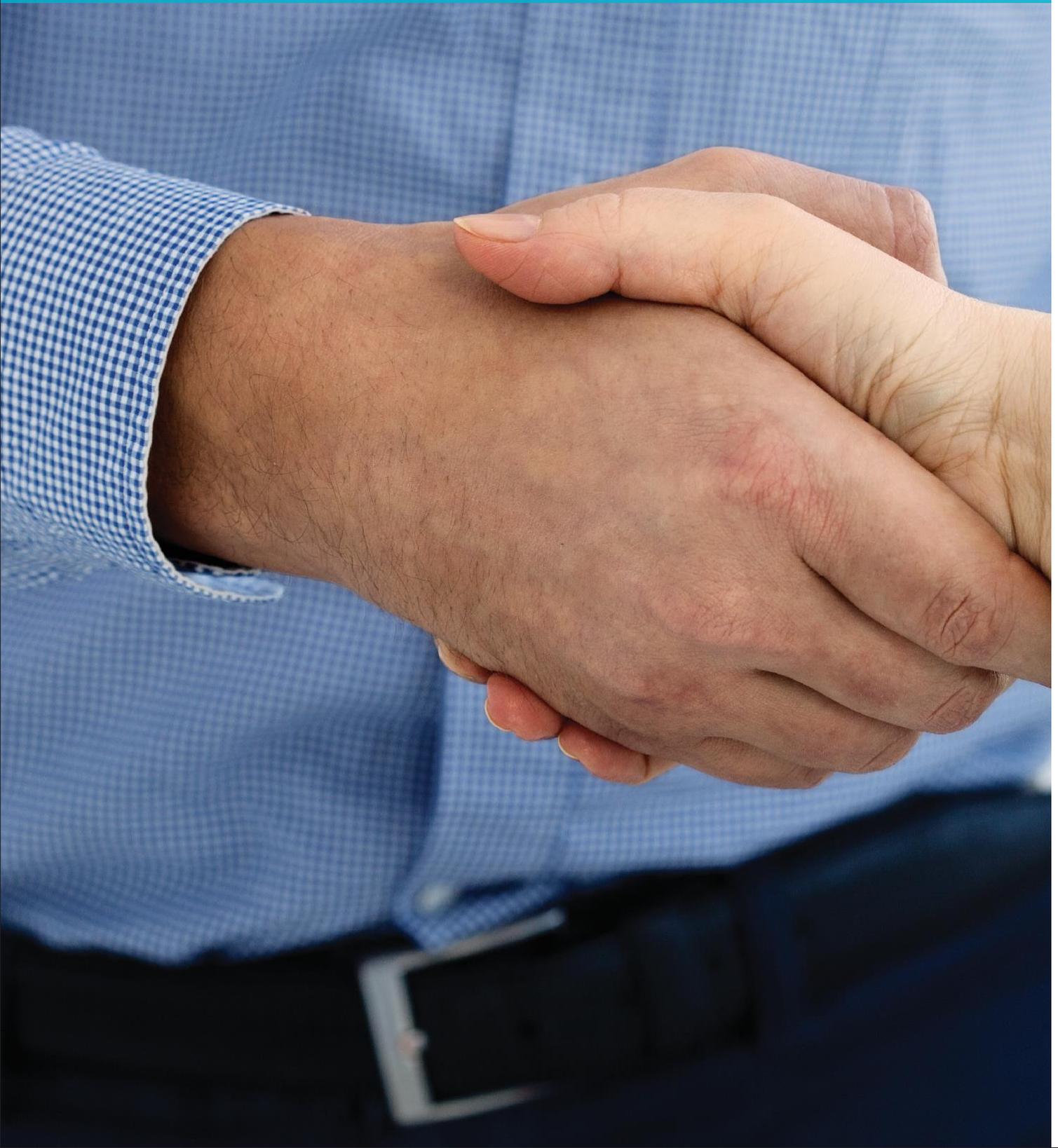


# Coloplast Business Partner Policy

Effective date: October 2014



# Preamble

Coloplast has a reputation for being one of the most ethical companies in the world and for always delivering high quality products for ostomy, continence, wound, skin and urology care. Coloplast has earned this reputation by hard work - by always doing business with respect and uncompromising integrity and by continuously delivering high quality products. Coloplast's strong culture of integrity and quality is central to its mission to make life easier for people with intimate healthcare needs.

