

MERZ GROUPWIDE COMPLIANCE POLICIES:

**NO. 9**  
VENDORS, SUPPLIERS,  
THIRD PARTIES



MERZ COMPLIANCE  
Choose Trust

# MERZ GROUPWIDE COMPLIANCE POLICIES: NO. 9 – VENDORS, SUPPLIERS, THIRD PARTIES

## I. PREAMBLE

### Merz Code of Conduct and Merz Groupwide Compliance Policies

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The success of the Merz Group and our ethical conduct go hand-in-hand. The Merz Group Code of Conduct together with the Merz Groupwide Compliance Policies (the “**Code and Policies**”) established by the Merz Group Management Board (the “**MGM**”)<sup>1</sup> are important resources that define and explain our expectations for ethical business practices within our international and continuously evolving business environment.

The Code and Policies are key tools of the Merz Group Compliance Program that is designed to promote a culture of integrity and commitment with the Code and Policies and applicable laws and regulations. The Code and Policies are the basis for a groupwide applicable and harmonized approach to compliance providing guidance for everyone who conducts business on behalf of Merz.

The Code and Policies provide guidance but don't cover everything. Code and Policies do not summarize all laws and regulations applicable to the Merz Group. The Code and Policies are tools to assist each colleague in decision making but do not substitute for individual responsibility for exercising good judgement and common sense – when in doubt, seek advice and contact your supervisor, manager or competent Compliance Officer.

If applicable laws and regulations are stricter than the Code and Policies, the stricter standards will apply.

The Code and Policies apply directly (i) to **all** Merz employees regardless of home country and job title and (ii) to **all** legal entities, branches and representative offices that comprise the Merz Group.

This Policy No. 9 shall be implemented in accordance with Merz Groupwide Compliance Implementation Policy No.1. (the “**CIP**”)<sup>2</sup>. The responsibilities regulated therein for “who and how” to implement, timely implementation, communication and training shall apply accordingly to this Policy No. 9.

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<sup>1</sup> Merz Group Management Board (the “MGM”), i.e. the managing directors (“Geschäftsführer”) of Merz Management GmbH (which is the managing company of Merz Pharma GmbH & Co. KGaA).

<sup>2</sup> Reference is made to CIP with regard to the Merz Group Compliance structure where functions and responsibilities are described in greater detail.

## II. MERZ GROUPWIDE COMPLIANCE POLICY NO. 9 – VENDORS, SUPPLIERS AND THIRD PARTIES

### Policy

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The purpose of this Policy No. 9 is to establish groupwide principles governing how Merz should interact with vendors, suppliers and other third parties (the “**Third Parties**”) doing business on behalf of or for Merz.

The relationships with Third Parties shall be based on a foundation of mutual trust and respect. All Third Parties shall be chosen wisely by ensuring, through diligence and monitoring, that such Third Parties share Merz’s commitment to ethical business practices and a culture of integrity.

When identifying and selecting Third Parties Merz employees shall (i) only choose reputable Third Parties who embrace high standards of integrity and ethical standards and adhere to fundamental human rights and (ii) take reasonable steps to research the Third Parties’ background by ensuring that necessary financial checks and other necessary due diligence activities have been duly conducted. Merz employees shall closely monitor Third Parties to ensure that they comply with our policies and adhere to contractual requirements.

As a general rule Third Parties Merz doing business with shall act in accordance with the principles of the Merz Group Code of Conduct and the Merz Third Party Code of Conduct (the “**Codes**”) and all applicable laws and regulations. Vice versa, Merz’s relationships with such Third Parties shall be based on lawful and fair practices.

### A. Engagement Process

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It is the responsibility of each **Business**<sup>3</sup> to ensure that each Merz Group Member under its ultimate responsibility implement a screening process for the engagement of Third Parties (if not already in place). Such screening process is intended (i) to identify, assess and manage the legal, social, and ethical risks involved in working with Third Parties and (ii) to focus on the areas of greatest risk and greatest potential benefit.

At a minimum, such screening process should include the following elements and consider the following associated risks:

- 1) **Categorize.** Such screening process should help to categorize each Third Party as Critical (**Category 1**), Medium Risk (**Category 2**), or Low Risk (**Category 3**). While the assignment of categories is heavily dependent on the country, the nature of the engagement, and the transaction value, it is expected that the following Third Parties will be assigned to **Category 1**:

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<sup>3</sup> Merz Aesthetics, Merz Therapeutics and Merz Consumer Care (the “Businesses”). The term Businesses also includes Merz Group Members that fall under the ultimate responsibility of each of the Businesses. Reference is made to CIP with regard to the term Merz Group Members which is described in CIP in greater detail.

