



INTEGRITY

**Ethics handbook
for healthy business conduct**

**The translation of our principles
into practice**

Anti-corruption Compliance Program

INTEGRITY

At Recordati, we believe that ethics, integrity and respect for the laws are key components of our corporate core values.

Recordati rejects any violation of the law and is committed to a zero-tolerance policy towards corruption.

Wherever we do business, we want to ensure the highest ethical and compliance standards and contribute to the well-being of all our stakeholders; patients, our employees, business partners, our shareholders and all the communities in which we operate.

These shared commitments are at the foundation of our Company and each of us has a fundamental role to play in preserving our corporate values.



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I. WHY DO WE NEED A COMPLIANCE PROGRAM?

Recordati is an international specialty pharmaceutical Group dedicated to partnering, discovering and developing innovative, value-added products that improve the quality of life and help people to enjoy longer, healthier and more productive lives.

Recordati, due to its global presence, operates in various economic, institutional, political, social and cultural settings, and has the responsibility to act in compliance with applicable laws, rules and regulations in all the jurisdictions in which it operates. The international case-law trend of adopting increasingly stringent laws and regulations, focused on the fight against **corruption**¹, is dictated by the awareness that corruptive actions harm integrity, undermining the bases of organizations, and leading, at the same time, to sub-optimal outcomes, legal risks, reputation disruption and financial

costs, including major fines.

Recordati forbids corruption, which can be defined as the offering, promising, giving, paying or authorizing anyone to give or pay, directly or indirectly, material, financial or other advantage to a Public Official¹ or private party in order to induce that Public Official or private party to improperly perform any function of a public nature or any activity connected with a business, or to influence any official act or omission by a Public Official, or any decision in violation of any official duty.

Any violation of the laws and regulations governing anti-corruption put in place by individuals connected to **Recordati** may damage and endanger our Company.



¹ Public Official is defined as any person holding a legislative, administrative or judicial office of a country, whether appointed or elected; any person exercising a public function for a country, including for a public agency or public enterprise; and any official or agent of a public international organization.

I. WHY A COMPLIANCE PROGRAM?

In addition, bribing can result in the imposition of administrative fines, the application of disqualifying sanctions (e.g. revocation of Authorizations, exclusion of the Company from negotiation with public administrations, from facilities, financing, contributions or benefits and the possible revocation of those already granted), mandatory dissolution, temporary or permanent suspension of activities, as well as plant closings, among other negative consequences.

The **Recordati** “Anti-Corruption Compliance Program” applies globally, and provides specific rules for preventing, detecting and managing corruption risks within the Group’s sphere of influence. This Program supplements the **Recordati Code of Ethics** [🔗](#).

Directors, members of any committee of the Group’s companies, Employees, individuals and entities working as contractors or consultants, and business partners are required to be honest, transparent, loyal and professional in their business

conduct, and to act in strict compliance with applicable laws and regulations.

Recordati firmly believes that acting in accordance with principles detailed in the current Program together with the laws and regulations will prevent cases of corruption, and will contribute to the protection of ethical and responsible business conduct.

2. PILLS FOR HEALTHY BUSINESS CONDUCT

In this session you will find some “Pills for healthy business conduct”, which will provide you with practical guidance on the behaviours we all need to adopt while performing activities that may potentially be exposed to corruption risks.

If in doubt or for notifications of actual/suspected violations, seek advice from your supervisor

or

contact the

GROUP INTERNAL AUDIT & COMPLIANCE DEPT.

by email: Ethics-advice@recordati.com 

or by regular mail:

Recordati S.p.A.

Group Internal Audit & Compliance Department

Via Matteo Civitali, 1

20148 Milan (Italy)



2. PILLS FOR HEALTHY BUSINESS CONDUCT






Recordati has identified 16 sensitive areas²  potentially exposed to the risk of corruption, in accordance with **Recordati**'s daily activities:

-  1. RESEARCH AND DEVELOPMENT 
-  2. PRODUCTION 
-  3. INTERACTION WITH HEALTHCARE PROFESSIONALS / ORGANIZATIONS 
-  4. REGULATORY ACTIVITIES FOR NEW PRODUCTS 
-  5. BUSINESS TRANSACTIONS WITH PUBLIC ADMINISTRATION 
-  6. EXTERNAL COLLABORATORS 
-  7. MEDICAL SAMPLES 
-  8. EVENTS 

