Due Diligence can be performed at any time after reconciliation with Corporate Compliance. Any case of unclear background of a Business Partner shall be escalated to the Local Management Board.

The LCM prepares and keeps a record of the outcome of the background check, underlying supporting documentation as well as the refusal, suspension and termination of the business relationship.

See  
[AnCo\\_Standard\\_Third Party Management](#)

Furthermore, the Business Partners Due Diligence Process does include a "Sanctions by Ownership" screening. It is aimed at assessing possible sanctions by ownership structures for Business Partners defined as "In Scope" pursuant point 4.3.1 of the [AnCo\\_SOP\\_Third Party Management](#).

#### Definition

Under EU law, "owning" means being in possession of 50 % or more of the proprietary rights of the legal person, group or entity, or having a majority interest therein. A company is therefore sanctioned by extension if each of the ownership links in an unbroken chain between it and an explicitly sanctioned person or entity is 50% or more.



**Principles  
and Rules**

**4.4 Timing**

The screening of Business Partners must be completed, at the latest, before making any payment or before handing over the goods and products to the Business Partner.

The screening of Employees must be completed, at the latest, on quarterly basis.

If an independent shipper is instructed to deliver the goods and products to the Business Partner, the screening must be conducted before handing over the goods and products to the shipper.

The timing is essential to ensure that no goods and financial benefits will be made available to a Restricted Party as requested under trade sanctions law.

However, generally, the screening does not necessarily need to be completed before starting contract negotiations or before entering into a contract. An automatically performed screening of all Business Partners enrolled in PHOENIX group's systems is performed twice a day in order to ensure the right timing of checks.

Manual checks on Business Partners and Employees (e. g. to clarify if a business or employment relationship is possible) may be performed using the IT-solution at any time.

Additional stricter regulations and processes may make an earlier and/or more frequent checking of Business Partners and Employees necessary (see [point 8](#) of this guideline) and prevail in those cases.

**Principles  
and Rules**

**4.5 Frequency**

The prohibition on making funds, other financial benefits and / or economic resources to Restricted Parties available, applies without exception.

This means that Restricted Parties shall not receive such benefits at any time. As a consequence, after each list update, PHOENIX group will immediately automatically screen its Business Partners and its Employees against the updated lists.

Checks of Business Partners are performed twice per day. Checks of Employees are performed on weekly level in case of an automated connection and on quarterly level in case of a manual connection to the IT-solution.

**Principles  
and Rules**

**4.6 Regular Reporting**

In all cases, the LCM is obliged to prepare and keep a record of the outcome of the Hit Management Process as well as the refusal, suspension or termination of the business or employment relationship.

Furthermore, the LCM presents periodically the results of the Hit Management (e.g. getting an outcome decision for an unclear hit) to the LCC. The exact reporting requirements shall be determined by the LCC. The total amount of hits, the (investigated) 100 % hits as well as all investigations which resulted in an actual business relevant measure should be included.



## 5. Screening Process

### 5.1 IT-Solution

PHOENIX group has introduced an IT-based solution to fulfil the screening obligations automatically. All of PHOENIX group's relevant Business Partners' key data is stored in various ERP and CRM systems. The relevant data (such as name, surname, and address) is automatically exported and matched with the sanctions lists on a cloud server solution offered and serviced by an external service provider.

All of PHOENIX group's Employees personal data is stored in various employees/staff data systems. The relevant data (name, surname, date of birth, address) is automatically or manually exported and matched with the sanctions lists on a cloud server solution offered and serviced by an external service provider. All relevant GDPR provisions have been checked and are complied with and the maximum level of safety and data privacy is ensured at all times.

The external service provider is responsible for the actuality of sanctions lists on daily basis and automatically performs regular checks of the Good Guys against the updated sanctions lists.

#### Definition

If during the matching procedure a Business Partner or Employee is marked as a potentially Restricted Party, this is defined as a hit. This IT-solution simultaneously generates an alert message including all recorded hits, which is submitted to the respective LCM and Corporate Compliance teams.

#### Principles and Rules

### 5.2 Hit Management Process

All potential hits are investigated properly by the LCM. The investigation may result in different outcomes (see below).

Due to various characteristics (such as similarities in names, ages, etc.), Business Partners or Employees might be marked as potentially Restricted Parties and hence enter the hit management process even if they are not the actual party registered in the sanctions lists ("False Positives").

