



ANTI-CORRUPTION POLICY GUIDELINES AND CODE OF ETHICS

Zagreb, June 2023

I. Anti-Corruption Policy Guidelines

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1. Introduction

Medika Group encompasses Medika d.d. as the leading pharmaceutical wholesale distributor on the Croatian market, and PrimaPharme Pharmacies, which, in addition to its own numerous pharmacies, also have a stake in Jagatić Pharmacies, thus making the largest pharmacy chain in the Republic of Croatia.

As the oldest pharmaceutical wholesale distributor in Croatia, Medika d.d. wants to remain a stable partner, and following recent developments in the pharmaceutical industry, ensure continuous development. Our key values: credibility, reliability, competence, honesty and ethical business operations are of great importance and were created by the long-term work of all our employees. Daily teamwork of generations of successful employees contributes to the company's progress, combining experience and youth, new knowledge and a focus on a successful future. Medika Group has zero tolerance to any violations of these guidelines, which is fully supported by the Management Board.

2. Purpose

Bribery and corruption are considered criminal offenses in Croatian legislation as well as in other legal systems for both the person giving and receiving the bribe. In business circumstances, they are considered criminal offenses for both the person concerned and the employer. Medika Group is obliged to prevent, deter and detect possible corrupt business practices.

3. Subject matter of these guidelines

These guidelines will apply to all companies and institutions within MEDIKA Group. All organizational levels within MEDIKA Group are responsible for controlling the risk of unethical and illegal business practices.

4. Conflict of interest

Conflict of interest arises when an employee has a personal or financial relationship or other interest that could have a real or perceived influence on decisions or actions that could not be deemed to be in the best interests of MEDIKA Group; or when an employee uses his or her position in the Group for personal gain. Each employee is required to disclose any conflict of interest to his or her immediate superiors, and also to take action to exclude any personal conflict of interest before acting in a particular case. More detailed regulation follows in the provisions of the Code of Ethics.

5. Legislation

These guidelines have been developed in accordance with the current Croatian legislation, as well as European legal rules and *acquis*, as a modern and developed standard for the fight against corruption. If an employee is not sure about the interpretation of legal regulations, he or she is obliged to discuss them with his or her direct superior or the Legal, Personnel and Administrative Affairs Department.

6. **What are bribery and corruption?**

Giving, offering, promising, accepting or seeking benefits as an incentive for an action with the intent to influence the actions of a person for the purpose of obtaining or retaining material benefit.

The acts of bribery to which these guidelines apply are as follows:

Active bribery:

Offering, promising or giving a financial or other advantage to another person with the intention of influencing or rewarding that person for improper performance of a certain function.

Passive bribery:

Seeking or accepting a financial or other benefit as a reward for performing a function in an improper manner, or with the intent of this occurring as a result.

The commission of a criminal offense in business dealings is:

Exploitation of a position or authority, exceeding the limit of one's authority or non-performance of duties for the purpose of obtaining benefits or causing harm to another,

Failure of a business organization to prevent the giving of bribes by the associates (employees, directors, authorized persons or assistants) of the company,

Abuse of inside information, abuse of the capital market, unauthorized use of someone else's company name, disclosure and unauthorized acquisition of trade secrets, favouring creditors, receiving or giving bribes in business dealings, and abuse in the public procurement process, all with the aim of obtaining undue material gain.

Bribery of a public official:

Offering, promising or giving a financial or other advantage to any public official with the intention of influencing or rewarding that person for improper performance of a certain function.

Statutory punitive measures can be far-reaching in the case of proven guilt and include:

- Fines or imprisonment for persons involved in the giving of a bribe
- Fines for the company whose representatives are involved in the commission of criminal (but also misdemeanour) offenses.

7. **What MEDIKA expects from its employees**

MEDIKA Group expects its employees to

- (a) Comply at all times with these guidelines, applicable laws and internal acts.
- (b) Express their suspicions as soon as possible, if they consider or suspect that conflict of interest has occurred or that it could occur in the future in accordance with the special Guidelines of MEDIKA Group on the detection of corruption.

