

# ALERT REPORTING PROCEDURE

## GENERAL REQUIREMENTS

### PURPOSE



- Pharming Group N.V. and all of its affiliates and entities worldwide (collectively, "Pharming") are committed to doing business with integrity and complying with applicable legal and ethical standards.
- Pharming strongly believes in an open culture where all individuals are encouraged at any moment to speak up and report concerns.
- In accordance with its Code of Conduct, Pharming has implemented this alert reporting procedure (the "Procedure") allowing employees, officers and contractors ("Pharming Personnel") to report alerts on conduct that does not comply with Pharming's Code of Conduct, policies, procedures, ethical principles or legal obligations.
- As a result, the purpose of this Procedure is to define the principles and requirements relating to Pharming's alert reporting process (the "Alert Reporting Process").

### SCOPE



- This Procedure applies to Pharming Personnel globally.
- Alerts must be managed in compliance with applicable laws in the country in which the Pharming Personnel live or perform their professional activities for Pharming.
- In the event of any conflict between this Procedure and laws, regulations, codes, or other applicable Pharming policies and procedures, the more restrictive requirement will apply.
- Any exception to this Procedure must be approved in writing by Business Integrity.

### MATTERS TO REPORT



- Pharming Personnel must promptly report all actual or suspected irregularities of a general, operational or financial nature within operations related to Pharming, including the imminent or actual:
  - performance of criminal acts, such as fraud, bribery, cartels or corruption;
  - endangerment of public health, safety or the environment;
  - suppression, destruction, withholding or manipulation of information on the irregularity concerned;
  - violation of ethical or professional standards, including the standards set out in the Code of Conduct;
  - violation of Pharming's policies and procedures;
  - violation of all applicable laws, regulations and codes.
- Alerts must be reported on facts and made in good faith.

### NO-RETALIATION



- Pharming is committed to a strict non-retaliation policy and will not discharge, demote, suspend, threaten, harass or in any manner retaliate against any individual for reporting an alert in good faith, even if the reported actions later turn out to be inaccurate.
- Disciplinary proceedings may be taken against the instigators of any such retaliatory behaviour.
- Abuse of the Alert Reporting Process is prohibited. Malicious reports, or alerts reported in any other manner which is not truthful and in good faith, will be investigated under normal investigation and disciplinary actions may apply.

## CONFIDENTIALITY & ANONIMITY



- Confidentiality must be ensured at all stages of this process and in accordance with the applicable laws, regulations and codes. This applies to the personal data of individuals that report an alert, as well as to those of the individuals subject to an alert.
- Pharming Personnel can make anonymous reports, but they are encouraged to identify themselves in case more information is needed during the investigation. Confidentiality will be maintained to the extent possible in light of the need to fully investigate the reported concerns.
- The identity of the person subject to an alert must be kept confidential, unless disclosure is required by the authorities based on legal requirements.
- Alerts will be treated by the Business Integrity and other Pharming Personnel designated by Business Integrity. All other Pharming Personnel are explicitly prohibited from personally investigating alerts or any potential misconduct or violation.
- Only Business Integrity and the designated Pharming Personnel in charge of the treatment of an alert have access to the related information. Information is transmitted on a strict need-to-know basis.
- All persons involved in the treatment of alerts must undergo special training and are bound to an obligation of confidentiality.

## DATA PROTECTION & RETENTION



- Only personal data that is relevant, adequate and limited to what is necessary can be collected in line with the applicable laws, regulations and codes.
- The use of personal data collected in this process is strictly limited to the treatment and investigation of alerts.
- The following categories of personal data can be collected by the recipient of the alert:
  - Identity of the person who raised the alert: name, position and professional contact details;
  - Identity of the person subject to an alert: name, position and professional contact details;
  - Identity of the person(s) who will treat the alerts(s): name, position and professional contact details;
  - Details of facts reported.
- Access to data related to alerts is restricted to Business Integrity and the designated employees.
- Employees whose personal data is treated within the Alert Reporting Process have the right to query, access, rectify, erasure, portability of their own personal data, as well as the right to object and restrict the processing of the data for legitimate cause. These requests must be sent to the following address: [gdpr@pharming.com](mailto:gdpr@pharming.com). However, the person subject to an alert can under no circumstances obtain information concerning the identity of the person reporting the alert based on their data access right.

