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BEHAVIORAL ANTI-CORRUPTION CODE

Services involved:	<ul style="list-style-type: none"> All recipients
Approved by	Board of Directors



Revision

n.	Start date	Object	Effettuata da:
0	20 11 2017	First version of the document	-

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1. Premises

Legislative Decree 8th June 2001, No. 231 implemented within our legal system a series of sanctions that provide forms of administrative liability of companies for Offences committed in the interest or advantage of the apical personnel or committed from personnel which is subject to the apical personnel.



In these cases, Company liability is excluded where it is possible to prove the adoption and successful implementation - before the commission of the Offence - of organizational, management and control models which are suitable to prevent the Offences of the same kind of the one committed. These models consist of rules and operative and technological measures (i.e. Protocols) that shall be respected from the personnel, because they are finalized to avoid the commission of Offences, as well as a system finalized to the implementation of the Model, its suitability to the Company environment, the effectiveness of the Model itself, or the actual respect of the Model, from the personnel dedicated to the risky Activities related to crimes and the Protocols.

The necessary element, or the element required by jurisprudence and the Law, suitable to guarantee the efficacy and effectiveness of the organizational, behavioral and control model as described within the Legislative Decree 231/2001 , represents the definition of rules indicating the behaviors that its recipients shall take towards Public Servants and/or Persons in charge of Public Service.

In light of the above, the aim of the present behavioral code is the definition of rules of conduct that indicate the behaviors that its Recipients shall take towards Public Servants or Persons in charge of a Public Service, in order to prevent behaviors which are suitable to realize the Crimes listed in Legislative Decree 231/2001.

The present Code shall be respected by all its Recipients.

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2. Definitions

In compliance with the definitions of the descriptive document of the Model as adopted by the company with respect to Legislative Decree 231/2001, the following expressions are defined as follows:

- **“Potential criminal activities”**: the process, operation or act, or the combination of operations and acts, that may expose the company to the risk of sanctions listed in the Decree in relation to the commission of a crime.
- **“CCNL”**: the collective labor agreement which is applicable to the employees of the Company and, specifically, the CCNL that is currently into force.
- **“Code of Ethics”**: the document which has been officially wanted and approved by the Company’s apical personnel as an expression of the Company’s policy, that contains the general behavioral principles - *i.e.* recommendations, obligations and bans - to which its recipients must abide to, and which violation is subject to sanction.
- **“Legislative Decree 231/2001” or “Decree”**: the Legislative Decree no. 231 of 8th June 2001, concerning the “Discipline of the administrative liability of corporations, companies and associations even without legal status, pursuant to article 11 of the Law no. 300 of 29th September 2000”, published on the Official Gazette no. 140 of 19th June 2001, as amended.
- **“Recipients”**: the Board of Directors, the Employees agents and representatives, agents, providers and all the subjects that operate in the interest or at advantage of the Company, with or without a mandate and regardless of the nature and the kind of relation with the demanding Company. The recipients shall respect the Model, the Code of Ethics and the Protocols.
- **“Employees”**: all the physical persons that entertain a employment relation with the Company.
- **“Guidelines”**: the guidelines and the draft of the organization, management and control models in accordance with the Legislative Decree 231/2001, published by the trade associations that have been considered in order to adopt and structure the Model.
- **“Organization, management and control Model ex Legislative Decree 231/2001” or “Model”**: the Organization, management and control Model ex Legislative Decree 231/2001 that is



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deemed suitable to comply by the Company Boards to prevent the Offences and, therefore, adopted by the Company in compliance with Articles 6 and 7 of the Legislative Decree, with the aim of preventing the commission of the mentioned Crimes by the apical personnel and the employees of the Company, as described in the present document and the related annexes.