2. PILLS FOR HEALTHY BUSINESS CONDUCT



-  **9. GIFTS AND PROMOTIONAL MATERIALS** 
-  **10. SCHOLARSHIPS, SPONSORSHIPS, GRANTS AND DONATIONS** 
-  **11. SENSITIVE FINANCIAL TRANSACTIONS** 
-  **12. HUMAN RESOURCE MANAGEMENT** 
-  **13. POLITICAL CONTRIBUTIONS** 
-  **14. PROCUREMENT** 
-  **15. INTERACTIONS WITH PUBLIC OFFICIALS** 
-  **16. TRAVEL AND ENTERTAINMENT EXPENSES** 

The mentioned sensitive areas were the starting point for developing the **16 “PILLS”** for counteracting corruption.
All Recordati’s employees are required to operate in accordance with these simple rules in our day to day activities.



BE AWARE OF... **RESEARCH AND DEVELOPMENT RELATED ACTIVITIES**

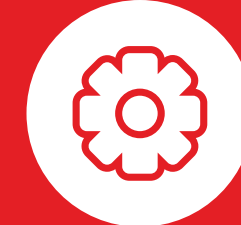
Why you should take care

This area is potentially exposed to risk of corruption because clinical trials and observational studies involve a high frequency of interaction between **Recordati** and Public Authorities. **Recordati** contracts with Clinical Research Organizations (CROs) to interact with academic and health care facilities and officials. In this sense, CROs act like a third-party agent for **Recordati** with physicians, Public Authorities and medical institutions.

Guiding Principles

- **Recordati** must not seek to alter the public authorities' decision relating to authorization of R&D activities by providing or promising to provide them money and/or any gift or complementary benefits.

- **Recordati** must require all third parties to execute a formal agreement that clearly outlines the engagement, the scope of services and the obligations of the third party. Among other things, the agreement must require full compliance with all applicable anti-corruption laws and with the **Recordati Code of Ethics** [🔗](#).
- **Recordati** must not start trials without a due diligence of all third parties acting on the company's behalf and of any third party to whom the company will direct payment in connection with a clinical trial.
- **Recordati** shall audit clinical trial transactions and payments to determine whether they are in accord with contractual terms and are properly recorded.



BE AWARE OF... **PRODUCTION RELATED ACTIVITIES**

Why you should take care

This area is potentially exposed to risk of corruption because the production of APIs, intermediates and medicinal products is subject to authorizations by several Public Authorities. Competent authorities verify, through inspections, that production processes, raw materials and packaging are in compliance with the existing legislation and with regulatory and pharmacovigilance issues.

Guiding Principles

- **Recordati** must not influence the independence of the judgment of Public Authorities through offers of gifts and benefits to public officials, directly or indirectly (e.g.: in order to obtain or maintain authorization / certifications / licenses, etc.).
- **Recordati** must not submit any requests for favours to the Public Authorities in order to obtain

advantages.

- **Recordati** must not agree to Public Authorities' requests for bribes.
- **Recordati** has implemented standard operating procedures (SOP) to guarantee high quality standards in production processes, which must be duly applied by all concerned Employees.



BE AWARE OF... **INTERACTION WITH HEALTHCARE PROFESSIONALS / ORGANIZATIONS**

Why you should take care

This area is potentially exposed to risk of corruption due to the high number of formal and informal interactions between **Recordati** and Healthcare Professionals (HCPs) or Organizations (HCOs).

Recordati, in daily activities, have many relationships with Healthcare Professionals and Organizations (HCP / HCO), and may provide them, where permitted, gadgets, scientific books, gifts and other complimentary benefits that, if abused, or not fully compliant with local legislations, might be classified as a bribery.

Guiding Principles

- **Recordati** must not provide financial funds to Employees (including Reps) or external collaborators without a prior verification of the purpose of

the initiatives (e.g. events, symposium, congresses, training).

- **Recordati** allows to provide gadgets of minimal value, to HCPs/HCOs, as actions of customary commercial courtesies, if the value of the items is in compliance with local regulations ([see pill #9](#)).

- **Recordati** regularly performs audits on the correct use of the funds provided for the initiatives.

- **Recordati** forbids the provision of gifts or other benefits to HCP/HCOs which don't comply with local laws and regulations, with the intent to alter the recipients' independence of judgment.



