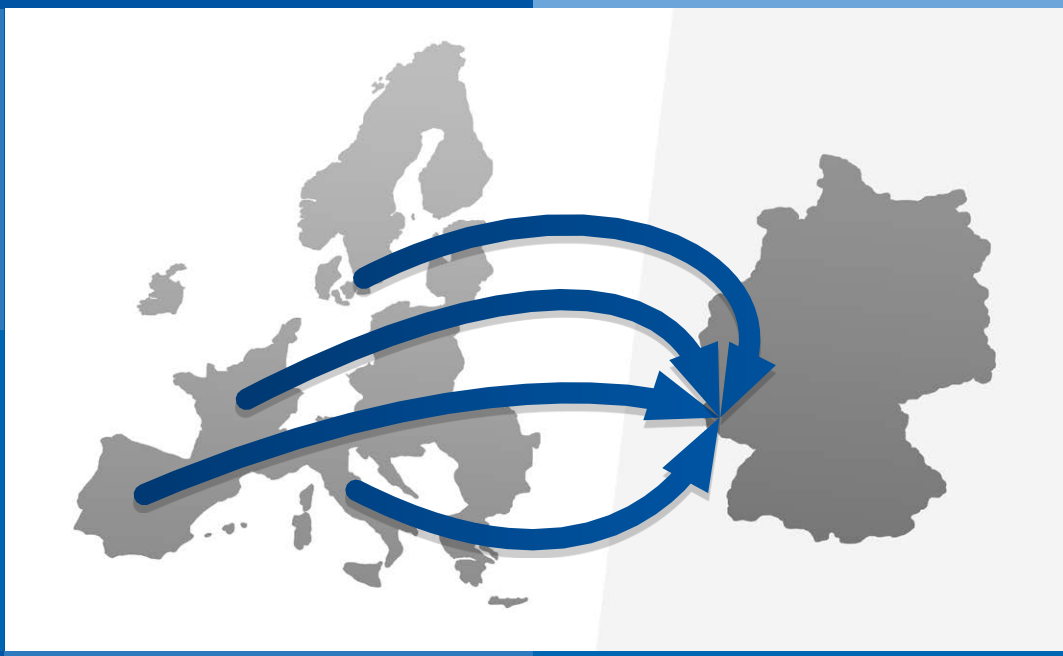
Statement of principles under the German Supply Chain Act

2024



KOHL MEDICAL AG

Statement of principles under the German Supply Chain Act (Lieferkettengesetz)

This statement of principles in accordance with Section 6 (2) of the German Supply Chain Act applies to KOHL MEDICAL AG and its subsidiaries:

- kohlpharma GmbH
- MTK Vertriebs-GmbH
- KOHL PHARMAHANDEL GmbH
- KOHL LOGISTIK GmbH
- AVIE GmbH
- NULLplusNULL GmbH
- provita arndt GmbH

KOHL MEDICAL AG – the company

KOHL MEDICAL AG – based in Merzig – is a holding company that has a predominantly administrative central function. KOHL MEDICAL AG's core business is the reimporting and parallel importing of affordably priced, therapeutically identical original preparations (Euro import medicinal products), medical devices and in-vitro diagnostics (IVDs). They are manufactured in accordance with standardised EU regulations and are of the same quality throughout the EU.

Parallel imports are medicinal products, medical devices and in-vitro diagnostics that are produced by the manufacturer in an EU country and distributed to European subsidiaries. If the products are cheaper in other EU countries than in Germany, they are purchased in these countries from local pharmaceutical wholesalers and imported to Germany. Both the manufacturer itself and parallel importers import the product into Germany.

Reimported medicinal products, medical devices and in-vitro diagnostics are products that are manufactured in Germany for various countries and exported by the original manufacturer for distribution in other EU countries. If the products are cheaper in other EU countries, they are purchased from local pharmaceutical wholesalers and imported back to Germany. Both reimported and parallel imported products are generally sold below the price of the original German products that is relevant for health insurance companies, leading to significant savings in the German healthcare system.

kohlpharma GmbH

Within KOHL MEDICAL AG, kohlpharma GmbH acts as the importer, responsible pharmaceutical company and certified wholesaler. From product procurement to delivery, the handling, repackaging, labelling, storage and transport of all imported medicinal products, medical devices and IVDs are consistently carried out in compliance with the law, directives and official standards.