- **“Company Board”**: Board of Directors.
- **“Supervisory Body”** or **“OdV”**: The Supervisory body listed in Article 6 of the Legislative Decree 231/2001, with the aim of supervising the application and observance of the organization management and control model, as well as on the observance of the latter.
- **“Personnel”**: all the physical persons that are bound to the Company by an employment relation, including the Company’s employees, interim, collaborators, the interns and freelancers that have been empowered by the Company.
- **“Apical Personnel”**: the subjects listed in Article 5 comma I letter a) of the Decree, or the subjects that are in charge of representation of the Company, Administration, the President of the Company and the possible deputies and attorneys of the Company.
- **“Personnel subject to third party control”**: the subjects listed in Article 5 comma I letter b) of the Decree, or the Personnel that operates under the direction or control of the Apical Personnel.
- **“Public Administration”** o **“P.A.”**:
 - State (or the State Administration);
 - Public Entities; the Public Entity is the Entity which is identified by the Law or an Entity which is subject to a system of public controls, the State control or control of another Administrative body for what concerns the appointment of its directors, and the administration of the Body itself. The Public Entity is characterized by the participation of the State or of other public Entity, to the management expenses; As a mere example, but not limited to the latter, it shall be considered as a Public Administration in a broad sense the following: *Ferrovie dello Stato, Autostrade S.p.A., AEM Milano, etc.*
 - Public Officer: the subject that exercises a public function which is “legislative, judicial or administrative”. In accordance with Italian criminal law “it is to be defined as public, the administrative function which is governed by public law as well as by authority acts and which is characterized by the formation and expression of the willingness of the Public



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Administration or by the fact that the function is developed by means of authority's or certified powers" (art.357 penal code);

- Person in charge of a Public Service: the subject that exercise a public service in any way, with any title. Public Service shall be defined as the activity in compliance with the same forms of the Public Function, but that is characterized by the lack of its same typical powers and by the exclusion of the performance of mere tasks regarding public order and by the performance of an activity which is merely material (Article 358 of the Italian Penal Code). The term "in any way, with any title" shall be defined as that a subject exercise a public function, even without a formal or official charge ("*de facto*" person in charge of a public service). In fact, the relationship between the Public Administration and the subject performing the service is not relevant.
- "**Protocol**": The organizational measure, physical and/or logical which is provided by the Model with the aim to prevent the risk of commission of a crime.
- "**Crime**" or "**Crimes**": the set of crimes, or the single crime, specified by Legislative Decree 231/2001 (as possibly amended and completed in the future).
- "**Disciplinary system**": the set of sanctions which are applicable in case of violation of procedural and behavioral rules provided by the Model.
- "**Company**": Lo. Li. Pharma International S.r.l..

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3. Policy

Company stands on a position of absolute intransigence towards any form of abuse of office (passive corruption) and corruption, even towards personnel pertaining to private companies.

All personnel shall, during the performance of their duties, adopt a position of firm resistance in respect to any form of abuse of office and corruption.

Company and Recipients undertake to fight the abuse of office and corruption, in any jurisdiction, in order to ensure that all laws and regulations in this way, are respected.

The “*anti-corruption policy*” of the Company, as highlighted in the present behavioral code, are the operative and practical expression of the values and principles that are already formalized within the Code of Ethics, to which the Company is inspired and to which is willfully bound.

4. Application

All Recipients that act in the interest and at the advantage of the Company are bound to operate in compliance with the present Behavioral Anti-corruption Code.

5. Rules and principles of conduct

The following standards are adopted in order to ensure the application of the so-called “zero tolerance” approach towards the abuse of office and corruption:

5.1. general behavioral rules

Any act of abuse of office and corruption is forbidden. To this end, the Recipients shall not: directly, indirectly or through third parties offer money or other utility which are not due to directors, administrators, heads of office for the draft of Company accounts, liquidators, and other subjects having functions of directorship or that are subordinate or under control of the latter, to



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client companies or supply companies, or to other business legal entity, to the end of obtaining an advantage or an interest of any kind, among which obtain or maintain advantages in terms of business/affairs for or on the behalf of the Company;