Being aware of its responsibility towards patients, customers, healthcare professionals and other stakeholders, Coloplast undertakes all necessary measures to successfully achieve its main task: To promote improvement in human health by developing and delivering innovative, safe and effective healthcare products for ostomy, continence, wound and urology care to the market.

The Coloplast values, corporate principles and standards are an integral part of Coloplast's work all over the world, and they provide high standards of legal compliance, business ethics, quality, communication, finances, environmental protection, health and safety, and efforts in the sphere of social responsibility.

Coloplast respects the economic, social, cultural and political-legal environment in the countries in which Coloplast does business. Coloplast carries out its activity in strict compliance with the requirements of applicable international and local law and regulations, and does its best to meet the highest quality and uphold high ethical standards in the process of distributing healthcare products.

Coloplast extends such standards to its business partners for several reasons:

- Coloplast A/S – the parent company of the Coloplast Group - is a public company listed on the Danish Stock Exchange, Denmark. Doing business globally requires Coloplast to abide by international legal regulation, including US and UK legislation, in particular in terms of business ethics, responsible interactions with the customer, corruption, etc., as Coloplast A/S has a US and a UK subsidiary. Both the US Foreign Corrupt Practices Act and the UK Bribery Act apply outside the US and the UK respectively, and cover both direct and indirect actions or omissions – that is e.g. via distributors and agents. In case of violation of such anti-corruption legislation, strict sanctions apply, including financial sanctions considerably exceeding the sum of revenue earned as a result of an illegal act and potentially criminal liability for senior employees.

According to international legislation, Coloplast A/S, Denmark, is responsible for the activity of the Coloplast Group companies all over the world.

Thus, the companies of the Coloplast Group must select their business partners with utmost care in order not to become liable for misconduct by an agent or a distributor or other business partner.

Both Coloplast and its business partners must act with business integrity at all times, and specific awareness should be given to compliance with local anti-bribery regulations applicable from time to time.

- As reliable and seamless delivery of healthcare products is vital to the lives and well-being of human beings, it is of paramount importance to Coloplast that the business partners engaged in distributing its healthcare products be extremely accurate, precise and effective in executing their functions, and that the business partners have the financial soundness and legal capacity to ensure supply reliability.

Coloplast also evaluates the financial soundness of a business partner as the absence of such financial soundness may influence the ability of a business partner to carry out uninterrupted product supply in full compliance with the necessary terms of quality, timely deliveries, transportation and storage and fulfill other obligations to Coloplast.

To conduct a business relation evaluation it is necessary for Coloplast to check the legal capacity of its business partners, including the authorities of the persons who represent its interests, especially to avoid any potential conflicts of interest.

- Coloplast actively seeks to protect its business and reputation by vetting third parties with which it deals to make sure that Coloplast and those third parties carry out legal, reputable, qualified and sustainable business. The focus on compliance matters is increasing globally, and Coloplast's Business Partner Policy and processes are elements of Coloplast's compliance program which will help Coloplast sustain business and spend resources on bringing new and innovative products to the market and providing professional support to both healthcare professionals and end-users across the globe. Being able to supply the best products and professionally support healthcare professionals and end users is beneficial not only to Coloplast, but also to Coloplast's business partners.

Coloplast has adopted this Policy in order to ensure that business partners are carefully selected and properly evaluated, and that such business partners are financially sound and possess the required legal capability, and that they have a good business reputation and will adhere to the Coloplast Group's requirements for continuous compliance with laws and regulation, strong business ethics, high product quality and goodwill in the market.

# 1. Scope

Being an important element of Coloplast's compliance programme and the internal control system, this Policy sets the global requirements for establishing contractual relations between Coloplast and its current or future business partners globally. If stricter local law and regulations apply, local policies/adaptions may be issued to ensure compliance with such law and regulations and these shall prevail in the event of any conflict.