Prof Edwin Kohl laid the cornerstone for kohlpharma GmbH more than four decades ago. Even to this day, we are a family-run business that is wholly owned by the Kohl family. In addition to our economic success, we also believe it is our duty to protect the safety and wellbeing of our employees. kohlpharma GmbH is the market-leading importer of medicinal products, medical devices and in-vitro diagnostics in Germany. Guaranteeing cost-conscious, reliable and localised supply and support for local pharmacies is a matter close to our hearts; we want to help to ease the financial burden on statutory health insurance providers and patients by offering affordably priced imported products.

AVIE GmbH

AVIE GmbH has a system partnership that we use to support independent pharmacies in many areas in the face of ever-increasing competition.

provita arndt GmbH

With provita arndt GmbH, the Group is active in outpatient care, patient support and the provision of medical aids.

The German Supply Chain Act and how we implement it

Our guiding principles on business and human rights

Our commitment to labour and human rights is based on international standards such as the Universal Declaration of Human Rights and the Core Labour Standards laid down by the International Labour Organization (ILO), as well as the United Nations Universal Declaration of Human Rights (UDHR) of 1948.

We are committed to respecting internationally recognised human rights and to upholding them in our business activities and along our value chains. This particularly includes the ban on child and forced labour, the ban on all forms of slavery and discrimination, and strengthening freedom of association, as set out in Section 2 of the German Supply Chain Act. We are also committed to upholding health and safety at work, equal treatment in employment, payment of appropriate wages, the ban on forced evictions and the inappropriate use of security forces if use of the same involves the risk of disregarding or restricting human rights, as well as the ban on environmental pollution and the unlawful violation of land rights. We are also committed to complying with the Minamata Convention on Mercury, the Stockholm Convention on Persistent Organic Pollutants (POPs Convention) and the Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal.

Implementation in our own business activities

- Our employees are at the heart of our success. Accordingly, we offer them a working environment based on respect, diversity, equality and equal opportunities. We promote a positive working environment where everyone has the opportunity to fulfil their potential and grow professionally. We also offer our employees the opportunity to take part in further education and offer a company health management programme which includes weekly back training and yoga.

- We actively shape fair working conditions, including guaranteeing appropriate wages and working hours that go well beyond the minimum legal requirements and position us as an attractive local employer.

- The safety and wellbeing of our employees is our top priority. We take comprehensive action to ensure safe working conditions, minimise risks and prevent accidents and injuries in the workplace. Regular training, safety policies and safety procedures form part of our efforts to promote a culture of safety.

- We are aware that labour and human rights are complex issues and that there is always scope for improvement. For this reason, we take our employees' concerns seriously, promote open dialogue and are constantly working on further improvements.

- Through our commitment to ethical corporate governance, we strive to strengthen the trust that our stakeholders have in us and to make a positive contribution to society. We are aware that this is an ongoing process and endeavour to continuously improve our efforts.

- As a holding company operating in the healthcare sector, we are not only legally obliged, but we also aspire, to comply with the requirements set out in the German Medicinal Products Act, EU Good Manufacturing Practice (GMP), EU Good Distribution Practice (GDP) and DIN EN ISO 13485. Our products, processes and services are state-of-the-art and comply with legal, regulatory and standardisation requirements. This is ensured by our trained employees, decades of effective processes and structures, along with our very own pharmacovigilance and vigilance regarding medical devices and in-vitro diagnostics (i.e. ongoing monitoring of product safety for patients and users). All of this is anchored in an established and actively used quality management system (QMS).

Its suitability is regularly checked and confirmed by our responsible ministry and external certifiers. We make no compromises in this respect. We ensure that suitable measures are introduced promptly in case of potential deviations.

Based on this, it is a logical next step for us to incorporate the requirements set out in the German Supply Chain Act into our corporate structure, implement them and develop them further.