#### DATA RETENTION



- Data related to alerts is not retained for a longer period of time than necessary for the investigation and related actions and reporting. Due to the fact that alerts can be diverse in nature and size, it is not possible to apply a fixed retention period. In general, it usually takes three months to handle an alert. The aforementioned period -depending on the alert- may be shorter or longer in practice.
- In case of a litigation process, archived data is stored in a distinct information system with limited access and for no longer than the end of the period applicable to the litigation process.
- Data related to alerts will be archived wherever possible in an anonymized fashion and in a confidential and secure way for a period not exceeding 5 years.
- Personal data can be transferred to entities of Pharming or third parties registered in countries outside of the European Economic Area if Pharming ensures that these transfers comply with local data protection laws and implements adequate protection guarantees, such as the adoption of contractual standard clauses established by the European Union.

#### INDIVIDUALS RAISING ALERTS



- Alerts can be raised by:
  - Pharming Personnel, including employees, contractors, temporary staff, interns, employees of service providers, third parties or sub-contractors.
  - other individuals (e.g. former employees or employee's relatives).
- Raising an alert cannot provide any advantage to the individual raising it. They must not be compensated for raising an alert.
- An individual raising an alert has the right, and shall be given the opportunity by Pharming, to consult with an independent confidential counsellor concerning the alert. Such counsellor shall be designated by Business Integrity.
- If the Dutch Act on the Whistleblowers' Institute (*Wet Huis voor Klokkeluiders*) is applicable in relation to Pharming, the individual raising the alert may also turn to the Whistleblowers' Institute, subject to and in accordance with the provisions of such Act, in order to raise the alert.

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## PROCESS STEPS

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### 1. HOW TO RAISE AN ALERT



- Individuals wanting to raise an alert are encouraged to reach out first to:
  - their manager (unless this person is involved in the subject of the alert);
  - Human Resources; or
  - Business Integrity.
- Individuals wanting to raise an alert concerning the functioning of:
  - a person working in Human Resources or Business Integrity may report directly to any member of the board of directors of Pharming Group N.V. (the “Board of Directors”);
  - a member of the Board of Directors who is not the chairperson of the Board of Directors may report to the chairperson of the Board of Directors; and
  - the chairperson of the Board of Directors may be reported to the CEO.
- Individuals wanting to raise an alert may also contact the Pharming Helpline as follows:
  - Phone: +31(0)71 524 710 / +1 (844) 701-6378 in the United States
  - Email: [alert@pharming.com](mailto:alert@pharming.com)
  - Postal address: attn. Business Integrity Department, Vondellaan 47, 2332 AA Leiden, The Netherlands. Alerts can be raised in any language.

### 2. RECEIPT OF ALERTS



- All alerts are received and recorded by Business Integrity in an Alert Registry.
- Business Integrity (or individuals designated by them) are only allowed to communicate with the person raising the alert.
- Within 10 working days from the receipt of the alert, Business Integrity informs the individual who raised the alert that the alert has been received (receipt notice). This receipt notice does not imply that the alert is admissible.
- Following receipt, each alert is subject to a preliminary evaluation by Business Integrity, with a view to determine whether the alert is admissible within the scope of the Alert Reporting Process and whether it requires further investigation.
- Once this determination has been made, Business Integrity will arrange to discuss the matter with the person raising the alert. This discussion serves the purpose of requesting further documentation or ask questions.
- The person raising the alert must be informed that it will not always be possible to share the outcome of an investigation. However, they should be informed that the matter is being looked into and that they will be notified when it is concluded.