BE AWARE OF... **REGULATORY ACTIVITIES FOR NEW PRODUCTS**

Why you should take care

This area is potentially exposed to risk of corruption because the introduction of medicinal products into the market (e.g. market authorizations), as well as the distribution of APIs (i.e. Active Pharmaceutical Ingredients), must be authorized by competent Public Authorities.

Guiding Principles

- **Recordati** fully complies with the laws and regulations and maintains proper documentation of regulatory activities in such way that full traceability is guaranteed.
- **Recordati** must not influence the independence of the judgment of Public Authorities, through offers of gifts or benefits, in order to obtain product authorizations, certifications and/or licenses.

- **Recordati** must not agree to Public Authorities' requests for bribes.



BE AWARE OF... **BUSINESS TRANSACTIONS WITH PUBLIC ADMINISTRATION**

Why you should take care

This area is potentially exposed to risk of corruption because **Recordati** has private as well as public Clients (e.g. hospitals).

Contacts with Public Administration's clients mainly concern the participation in hospital tenders, the negotiation of product prices, invoicing, credit management and cash collection. All these activities must be performed in accordance with the Recordati Code of Ethics and with applicable local laws and regulations.

Guiding Principles

- **Recordati** must not force, in any manner, directly or indirectly, the Public Administration's final selection, in order to be awarded a business deal.
- **Recordati** must not agree to Public Authorities'

requests for bribes.

- **Recordati** must not apply discounts that are not customary commercial actions, but means of obtaining undue benefits.



BE AWARE OF... **EXTERNAL COLLABORATORS**

Why you should take care

This area is potentially exposed to risk of corruption because external collaborators could potentially act in an improper and illicit manner, damaging **Recordati** business integrity and reputation.

Recordati commonly uses external collaborators (e.g. consultants) that support business activities. Moreover, external collaborators may operate as intermediaries, or may represent or act on behalf of **Recordati** towards third parties.

Anti-corruption laws and regulations often don't differentiate between actions taken by external collaborators and Company's Employees.

Guiding Principles

- **Recordati** must not enter into relationships with external collaborators that don't fulfil the Group's principles of correctness, fairness, integrity, loyalty

and good faith.

- **Recordati** must not start collaborations with intermediaries without a prior screening of their background and having signed a contract governing the terms of collaboration. Contracts must contain a requirement that the Intermediary shall, at all times, comply with the applicable Anti-Corruption Laws and with the **Recordati Code of Ethics** [🔗](#).

- A proper supervision must be given to the conduct and activities of external collaborators.

- All invoices must be reviewed and approved by a suitably qualified employee. Consideration should be given to whether there is anything unusual about the request for payment and whether the amount is commensurate for the services provided and in line with the signed contract.



BE AWARE OF... MEDICAL SAMPLES

Why you should take care

This area is potentially exposed to risk of corruption. Medical samples, or any free of charge medicinal products, are provided to HCO/HCPs with the sole scope of increasing familiarization with the specific products, but they could, however, also be a vehicle of bribery, if misused or resold, violating the local laws and regulations.

Guiding Principles

- **Recordati** must not provide any medical sample that is not marked as 'free and not intended for sale'.
- **Recordati** must not provide medical samples aimed at altering the recipients' decisions to prescribe that specific product.
- The number of free samples, and the conditions of their delivery, shall be those provided for by law

or by the codes of conduct of the association of pharmaceutical companies.

- The delivery of free samples must be performed by persons authorized by the Company and must be documented.



BE AWARE OF... EVENTS

Why you should take care

Recordati organizes or sponsors various types of meetings (e.g. symposia, congresses, etc.), with a scientific purpose and may provide subscriptions and hospitality to HCPs for such scientific events. These activities, although common, must be performed with due attention and in strict compliance with applicable laws and regulations and with Group Policies, because wrongdoing or abuse of HCP invitations to events could potentially constitute bribery of public officials.

Guiding Principles

- **Recordati** must not sponsor/organize events in order to induce the participants (HCP/HCO) to prescribe or buy company products. In addition, meals, hospitality and entertainment, must be modest so as not to alter the participant's (HCP/

HCO) decision-making capability.

- **Recordati** must not invite public officials to scientific events with the aim to obtaining illicit and improper benefits.
- **Recordati** must not sponsor/organize events that take place in inappropriate venues and locations, not coherent with the goal of the initiative, and against the law or the codes of conduct of the association of pharmaceutical companies. The documentation of each event must be complete and preserved for any type of control, both internal and external.



