Policy statement of the Aristo Pharma group in Germany regarding the German Supply Chain Due Diligence Act (LkSG/SCDDA)

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A. Introduction

As a company with international business relationships, the Aristo Pharma group[1] recognises its corporate responsibility to respect human rights and comply with environmental protection obligations.

Aristo Pharma was founded in 2008 from the merger of various traditional German pharmaceutical companies. With its own logistics centre, five production sites in Germany and Spain as well as multiple sales locations, the Berlin-based company has established itself as a key player in the pharmaceutical market. The group markets generic medicines as well as original prescription-based and over-the-counter (OTC) products in twelve countries. The mission of more than 1,500 employees is clear: a reliable and affordable supply of high-quality medicines.

We implement applicable law, respect internationally recognised human rights and environmental protection obligations, and make sure to prevent human rights violations and environmental pollution in our business activities and along our supply chains.

We condemn all forms of child and forced labour, all forms of slavery and human trafficking and all forms of discrimination. We are committed to compliance with the labour and health protection laws applicable at the respective place of employment. As such, we pledge to pay appropriate wages and protect the freedom of association, and we prohibit forced evictions, inappropriate use of security forces as well as environmental pollution.

The tenets specified here apply to our own business activities as well as all employees of the Aristo Pharma group in all divisions and subsidiaries.

B. Procedure for implementing the due diligence obligations under the SCDDA

Respect for human and environmental rights is an ongoing process. The implementation of specific measures is subject to constant review and continuous development aligned with changing conditions and our business activities.

We have agreed to apply the following measures to comply with the requirements of the German Supply Chain Due Diligence Act (SCDDA):

1. Establishment of SCDDA-related risk management

We have established an SCDDA-related risk management system and enshrined it in all relevant business processes, which takes the unique features of the pharmaceutical sector into consideration.

Responsibilities and procedures for implementing the due diligence obligations are defined within the risk management system. At the highest management level, the Management Board is responsible for respecting human and environmental rights in our business activities as well as in the supply and value chains. We have also created the position of Human Rights Officer, who monitors risk management as outlined in the SCDDA and ensures operational implementation through coordination and monitoring activities. The Human Rights Officer reports to the Management Board at least once a year.

Several departments are involved in the operational implementation of the human rights and environmental due diligence processes. These specialised departments provide human resources to ensure compliance with the SCDDA and report on their findings periodically and upon request.

[1] For an overview of companies belonging to the Aristo Pharma group, please go to https://www.aristo-pharma.com

2. Risk analysis

As part of risk management, we carry out annual and ad hoc risk analyses to identify human rights and environmental risks.

Potential risks in our own area of operations are identified through policy and procedure reviews and self-assessments. Each risk is then assessed by its extent, scope, remedial measures and probability of occurrence.

Along our supply chain, we follow a two-stage approach with our direct suppliers:

First, we determine the abstract risk based on the general country, sector and volume risk and we assign a risk level. The necessary information is extracted from publicly available information and indices. Suppliers that have been assigned a higher abstract risk level are subjected to a more detailed specific risk assessment in the second stage.

Potential findings from audits and complaints are also considered in the risk classification on an ongoing basis.

3. Preventive measures

If we identify human rights or environmental risks in our own area of operations or along our supply chain as part of the risk analysis, we implement appropriate preventive measures. The scope and content of the preventive measures depend on the specific risk classification.

The first preventive measure for our existing suppliers is to request their consent to our Supplier Code of Conduct. New obligations can also be contractually stipulated by adding human rights and environmental clauses if they have not yet been contractually agreed. The obligation to comply with the principles of the Supplier Code of Conduct must also be passed on to our suppliers' subcontractors. This way, we ensure compliance with our principles along the supply chain.

As a company in the pharmaceutical industry, we are also subject to strict product safety regulations. Compliance with the legal and internal requirements for Good Manufacturing Practice (GMP), Good Clinical Practice (GCP), Good Distribution Practice (GDP) and product safety are key issues for us. We also have effective processes in place to ensure the quality and safety of our products for patients (e.g. pharmacovigilance).

4. Remedial measures

If we discover that a violation of a human rights or environmental obligation has already occurred or is imminent in our own area of operations or at direct suppliers, we will immediately take appropriate remedial action. The same applies to indirect suppliers if we have substantiated information about violations of a human rights or environmental obligation. The measures are determined on a case-by-case basis and depend on the type of violation. They serve to prevent, end or minimise the extent of the violation. Depending on the severity of the violation, the designated response can range from a request to remedy the violation immediately (e.g. through training or auditing) to legal action and even termination of business relationships with direct suppliers.

5. Complaints procedure

Independently of the risk analysis and the risks identified here, we have set up an internal complaints procedure that allows all affected individuals to report risks and violations related to human rights and environmental obligations. The complaints procedure is publicly accessible via our website. If information or complaints are received via this system, they are documented and checked for admissibility. The information or complaints are investigated with the involvement of the relevant contact persons, for example through discussions with suppliers, industry initiatives, audits or in the form of interviews with those affected. Based on the findings, necessary measures are defined, initiated and monitored. The effectiveness of the complaints procedure is continuously reviewed and enhanced by us, at least once a year.

6. Documentation and transparency

We document our efforts to effectively implement our due diligence obligations on an ongoing basis. Starting in 2025, we will also publish an annual report on the fulfilment of our due diligence obligations. This report will be submitted to the competent authority no later than four months after the end of our financial year. It will also be published on our website and made available free of charge for a period of seven years.

C. Our expectations concerning our employees and suppliers

We expect our own employees, in particular our managers and executives, to act as role models. Moreover, we require every supplier and business partner to comply with these tenets. We also expect our suppliers and business partners to commit to complying with our principles. This means they must establish and enshrine appropriate and effective processes to address and prevent the risks and violations we have identified. They are also expected to identify further potential risks and pass this expectation on to their own suppliers.

D. Regularly scheduled updates

We review the expediency of all the described measures once a year and on an ad hoc basis and continuously refine them.