The LCM manages these hits by clarifying the identity of the Business Partner or the Employee. This can be done for Business Partners, e.g., by performing background checks, by enquiries to authorities as well as by interviews with departments who conduct business with the potentially Restricted Party (such as procurement or sales) or for Employees, e.g. by performing background checks, by enquiries to authorities as well as by obtaining information from the local HR department and/or the department for which the Employee is directly working for.

The hit management process may result in three outcomes:

1. The Business Partner or Employee is in fact not the person or legal entity included in the sanctions lists:  
The LCM defines the Business Partner or Employee as a safe Business Partner/Employee by defining him as a Good Guy with a reasoned justification.



2. The Business Partner or Employee is in fact the person or legal entity included in the sanctions lists:  
The LCM takes all measures to immediately terminate the relationship with this Business Partner or Employee by the responsible Management of the corresponding PHOENIX entity / unit and informs the LCC about the outcome.
3. It remains unclear, if the Business Partner or Employee is in fact the person or legal entity included in the sanctions lists:  
The LCM escalates this issue to the LCC, which subsequently takes a decision on whether to terminate or to continue the relationship with the Business Partner/Employee. In case of sustained doubt, the LCC should take all measures to terminate the relationship with this Business Partner/Employee.

If the LCC decides to continue the relationship with the Business Partner or Employee, a full and comprehensive documentation shall be provided by the LCC to the Group Compliance Manager, who will present the findings to the GCC. The GCC may propose that the CEO of the PHOENIX group revises the LCC decision to continue the relationship with the Business Partner/Employee.

In case of uncertainty about the process, the LCM may consult the Corporate Compliance team at any time.

Further details regarding the hit management process are specified in the Compliance Organization Handbook.

## 6. Technical Requirements

Maintaining and updating the pre-wholesale, wholesale and retail business-to-customer master data in the local ERP systems is a mandatory requirement for all PHOENIX group entities and within the responsibility of the corresponding local accounting department. Where the accounting function is (partially) outsourced to an external service provider the Local Management Board is obliged to grant fulfillment of the requirement mentioned above.

Maintaining and updating the Employees master data in the local systems is a mandatory requirement for all PHOENIX group entities and within the responsibility of the corresponding local HR department. Where the HR function is (partially) outsourced to an external service provider the Local Management Board is obliged to grant fulfillment of the requirement mentioned above.

When creating new Business Partners or Employees or when updating the master data structure, it is extremely important to ensure that the modifications do not jeopardize the master data filtering setup, which excludes the data forbidden to be transferred to AEB server. Such is all business-to-customer master data.

In case of any modifications and / or additions are required to number ranges, account groups or industry keys, the local IT support has to be contacted before taking any concrete actions.

For further details, the internal provisions of the Corporate IT shall be used.

Once a year, a comprehensive check of all extracted master data and filter settings is performed in all entities for the Finance as well as employee/staff data system. This process is started and supervised by the Corporate Compliance team.

[See IT regulations](#)





### III Embargoes

#### 7. Embargoes

##### Principles and Rules

**Blacklist Process:** PHOENIX **prohibits** any kind of business conduct (see definition) with Third Parties located in the countries listed in [ANNEX III](#). (See section 7.1)

**Greylist Process:** Employees follow the process described in section 7.2 for the **approval** of any kind of business conduct with Third Parties listed in [ANNEX IV](#). (See section 7.2)

**Whitelist Process:** All countries not listed in [ANNEX III](#) and [ANNEX IV](#) are considered whitelist countries. For them, the usual PHOENIX processes for business partner sourcing and selection apply. (See [section 7.3](#))

As described in [section 1.1](#) of this guideline, national states and/or supranational organizations may impose (partial) embargoes against countries.

The PHOENIX group mainly operates in the EU member states and, additionally, in other European countries. None of these countries are embargoed under current trade sanctions laws. The PHOENIX group will continuously monitor the applicable laws and its contractual obligations and duly examine whether a country is affected by trade sanctions.

Corporate Compliance regularly checks for business relationships with Business Partners outside PHOENIX territory, particularly for Greylist and Blacklist countries.

##### Definition

Embargoes are restrictions on foreign trade that are imposed for foreign or security policy reasons. They restrict or prohibit actions and legal transactions in foreign trade with a certain country. They are usually based on UN Security Council's decisions and implemented by the EU.