- (c) Respect the customers, suppliers and all other customers of MEDIKA Group with whom the Group does business in order to achieve its goals through fair business operations and in a legal and professional manner.
- (d) Seek advice and guidance if it is unclear to them or if they are unsure about any aspect of these guidelines and their own responsibilities to ensure compliance.
- (e) Undergo training or attend other events at which these guidelines are mediated.

8. Special areas of attention

8.1 Third parties

Unethical actions of third parties may have legal implications and damage the reputation of MEDIKA Group companies and institutions.

The Company may review a third party's actions before concluding a contract.

If a third party requires a company/ institution from the MEDIKA Group to conclude a contract which will, inter alia, contain provisions, obligations or declarations relating to anti-corruption rules, the following shall apply:

- (a) It is necessary to acquaint the third party with the standards of MEDIKA Group on compliance with anti-corruption regulations in accordance with Croatian regulations.
- (b) Refuse to be directly subject to foreign laws if they are in conflict with Croatian regulations
- (c) Give both parties the right to terminate the contract if there is any breach in relation to bribery, with the exclusion of indemnity.
- (d) Include a determination of applicable local laws.
- (e) Limit the period of validity.

Acceptance of anti-corruption contracts proposed by a third party may involve risks - which can obviously be avoided - both for the company/institution of MEDIKA Group that enters into such a contractual relationship and for the Group, such as the following.

Anti-corruption contracts may be subject to foreign laws. Acceptance of a foreign legal system can have far-reaching legal and economic consequences that are not fully recognizable at the time of concluding the contract. Examples are extended liability or limitations of rights in the event of a breach of contract.

Third parties may try to include their internal anti-corruption guidelines in anti-corruption contracts with MEDIKA Group companies/institutions.

By way of derogation from the above regulations, the MEDIKA Group company/institution may decide to accept anti-corruption rules established by a third party, which are not in accordance with these Guidelines, if:

- The company's Management Board decides to enter into such a contract
- Otherwise, the supply of goods (pharmaceutical products, medicinal products, medical materials, etc.) would be endangered
- The contract applies only to one MEDIKA Group company/institution, and not to the Group as a whole and
- This contract is valid only for a predetermined period of time.

8.2 Political sponsorships

MEDIKA Group companies/institutions may from time to time make donations or sponsor political parties or activities. These sponsorships and donations must comply with fairness standards at the Group and local unit level and must comply with regulations and the Rulebook on donations, sponsorships and representation or the relevant act of Prima Pharma Pharmacy.

8.3 Donations for charitable purposes

Occasionally, events can be sponsored and humanitarian donations made. These donations must comply with fairness standards and must comply with regulations and the Rulebook on donations, sponsorships and representation or the relevant act of Prima Pharma Pharmacy.

8.4 Interaction with public officials

In principle, cooperation with a public official is permitted if local laws do not prohibit or if they require such engagement. If interaction with public officials is required, it must be conducted in a transparent manner to minimize any possible perceptions of bribery or corruption.

8.5 Gifts

Gifts include anything of value given to someone else. Inappropriate gifts have to be politely but resolutely rejected and must never be offered to third parties. The giving of gifts is regulated by the Rulebook on donations, sponsorships and representation or the relevant act of the Prima Pharma Pharmacy, while the receipt of gifts is regulated by the provisions of the Code of Ethics.

8.6 Travel, accommodation, food & hospitality

Occasionally, you may be invited to an event. There will also be opportunities for you to invite, as the host, a business partner to an event. MEDIKA Group does not prevent you from attending or inviting to such events in order to further develop business relations and better understanding with our business partners, but in doing so, legal provisions and the provisions of internal acts have to be complied with.