BE AWARE OF... GIFTS AND PROMOTIONAL MATERIALS

Why you should take care

This area is potentially exposed to risk of corruption because misuse or abuse in offering gifts and other complimentary benefits (e.g. gadgets, CD, books) to HCPs could be perceived as bribery in order to obtain improper or undue advantages of any kind.

Guiding Principles

- **Recordati** allows actions of customary commercial courtesy, if items are of minimal value, in compliance with local regulations, not compromising to business integrity and reputation, and have no influence over the recipient's independence of judgment.
- **Recordati** must not give or accept gifts or other utilities which are not in compliance with the local

laws and with the Group provisions.

- **Recordati** must not provide gifts and other utilities to anyone, in that they may be considered as an improper way to obtain benefits or gains.
- **Recordati** must not give gifts in order to influence the independent judgment of the recipient.
- **Recordati** manages purchases of gifts and promotional material through the central offices in each subsidiary.
- Local control procedures must be in place to ensure that the materials purchased are in compliance with the law and are of nominal value.



BE AWARE OF... **SCHOLARSHIPS, SPONSORSHIPS, GRANTS AND DONATIONS**

Why you should take care

Recordati is dedicated to supporting high quality scientific, educational, and community programs and other charitable activities.

This area is potentially exposed to risk of corruption because scholarships, sponsorships, grants and donations could be perceived and used for improper and illicit purposes.

Guiding Principles

- **Recordati** must not provide scholarships, sponsorship, grants and donations with the purpose of influencing the counterparties.
- Scholarships, grants and donations can only be given if **Recordati** does not receive, and is not perceived to receive, any tangible consideration in return. Requests for scholarships, sponsorship, grants and donations

must be handled with special caution, in particular, those requests received from individuals who are able to affect the sales of **Recordati** or who may benefit personally, if the requests were granted.

- **Recordati** must not provide scholarships, sponsorship, grants and donations to individuals and/or organizations which aim to obtain illicit and improper benefits.
- **Recordati** must perform a screening of potential recipients, in order to avoid that such initiatives are used with an ulterior motive and due diligence activities in order to guarantee the proper use of the donations.
- **Recordati** must not support or sponsor initiatives with a third party with the aim of creating hidden funds.



BE AWARE OF... **SENSITIVE FINANCIAL TRANSACTIONS**

Why you should take

Recordati may receive Public Financial Support, which includes contributions and financing provided by public national/international organizations to be used for specific purposes (e.g. R&D activities, trainings). This funds must be required and managed with due attention, in accordance to applicable laws and regulations and to Group Policies.

Recordati may receive requests for facilitating or “grease” payment, which are payments to public officials in order to speed up the performance of a routine government action. **Recordati** doesn't allow facilitation payments.

Recordati uses bank transfers and cheque as payment methods. It is forbidden to settle payments in cash. In all those cases when other

options are not available, **Recordati** allows the use of fully documented petty cash transactions, for small amounts only. Petty cash, by its nature, can easily be used as an instrument for making corrupt and illicit payments.

Recordati may receive requests for unusual financial arrangements or for unusual payment arrangements, such as to make payments to a bank account not located in either the country where the services were rendered or the country where the recipient of funds is located.

Recordati must submit this kind of requests to a proper evaluation and must refuse to process any payments that could hide illicit scopes.

Guiding Principles

- **Recordati** can request Public Financial Support only in accordance with applicable laws and regulations, and must not use funds received by public organizations for different improper purposes.



- **Recordati** must not carry out facilitation payments.
- **Recordati** petty cash use must be limited as much as possible, and it is allowed only for reimbursing licit expenses duly supported by appropriate and exhaustive documentation. **Recordati** duly records all petty cash transactions, including outlays and replenishments.
- **Recordati** avoids unusual financial arrangements or payment patterns, and Employees must use increased vigilance when asked, for example, to make payments to a bank account not located in either the country where the services were rendered or the country where the recipient of funds is located.



BE AWARE OF... **HUMAN RESOURCES MANAGEMENT**

Why you should take care

Human resources management could potentially be a means to perform corruption (e.g. corrupting a counterparty through hiring or career advancement proposals, or compensation increases).

Guiding Principles

- **Recordati** must not make decisions concerning Human Resources (selections, promotions, etc.) as a favour to public officials.
- **Recordati** must hire or promote resources on a meritocratic and fair basis only, and must not hire or promote resource in order to obtain benefits from public authorities.
- In order to guarantee transparency and compliance with local rules and regulations, Human Resources management activities must be fully traced and documented



BE AWARE OF... **POLITICAL CONTRIBUTIONS**

Why you should take care

This area is potentially exposed to risk of corruption because political contributions could be used as a way to obtain undue and improper benefits.