The term business conduct includes the conduct of any (business) transactions, investments or other business activities by PHOENIX itself or with any Third Party located and/or registered in a country listed in [ANNEX III](#) and [IV](#).

##### References

- [ANNEX III](#)
- [ANNEX IV](#)
- [ANNEX V](#)
- [AnCo\\_SOP\\_Third Party Management](#)
- [Export Guideline](#)

#### 7.1 Blacklist Process

There are some countries with which PHOENIX generally prohibits business relationships (conduct transactions, investments or other business activities). These so-called "blacklist" countries are listed in [ANNEX III](#) of this guideline.

This list can be amended any time in consideration of new comprehensive embargoes or targeted sanctions imposed by the UN, US or EU or due to contractual obligations.

The blacklist prohibition is also to be applied regarding countries which are listed for a comprehensive local embargo or targeted sanction (particularly by the US and EU), even when not listed in [ANNEX III](#). Please consult the LCM and/or Corporate Compliance in such a case.



Should any Employee be aware of any (potential) business relationship which falls in scope of this prohibition, the LCM and/or Corporate Compliance must be contacted immediately. Furthermore, any Employee who may feel unsure whether a (potential) business relationship may fall in scope of this prohibition, e.g. due to any positive knowledge about employees of the respective Third Parties employed in a blacklist country, shareholders or ultimate beneficial owners based in a blacklist country, the LCM and/or Corporate Compliance should be contacted.

## 7.2 Greylist Process

There are some countries with which business relationships (conduct transactions, investments or other business activities) are subject to a **prior approval process (see below)**. These so-called “greylist” countries are listed in [ANNEX IV](#) of this policy.

This list can be amended at any time in consideration of new comprehensive embargoes or targeted sanctions imposed by the UN, US or EU or due to contractual obligations.

The following process applies for potential Business Partners in greylist countries:

1. Prior approval by two local Management Board Members via Business Partner Due Diligence Process (BPDD);
2. Subsequent approval by the LCC (via template, see [ANNEX V](#));
3. Immediate and proactive reporting to Corporate Compliance and Corporate Treasury (via template, see [ANNEX V](#)).
  - Also the termination of a business relationship shall be reported proactively to Corporate Compliance and Corporate Treasury

[See Standard Third Party Management and Export Guideline](#)

The execution of the full Business Partner Due Diligence process is mandatory, even for Business Partners considered “Out of scope” pursuant point 4.3 of the [AnCo\\_Standard\\_Third Party Management](#). Requestors select “Business Partner shall be checked for any other reason” in such cases. Furthermore, the regulations of the [Export Guideline](#) may apply.

## 7.3 Whitelist Process

All countries which are not listed in ANNEX III (blacklist countries) or [ANNEX IV](#) (greylist countries) are considered whitelist countries.

For potential Business Partners of whitelist countries, no special processes – defined by this guideline – apply. However, they remain subject to further internal Business Partner sourcing and selection processes such as the General Procurement Guideline, the [AnCo\\_Standard\\_Third Party Management](#) or the [Export Guideline](#) (list not exhaustive)

## IV Expectations / Special Areas of Focus

### 8. What PHOENIX expects of its Employees

[See Compliance Principles](#)

Besides the regulations of the [Compliance Principles and Reporting & Investigations Guideline](#), every Employee is personally responsible for complying with the applicable provisions of trade sanctions laws and this guideline. As a general rule, all Employees have to comply with trade sanctions laws, in particular:



- a) Refrain from funding or making available financial assets or economic resources for the benefit of Restricted Parties; and
- b) Refrain from providing financial or other related services for the benefit of Restricted Parties.

The PHOENIX group expects that all Employees will:

- a) Comply with the provisions of applicable laws and this guideline at all times; this includes off-duty contacts insofar as the PHOENIX group's interests are affected or Employees are perceived by Third Parties to represent the PHOENIX group;
- b) Raise any concerns as soon as possible with their respective direct manager, LCM or Corporate Compliance if he/she believes or suspects that an infringement has occurred or may occur in the future;
- c) Respect the PHOENIX group's customers, suppliers and all other parties with whom he/she interacts to achieve the group's objectives by conducting business with integrity and in a lawful and professional manner;
- d) Attend any training sessions or other events designed to communicate this guideline.

