Compliance Principles and Reporting & Investigations Guideline

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GROUP COMPLIANCE

Version History:

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1.0	Compliance Principles	Group Compliance	Via Executive Board on 05.04.2019	15.04.2019
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4.0	**Compliance Principles, Reporting & Investigations Guideline**	**Group Compliance**	**Via Executive Board on 13.09.2023**	**01.10.2023**

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

The currently valid version is highlighted bold. Currently applicable Compliance Guideline and Standards may be consulted via the intranet (CONET, local intranet).

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Glossary

Compliance Management System (CMS)	The CMS is the system that combines all activities pertaining to compliance (such as guidelines, training, compliance processes, etc.) within the PHOENIX group.
Group Compliance Committee (GCC)	Compliance committee at the group level, which oversees tasks related to monitoring, inspection, decision-making, and escalation.
Compliance Organisation Handbook	The Compliance Organisation Handbook is made available to all LCMs by Corporate Compliance. It comprises all instructions, processes, recommended actions, etc. related to the implementation of the PHOENIX group CMS.
Local Compliance Committee (LCC)	Local compliance committee at the country or regional level, which oversees tasks related to monitoring, inspection, decision-making, and escalation.
Local Compliance Manager (LCM)	The individual who is responsible for the implementation of the CMS – following the specifications from Corporate Compliance – in their respective company/companies and who is available as a local point of contact for all matters relating to compliance. One LCM has been designated for each unit within the PHOENIX group.
Employee	Any individual, who signed a direct employment contract with the PHOENIX group and performs work or tasks directly for the PHOENIX group.
Zero-tolerance	The PHOENIX group does not tolerate any infringements against this guideline or any other Compliance Guidelines. Every case in which an infringement is suspected will be investigated and appropriate measures taken if needed.
PHOENIX group (or just "PHOENIX")	Comprises all companies in which a majority of the shares are held by PHOENIX Pharma SE or one of its subsidiaries, or which are directly or indirectly controlled by the holding company or its subsidiaries.
Standard	Standards provide further procedure instructions on how to deal with the regulations laid down in a guideline. All employees must comply with them. All Compliance Guidelines, Standards as well as the respective Local Compliance Management can be found on CONET. guidelines

I General Information

1. Subject Matter, Objective, and Purpose

This guideline governs general principles regarding the CMS of PHOENIX, how to report misconduct, and how such is investigated. The objective is both to prevent and to uncover infringements (or potential infringements) against the contents of this and any other compliance guideline including further Standards.

All Employees of the PHOENIX group are obliged to inform themselves about the guidelines and the contents thereof and to conduct themselves accordingly.

Besides this Guideline, the compliance guidelines (hereafter referred to simply as guidelines) include:

- Code of conduct
- Anti-Corruption Guideline
- Competition Compliance Guideline
- Sanctions & Embargoes Compliance Guideline
- Anti-Money Laundering Guideline

All regulations in this guideline also apply to the aforementioned guidelines.

As a leading European pharmaceutical distributor, pharmacy operator, and healthcare provider along the entire supply chain, the PHOENIX group is considered to be trustworthy and highly reliable. The PHOENIX group strives to be the best-integrated provider of health services in all regions where it conducts business. In this regard, PHOENIX's good reputation, credibility, and business ethics are essential components of its success and sustainability as a company. PHOENIX has managed to achieve this as a result of the tireless commitment of all its Employees over many years. This is of the utmost value for PHOENIX and represents a significant strategic competitive advantage. Only through reliable, proactive, and respectful behavior, we can assure an ethical and fair interaction with our customers, business partners, and each other.

With the full support of the board, the PHOENIX group follows a Zero-tolerance policy when it comes to breaches against these values, our guidelines, and applicable laws.

2. Scope and Applicability

All Employees from the PHOENIX group are obliged to follow the Compliance Principles and Reporting & Investigations Guideline as well as all other Compliance Guidelines. Nobody in the company is exempt from them.

All levels of organization within the PHOENIX group are responsible for the monitoring and prevention of unethical and illegal business practices.