### 3. CONDUCT OF INVESTIGATIONS



- Any alert deemed admissible and in scope of the Alert Reporting Process will trigger an investigation based upon a preliminary determination made by the Business Integrity.
  - Business Integrity is responsible to define the investigation strategy (e.g. interviews, document review) and to inquire professional information pertaining to the alert and must have full access to all records/documents/information as they may deem appropriate. No one within Pharming can directly or indirectly, expressly or implicitly cause an obstacle to the investigation process or attempt to influence the individuals conducting the investigation.
  - Depending on the subject matter and the circumstances of the alert, Business Integrity may involve other functions into the investigation, such as, but not limited to Legal, Human Resources, Quality, Finance, Medical and these can be associated to the investigation team and process. A strict duty of confidentiality is requested under such collaboration.
  - If deemed necessary, external counsel, or forensic experts may be enrolled into the internal investigation by Business Integrity only.
  - All employees, including all levels of management, must cooperate fully with and provide appropriate assistance to ongoing investigations, and must maintain the confidentiality of investigations.
  - Investigations will be conducted as expeditiously as possible, without jeopardizing the integrity of the investigation.
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#### 4. OUTCOME OF THE INVESTIGATIONS

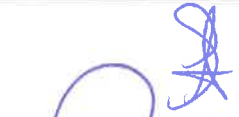



- At the outcome of an investigation, an investigation report is generated by Business Integrity. Such investigation report may contain disciplinary actions or corrective actions.
- If the investigation report requires disciplinary actions:
  - Business Integrity, Human Resources and management of the function involved will determine whether disciplinary action will be taken and, if so, whether the appropriate disciplinary action is in line with the seriousness of the violation and the applicable employment laws, regulations and codes. Examples of disciplinary actions may include:
    - Managing performance (e.g., coaching, training)
    - Verbal warning (documented and placed in employee's Human Resources personnel file)
    - Written warning (acknowledged by employee and placed in employee's Human Resources personnel file)
    - Disciplinary sanction (e.g. change in role, job level, or salary plan, reduction up to possible cancellation of the bonus)
    - Dismissal and termination
    - Legal action (e.g. civil or criminal)
  - Business Integrity, Human Resources and management of the function involved may determine that suspension is needed even prior to the conclusion of an investigation.
  - Business Integrity and Human Resources will determine the appropriate level of management to participate in determining any potential disciplinary action.
  - Human Resources is responsible for implementing the disciplinary action and confirming to Business Integrity that the action has been executed.
  - A written confirmation of any disciplinary action taken, with the date of such completed action, shall be reported to the Business Integrity.
  - Business Integrity will record the disciplinary action taken in the Alert Registry.
- If the investigation report requires corrective actions (other than disciplinary actions):
  - Business Integrity will work with the relevant function management, and Human Resources as appropriate, to determine the appropriate corrective action (e.g. change in policies and procedures, in governance, in systems, in processes, additional training, reinforced monitoring, change in third parties, termination of contracts with third parties).
  - The relevant function management is responsible for implementing the corrective actions and confirming to Business Integrity that the actions have been executed.
  - A written confirmation of any corrective action taken, with the date of such completed action, must be reported to Business Integrity.
  - Business Integrity will record the corrective actions taken in the Alert Registry.
- The files relating to an alert are considered as closed only when all the disciplinary and/or corrective actions listed in the investigation report have been fully implemented.

**5. REPORTS TO  
EXCOM AND THE  
BOARD**



- The person making the alert is informed on the fact that that the alert has been treated and the investigation is closed.
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- Business Integrity keeps the executive committee of Pharming Group N.V. regularly informed on investigations and alerts, using aggregated and anonymised information.
  - Business Integrity informs the chairperson of the Board of Directors immediately of an alert and provides a copy of the alert, unless such person is involved in the facts related to the alert.
  - Business Integrity presents a summary and trends of alerts and disciplinary/corrective actions to the Board of Directors on a yearly basis, using aggregated and anonymised information.

AUTHORITY	SIGNATURE
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<b>Effective Date:</b>	<b>17-12-2020</b>
<b>Version History</b>	<b>Version 1: First Issue</b>