9. Supervision and compliance/ organization

(a) General responsibility at Group and unit level

The Management Board of Medika d.d. bears general responsibility for the compliance of anti-corruption activities within MEDIKA Group. The competent Management Board/ Principal is responsible for the coordination of anti-corruption activities within each Medika Group company/ institution.

(b) Organization of compliance at Group level

The Management Board of Medika d.d. and the Principal of Prima Pharma Pharmacy are authorized and responsible for: supervision, control, decision-making and framework for local inquiries and restrictions, annual report.

The Legal, Personnel and Administrative Affairs Department will be responsible for the current operational course and development of the compliance system, supervision, control, training, reporting and case resolution.

- (c) Compliance will be monitored as follows:
- By periodic risk assessment,
 - By reporting and keeping appropriate registers,
 - By periodic declarations of compliance by "high-risk" staff,
 - By appropriate anti-corruption training of staff,
 - By active and visible support of the Management Boards/ Principal of companies to business operations, especially regular monitoring of events that could increase the risk of corruption and bribery.

10. Documentation

The Legal, Personnel and Administrative Affairs Department keeps a compliance register containing records on:

- (a) Political sponsorships (see point 8.2)
- (b) Donations for charitable and other purposes provided for in the Income Tax Ordinance (see point 8.3)
- (c) Inappropriate gifts (see point 8.5)

The Legal, Personnel and Administrative Affairs Department must be available for audit purposes. It has to keep sufficient appropriate documentation to show the measures taken to prevent the risk of bribery and corruption. The books and records must accurately, neatly and appropriately reflect the substance of transactions and comply with the relevant accounting principles. This includes keeping, for example:

- Copies of signed contracts
- Verifications of third parties (see point 8.1)

Employees are responsible for keeping proper books and notes and must ensure that they are available in the event of an audit, if necessary.

11. How to report on suspicions of violation of duty

You are required to report any suspicions you have regarding bribery and corruption:

- (a) to your direct director, or
- (b) to the Legal, Personnel and Administrative Affairs Department

12. Consequences of violation of duty

Employees' breaches in terms of non-compliance with these guidelines will result in disciplinary action, or even termination of employment. The Management Board/ Principal of the company/institution will be responsible for appropriate action.

The company/institution may also claim damages from the employee. In the event that the breach of compliance results in the termination of a contract with a third party, the reporting of the case to a supervisory body, the police, an indemnity procedure may be initiated against the accused party.

13. Training support and resources

It is the personal responsibility of each employee within MEDIKA Group to understand these guidelines and to act in accordance with them. The Legal, Personnel and Administrative Affairs Department is obliged to ensure that all employees of MEDIKA Group are acquainted with these guidelines as well as with any subsequent amendments to them.

If you have any questions or concerns regarding these guidelines or bribery and corruption in general, contact the Legal, Personnel and Administrative Affairs Department.

CODE OF ETHICS

INTRODUCTION

Purpose

Article 1

This Code of Ethics determines the basic ethical rules of conduct for all employees of Medika d.d., affiliated companies and institutions owned by it (hereinafter: Medika), for the purpose of establishing and promoting fundamental ethical values in business relations and acting in case of their violations. In its business operations, Medika especially complies with and develops basic values such as fairness, honesty, responsibility, integrity, quality of services, transparency, entrepreneurship, teamwork and other values.

Direct or indirect discrimination in the field of work and working conditions is prohibited, including selection criteria and conditions for employment, promotion, professional orientation, professional training and development, and re-qualification in accordance with applicable regulations.

During employment, valid legal provisions on the prohibition of employment of children under 15 years of age, as well as children under 18 in regular education are respected, while children over 15 who have completed regular education can exceptionally be employed with the consent of their parents.

When hiring each worker, an employment contract is concluded as an expression of the free will of both parties to the contract, salary is paid for the work performed in accordance with the contract, and forced or involuntary work is not possible or allowed.

Every worker has the right to mandatory health and pension insurance.