Guiding Principles

- **Recordati** does not grant direct or indirect contributions to political parties, either in Italy or abroad nor to their representatives or candidates. Although the Group shall refrain from financing political parties, it recognizes the Employees' right to engage in political activities, as private individuals, without using **Recordati** resources.




#14

BE AWARE OF... **PROCUREMENT OF GOODS OR SERVICES**

Why you should take care

Procurement could potentially be a means to perform corruption. As an example, procurement could be used to corrupt a third party buying product or services from suppliers or consultants connected to the third party itself, as a favour.

Guiding Principles

- **Recordati** forbids using procurement of goods, services or consultancies as a means of corruption.
- Procurement activities must be carried out in full compliance with existing laws and internal regulations, including those reported in the [Code of Ethics](#)  and in the Anti-Bribery Manual.
- **Recordati** must not make decisions concerning Procurement (e.g.: supplier pre-qualification, invitation to bid, bid evaluation, technical evaluations,

post qualification, contract award and contract implementation) as a favour to third parties, both private and public. These decisions must be taken using criteria such as quality, price, supplier reliability and supply stability.

- **Recordati** forbids personal interest to influence relationships with existing or potential suppliers.
- Procurement activities must be carried out only by authorized persons, on the basis of the approved budget, and must be duly documented.
- **Recordati** must formalize procurement terms and conditions using written contracts / purchase orders.



#15

BE AWARE OF... INTERACTIONS WITH PUBLIC OFFICIALS

Why you should take care

Interactions with Public Officials are quite common and can take place in many different forms. As an example, **Recordati** can have interactions with Public Officials during authorization processes, during the ordinary scientific information activities, or during inspections. These interactions, although common, are quite sensitive because a wrongdoing or an illicit conduct can lead to bribery allegations.

Being a multinational Company, moreover, **Recordati** operates in countries where different legislation apply. As an example, in many countries even an act of courtesy toward a Public Official could be interpreted as a bribe.

Guiding Principles

- **Recordati** interacts with Public Officials in an honest, transparent and diligent way, in strict com-

pliance with applicable laws and with the **Code of Ethics** and the Anti Corruption Manual.

- **Recordati** must not influence the independence of the judgment of Public Authorities through offers of gifts and benefits to public officials, directly or indirectly, in order to obtain or maintain authorization / certifications / licenses, etc.
- **Recordati** must not submit any requests for favours to the Public Authorities in order to obtain advantages.
- **Recordati** must not agree to Public Authorities' requests for bribes.
- **Recordati** allows actions of customary commercial courtesy, if items are of minimal value, in compliance with local regulations, not compromising to business integrity and reputation, and have no influence over the recipient's independence of judgment.
- **Recordati** must not give or accept gifts or other utilities that are not in compliance with the local laws and with the Group provisions.



#16

BE AWARE OF... TRAVEL AND ENTERTAINMENT EXPENSES

Why you should take care

Travel expenses are usual in companies operating in multiple locations. Similarly, entertainment expenses are legitimate and quite common, and can be used by companies to build and maintain good business relationships.

However, these expenses can also be misused to disguise corruption. For example, companies may use entertainment to provide an undue advantage to a public official, for example in order to influence a bidding decision in their favour. Moreover, travel expenses reimbursement process can be potentially misused, for example in order to collect finances for corruption.

Guiding Principles

- **Recordati** forbids corruption, in any form it

may take place, and allows travel and entertainment expenses in compliance with the Company [Code of Ethics](#) and the applicable policies and legislations.

- **Recordati** must never influence the independence of the judgment of Public Authorities through offers of entertainment, gifts and other benefits, directly or indirectly, in order to obtain or maintain authorization / certifications / licenses, etc.

- **Recordati** allows entertainment expenses compliant with applicable legislations. In any case, entertainment expenses must not be extravagant or lavish and must be reasonable and in line with customary commercial courtesy practices. Moreover, entertainment expenses must not be compromising to business integrity and Company's reputation.

- **Recordati** reimburse travel expenses which are reasonable, appropriate, coherent with the business purpose of the trip and compliant with the



#16

Recordati Code of Ethics  and the applicable procedures.

