

Partnership for DSCSA Governance, Inc. (PDG)

Antitrust Compliance Policy and Guidelines

The Partnership for DSCSA Governance, Inc. (“PDG”) is committed to compliance with all applicable antitrust laws. This policy directive comes straight from the Board of Directors. Compliance with antitrust laws is important to PDG as a matter of ethics, integrity and legal compliance, and PDG wants its employees, agents and participants, including members (“PDG Participants”) to share this commitment. Employees, agents and PDG Participants are also advised that the penalties for antitrust violations are severe and can include fines or imprisonment for individual PDG employees or agents, or PDG Participants involved in violations.

The purpose of this Policy and Guidelines is to assist PDG employees, agents and PDG Participants in understanding and complying with antitrust laws. PDG’s Antitrust Policy and Guidelines applies to employees, agents and PDG Participants, whether participation occurs in-person, by phone, or electronically (collectively, “PDG Activities”).

I. Policy

PDG is a member-governed association consisting of entities and individuals involved at various stages of the prescription drug supply chain – manufacturers, distributors, retailers, and others, including technical experts and other non-voting members. PDG is organized to advance the effective and efficient implementation of the Drug Supply Chain Security Act.

PDG Participants may be (a) actual or potential competitors, or (b) actual or potential trading partners. PDG does not, and may not, play any role in the competitive decisions of PDG Participants or their employees, and PDG does not restrict competition in any industry in any manner.

PDG is committed to:

- Competing aggressively but fairly on the merits of its products and services.
- Complying strictly in all respects with applicable antitrust laws.
- Avoiding activities that give the appearance of potential antitrust law violations.
- Providing training to its employees and agents to ensure compliance with antitrust violations.

II. Guidelines

The basic premise of antitrust law is that markets should be free from artificial restraints on competition. Any agreement between actual or potential competitors to fix prices, fees, margins, or pricing methods, to allocate markets, to boycott third parties, or to engage in product

boycotts is illegal under antitrust laws, regardless of the circumstances and regardless of whether the agreement has any effect on price or output. Violations of antitrust laws may occur, or be perceived as occurring, if participants discuss sensitive competitive information, like prices, and follow such discussions with parallel activities that suggest a tacit agreement.

Agreements between actual or potential competitors to engage in the following activities are illegal and are prohibited under this policy.

- *Price fixing.* Agreements on prices, pricing methods, fees, and fee setting methods; agreements for exchanging current or future price information or cost information, including labor and employee compensation benefits. (Although a properly constructed survey may be permissible, legal review is required before the survey is conducted or its results reported.)
- *Dividing markets, customers, or service territories.* Any understanding or agreement involving the division or allocation of markets not directed by state action.
- *Coordination of bids.* Agreements not to bid, or agreements on terms to be submitted.
- *Terms and conditions.* Agreements to fix payment, credit, or other terms.
- *Specific profit or margin levels.* Agreements to charge minimum-percentage mark-ups or establish minimum margins.
- *Boycott of or refusal to deal with any good or service supplier.* Collective refusals to deal; any individual company is always free to make its own decisions on counterparties with whom it will deal (except where the law provides otherwise).
- *Membership restrictions.* Depending upon the facts and circumstances, denial or revocation of membership, the failure to elect or the removal of a director or officer or the denial of goods or services to nonmembers may constitute a restraint of trade if the denial would unreasonably limit the ability of the applicant, member or nonmember to compete.

The following two areas of group activity are examples of activities that offer benefits to society, and are lawful if properly conducted:

- *Standardization and certification.* Properly developed standards or certifications must be administered in an impartial manner. However, developing voluntary standards without following proper process, or permitting abuse of a certification process may be a violation of antitrust laws.
- *Industry self-regulation.* Behavioral or ethical codes developed by the membership (or procedures to enforce the codes) can promote honesty and fair dealing in an industry, but if misused they can create antitrust problems. Behavioral codes,

however, cannot be used to enforce naked restraints of trade (e.g., code prohibiting price competition as unethical).

III. Reporting

PDG encourages prompt reporting of any incidents involving actual or potential violations of this Antitrust Policy and/or the antitrust laws generally so that the incident may be investigated and, if needed, corrective action may be taken. Any actual or potential violations or concerns should be reported to the Chairperson of the Board of Directors or legal counsel for PDG.

If PDG Activity participants, or agents representing PDG, believe a topic proposed for discussion is inappropriate from an antitrust standpoint, it is important that you speak up (preferably beforehand). If a problematic discussion nevertheless proceeds, it is recommended that you leave the discussion. Please report any antitrust concerns promptly to PDG representative (if any) at the meeting, or to legal counsel for PDG.

IV. Non-Retaliation

PDG will not retaliate against an individual for good-faith reporting, or assisting in the investigation, of potential violations of this Antitrust Policy. PDG agents, employees, vendors, contractors, or members who provide truthful information are protected from retaliation by PDG's whistleblower protection policy and by PDG's standard business practice.

V. Responsibilities

All PDG employees and agents and all PDG Activities participants are responsible for complying with this Antitrust Policy and Guidelines.

The Chair is responsible for implementation and enforcement of this Antitrust Policy. If you have questions or concerns about the issues raised in this Antitrust Policy or by the conduct of PDG or its PDG Participants, do not hesitate to contact the Chairperson of the Board of Directors or legal counsel for PDG. If you are not a PDG employee or agent, you are also strongly encouraged to contact your company's legal counsel.