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

In individual countries, stricter laws, regulations, or codes may take the place of the principles laid out in this or other guidelines. In a similar vein, more restrictive regulations might apply

individually to certain companies within the PHOENIX group or to certain business activities and areas.

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

In addition to the regulations – which apply to all PHOENIX Employees – LCMs are responsible for the procedural implementation of the PHOENIX groups' CMS.

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

II Regulations

3. PHOENIX's Expectations of its Employees

The PHOENIX group expects the following from all its Employees:

a) Compliance at all times with the guidelines and applicable laws;

b) Reporting, at the earliest possible moment, of anything that gives rise to suspicion of any (potential) infringement against the guidelines and applicable laws. (see Point 5);

c) To refrain from issuing instructions that promote prohibited behavior and to refuse to follow such instructions, reporting them along the same lines as (b);

d) Respectful behavior towards all clients, suppliers, and other parties with whom PHOENIX maintains business relationships, as well as ethical, law-abiding, and professional conduct in pursuit of the company's objectives;

e) To obtain advice and/or guidance from the LCM or Corporate Compliance in case of doubt or uncertainty regarding the guidelines, and to assume personal responsibility in complying with them;

f) Participation in training sessions and other organized events regarding the guidelines;

g) Periodic signing of declarations by Employees who carry with them an increased risk potential (defined by Corporate Compliance).

4. Consequence of Misconduct

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

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

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

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

5. Reporting (potential) Misconduct and Investigations

5.1 Reporting Commitment

Any Employee of the PHOENIX group who acquires knowledge of an infringement (or potential infringement) against applicable laws or guidelines is strongly encouraged to report this (or the suspicion of such) immediately. Employees of the PHOENIX group are strongly encouraged to report, e.g., anonymously and where required by law, in person or telephone, indications of or concerns about (possible) infringements against the guidelines (see below) to the following persons:

a) Their direct superiors;

b) The competent Local Compliance Manager or Corporate Compliance; or

c) Via the PHOENIX group's case reporting system (https://phoenixgroup.integrityplatform.org/; see point 5.2)

The following infringements are reporting obligations and must be reported:

- Any breaches of the Compliance Guidelines (e. g. bribery, corruption, conflicts of interest, cartels, money laundering, Code of Conduct infringements, etc.);
- Any misconduct that has an effect on corporate assets (asset misappropriation) when financial or non-financial assets of PHOENIX may be endangered. For example, it includes all kinds of:
  - theft, fraud, embezzlement, and other economic crimes;
- Authority investigations against a company of the PHOENIX group or any of its employees (in the capacity of the work for PHOENIX);
- Misconduct that is reportable following national and/or EU legislation (e. g. modern slavery, human trafficking, forced and child labor, and environmental laws following national supply chain acts or data protection infringement following GDPR).

Direct superiors do also have to report/forward the reported misconduct to the LCM or Corporate Compliance for proper registration of the case.

Other PHOENIX departments may require additional reporting according to their guidelines and regulations (e. g. data protection, information security, tax, etc.)

In case of doubt, the LCM can be consulted at any time and the recategorization of a case can take place.

Due to country specific legislation, there may be different legislations for the reporter protection. Therefore, in coordination with Corporate Compliance there may be drafted a supplementary country rule in which the local specifics shall be explained.

5.2 Case Reporting System

All Employees, as well as persons outside the group, have access to a case reporting system, which may also be used to make anonymous reports. The use of the case reporting system is free of charge and available around the clock, seven days a week.

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

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

The responsible person/department (Compliance or other involved departments, such as the Human Resources department) is responsible for

- sending an acknowledgment of receipt of the report to the reporting person within seven days of that receipt;
- maintaining communication and reaching out to the reporter should further information be necessary and
- implementing actions (see point 5.4).

The same also applies to following-up and providing feedback after three months from the report (or its acknowledgement), with an information on already implemented and/or planned measures, only if such feedback does not infringe rights on possible investigations or rights of any individual and/or a third party involved. Appropriate measures to assure the protection of personal data are taken.

5.3 Reporter Protection

To encourage an ethical and compliant work culture and to strengthen the trust internally and externally, concerns can be reported safely.