- (a) Consulting firms involved with Merz products or registrations, e.g., event organizers, advertising and media agencies, insurance brokers, clinical research organizations, product registration consultants;
- (b) Travel agencies;
- (c) Health care professionals (“HCPs”);
- (d) Health care organizations (“HCOs”);
- (e) Customs brokers and customs clearing agents; and
- (f) Vendors with significant transaction values.

2) **Screening.** For Critical (**Category 1**) and Medium Risk (**Category 2**) Third Parties, the screening process should include the following elements at a minimum:

<b>Category 1 (Critical)</b>	Initial Screening	<ul style="list-style-type: none"> <li>• Consider the country of origin of the Third Party (to consider possible risks of corruption, the existence of government and international sanctions against the Third Party, and risks to human rights or labor practices)</li> <li>• Consider whether significant ‘temporary or casual’ manual labor is used (and whether the conditions of this labor give cause for concern)</li> </ul>
<b>Category 1 (Critical) and Category 2 (Medium Risk)</b>	Questionnaire	A standard procurement ‘pre-qualification process’ that includes a questionnaire which covers a series of key questions on legal, social, and ethical risks.

**No screening process is mandated for Category 3 (Low Risk) Third Parties.**

Any Third Party identified from the screening process as ‘**potentially high-risk**’ shall provide additional assurances to Merz, including audit rights. Third Parties that are identified as ‘*potentially high-risk*’ shall be audited within the first year of engagement. It is the responsibility of each **Business** to ensure that each Merz Group Member under its ultimate responsibility will conduct such audit for ‘*potentially high-risk*’ Third Parties within the first year of engagement. Merz should also reserve the right to undertake unannounced audits.

Any deviation from those aforementioned key elements of essential screening processes in an adopted business policy e.g. an implementation of threshold values for risk business partners requires the prior written approval by the competent Chief Compliance Officer (“**CCO**”) of the respective Business who will consult with the Group Compliance Officer (“**GCO**”), in cases of doubts<sup>4</sup>.

<sup>4</sup> Reference is made to CIP with regard to the Merz Group Compliance Structure where functions and responsibilities are described in greater detail.

## **B. General Standards and Contract Terms**

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It is the responsibility of each Business to ensure that the following general standards apply to all contractual engagements of Third Parties:

- **(1) Applicable Laws and Regulations, the Codes**

Third Parties are expected to be aware of and comply with all applicable laws, regulations, and industry codes of conduct, and the Codes. In case of breaches of the applicable laws, regulations, industry codes of conduct and the Codes Merz shall reserve the right to take appropriate action, such as terminating the engagement with the Third Party concerned.

- **(2) Conduct business with integrity**

Third Parties shall conduct their business honestly and fairly, and must not take unfair advantage of anyone through the misrepresentation of material facts, manipulation, concealment, abuse of privileged information, fraud, or other unfair business practice. Third Parties' interactions with inter alia health care professionals ("**HCPS**"), customers, consumers, and governmental agencies and officials must be based on fair business dealings.

- **(3) Anti-Bribery and Improper Payments**

Third Parties must not offer, give, receive or accept bribes, facilitating payments (illegal or improper payments to ensure to speed up any kind of governmental performance or activities) or any other improper or illegal payments, whether directly or indirectly, in cash or in kind, even if such payments may be regarded as accepted business practice in the country concerned. Even the appearance of a breach of anti-bribery or anti-corruption laws could do significant damage to Merz's reputation.

- **(4) Gifts and Entertainment**

Third Parties acting on behalf of Merz must not provide or accept excessive or inappropriate entertainment and must only ever offer or accept gifts occasionally and that are of modest value. The Codes expressly prohibit giving gifts, making loans, or granting other benefits in an attempt to sell Merz's products or services or to improperly influence business, work, or governmental decisions.

- **(5) Money Laundering**

Third Parties are expected to be aware of and comply with the applicable money laundering laws and do business only with reputable third parties involved in legitimate business activities. Any payment made by Merz to a Third Party must be made to a bank account titled in the name of the contracted Third Party.

- **(6) Trade Compliance Laws**

Third Parties are expected to be aware of and comply with the applicable trade compliance laws and confirm – as far as applicable to the service concerned - that the final destination of any Merz product and make sure that the intended recipient is not a prohibited country or person under trade compliance laws.

- **(7) Child Labor, Work Environment**

Third Parties shall not use any form of forced, compulsory, or child labor. Third Parties shall maintain a work environment in which all feel welcome and free of harassment, discrimination or other improper conduct. Third Parties shall provide healthy and safe working conditions for all their employees.

## **Internal References**

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- Merz Group Code of Conduct
- Merz Third Party Code of Conduct
- Merz Groupwide Compliance Policy No. 1 (CIP)