## 9. Specific Areas of Focus

### 9.1 Pharmacy Retail

#### Principles and Rules

The PHOENIX group has a widespread presence in the area of pharmacy retail. Public pharmacies are an essential part of public healthcare. They supply drugs and medical products to the population and give advice to patients on issues concerning pharmaceuticals and health in general.

PHOENIX group's screening obligations under trade sanctions laws do not apply to pharmacy retail customers as long as the goods and products sold are customary and determined for personal use only.

In this context, it does not make a difference whether the customers' identity is known (e.g. when disposing prescription drugs) or not known.

### 9.2 Third Parties

#### Principles and Rules

Conduct of Third Parties that do not comply with trade sanctions laws can have reputational implications for PHOENIX group entities even without their involvement.

Accordingly, the PHOENIX group aims to ensure that all Third Parties with whom a business relationship exists, share the integrity standards of PHOENIX group. Therefore, each Employee shall immediately inform his or her LCM when becoming aware of actual or potential infringements of trade sanctions laws by Third Parties.

See [AnCo\\_Standard\\_ThirdParty\\_Management](#)



### 9.3 M&A Transactions and Joint Ventures

#### Principles and Rules

The PHOENIX group is constantly engaged in M&A transactions.

Before entering into any M&A transaction, the respective Third Party and its ultimate beneficial owner<sup>1</sup> (following the chain of ownership greater 50%) shall be checked against the sanctions lists set out in [ANNEX I](#) and in line with the process defined in [ANNEX II](#) of this guideline and following the [AnCo\\_Standard\\_Third Party Management](#). Future landlords shall be checked accordingly (see [ANNEX II](#)) only on the highest level.

For the Sanctions checks, the LCM is responsible for local M&A transactions; the Group Compliance Manager is responsible for M&A transactions on group level. M&A Sanctions checks are subject to strict confidentiality.

A Sanctions check before signing is a mandatory approval requirement (see M&A guideline) and part of the M&A acquisition proposal.

Furthermore, the subject of sanctions compliance shall be integrated in the post-merger integration process when setting up compliance structures and processes within the entity.

#### Definition

The term M&A transaction is defined in the M&A guideline.

A Joint Venture refers to a joint operation of a company together with one or more Third Parties.

#### References

- M&A guideline
- [ANNEX II](#)

### 9.4 Manual Payment Orders

#### Principles and Rules

In cases where payment orders do not directly stem from an ERP, CRM system (manual payment order) or employee/staff data system and where possibly no screening process is applicable or executed according to section 5, the principal of the payment order is responsible.

The responsible Employee must ensure the execution of the screening process according to section 5 before instructing the payment order. Please contact the LCM in such cases.

### 9.5 Screening when PHOENIX is only (Logistics) Service Provider

#### Principles and Rules

For business relationships in which PHOENIX merely acts as (logistics) service provider for a principal and does not have a direct business relationship with the services recipient nor directly pays money to or receives money from the respective Third Party, no Sanctions Screening needs to be carried out by PHOENIX. This is particularly applicable for parts of the Pre-Wholesale business of the PHOENIX group. However:

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<sup>1</sup> Not valid for transactions with states or municipalities, charities/foundations, private equities as well as beyond major corporation level.



The principal commissioning PHOENIX must be contractually obligated to ensure that all Third Parties – PHOENIX will interact with in the course of the principal-PHOENIX business relationship – are not subject to Sanctions. This is regularly reviewed and assessed by Corporate and local Compliance.

The LCM should be involved in the contractual reconciliation process for such business relationships.

## 10. Contact

There are different ways for Employees to address misconducts.

[See Compliance Principles](#)

In case of any question regarding this or any other Compliance policies please contact your LCM or the Corporate Compliance team.