PHOENIX prohibits retaliation, threats or attempts of retaliation against anyone who raises or reports concerns in good faith and with reasonable ground to believe that the reported information was true at the time of reporting. Such protection is granted to anyone, whether it is before, during or after their employment at PHOENIX as well as for external stakeholders. Vice versa, PHOENIX expects its Employees to make reports in good faith only.

If an individual requests that their identity is kept confidential, such a request has to be honoured to the best extent possible. Investigators must avoid identifying such individuals (e.g., documentation, communications, and interviews).

It is possible to report concerns both through an internal reporting channel as well as through external reporting channels, which may differ from country to country. In case of doubt about an external reporting channel, please reach out to your LCM for further information.

5.4 Investigation of Reported Misconduct

To ensure a clear, well-structured, and efficient investigation, a dedicated internal group wide investigation process has been set-up.

Each notification of (potential) misconduct will lead to an appropriate internal investigation as well as an appropriate response.

All raised allegations are taken seriously and investigated, as far as legally permissible, regardless in what form the allegation is made or whether the source of the allegation is anonymous. The LCM or Group Compliance will conduct the initial evaluation.

If deemed necessary, the source of the initial suspicion should be contacted for additional information. It may be necessary to perform first enquiries in the company to clarify the circumstances of the alleged breach as part of the initial evaluation. When such enquiries are necessary, care must be taken to define them so that their purpose is solely limited to enable the decision whether to investigate. Enquiries may not compromise or prejudice the potential investigation. In particular, care must be taken to avoid tipping off individuals potentially involved with or connected to the alleged breach.

The type of the investigation and its scope is defined by the investigation process.

An overview of the investigation process is presented in ANNEX I of this guideline.

The investigation process regulates:

- Registration: The LCM or Group Compliance registers the case in the case reporting system. For indications on which cases must be registered, please see reporting obligations (point 5.1),
- Categorization (classification and severity) of cases and for the further processing of reports (see point 5.4.1),
- Responsibilities: in regard to the handling of the reports (see point 5.4.1).

5.4.1 Case Classification and Responsibilities

Once a case gets reported it is classified into predefined categories, taking into account the nature of the case, effects the case may have on other departments and on corporate assets (asset misappropriation), as well as the degree of severity. All investigations will be followed by a final report and if applicable – depending on the degree of severity – a follow-up process, and possible considerations on damages or claims.

First Classification:

Categorization of report into correct case category. The following categories apply:

1. Misconduct with effect on corporate assets
   ➔ Corporate and Local Compliance coordinate the further process

2. HR-related cases (effect on personal level and not corporate assets):
   - Misconduct remains on personal level when no misconduct by the company itself or no negative effects on financial, legal and reputational level for it is recognizable: e. g. insults, physical arguments, alcohol and drug abuse, harassment, mobbing, dissatisfaction etc.

However, if there are any indications that problems are structural and/or lacking company culture, this should be discussed in LCC or GCC

➔ The case is forwarded to local HR for further processing

3. Cases for which departments have a specialized process installed: e. g. Corporate Data Protection for data protection cases and IT Security for IT Security cases. The process also applies when the case has an effect on corporate assets (e. g. data protection cases may indicate personal misconduct and jeopardize corporate assets [high fines])
   ➔ The case is forwarded to the respective department for further processing

4. Other categories/cross-functional categories: e. g. Human Rights and Environmental violations
   ➔ The case is forwarded to the respective function (e. g. Sustainability department)

The case category is set by the LCM in cooperation with Corporate Compliance.

Second Classification (applies to misconduct with effect on corporate assets only, see 1. above):

Categorization of report into correct degree of severity. The degree of severity is set by the LCM in cooperation with Corporate Compliance. The following degrees of severity exist:

1. Dismissal: No substance of case. Criteria are:
   - Report does not give any indication for misconduct (see also criteria for grading)
   - No given specifications, names, documentation, time frame etc.

   Corporate Compliance must be involved in the decision for dismissal of reports. Report dismissals must not be made thoughtlessly. For example, there should be at least the possibility to asked additional questions before dismissing the case.

