

Business Partner Review Policy of IDT Biologika GmbH

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1 – Purpose

The purpose of the Business Partner Review is to ensure that IDT's existing and new business partners conduct their business in accordance with the legal framework and IDT's ethical, social and environmentally conscious ideas. For this purpose, background information on the business partner (customers, suppliers, service providers) is obtained from various information sources. These information sources include information provided by the business partner itself, databases or publicly available information.

The Business Partner Review is part of the Compliance Management System of IDT Biologika („IDT“) and serves to ensure compliance with a variety of relevant legal provisions¹ according to which IDT can be held liable for legal violations of its business partners. Furthermore, IDT aims to avoid potential reputational or economic risks arising from contracts with encumbered business partners, e.g. due to the fact that they have an increased risk of insolvency.

The Business Partner Review is risk-based and covers all future and, under certain conditions, existing business partners.

2 – Scope

2.1 New business partners

A Business Partner Review shall be performed on a risk-based basis for all new business partners. For

- new customers, the Business Partner Review is the responsibility of the Commercial department,
- new suppliers, the Business Partner Review is the responsibility of the Procurement department,
- the commissioning of testing laboratories, it is the responsibility of the Quality Control department.

2.1.1 New customers

The Business Partner Review is carried out on the basis of a checklist². The following shall be included in the assessment:

- the current Corruption Perception Index (CPI)
- high-risk contracts, and
- knowledge of current and/or past criminal convictions

2.1.1.1 Current Corruption Perception Index (CPI)

All new customers shall be screened if the following CPI criteria are met:

CPI in the country of the customer and annual turnover

- Rank 1 to 25 in the ranking of countries (e.g. Germany, UK, USA) \geq EUR 1,000,000 (one million)
- Rank 26 to 125 in the ranking of countries (e.g. China, Turkey) \geq EUR 500,000 (five hundred thousand)
- Rank 126 to the end of the ranking list of countries (e.g. Russia, Iran) \geq EUR 250,000 (two hundred and fifty thousand)

Countries listed are examples only because the CPI for each country may change annually.

¹ UK Bribery Act 2010, US Foreign Corrupt Practices Act, § 30 Act on Regulatory Offences, etc.

²Annex 1: Risk Assessment Checklist

2.1.1.2 High-risk contracts

Irrespective of the customer's country and annual turnover, all new customers must be screened if the following indicators are present:

- contracts with consultants and intermediaries
- cooperation contracts (especially with competitors)
- contracts with state-owned companies or companies in which the state holds a majority stake
- contracts with universities
- contracts with potential new joint venture partners

2.1.1.3 Knowledge of current and/or past criminal convictions

All new customers shall be screened if there is knowledge of current and/or past criminal convictions, in particular for economic crimes committed by the customer, the customer's directors and/or the customer's shareholders.

2.1.2 New suppliers

As a general rule, a Business Partner Review is initiated for all new suppliers.

3 – Procedure

3.1 Procedure for new business partners

The review of new business partners should be carried out at the earliest possible time. This point in time is

- in the Commercial department before sending an indicative offer to the customer (indication, proposal);
- in the Procurement department, before the first order is placed with the supplier to be reviewed;
- in the case of testing laboratories, as part of the qualification of the laboratories.

In any case, the Business Partner Review must be performed at the latest before signing the contract with the Business Partner or any other legally binding declaration.

The review is carried out in two steps, with different procedures in the departments:

3.1.1 Step 1: Preparation of the Business Partner Review

3.1.1.1 Commercial department

If a business relationship with a new customer is being considered, staff in charge in Commercial must complete the so-called "Risk Assessment Checklist". The questions on this checklist are to be answered with „Yes“ or „No“ or with a short explanation to verify the potential risks.

If all questions of the checklist are answered with „No“, the relationship with the customer can be classified as having a „low risk potential“. No further Business Partner Review is required in this case and staff in Commercial can proceed with the negotiations with the customer.

If at least one of the questions of the checklist is answered with „Yes“, the relationship with the customer must be classified as „potential risk“ and the completed checklist, including the associated documentation, must be forwarded to the Compliance Officer so that the subsequent Business Partner Review can be carried out.

3.1.1.2 Procurement department

The Compliance Officer receives all necessary business data of the supplier from staff in charge in Procurement before the first purchase order is triggered, in order to be able to carry out the Business Partner Review. This includes the correct company name of the supplier, the address and web address of the supplier, the name of the managing directors, if possible the expected contract value and the type of contractual service. If necessary, the Compliance Officer may request additional information about the supplier.

If, in exceptional cases, it is necessary to commission a new supplier immediately, the Business Partner Review will be carried out without delay.

3.1.2 Step 2: Conducting the Business Partner Review (Compliance Officer)

The review is carried out by the Compliance Officer on the basis of the Risk Assessment Checklist for potential customers, the business data of future suppliers sent by the procurement department and using a compliance database.

The objective is to find out whether there is any critical information („red flags“) about the company or members of the business partner's management with regard to money laundering, sanctions, terrorist financing, bribery and corruption, and financial crime. Related relationships and networks of politically exposed persons (PEPs) are also considered. To this end, the information collected is checked against sanctions lists, law enforcement watch lists and lists of politically exposed persons (PEPs).

If the review does not reveal any critical information („red flags“) about the business partner, the result is to be forwarded by the Compliance Officer to staff in charge and the negotiation process can continue.

If, however, the Compliance Officer comes to the conclusion that there is relevant critical information („red flags“) about the business partner and thus a „substantial risk“ exists, the result and the reasons for the result must be communicated to staff in charge.

In this case, the supervisor of staff in charge should decide whether to reject the business partner or decide whether to approve the business partner in consultation with the Compliance Officer and IDT's management. If risk-mitigating measures, such as certain contract provisions, are not enforceable, the IDT management will be responsible for the final decision of whether to enter into a contract with that business partner despite the risk identified.

Each decision made by the IDT management shall be documented in writing.

3.2 Procedure for existing business partners

During the term of a contract, a new Business Partner Review must generally be initiated by staff in charge and conducted by the Compliance Officer if IDT receives negative information about the business partner, e.g., current criminal investigations and/or past criminal convictions.

4 – Documentation

All documents shall be filed in the IDT Contract Management System.

5 – Trainings

The Compliance Officer trains the IDT employees involved on the Business Partner Review process at regular intervals.