- Directly or indirectly request or accept money or any other kind of utility from the clients, suppliers, or other subject or to research an advantage of any kind in exchange.
- It is also forbidden any kind of behavior consisting of, for example:
- offer, suggest, authorize the offer of an amount of money or other utility which is not due to one or more administrators, directors, general managers, managers, employees or collaborators of a company or a legal entity in order to push them to commit an act in violation of their duties or remunerate them to commit such violation and to commit a violation or their obligations of trust towards a company or a legal entity;
- Accept or demand the payment of money or other utility in favor of one or more administrators, directors, general managers, managers, employees or collaborators, of Lo. Li. Pharma International, of a third party company or a legal entity in order to push them to commit an act in violation of their duties or remunerate them to commit such violation and to commit a violation or their obligations of trust towards a company or a legal entity;
- Use funds which are knowingly or presumptively originating from a crime;
- Assist or participate to the enactment of any activity which is involved in the commission of a crime;
- Establish, knowingly define or maintain processes or procedures which have the intent of making unlawful payments;
- Entertain any potentially criminal activity with consumers, clients, suppliers, commercial partners and other third parties.

As an example, the following activities might constitute Corruption:

- The payment of money or other utility with the end of obtaining a job opportunity;
- The payment of money or other utility to an employee of a legal entity, with the end of obtaining confidential information; and
- The acceptance of disproportioned gifts from a service provider.

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It is forbidden to fulfill the aforementioned obligations by availing of forms of aids and contributions that resemble, as a mere example, sponsorships, consultancies, publicities, tasks, even if these aids and contributions are made in favor of third party companies, and if they fulfill the same purposes that are forbidden by the present code.

In the event each Recipient asks, pretends or receives, for its own or for third parties, money or other undue utility, or that accepts the promise of the latter, to perform or omit to perform a violation of its tasks or obligations of trust to the Company, (passive corruption), this subject is exposed to the same sanctions provided for the person that commits corruption (through active corruption). Possible acts in violation of obligations of trust to the employer company or the client company and possible acts of corruption - even towards private parties - may expose to criminal liability and/or personal liability and to Company liability in accordance to Legislative Decree 231/2001.

In the event a Recipient witnesses an activity implying the commission of an act in violation of the obligations related to its tasks and trust, the Recipient shall refuse.

5.2. Representation fees

Representation fees shall have an appropriate goal, shall be related with a commercial purpose, shall imply relation with an employment task and shall be managed by Areas/Directions/Functions of the Company.



The organization of an event that is registered within the internal company expenses are not considered as representation fees (but for closing lunches or lunches made for the achievement of a task, that can be considered as social events, as below).

5.3. Gifts, commercial entertainments and events

Recipients (or anybody acting on their behalf) shall not:

- Give or receive any gift or offer to participate/accept to participate to commercial entertainment events, general events or other forms of hospitality that might:

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- represent reason of personal influence or undue advantage, as for example, the expectation to receive business advantage or to obtain any form of praise for an advantage already obtained or any other act that might be so interpreted.
- Consists of gifts and/or participation to commercial events for friends or relatives of the Recipients;
- To violate laws and regulations or procedures of the Company. All the regulatory principles included within the Company procedures must be observed (see in particular preliminary protocols and procedures of the Company in relation to the Public Administration, donations, or other acts of generosity, sponsorships, loans).

These principles shall be observed when gifts are offered or received and a subject decides to take part to work events or entertainments:

- the justification of the gift, the entertainment or the event, shall be strictly related to business (for example: the development of a business relationship or the promotion of products or services of the Company);
- gifts shall be of modest and reasonable value, and appropriate to any circumstance so that the reputation and the integrity of the Company are not jeopardized. A minimum threshold for the allowance of gifts and utilities is not provided. In any case, gifts shall have symbolic value or in any case not significant value, in order to avoid that they could be considered as made to exercise pressure or improper influence. In this scenario, for example, the moment within which the gift is made, the transparency in the way the gift is given and the recipient of the gift, gain relevance;
- gifts shall be consistent with the context of the business occasion and shall be consistent with the Company uses. In other words, they shall not be so sumptuous and striking to create the impression to force the decision making of somebody in exchange for the gifts;
- they shall be transparent and openly discussed. In other words, if they are communicated to information companies, they shall not cause embarrassment neither to the recipient, nor to the Company;
- they shall be temporarily allocated in an appropriate way. In other words, they shall not coincide with the participation to a commercial offer, with the process of acquisition of a

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potential business, or with any other decisional moment related to new businesses/transactions, and

- These shall be consistent with all the requisites of the present document and all the necessary authorizations shall have been obtained (see below).