- Travel expenses must be duly documented, in accordance with **Recordati's** procedures and applicable laws.
- Travel expenses approvers must be diligent in the expense report review.

3. ANY DOUBTS?

ANYTIME YOU ARE ABOUT TO ACT, BE WISE...

If in doubt or for notifications of actual/suspected violations,
seek advice from your supervisor

or

contact the

GROUP INTERNAL AUDIT & COMPLIANCE DEPT.

by email: Ethics-advice@recordati.com 

or by regular mail:

Recordati S.p.A.

Group Internal Audit & Compliance Department

Via Matteo Civitali, 1

20148 Milan (Italy)



4. ANTI-CORRUPTION GOVERNANCE

Anti-corruption is a collective responsibility. To facilitate compliance with anti-corruption laws, rules and regulations, **Recordati** is committed to:

- **identifying organizational structure**
- **appointing roles and responsibilities**
- **promoting the awareness of the Anti-Corruption Compliance Program**

The subsidiaries' General Managers are responsible for the anti-corruption governance at a country level.

Corporate Directors are responsible of the anti-corruption governance at a corporate divisions level.

The Group Internal Audit & Compliance Department is in charge of supervising the anti-corruption governance.

Anti-Corruption Governance at **Recordati** is composed of the following areas:

- 1. REGULATORY AND COMPLIANCE REQUIREMENTS MONITORING**
- 2. RISK IDENTIFICATION AND ASSESSMENT**
- 3. DUE DILIGENCE**
- 4. POLICIES AND PROCEDURES DESIGN AND UPDATE**
- 5. WHISTLEBLOWING CHANNELS**
- 6. COMPLIANCE AUDIT**
- 7. TOP MANAGEMENT REPORTING**
- 8. TRAINING, EDUCATION AND AWARENESS**
- 9. DISCIPLINARY MEASURES**

4. ANTI-CORRUPTION GOVERNANCE

4.1 REGULATORY AND COMPLIANCE REQUIREMENTS MONITORING

This phase is essential in order to have a clear and updated framework of applicable anti-corruption laws, so that our activities and the Anti-Corruption Compliance Program:

- are in compliance with applicable local laws, rules and regulations;
- meet or exceed local industry standards.

Subsidiaries' General Managers and Corporate Directors, supported, in case of need, by the Group Internal Audit & Compliance Department and / or by Local Compliance Officers, are in charge of ongoing monitoring of applicable anti-corruption requirements.

In case of changes in local legislation, market environment or industry trends, new requirements must be communicated to the Group Internal Audit & Compliance Department, and the Anti-Corruption Governance infrastructure will be reviewed

to evaluate its compliance and effectiveness.

4. ANTI-CORRUPTION GOVERNANCE


4.2 RISK IDENTIFICATION AND ASSESSMENT

Activities within this area are aimed at identifying and prioritizing the Group's areas of exposure to corruption risks, considering local context, business trends.

The Subsidiaries' General Managers and Corporate Directors, supported by the Group Internal Audit & Compliance Department and / or by Local Compliance Officers, are in charge of Risk Identification and Assessment.

Risk Identification and Assessment activities are periodically performed in compliance with international best practices and taking into account:

- country risk (e.g. political and social outlook, business trend);
- transaction risk (e.g. degree of government involvement in transaction);
- business opportunity risk (e.g. level of transaction value, degree of involvement by intermediaries, clarity of business partnership objective, existence of non standard business practices);

- business significance (e.g. amount of turnover, assets in business);
- business partnership risk (e.g. degree and types of intermediaries, consortia, joint ventures or involvement of exposed persons) - for further details please refer to paragraph [“4.3 Due Diligence Execution”](#) .

4. ANTI-CORRUPTION GOVERNANCE

4.3 DUE DILIGENCE EXECUTION


The procedures and control activities related to the selection and screening of Third Parties (i.e. organizations and individuals) conducting business with, or on behalf of **Recordati**, follow a specific due diligence process to mitigate potential risks.

In order to assess fulfillment of both technical and ethical quality requirements, **Recordati** conducts direct enquiries and detailed research on the background, expertise and business experience of relevant Third Parties.

Indicators of potential corruption risk identified during the due diligence process are submitted to Group Internal Audit & Compliance Department for further consideration. Additional due diligence activities may be required, at the discretion of the Group Internal Audit & Compliance Department, the Risk Management Committee or the Legal Department, prior to finalization of any business relationship.