# 2. Purpose

The purpose of this Policy is to implement a compliance system for Coloplast's selection of direct business partners for distributing, selling and/or otherwise providing to intermediate buyers or end users Coloplast products in the healthcare market. The Policy establishes the criteria and procedures of selecting business partners and sets together with the distribution contract and the Global Distributor Code of Conduct the general terms of cooperation with Coloplast's business partners.

# 3. Definition

Coloplast, the Coloplast Group or the Group – shall mean Coloplast A/S, Denmark (company registration number 69749917) and all affiliated and associated companies.

Coloplast Products – all products produced by companies of the Coloplast Group and which are or are intended to be brought to the market.

The Questionnaire – the due diligence Questionnaire, which the business partner will be asked to fill out as part of the due diligence process – in most cases electronically.

# 4. Policy

## 4.1 Overall selection criteria

When determining whether current or potential business partners meet Coloplast's requirements for the distribution of the Coloplast Products, Coloplast will conduct due diligence and evaluate the following overall selection criteria:

- Commercial knowledge and capability
- Legal capacity and financial soundness
- Goodwill/business reputation

The evaluation will be based on information provided to Coloplast by the potential or current business partner (Questionnaires, written documentation, certificates, etc.), publicly available information sources including structured business information and compliance databases such as the databases offered by ethiXbase, Dow Jones, Factiva and/or other similar global or local business and media information providers, and information procured by professional third party vendors of due diligence investigations and investigation reports such as PwC, ethiXbase, and/or other similar local or global due diligence investigation vendors. See section 4.3.1 and Appendix 1 to this Policy for more detailed information on the selection criteria.

If Coloplast concludes or renews a contract with a potential or current business partner, Coloplast will re-evaluate the business partner's financial performance, legal capacity, commercial knowledge and capability as well as

the business partner's goodwill/business reputation on a recurrent basis, taking into consideration the history of business relationships which are well-established at the time of the evaluation.

All information will be gathered and processed in compliance with applicable laws and regulation. Any information must always be exchanged with respect for sensitive and/or confidential business information. Knowledge sharing in reference to the relevant market can be critical with regard to competition and antitrust legislation/ rulings, and all parties in the process must act in full accordance with such laws.

#### 4.1.1 Commercial knowledge and capability

Coloplast will seek and evaluate information regarding a potential business partner's knowledge of the healthcare market, for which the Coloplast Products are intended.

Elements of this evaluation include, but are not limited to:

- Knowledge of the relevant market, including knowledge of customers, products and other elements relevant for marketing and distributing the Coloplast Products
- Experience with distributing products similar to or related to the Coloplast Products
- Experience with international companies
- Expertise with distribution to specific professional or geographic areas
- Competitive terms
- Dedicated sales force
- Willingness to do commercial reporting to Coloplast
- Training skills

#### 4.1.2 Legal capacity and financial soundness

Coloplast will perform a check of the legal capacity and financial soundness of a potential or current business partner. In order for Coloplast to conduct such check, a current or potential business partner may be required to submit further documentation to Coloplast.

#### 4.1.3 Goodwill/Business reputation

The Coloplast business ethics standards require both the Coloplast Group and its business partners to conduct their activity in a fair and ethically responsible manner and always in compliance with applicable laws and regulations, including anti-corruption laws, and the Coloplast Global Distributor Code of Conduct, which is attached as Annex 1 to this Policy.

As a signatory to the UN Global Compact, the Coloplast Group also emphasizes the importance of compliance with environmental and human rights laws. As it is central to Coloplast that all business partners have a good reputation and show commitment to and act in accordance with applicable laws and regulations and the Coloplast's business ethical standards as set out in the Coloplast Global Distributor Code of Conduct, Coloplast requires a business partner to provide information on its measures to mitigate the risks of non-compliant behavior. Coloplast will seek information on the business partner's conduct both from the business partner (via a Questionnaire and dialogue) and from other sources such as informational databases and due diligence performed by third parties.

#### 4.2 Decision making

The decision making in relation to a potential or current business partner on distribution of the Coloplast Products is based on the evaluation of information and documentation received from a potential or current business (due diligence).

Coloplast makes a decision based on the results of analysing the documents of a potential or current business partner and of evaluation of information provided by informational databases and due diligence reports made by professional third parties, cf. section 4.3.