2. Minor case: Grading criteria are given in ANNEX II

   The case is further processed by the local organization (local management is responsible). Handling and responsibility is handled completely at local level by Management. Coordination and Supervision by LCM (Help in investigation is possible).
   Help by Group Compliance or other corporate functions is possible, however, not by default.

3. Medium case: Grading criteria are given in ANNEX II

   Joint Handling by local organization (Management) and Local Compliance (local management and LCM is Responsible). Coordination and Supervision by LCM (Help in investigation is possible). Help by Group Compliance or other corporate functions recommended (depending on the individual case) but not mandatory.

4. Severe case: Grading criteria are given in ANNEX II

   The case is escalated to the CEO or adequate Executive Board by the Group Compliance Manager. The Group Compliance Manager makes a proposal regarding the further handling of the case. Stakeholders like Corporate Audit, Legal, Tax, Accounting & Controlling or other corporate functions and the respective local board may be involved in the proposal process.
   The final decision on the further handling of the case (=definition of Responsible for case handling) is made by the CEO of the PHOENIX group or an Executive Board Member of the PHOENIX group (information to CEO on decision).

Potential investigation approaches and their combination for severe cases are:

- Investigation by external party (auditing companies, law firms, forensic experts, detectives etc.);
- Local Handling of case (local management responsibility);
- Corporate Audit investigation: With regards to expertise and capacities;
- Support in investigation by Group Compliance: With regards to expertise and capacities;
- Handover to state authorities (police, public prosecutors etc.);
- Combination of the previous options (e. g. joint investigation Audit/Compliance).

The degree of severity may change (upgrade or downgrade) during an investigation. The respectively valid procedure is to be followed in such case.

5.4.2 Case Investigation

The Responsible (see point 5.4.1) takes care of the following tasks:

- Perform an initial evaluation of each allegation of the breach. It may request other functions, if the allegation lies in a specific functional field, to support the initial evaluation;
- Inform the relevant functions on a need-to-know basis;
- Assess if the investigation requires legal privilege (involve Legal Department) and if external support (consultants, lawyers, etc.) should support/conduct the investigation;
- Perform the investigation or oversee the investigation and be ultimately accountable for ensuring its completion;
  - Draft of investigation plan (see also below);
  - Assemble necessary team members;
  - Develop an investigation plan;
  - Lead team and carry out the investigation;
  - Coordinate all team activities;
  - Keep investigation file;
  - Report ad-hoc and regularly to the local board, Executive Board, and Compliance about the investigation status;
- Prepare/obtain and distribute the final report to the relevant functions and the LCM for upload in the Case Reporting System;
- Provide confirmation/information of case closure and potentially further information to the reporting party (see also point 5.2);

A potential leniency program (no sanctions in case of full disclosure and cooperation) is subject to individual assessment and individual approval by the CEO or an Executive Board Member of the PHOENIX group (information to CEO on the decision).

Investigation Plan (required for severe cases and recommended for medium and minor cases):

The Responsible develops an investigation plan, setting out the main investigative steps required for conducting the investigation together with an appropriate timeline detailing milestones and including a date for reporting preliminary findings. Furthermore, the investigation plan includes - among other things - the following:

- Details of the specific allegations;
- A list of potential sources of physical evidence relevant to the investigation (such as financial records, correspondence files, internal reports, and signed minutes of meetings);

- A list of potential witnesses to be interviewed;
- Physical, financial, and technical resources required to conduct the investigation;
- And any potential delays or "roadblocks" to the investigation including how such issues will be managed. In the case of such roadblocks, the relevant functions and the LCM should be informed.

The investigation plan is a living and evolving document, which should be adapted according to the necessities of the investigation. The investigation plan in all versions will remain part of the general record.

