



# Conflicts of Interest Policy & Procedure

November 2013



## 1. Introduction

UDG Healthcare plc (“UDG Healthcare”) recognises that certain relationships can present potential or actual conflicts of interest and may raise questions about whether transactions associated with such relationships are consistent with UDG Healthcare's and its stakeholders' best interests.

As a consequence, UDG Healthcare's Code of Conduct is clear:

*“We expect that all employees will act in the best interests of the Group and **avoid conflicts of interest.**”*

Accordingly, this policy has been adopted by UDG Healthcare's Board of Directors to define the procedures by which certain transactions that give rise to an actual or perceived Conflict of Interest **must** be reviewed, approved and managed.

Where a Conflict of Interest arises, consideration must always be given to whether or not the associated transaction also amounts to a Related Party Transaction, in which case reference must also be made to UDG Healthcare's Related Party Transaction Policy and Procedure, which is separate and distinct from this policy.

## 2. Conflicts of Interest

### 2.1 Meaning of a “Connected Party”

A Connected Party is anyone with whom an employee or director of any UDG Healthcare Group company has an existing personal interest which may interfere, or appear to interfere, with the interests of the business, including where the personal interest makes it difficult to be objective and efficient.

Personal interests of an employee or director include those arising from:

- (i) **“immediate family members”**, being spouses, civil partners, children, step children, parents, step parents, siblings, parents in law, children in law and siblings in law, dependents and any family member living with the relevant person;
- (ii) **“other family members”** include all family members other than immediate family members;
- (iii) a **“close connection”**, which is a connection that is sufficiently close that a conflict of interest is likely to arise. This includes very close personal or family friends; and
- (iv) a **“close business”**, which is one in which the affected employee or director, or any immediate family member, other family member or a close connection of the connected employee or director beneficially owns a 5% or more interest.

### 2.2 Identifying Conflicts of Interest

A Conflict of Interest will be deemed to have arisen where there is any financial transaction, arrangement or relationship with a Connected Party where the person in the UDG Healthcare group with whom that party is connected is also in a position (whether directly or indirectly) to influence the transaction, arrangement or relationship with that party.

A Conflict of Interest will not arise where the person within the UDG Healthcare group with whom the Connected Party is connected is not, on an objective basis, in any position (whether directly or indirectly) to influence the relationship. So, for example, a Conflict of Interest will not arise in respect of two siblings working in one business unit where neither can have any influence on the business unit's relationship with the other.



## 2.3 Dealing with Conflicts of Interest

***No financial transaction, arrangement or relationship that gives rise to a Conflict of Interest can be entered into unless approved in accordance with this policy.***

### Reporting of Conflicts of Interest

All potential Conflicts of Interest (including pre-existing Conflicts of Interest that have not been previously approved or ratified) will be promptly reported to one of:

- (i) the Chief Operating Officer; or
- (ii) the Chief Financial Officer,

as appropriate.

Where the conflict arises in respect of any direct report of the Chief Executive (or the Chief Executive himself), it will be promptly reported to UDG Healthcare's Company Secretary.

The potential Conflict of Interest will then be analysed to determine whether it is required to be considered in compliance with this policy.

### Consideration of Conflicts of Interest

Any Conflicts of Interest (once determined as such), together with all material facts, shall be considered by the person to whom it is to be reported or, in the case of a Conflict of Interest affecting a direct report of the Chief Executive, then the Chief Executive. Conflicts of Interest affecting the Chief Executive shall be considered by the Board of Directors of UDG Healthcare or a designated committee of the Board (the "Board").

The Conflict of Interest must either be approved or disapproved, in each case in writing. Any pre-existing Conflicts of Interest, if not previously reviewed, must be either ratified or rescinded.

In considering a Conflict of Interest, all relevant and appropriate factors will be considered, including (but not limited to):

- (i) the business rationale for UDG Healthcare to enter into the transaction;
- (ii) the commercial reasonableness of its terms;
- (iii) the materiality of the transaction to UDG Healthcare;
- (iv) whether its terms are fair to UDG Healthcare and on the same basis as would apply if the transaction did not involve a Connected Party;
- (v) if applicable, the impact of the transaction on the affected person's independence; and
- (vi) the measures that will be, or have already been, implemented to avoid any actual or apparent Conflict of Interest.

However, as a general rule, a Conflict of Interest will in any event only be authorised or ratified if the management of the relationship will at all times be objective, free of any influence from the affected employee or director **and** capable of withstanding objective external scrutiny. Accordingly, if a Conflict of Interest is approved or ratified, guidelines will be established and which must be followed by all affected parties. Thereafter, the Conflict of Interest shall be periodically reviewed and assessed to see that it is being managed in compliance with the guidelines established.



### **3. Sanctions**

Any director, nominee director, officer or employee of the UDG Healthcare group and to whom this policy applies and who breaches this policy will be subject to disciplinary action up to and including dismissal, as well as civil and/or criminal legal sanctions that may arise from the Conflict of Interest.