Contractual clauses requiring compliance with applicable anti-corruption laws and regulations and

the current Compliance Program must be included in all contracts involving Third Parties. Any deviation from standard contractual clauses must be approved in advance by the Legal Department. Third Parties will be required to affirm their understanding of, and compliance with, applicable anti-corruption laws and regulations.

Recordati maintains the right to conduct audits on those parties with whom it has contracted, as well as terminate business relationships due to allegations involving the violation of, or actual violations of, anti-corruption laws and regulations and of the [Code of Ethics](#) .

4. ANTI-CORRUPTION GOVERNANCE

4.4 POLICIES AND PROCEDURES DESIGN AND UPDATE

Subsidiaries' General Managers and Corporate Directors are responsible for managing the Program and ensuring that anti-corruption policies and procedures are implemented, respected, effectively designed and updated. Periodic monitoring of the Program and all the above mentioned documents is performed by the Group Internal Audit & Compliance Department in order to identify and resolve gaps arising from new regulatory requirements, or the absence of policies and/or procedures in areas subject to corruption risk. It is important that all the above mentioned documents are in compliance with applicable laws and are also consistent with the Group policies.

4. ANTI-CORRUPTION GOVERNANCE

4.5 WHISTLEBLOWING CHANNELS MANAGEMENT

Recordati encourages notifications of actual or suspected violations of the current Anti-Corruption Program, or any other related issues that must be promptly reported either to the management or through the available whistle-blowing channels. Individuals reporting suspected breaches may use whatever channels appropriate under the circumstances, supporting the complaint with as much detailed evidence as possible.

The Group Internal Audit & Compliance Department and other deputy functions must fulfill their duties in a timely manner in order to ensure correct collection, verification and management of violations reported. **Recordati** protects whistleblowers' privacy and prohibits retaliation against any individual who reports a violation.

4. ANTI-CORRUPTION GOVERNANCE

4.6 COMPLIANCE AUDIT

Group Internal Audit & Compliance Department is in charge of periodically conducting auditing activities, in order to verify whether measures to prevent corruption risks are adequately designed and work effectively.

In addition, these audits are aimed at verifying non-compliance notifications received. The final goal is to ensure that applicable anti-corruption laws and provisions contained in the current document are respected and effectively implemented within **Recordati**.

4. ANTI-CORRUPTION GOVERNANCE

4.7 REPORTING TO TOP MANAGEMENT

The Group Internal Audit & Compliance Department is in charge of reporting the results of activities related to the Anti-Corruption Compliance Program (e.g. whistle-blowing, auditing activities, periodic reviews and updates to the documents). Periodic reporting, which flows from local to corporate level, has been put in place. The Group Internal Audit & Compliance Department gathers all reports and provides accurate information, including proposed corrective actions, to the Top Management.

4. ANTI-CORRUPTION GOVERNANCE

4.8 TRAINING, EDUCATION AND AWARENESS

Recordati develops adequate Training, Education and Awareness programs, with reference to the Anti-Corruption Compliance Program.

Training, Education and Awareness programs are necessary to ensure the dissemination of a compliance culture, and specifically, to enhance the understanding and awareness of anti-corruption laws and regulations.

Recordati develops training materials, initiatives and activities aimed at enabling all participants (Employees and Third Parties) to identify and manage corruption risk in their daily duties. Anti-corruption materials shall be provided, on an ongoing basis, through all available communication channels, in accordance with the Company's policies and procedures.

4. ANTI-CORRUPTION GOVERNANCE

4.9 DISCIPLINARY MEASURES ENFORCEMENT

All **Recordati**'s employees are required to comply with the principles contained in this Program, all the time and everywhere.

When violations are detected, Senior Management will evaluate sanctions on the basis of applicable factors, consistent with laws and Company policies and procedures. The Human Resources Department will take prompt and adequate measures to sanction the violators.

5. ATTACHMENTS

5.1 WHAT DOES IT MEAN?

- **RESEARCH AND DEVELOPMENT:**

this area includes all operational activities / relationships with Public Authorities / related authorizations aimed at carrying out pre-trial studies, clinical trials and observational studies (also called non-interventional studies), and managing materials for experiments in order to innovate medicinal products and / or related technologies.

- **PRODUCTION:**

this area includes all operational activities / relationships with Public Authorities / related authorizations aimed at executing medicinal products production processes.