Records prescribed by law are kept about employed workers, which include personal data of workers essential for the realization of rights and obligations from the employment, records of working hours, and calculated and paid salaries.

Basic principles

Article 2

The basic principles promoted by this Code of Ethics are as follows:

- Trust and collegiality
- Legality and expertise in work
- Teamwork and professional communication
- Respecting the needs of service users
- Avoidance and prevention of conflicts of interest
- Responsible management of assets, business finances and procurement processes
- Confidentiality of personal data and business operations information
- Avoidance of receiving and giving gifts.

APPLICATION OF THE PRINCIPLES OF ETHICAL CONDUCT

Trust and collegiality

Article 3

Employee behaviour in and out of the workplace is based on mutual trust and appreciation, fairness and respect of the personality and dignity of coworkers. The management has an obligation to provide employees with and make available to them all data, information and resources necessary for quality work, and to acquaint them with all internal regulations, standards and procedures necessary for quality performance of work in accordance with the legal framework.

Legality and expertise in work

Article 4

In performing their work, employees are obliged to comply with applicable laws, regulations, general acts and decisions of Medika, the principles of the profession and this Code of Ethics.

Employees are expected to act professionally, proactively, conscientiously and diligently and to protect Medika's interests.

Any inaccurate presentation of facts, concealment and retention of data and information that would benefit employees themselves or others, or harm the work of associates and the interests of Medika, is strictly prohibited.

Mutual communication

Article 5

Employees are obliged to develop a culture of teamwork and continuously communicate with each other both horizontally and vertically.

Communication has to be based on mutual respect and professional relationship. Employees are required to refrain from any form of discrimination based on race, skin colour, sex, sexual orientation, marital status, family ties, age, language, religion, political or other beliefs, national or social origin, material status, birth, social status, membership or non-membership in a political party, membership or non-membership in a trade union, and physical or mental disabilities.

Encouraging and/or spreading rumours, as well as gossiping and creating a negative work atmosphere have to be avoided in communication.

Respecting the needs of business partners

Article 6

Employees are obliged to protect the interests of business partners in all manners, to treat them kindly, helpfully and patiently, refraining from any form of discrimination in accordance with Article 5 item 2 of this Code of Ethics.

Full cooperation with business partners is in mutual interest, therefore the realization of their justified requirements is the obligation of all employees.

Avoidance and prevention of conflicts of interest

Article 7

Employees are required to be loyal to Medika and must not engage in activities that could lead to a conflict of interest.

Conflict of interest exists among employees whose attitude towards the subject of decision-making for any reason is not neutral, which could affect the decision-making based on personal interests. Conflicts of interest can be caused in particular by family relationships, friendships and other close ties, financial interests and the like.

Employees are required to avoid any conflict of interest.

In case of suspicion of the existence of conflict of interest, the employee or immediate supervisor have to request the opinion of the Legal, Personnel and Administrative Affairs Department before the occurrence or in the event of occurrence of the circumstances referred to in paragraph 2 of this Article. The management will decide on the existence of conflict of interest in each individual case, with the prior opinion of the Legal, Personnel and Administrative Affairs Department.

In the event of conflict of interest, the employee will be exempted from deciding in a case in which he or she is not neutral, at his or her own request or on the basis of a decision of the Management Board. Close family members within the meaning of this Code of Ethics are: spouse or cohabiting partner, blood relatives in the direct line and their spouses.

Management of assets, business finances and procurement processes

Article 8

Employees are required to protect the integrity and security of Medika's property. Employees working in asset management, financial affairs and procurement affairs are obliged to adhere to additional ethical principles according to specific standards of the profession.

Employees working on the jobs referred to in paragraph 2 of this Article are obliged to avoid all attempts to influence the adoption of objective and impartial decisions and to act responsibly and diligently.

Procurement of goods, services and works shall be performed according to the principle of ensuring the expected value for money.