### 4.3 Evaluation process

The analysis of potential/current business partner's documentation and information procured from databases and external due diligence providers is made with the single purpose of evaluating the potential or current business partner's commercial skills and capability, legal capacity, financial soundness and its goodwill/business reputation.

The evaluation process consists of the following steps:

1. Initial dialogue between Coloplast and the potential/current business partner
2. The business partner submits a completed Questionnaire and, if need be, additional documentation
3. Coloplast evaluates the answers to the Questionnaire and other submitted documentation and may run screening of the potential/current business partner in informational databases such as the databases offered by ethiXbase, Dow Jones, Factiva and/or similar business and compliance informational databases, news databases, google, etc. in order to get an indication on financial soundness, legal capability and goodwill/business reputation of the potential/current business partner
4. Coloplast may decide to initiate a due diligence investigation of the potential/current business partner company and its key employees/owners. Such investigation may be conducted by professional third party vendors of such due diligence services, e.g. PwC, ethiXbase, Dow Jones, Factiva, or other similar vendors
5. Coloplast makes the decision whether to negotiate or renew a contract with the potential/current business partner
6. Contract negotiation
7. If a contract is concluded or renewed, the business relationship will be monitored and evaluated on a recurrent basis

#### 4.3.1 Criteria and decision

Coloplast will base its decision whether to proceed with negotiations on entering into a contract of distribution with a potential business partner or renewing a contract with a current business partner on the non-exhaustive criteria described in Appendix 1 to this Policy. Please note that these are non-exhaustive.

Non-conformance with any of the criteria in Appendix 1 to this Policy shall be a basis for Coloplast to refuse to enter into contractual relations with a potential business partner and to terminate contractual relations with current business partners.

Applying the criteria in Appendix 1 to this Policy Coloplast will evaluate the results of the due diligence of a potential or current business partner and make one of the following decisions:

- To proceed with a contract of distribution with a potential business partner;
- To refuse a contract of distribution with a potential business partner;
- To continue or to renew a contract of distribution with a current business partner;
- To terminate or refuse to renew a contract of distribution with a current business partner.

### 4.4 Contract negotiation

Coloplast and the potential/current business partner agree on terms and conditions. It is a prerequisite for an agreement that the business partner agrees to adhere to applicable law and the Coloplast Global Distributor Code of Conduct and that the parties agree on commercial terms.

### 4.5 Recurrent monitoring and evaluation

If a contract is concluded/renewed, Coloplast will monitor the business partner on a continuous basis. Further, the business partner will be subject to a due diligence procedure according to the provisions of this Policy on a regular basis.

The business partner is required to inform Coloplast in writing of any changes which are relevant to Coloplast's evaluation of the business partner according to the above described evaluation criteria immediately and within 14 (fourteen) calendar days of the change.

In case of changes communicated by the business partner or new information on issues relevant for the

evaluation of the business partner's commercial capability, financial soundness, legal capacity and/or goodwill/ business reputation identified during monitoring and/or regular due diligence, Coloplast may conduct a new evaluation of the business relationship and make a decision to continue or terminate the business relationship according to the procedures described in this Policy.

Should information arise on potential or actual violations of the principles of business ethics by the business partner in the framework of contractual relations, Coloplast will undertake all necessary reasonable measures for the qualification and confirmation of information.

#### 5. Other causes for termination

Coloplast may refuse performance of contractual obligations and terminate any contract with a current business partner in the event of the business partner's material breach of the distribution contract, including provisions on business ethics.

#### 6. Final provisions

This Policy comes into force from the moment of approval. The Policy is a document available to the public and shall be provided to third parties interested in establishing contractual relations with Coloplast.

For the convenience of familiarisation with the provisions of the Policy the document is placed on the website of the Coloplast A/S: [www.coloplast.com](http://www.coloplast.com)

Coloplast may from time to time make amendments to the Policy subject to business needs or changes in legislation or regulations by other competent international governmental bodies which have the right to set requirements to the Coloplast Group all over the world.