Proper Handling of Evidence:

With any investigation, there is always the possibility that physical or electronic evidence must be gathered. The PHOENIX group reserves the right to monitor, access, and use all company systems and data to the extent permitted by local law. Failure to collect evidence correctly can lead to it being considered inadmissible in future legal proceedings, and illegal collection of such evidence may have negative consequences for the company. Proper processes must be followed by the Responsible for its collection, including:

- To ensure that data protection law is adhered to while collecting evidence;
- To maintain a chain of custody for all evidence gathered, both physical and electronic;
- Once the evidence has been gathered it should be securely stored and access to it strictly controlled;
- To ensure that electronic evidence for use in court is collected in line with the local legal regulations and adequate supervision will be granted;
- A complete record should be kept in the investigation file, setting out the nature of the evidence, and when and where it was obtained. A brief statement should also be taken from the respective employee, describing how they came into possession of the evidence.

It may be necessary to request information from outside the company, for example from a supplier or a former Employee. The potential risk of a loss of confidentiality must be considered in such a case.

Conducting Interviews

Interviews should only be conducted by an experienced and impartial interviewer coming from the investigation team. If this requirement cannot be met internally, external support should be sought.
An interview should always be conducted by two persons from the investigation team.
Upon local legal necessity or expressed wish by the Employee interviewed, the Employee might have a lawyer or a member of the works council present.

5.4.3 Documentation and Reporting

Thorough documentation is required. For each reported allegation, the record of all activities and their assessment must be documented, unless the legal privilege must be maintained.

Investigation findings are reported by reference to facts, each of which is referenced to appropriate evidence. Conclusions are drawn from the facts of the investigation. Any emotive expression must be avoided.

For minor, medium, and HR-related cases the Standard Reporting Template must be prepared by the Responsible in written form and uploaded to the Case Reporting System as a minimum requirement.

The documentation and reporting requirements do increase with the complexity of the respective case. Consequently, the reporting for severe cases does require additional points. It should contain the following points:

- Background information and scope, including the origin of the allegations of the breach as well as a list of guidelines, rules, and Standards concerned, information on all relevant events, and corroborating facts;
- Work performed, including a list of persons interviewed, evidence collected, documents reviewed as well as the limitations of such evidence;
- Investigation findings, with a clear distinction between facts, opinions, and inferences, including information on whether each allegation was substantiated by the investigation or determined to be unsubstantiated and why;
- Any allegations that remain disputed and unresolved.

During the investigation, it may be necessary to provide interim progress reports.

All cases are reported in the respective LCC and the GCC. These committees may raise additional requests.

5.4.4 Closing of Investigation

After an investigation the (local) Board (depending on the reporting line of the Responsible) will discuss the findings and consider possible future proceedings. These may include but are not limited to:

- Disciplinary action;
- Referral of the breach to legal advisors to identify legal remedies and the potential recovery of assets;
- Disclosure of the breach to law enforcement agencies and or relevant regulatory bodies;
- Internal and external communications including press releases;
- Any referral of control weaknesses or deficiencies identified during the course of the investigation to Corporate Audit or other relevant internal functions; including improvements to current training, business processes, and/or controls and whether other actions should be made to protect against similar misconduct or related risks;
- Appropriate follow-up of the above-mentioned steps.

The (local) Board decides all follow-up measures based on recommendations of the final report and allocates the necessary actions. In addition, the Board informs all relevant stakeholders.

Cases will be closed after all investigative steps are complete, the resulting disciplinary actions are fulfilled and the corrective measures are distributed to the appropriate function.

6. Searches by Authorities

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

See guideline on searches (CONET)

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

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

7. Exceptions

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

III Compliance Organization and Monitoring

8. Compliance Organization

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

  The overall responsibility for compliance with the guidelines and applicable laws within the group lies with the board of PHOENIX Pharma SE. The management of the individual companies in the PHOENIX group bears the overall responsibility for compliance with the guidelines at the company level.

- **Compliance organization at the group level**

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

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

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

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

- **Compliance organization at the local level**

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

  The competent management will form one or more LCCs, comprised of at least three senior managers, including a member of local management[1] and – if available – the head of Human Resources. These committees are to have the following tasks: monitoring,

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

inspection, and decision-making in local matters, the setting of local value limits (following the specifications of the GCC), as well as reporting to local management, to Corporate Compliance, or to the GCC when requested to do so.