To avoid any doubt, the giving/receiving of gifts and the organization/participation to commercial entertainments and events are forbidden regardless on whether they are made directly (in first person) or indirectly (through third parties), but for express authorization of the President.

By no means should the Gifts be offered to directors, administrators, general managers, executives, which are directed to the draft of accountancy documents, liquidators and statutory auditors, and people under the direction and coordination of these subjects, without the prior authorization of the President but for the event in which these gifts are of little value or are provided by Company uses (for example Christmas gifts).

5.4. Use by third parties

The Recipients shall pay attention when they operate with third parties (agents/ agencies, broker companies etc.). In fact, the Company can be held liable for violations and corruption committed by third parties.

The employment of third parties shall be carefully evaluated and consistent with the following principles:

- the nature of the transaction and o the activities which are object to the relationship with third parties, shall be consistent and compliant with local laws and regulations, in accordance with internal practices; and
- conditions of employment of third parties (with particular reference to those related to the assignment and the payment methods) shall be defined and established in written agreements that provide clauses referred to the 231 and anti-corruption;
- the payment offer shall be consistent with the services which are provided, both in their totality and in relation with the value of the business in object.

Company forbids to any Recipient or third party, to offer money or other utility to administrators, directors general, executives for the draft of accountancy records of the Company, auditors and liquidators, other directive functions, or to provide this functions to subjects which are under the direction or vigilance of the afore mentioned subjects, in the interest or advantage of the Company.

Any Recipient shall not give or promise money or other utility to a third party, knowing that part or the whole value will be transferred to any one of the afore mentioned subjects in violation of the present procedure. The Recipients must foresee that the documental proofs shall be registered and saved (for instance contracts, service agreements, financial documents, invoices etc.) that might justify any payment towards third parties.

The contracts subscribed with third parties the 231 clauses and anti-corruption clauses (as presented in the Protocol on contractual clauses 231) shall be added.

5.5. Gifts and other sponsoring activities

Donations and sponsorships to associations and other non-profit organizations are permitted in the observance of prior protocols adopted by the Company.

Regardless of the afore mentioned disposition, any donation and sponsorship could be considered as acts which are consequential to corruption, if they are implemented improperly and with no respect of the limits provided within the procedures. Donations and sponsorships of this kind are forbidden. The Company makes solely and exclusively donations and sponsorships which are ethical and lawful.

5.6. Financing to Political Parties

Company maintains politically neutral position and refuses any financing to political parties with anything of value, even in case this action is authorized by local jurisdiction. Company and its Personnel are not authorized to make any politically related donation.

6. Roles and responsibilities

Social Bodies and Personnel of the Company shall know and observe the present Behavioral Code and any other procedure consistent with the indications indicated therein. The prevention, identification and information related to office abuses as well as other forms of corruption are responsibility of any subject which operates on behalf of the Company, both Employees and other Recipients.

All Recipients shall avoid any activity that might suggest or guide to violate the present procedure.

Recipients that do not accept or do not propose a corruption agreement, or the ones that raise queries or refer an unlawful fact of another employee shall not be subject to possible negative consequences. To this end, Company ensures to avoid any form of retaliation against any person that refuses to adopt behaviors or acts in violation of the present Behavioral Code.



Company encourages transparency and will provide the necessary support to anyone invokes suspects, in good faith, in regard to possible violations of the present Behavioral Code, even through the support of the Company OdV.

7. Information and acknowledgement

Directors of the Board shall

- guarantee the present Behavioral Code is distributed among all Recipients;
- provide an active and compulsory formation towards all the Employees regarding the principles related to the present behavioral code.

Company during the relationship with third parties, where possible will add to contracts *ad hoc* clauses informing on the policies and procedures adopted, as well as on the consequences that behaviors which are contrary to the principles therein might have with reference to the contractual relations.

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8. Reports

The Recipients shall report to the OdV any violation listed in the present Behavioral Code.

In the event the Recipients believe to have offered a corruptive agreement, or they were offered to make this agreement, or suspect that this might happen in future, they shall refer it to their Seniors, or in any case to the OdV.

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