# Appendix 1

# Non-exhaustive Business Partner Selection Criteria

### Commercial skills and capability

Criteria taken into consideration in evaluation of the commercial knowledge and capability of a potential/current business partner:

- Required business operations certificates;
- Documented knowledge of the relevant market including knowledge of customers, products and other elements relevant for marketing and distributing the Coloplast Products;
- Documented experience with distributing products similar to or related to the Coloplast Products;
- Documented experience with working with and if possible references from international companies;
- Documented expertise within distribution to specific professional and/or geographic areas;
- Competitive terms;
- Willingness to do commercial reporting to Coloplast;
- Compliant with local warehouse standards (GSP);
- Compliant with Good Distribution Practice (GDP)
- Must live up to Coloplast's inventory requirements

### Legal capacity and financial soundness

Criteria taken into consideration in evaluation of the legal capacity and financial soundness of a potential/current business partner:

- Availability of proper registration as a legal entity;
- Availability of title documents which in accordance with the applicable legislation are necessary for the lawful performance of the activity which will be carried out within the performance of contractual obligations with Coloplast;
- No arrears of assessed taxes and duties, other compulsory payments into budgets of any level or state extra-budgetary funds;
- Confirmation of the authorities of the person who represents the interest of the legal entity;
- No liquidation procedure in relation to the potential/current distributor's legal entity; no arbitration or court decision on declaring the potential/current distributor's legal entity bankrupt and/or opening a bankruptcy procedure;
- The potential/current distributor's legal entity's activity is not suspended by any court or public authority.

### Goodwill/Business reputation

Coloplast takes the following criteria into consideration in evaluation of the goodwill/business reputation of a potential or current business partner:

- Filing of the Questionnaire completed with answers to all questions and submission of the required documentation with no erroneous, missing or misleading information
- No listing of the potential or current business partner or any of its affiliated entities, persons, owners, directors, executives or other key officers on any of the official lists of concerning business partners issued by the World Bank, U.S. Department of Commerce, US Department of Treasury, U.S. State Department, U.S. General Services Administration, EU sanction lists or other applicable official sanctions lists;
- A potential or current business partner is willing to sign a distributor or other relevant contract with Coloplast which includes an obligation to comply with applicable laws and the provisions of the Coloplast Global Distributor Code of Conduct (Annex 1 to this Policy);
- The potential or current business partner gives written consent to receive Coloplast's business ethics training and other required training;

## Appendix 1

- A written confirmation from the potential or current business partner that it has observed and will observe past and future applicable laws (including the anticorruption laws banning on bribery, commercial bribery and facilitation payments) as well as will ensure that its business partners will assume this obligation, and consent to annually submit such confirmation;
- No cases of corruption violations with participation of a potential or current business partner, its individual employees or associated persons, and/or associated entities
- Sufficient measures in place to prevent future corruption cases (for example, acceptance of adherence to the Coloplast Global Distributor Code of Conduct, training and periodical certification of employees, acceptance of independent auditing of bookkeeping and financial records, etc.);
- Investigation does not produce credible information showing probable corruption offences and other unlawful or unethical conduct with participation by a potential/current business partner, its individual employees or associated persons;
- None of the ultimate beneficiaries of a business partner – or members of ultimate beneficiaries' families – are acting as government (municipal) officials and having a conflict of interest in performing their official duties, and/or are acting as executives in state or subordinate to state enterprises or commercial enterprises which are currently counterparts of Coloplast;
  - If the above mentioned persons are present among the ultimate beneficiaries of a business partner, the authorised person of a potential/current business partner is willing to make a written confirmation not to favour the above mentioned persons' own interests in the course of the business partner's activity;
- No other misconduct related to bribery, corruption or any other issues mentioned in the Coloplast Global Distributor Code of Conduct or any other violations of applicable international and laws and regulations;
- Availability of the potential/current business partner's consent to carry out its activity according to the principles of business ethics and the fair conduct of business and immediately inform Coloplast in case one or more of the ultimate beneficiaries act as state (municipal) officers and have a conflict of interest in the exercise of their job functions
- Respect of environmental and human rights laws and regulations.

Coloplast develops products and services that make life easier for people with very personal and private medical conditions.

Working closely with the people who use our products, we create solutions that are sensitive to their special needs. We call this intimate healthcare.

Our business includes ostomy care, urology and continence care and wound and skin care. We operate globally and employ more than 9,000 people.

Ostomy Care  
Urology & Continence Care  
Wound & Skin Care