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

Changes in the local compliance organization have to be reported to the Group Compliance Manager in due course and be documented in a formalized and traceable manner (e. g. board resolution).

9. Compliance Monitoring

Monitoring of compliance is to be achieved by:

- Periodic Self-Assessments and Risk-Analyses;
- Monitoring and Internal Control Plan of Corporate Compliance and Local Compliance
- Reports and entries in the relevant registers;
- Periodic compliance declarations from Employees who carry with them an increased risk potential[2] (so-called Key Personnel Declarations);
- Adequate training for Employees; as well as
- The active and visible engagement of the Board and all Board Members of all business areas, particularly via the regular monitoring of events which come with an increased risk potential of (potential) violations against the guidelines.

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

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

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

10. Contact

See Point 5

There are various options available when it comes to reporting misconduct (see Point 5)

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

Corporate Compliance may be reached via the following channels:

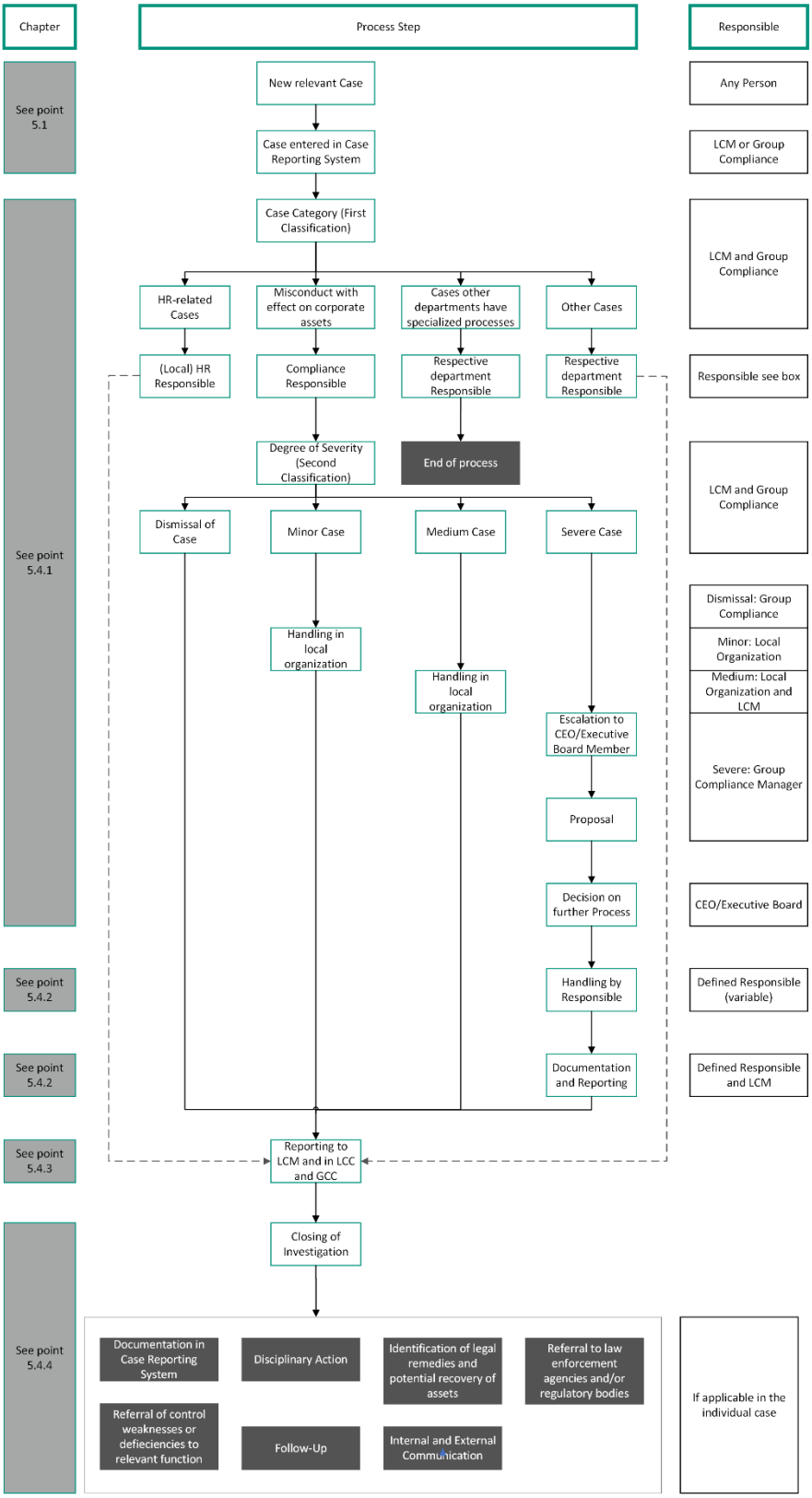
By email: compliance@phoenixgroup.eu

By phone: +49 621 8505 – 8519

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

By mail:
PHOENIX Pharma SE
Corporate Compliance
Pfingstweidstraße 10–12
68199 Mannheim
Germany

ANNEX I


Chapter
Process Step
Responsible
See point 5.1
New relevant Case
Any Person
Case entered in Case Reporting System
LCM or Group Compliance
See point 5.4.1
Case Category (First Classification)
LCM and Group Compliance
HR-related Cases
Misconduct with effect on corporate assets
Cases other departments have specialized processes
Other Cases
(Local) HR Responsible
Compliance Responsible
Respective department Responsible
Respective department Responsible
Responsible see box
Degree of Severity (Second Classification)
End of process
LCM and Group Compliance
Dismissal of Case
Minor Case
Medium Case
Severe Case
Dismissal: Group Compliance
Minor: Local Organization
Medium: Local Organization and LCM
Severe: Group Compliance Manager
Handling in local organization
Handling in local organization
Escalation to CEO/Executive Board Member
Proposal
Decision on further Process
CEO/Executive Board
See point 5.4.2