Confidentiality of personal data and business operations information

Article 9

Personal data on employees and candidates for jobs in Medika as well as data and information on customers, service users, suppliers and other business partners obtained directly or indirectly are confidential and shall be protected in accordance with applicable laws and regulations of the Company. The processing of personal data must be lawful, fair and transparent, and in accordance with the Company's

Policy.

The basis and interest for the processing of personal data must be legal and legitimate.

The data controller must legally, transparently and unambiguously inform the data subject about the personal data he/she/it collects and about the exercise of his or her rights guaranteed by the Personal Data Protection Policy and positive regulations.

The controller must take special care of the processing of children's personal data, as well as the protection of children and the manner of obtaining the consent of the holder of parental responsibility over the child.

The controller must take all measures and procedures in order to meet security obligations in accordance with the General Data Protection Regulation and the Personal Data Protection Policy.

Receiving and giving gifts and money

Article 10

It is inappropriate to receive gifts contrary to legal provisions, i.e., gifts of significant material value from persons connected by a business relationship.

In the case of occasional gifts of symbolic value which are considered a common sign of attention in the business environment, the receipt of gifts is permitted if it has no binding effect on the recipient, does not affect the conclusion of a transaction nor places the giver in any privileged position.

If an employee receives a gift of significant value from business partners, he or she is obliged to inform his or her superior manager.

The principles referred to in paragraphs 1 and 2 of this Article shall also apply to the giving of gifts. Receiving and giving money and/or considerations in return is prohibited.

CODE OF ETHICS IMPLEMENTATION AND SUPERVISION

Article 11

In order to create conditions for the development of ethical behaviour, the Management Board is obliged to provide everything necessary for the implementation of this Code of Ethics.

All Medika's employees, regardless of their position and the tasks they perform, are obliged to adhere to the principles of this Code of Ethics in their work.

Adherence to the principles of this Code of Ethics is a general work obligation in accordance with the provisions of the Code of Conduct.

Non-compliance with the principles of this Code of Ethics will be treated with full attention and entail liability on which the Management Board will decide, depending on the severity of the violation, and in accordance with the provisions of the Code of Conduct and the Labor Act.

Filing a report

Article 12

Medika's employees have the right and duty to report business operations and conduct that is contrary to the provisions of this Code of Ethics.

Information about the reporting party is considered confidential in the sense of Article 9 of this Code of Ethics. Filing a report by an employee in good faith cannot be a reason to sanction him or her. Business partners - users of services can file a report in case of suspicion of violation of this Code of Ethics, with the protection of confidentiality of information about the reporting party.

Reports referred to in paragraphs 1 and 3 of this Article shall be submitted to the Legal, Personnel and Administrative Affairs Department in writing or electronically to the e-mail address: medika.uprava@medika.hr.

Supervision and authority to handle reports

Article 13

Supervision over the application of the rules set out in this document shall be carried out by the Management Board/Principal, who have to inform the Legal, Personnel and Administrative Affairs Department of the noticed violations.

The Legal, Personnel and Administrative Affairs Department is competent for handling reports referred to in Article 12 of this Code of Ethics and in paragraph 1 of this Article, of which it shall submit a report with a reasoned opinion to the Management Board.

After the violation of the Code of Ethics is established, a procedure for sanctioning the violation shall be initiated in accordance with Article 11 item 4 of this Code of Ethics.

Regardless of the method of filing the report, a fast and efficient resolution of complaints handled in confidence is guaranteed.

Entry into force

Article 14

This Code of Ethics shall enter into force within eight days of its publication on Medika's bulletin boards.

Management is obliged to enable all employees to become acquainted with the provisions of this Code of Ethics.

Medika d.d.
3 **Medika d.d.**
President of Management
Board **ŽIGREB, Capraška 1**
Jasminko Herceg, mag.oec.

Appendix:

List of public authorities and directory of the information officer - on the website of the Information Commissioner