- **INTERACTION WITH HEALTHCARE PROFESSIONALS / ORGANIZATIONS:**

this area includes all operational activities / relationships / related authorizations carried out with Healthcare Professionals / Healthcare Organizations, such as events organization, medicinal products promotion, etc.

- **REGULATORY ACTIVITIES FOR NEW PRODUCT:**

this area includes all operational activities / relationships with Public Authorities / related authorizations aimed at:

1) introducing medicinal products to the market (i.e. selling authorisations, advertising concessions, etc.) and
2) distributing active ingredients and negotiating prices of medicinal products and related conditions for reimbursement.

5. ATTACHMENTS

5.1 WHAT DOES IT MEAN?

- **BUSINESS TRANSACTIONS WITH PUBLIC ADMINISTRATION:**

this area includes transactions leading to costs / revenues, established with Public Administrations as suppliers, subcontractors or clients, and driven by the purpose of achieving Company mission.

- **EXTERNAL COLLABORATORS:**

this area includes activities related to persons collaborating with Recordati Group, who may be intermediaries between **Recordati** Group and Third Parties (such as Health Care Professionals).

For the purpose of this document, the following are considered “external collaborators”: agents, sales representatives, consultants or consulting firms, distributors, resellers.

On the contrary, the following are not considered “external collaborators”: suppliers, subcontractors, subsidiaries, franchisees, joint venture partners.

- **MEDICAL SAMPLES:**

this area includes any free-of-charge medicinal product provided to HCP / HCOs to increase their familiarisation with medicines and to give them experience in dealing with such medicines.

- **EVENTS:**

this area includes any local meeting, Congress, Convention, scientific meeting, symposium and other similar event (i.e. visits to research or manufacturing facilities, and planning training or investigator meetings for clinical trials or observational studies) organized for a scientific / informational purposes, where HCP / HCOs are invited.

5. ATTACHMENTS

5.1 WHAT DOES IT MEAN?

- **GIFTS AND PROMOTIONAL MATERIAL:**

this area includes any gift (i.e. gadgets, CDs, books) aimed at promoting corporate image or **Recordati** medicinal products.

- **SCHOLARSHIPS:**

this area includes any financial support provided to students for the development of their academic career in a scientific field.

- **SPONSORSHIPS:**

this area includes any financial support to Companies / Organizations / public events in order to promote corporate image.

- **DONATIONS AND GRANTS:**

this area includes any kind of donation or grant provided to Organizations (i.e. Patient Organizations, Health Care Professional Organizations, Charitable Organizations, with purpose of providing relief to poor countries or local communities) in order to support their mission.

- **SENSITIVE FINANCIAL TRANSACTIONS:**

this area includes:

- Facilitation or “grease” payments provided to Public Officials to legally facilitate or expedite performance of a routine governmental action to which the company is entitled (i.e. processing governmental papers, such as visas).
- Public financial support: funds provided by national/international public organizations for a specific purpose (e.g. R&D activities, training initiatives).
- Petty cash: cash available at company premise, available for urgent/small expenses.
- Unusual financial arrangements or unusual payment arrangements, such as payments to a bank account not located in either the country where the services were rendered or the country where the recipient of funds is located.

5. ATTACHMENTS

5.1 WHAT DOES IT MEAN?

- **HUMAN RESOURCE MANAGEMENT:**

this area includes activities aimed at hiring and managing **Recordati** personnel (performance evaluation, remuneration policies, etc.), including temporary workers, interns, sales reps, agents.

- **POLITICAL CONTRIBUTIONS:**

this area includes any direct or indirect contributions, in whatever form, to political parties, political movements, political committees, political organizations (including representatives and candidates of all the above mentioned).

- **PROCUREMENT:**

this area includes activities aimed at purchasing goods, services, or consultancies needed to perform the Company business.

- **INTERACTIONS WITH PUBLIC OFFICIALS:**

this area includes any kind of relation or interactions that **Recordati** personnel can have with Public Officials. (e.g.: during authorization processes, during the ordinary scientific information activities, or during inspections). Public Official is defined as any person holding a legislative, administrative or judicial office of a country, whether appointed or elected, any person exercising a public function for a country, including for a public agency or public enterprise, and any official or agent of a public international organization.

- **TRAVEL AND ENTERTAINMENT EXPENSES**

this area includes the reimbursement of expenses incurred while travelling for business purposes and the reimbursement of expenses incurred for entertaining a business client.

RECORDATI

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