The Corporate Compliance team can be contacted via the following communication channels:

Via E-Mail: [compliance@phoenixgroup.eu](mailto:compliance@phoenixgroup.eu)

Telephone: +49 621 8505 – 8519

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

Via Post:  
PHOENIX Pharma SE  
Corporate Compliance  
Pfungstweidstraße 10-12  
68199 Mannheim  
Deutschland



## ANNEX I

List of screened sanctions lists:

- **BOE** (Consolidated List of Financial Sanctions Targets in the UK): Database of all persons, groups, and entities listed in the EU subject to financial sanctions by the UN, EU, and UK. Aside from the financial sanctions issued by UK authorities, this list is the same as the CFSP list.
- **CFSP** (Consolidated list of persons, groups & entities subject to EU financial sanctions): Consolidated list of all persons, groups, and entities subject to EU financial sanctions. The CFSP list is the official EU database. The CFSP list contains all the persons, groups, and entities in the lists of names and anti-terrorism regulations at the European level (2580/2001, 881/2002, and 753/2011) and in the embargoes at the national level.
- **CSL** (OFAC) (Consolidated Sanctions List): With the Consolidated Sanctions List, the OFAC provides a consolidated list of all persons and entities of its non-SDN sanctions programs. All new non-SDN sanctions programs will be added to this consolidated list in the future. The Consolidated Sanctions List is not part of the Specially Designated Nationals and Blocked Persons List (SDN) of the OFAC. Nevertheless, it is possible that individual entries are also included in the SDN list.

The OFAC Consolidated Sanctions List includes the following sanctions lists, for example:

- Foreign Sanctions Evaders (FSE) List
- Sectoral Sanctions Identification (SSI) List
- Palestinian Legislative Council (NS-PLC) List
- The List of Foreign Financial Institutions Subject to Part 561 (the Part 561 List)
- Non-SDN Iranian Sanctions Act (NS-ISA) List
- List of Foreign Financial Institutions Subject to Correspondent Account or Payable-Through Account Sanctions (CAPTA List)
- **DPL** (Denied Persons List): The Denied Persons List contains the names of those who have violated US export regulations and against whom the Bureau of Industry and Security has therefore issued a denial order. The listed persons have been denied all exporting privileges, meaning that no US goods can be provided to or purchased from them. Businesses that violate such a denial order are in violation of US export regulations and risk being listed on the DPL themselves.
- **EL** (Entity List): The Entity List lists persons and entities implicated by American authorities as posing a significant threat in the proliferation of weapons of mass destruction or missile technology.
- **FRNL** The French restricted party list consolidates all persons, groups, and entities subject to the EU financial sanctions, all individuals and entities subject to sanction measures imposed by the UN Security Council, and all persons and entities subject to sanction measures imposed by the French authorities (Dispositif National de Gel).



- **NLNST** (Nationale sanctielijst terrorisme) The Dutch restricted party list complements the EU financial sanctions and lists persons and organizations associated with terrorist activities. Under Sanctions Regulation No. DJZ / BR / 1222-07, all assets of the listed persons and organizations are frozen.
- **SDN** (Specially Designated Nationals & Blocked Persons List): The SDN list contains the names of all persons, groups, and entities worldwide implicated by American authorities as involved in terrorist activities threatening US security.<sup>2</sup>
- **SECO** (Sanctions of the Swiss Federal Council): This list contains persons and entities against which the United Nations, the Organization for Security and Cooperation in Europe, or the authorities of key Swiss trading partners have decided to impose sanctions.
- **UL** (Unverified List): The Unverified List has the character of an early-warning list. It contains the names of all persons for which US authorities cannot verify sufficiently and have therefore been flagged as potentially unauthorized to purchase goods of US origin.
- **UN** (United Nations): The list of the United Nations is a consolidated list of all persons, groups and entities subject to UN Security Council sanctions. The consolidation is to facilitate the implementation of the measures introduced by the United Nations.

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<sup>2</sup> For an overview of all sanctions programs and their impact, refer to the OFAC website:  
<https://www.treasury.gov/resource-center/sanctions/Programs/Pages/Programs.aspx>