Handling by Responsible
Defined Responsible (variable)
See point 5.4.2
Documentation and Reporting
Defined Responsible and LCM
See point 5.4.3
Reporting to LCM and in LCC and GCC
Closing of Investigation
See point 5.4.4
Documentation in Case Reporting System
Disciplinary Action
Identification of legal remedies and potential recovery of assets
Referral to law enforcement agencies and/or regulatory bodies
Referral of control weaknesses or defieciencies to relevant function
Follow-Up
Internal and External Communication
If applicable in the individual case

ANNEX II

Grading criteria:

The following grading criteria are only indications. Several or only one criterion may apply. In general, the fulfilment of one criterion of a category is already sufficient for the categorization in the respective category. In case of doubt the LCM contacts Group Compliance.

Minor case:

- Estimated damage below kEUR 10
- Potential consequential financial damage (fines etc.) estimated as non-existent or low (below KEUR 10)
- No or very limited risk for PHOENIX as an entity or its management to be subject to prosecution
- No (direct) perception of a felony
- Smaller incident with no or low probability of structural weaknesses of the internal control system ("one-time misconduct, small impact")
- Reputational risk for PHOENIX is (very) low (risk of adverse media is perceived as easily manageable)

Medium case:

- Estimated financial damage between kEUR 10 and kEUR 100
- Potential consequential financial damage (fines etc.) is estimated as moderate (below kEUR 100)
- Potential risk for PHOENIX as an entity or its management to be subject to prosecution
- Minor incident which has a probability of a structural weakness of the internal control system
- Reputational risk for PHOENIX is perceived as (very) high and as a potential problem

Severe case:

- Estimated financial damage above kEUR 100
- Potential) consequential financial damage (fines etc.) estimated as high (above kEUR 100)
- (Potential) high risk for PHOENIX as an entity or its management to be subject to prosecution and significant legal consequences
- (Direct) perception of a felony
- Medium incident with clear indications of structural weaknesses in the internal control system
- All incidents in which external authorities (e. g. police, prosecuting attorney, antitrust agency, etc.) are involved
- Reputational risk for PHOENIX is (very) high and considered as a serious problem in case of (unauthorized) publication