Implementation along the supply chain

- We are aware of the importance of a flawless supply chain – from purchasing from our European wholesale partners to delivery to our premises. To this end, we select our suppliers very carefully and establish long-term partnerships with companies that meet our requirements and are committed to responsible business practices. This is particularly important to us, as our supply chain involves medicinal products, medical devices and in-vitro diagnostics, which must be stored and transported with particular care to ensure that they retain their quality.

- That is why we source our products exclusively from qualified pharmaceutical wholesalers in the EU (including EFTA states). All of our suppliers have the required GDP-compliant wholesale authorisation certificate. Through continuous supplier qualification, we ensure both the security of our supply chain and the implementation of any necessary action even today. We therefore always keep up to date with the latest best practices and are constantly working on further improving these processes.

1. Internal responsibilities / Human Rights Officer

An internal working group that is responsible for implementing and further developing the due diligence obligations has been set up to meet our due diligence obligations in accordance with the German Supply Chain Act. A Human Rights Officer has been appointed within the Kohl Medical AG Group to monitor risk management. In addition, the Human Rights Officer liaises with the Management Team to provide it with information about the risk management status. We use purposeful processes to identify and assess human rights-related and environmental risks and minimise their potential impact.

2. Setting up a risk management system and conducting a risk analysis

As part of our risk management activities, we conduct an annual and ad-hoc risk analysis in our own business activities and in our supply chain to identify human rights-related and environmental risks. The first step along our supply chain is to determine the abstract risk based on the general country, sector and volume risk. If a corresponding risk is identified here, it is assessed based on severity, probability of occurrence and probability of detection. If necessary, potential remedial action is defined and implemented. This means that potential risks or existing violations are identified, assessed and, if necessary, eliminated or minimised to an acceptable level as best as possible – in our supply chain, but also in our own business activities. This risk analysis is continued and further developed annually. The results are reported to the Corporate Management Team each year. Potential findings from complaints received are also taken into account in the risk assessment on an ongoing basis.

3. Preventive action

We take suitable preventative action to prevent any violation of human and environmental rights as far as possible. This includes this statement of principles, to name but one example. In addition, our direct supply chain only includes qualified suppliers from the EU (including EFTA states). These countries are intrinsically included in the EU's Code of Values – be it on human rights or environmental protection goals. We carry out a regular risk-based supplier evaluation to check suppliers. This includes reviewing compliance with the obligations set out in the German Supply Chain Act. The effectiveness of the preventive action implemented is reviewed annually and on an ad-hoc basis.

4. Corrective action

If we identify a direct violation of human or environmental rights in our business activities or our supply chain, effective remedial action is implemented. In such a case, we will immediately contact the supplier concerned to find a joint solution to rectify the problem. The goal is to initiate immediate action to put an end to such abuses or to minimise them to an acceptable level. If there is a violation in our own business activities, we will also take immediate action to remedy it.

5. Responsibility through corporate governance

The involvement of individuals at the highest level of the company is crucially important to ensuring the successful implementation of responsibility and self-imposed guidelines with respect to human and environmental rights. Kohl Medical AG's Corporate Management Team regularly receives information about the risk management status and developments.

6. Complaints procedure

In addition to our risk management activities, we have set up an internal complaints procedure too. Any violation of human rights, environmental obligations and/or applicable law can be reported by both employees and third parties. The email address for this is:
Menschenrechtsbeauftragte@kohlpharma.com
Alternatively, it is also possible to contact us by post or internal mail (sent to Kohl Medical AG's postal address and marked as for the attention of the Human Rights Officer). Every offence is consistently followed up in consultation with our internal working group. The complaints procedure is described in detail and can be found in our rules of procedure.

7. Documentation and transparency

This statement of principles is reviewed and further developed once a year and on an ad-hoc basis. We also review the action described here to ensure it is suitable and continuously further develop the same. Meeting due diligence obligations in accordance with Section 3 (1) of the German Supply Chain Act is documented within the company, published in an annual report and submitted to the German Federal Office of Economics and Export Control.

The Executive Board of KOHL MEDICAL AG

Prof. Edwin Kohl	Philipp Kohl	Jörg Geller
chairman of the board	deputy chairman of the board	member of the board

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