**ANNEX II**

<b>(Sanctions) Compliance Screening before M&amp;A transactions (via BPDD ad-hoc checks)</b>	
<b>A (Sanctions) Compliance screenings (via the BPDD ad-hoc check process) before an M&amp;A transaction is subject to strict confidentiality. Any kind of information – in regard to a planned M&amp;A transaction – must not be disclosed or shared at any time internally or externally.</b>	
<b>Locally managed M&amp;A transactions</b>	
<b>The following tasks and checks have to be performed by the LCM</b>	
<b>Step</b>	<b>Task</b>
1.	For Sanctions checking, the acquisition proposal is the decisive document. The target, ownership (structure), ultimate beneficial owner (UBO) etc. needs to be included in that document.
2.	<p><b>Performing Compliance Checks<sup>3</sup> via BPDD ad-hoc checks:</b></p> <p><u>Mandatory checks</u> of the to be acquired target:</p> <ul style="list-style-type: none"> <li>▪ Target itself</li> <li>▪ Ownership chain until the UBO of the target (applying 50% rule): <ul style="list-style-type: none"> <li>– A company is sanctioned by extension if owned by a sanctioned company or individual through a chain of ownership of 50% or more</li> <li>– Checks of M&amp;A transactions with states or municipalities, charities/foundations, private equities as well as beyond major corporation level do not have to be performed</li> </ul> </li> <li>▪ Landlords of to be acquired companies (e.g. of pharmacies) on “highest level” (<u>not</u> checking complete chain of ownership)</li> </ul>
3.	<p><b>Documentation:</b></p> <p><u>The documentation</u> of the performed checks needs to be added to the acquisition proposal as proof that the target, the ownership chain and the landlord(s) <b>are not sanctioned</b>. The corresponding report of the BPDD must be downloaded and added to the acquisition proposal. Please follow the example below. Consultation with the LCM or Corporate Compliance is always possible.</p> <p>An ad-hoc check can be initiated both by the LCM as well as by the Requestor. It includes a screening against the external risk database as described in chapter 4.4.1.2 of the <a href="#">AnCo_Standard_Third Party Management</a>, but no further process steps. Ad-hoc checks may require the prior written consent of the respective individuals. Please reach out to your LCM for an up-to-date version of such consent form. Please make sure such consent has been obtained and uploaded into the system before performing any screening activities. The check itself can be only performed by the LCM. The BPDD system directly forwards ad-hoc checks to the LCM.</p> <p>Please log into the BPDD web tool and select “M&amp;A target” in the Upfront Risk Assessment (URA). After that, the case will be forwarded to the LCM for further processing.</p> <p>When having multiple names to be checked for the M&amp;A target and the ownership structure, it is possible to enter all names in the same check, by adding them under “Additional names” in the URA.</p> <p>The LCM is responsible for the screening results evaluation.</p> <p>Besides, Corporate Compliance can always be contacted in case of uncertainties, doubts,</p>

<sup>3</sup> How ad-hoc checks are performed in the BPDD system is described in the AnCo\_Standard\_Third Party Management and the Compliance Organization Handbook.





	problems etc.
<b>Centrally managed M&amp;A transactions</b> <b>The following tasks and checks have to be performed by the Group Compliance Manager</b>	
<b>Step</b>	<b>Task</b>
1.	For Sanctions checking, the acquisition proposal or another appropriate way of written documentation (mail etc.) can be the decisive document. The target, ownership (structure), ultimate beneficial owner (UBO) etc. needs to be included in that document.
2. and 3.	Steps 2 and 3 are performed analogously to the locally managed M&A transactions.



## ANNEX III

### List of blacklist countries:

- Central African Republic
- Cuba
- Congo
- Iran
- Iraq
- Lebanon
- Libya
- Myanmar
- North Korea
- Somalia
- Sudan
- South Sudan
- Syria
- Venezuela
- Yemen
- Zimbabwe
  
- Non-government-controlled areas:
  - Cherson
  - Crimea/Sevastopol
  - Donetsk
  - Luhansk
  - Saporischschja



## ANNEX IV

### List of greylist countries:

- Belarus
- Ukraine
- Russia



**ANNEX V**

**Communication Template<sup>4</sup> for the Approval of a Business Relationship with a Greylist Country:**

Pursuant to [point 7.2](#) of the PHOENIX group Sanctions Guideline, approval for the following business relationship is requested:

<b>Information</b>	<b>Answers</b>	<b>Comments from LCM, if any</b>
To the LCM of		
Business Partner Name (Full name and legal form)		
Address		
Country		
Value of the prospective relationship (approx. volume: contractual or per year)		
Reasons for choosing this Business Partner		
(Planned) start of the business relationship, if approved		
Duration of the (planned) business relationship, if applicable and approved [also enter here when it's a single transaction]		
Further remarks or considerations		

I hereby confirm that a Business Partner Due Diligence – pursuant to the Standard on Third Party Management – has been performed. Report of the due diligence is attached.

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<sup>4</sup> Template also available as Word file upon request at LCM.