



A. MENARINI FARMACEUTICA INTERNAZIONALE. S.R.L

# **COMPANY ETHICAL CODE**



A. MENARINI FARMACEUTICA INTERNAZIONALE. S.R.L

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## **INTRODUCTION**

With the present Ethical Code, the Management of A. MENARINI FARMACEUTICA INTERNAZIONALE. S.R.L intend to remind you of the fundamental ethical values that inspire A. MENARINI FARMACEUTICA INTERNAZIONALE. S.R.L, which all the employees and external staff (consultants, agents, service providers) must follow in the performing the tasks and functions assigned to them.

A. MENARINI FARMACEUTICA INTERNAZIONALE. S.R.L operates in the pharmaceutical sector and as such the Company has a social role that is significant for the community.

The multiplicity of interests and socio-economic contexts with which the Company interacts, imposes the commitment of all to ensure that the Company's activities are performed in compliance with the law and industry codes of practice, in a framework of fair competition, with honesty, integrity, responsibility and good faith, respecting the legitimate interests of customers, employees, commercial and financial partners and the communities in which the Company is present with its activities.

It is therefore appropriate to reaffirm to all those who work at the Company or who operate to attain the Company's goals, without distinctions or exceptions, the importance of observing these principles, and ensuring that others observe them, within the sphere of their own functions and responsibilities.

Under no circumstance can the intention of acting to meet the Company's goals justify behaviour that is in conflict with these principles.

Compliance with the rules of the Code must be considered an essential part of the contractual obligations of all employees and third parties working on behalf of the Company pursuant to and for the purposes of the law.

With reference to the above and throughout this document, "Menarini", or simply "Company" refers to A. MENARINI FARMACEUTICA INTERNAZIONALE. S.R.L

### **1. GENERAL PRINCIPLES**

- 1.1. All managers in the Company are required to observe the contents of the Code in proposing and implementing the projects, actions and investments to increase the economic value of the enterprise and the wellbeing of it employees, customers, suppliers and the community in the long term.
- 1.2. It is the duty first and foremost of the Company Management Team to promote the values and principles contained in the Code, taking responsibility for this both internally and externally and reinforcing the trust, cohesion and spirit of the Company.



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- 1.3. Every Company employee must undertake to respect the laws and rules in force in all the countries in which the Company operates. The employees must be aware of the laws and the conduct required as a consequence. If doubts exist on the part of the employee as to how to proceed, the issue concerned must be indicated to the Company, who must inform its employees adequately.
- 1.4. Every employee is required to know the Code, to contribute actively to its implementation and to indicate any inadequacies in it or infringements of it. The Company is committed to facilitating and promoting the knowledge of the Code to the employees.
- 1.5. The Company will carefully monitor the observance of the Code, preparing adequate instruments for information, prevention and control to ensure the transparency of the operations performed and the behaviour concerned, intervening, if appropriate, with corrective actions.
- 1.6. The employee is obliged to report any information regarding the infringement of the rules of the Code promptly to the Supervisory Body (see point 3).

## **2. APPLICATION OF THE CODE IN RELATION TO THIRD PARTIES**

- 2.1. In relation to third parties, all the Company employees, in accordance with their duties, must ensure that they:
  - 2.1.1. provide adequate information regarding the commitments and obligations imposed by the Code;
  - 2.1.2. require the respecting of the obligations that directly concern their activities;
  - 2.1.3. adopt the appropriate internal initiatives and, if this is within their duties, also external ones, in the event of the failure of third parties to fulfil their obligation to comply with the rules of the Code.

## **3. THE COMPANY'S COMMITMENTS**

- 3.1. The Company has appointed an Officer (the Supervisory Body) acting independently from the Company Management Team with the aim of promoting awareness of and verifying the application of the rules contained in this Code. This Body may also avail itself of the Corporate Internal Audit function to perform its tasks of supervision and control.
- 3.2. The Company will thus ensure:
  - 3.2.1. The maximum circulation of the Code to employees and external staff;
  - 3.2.2. The willingness to provide all possible clarifications regarding the interpretation and implementation of the rules contained in the Code and in the Company procedures;
  - 3.2.3. The carrying out of checks in relation to all information of infringement of the rules of the Code;



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3.2.4. Evaluation of the facts and the consequent implementation, in the event of an established infringement, of adequate sanctions.

#### **4. EMPLOYEE'S DUTIES**

4.1. The employees of the Company must:

4.1.1. Refrain from behaviour that is in conflict with the rules laid down by the Ethical Code;

4.1.2. Report any information regarding possible infringements promptly to the Supervisory Body;

4.2. In particular, we must stress that:

4.2.1. All the actions, operations and, in general, behaviour by the employees of the Company in carrying out their working activities must be inspired by the maximum transparency, correctness and legitimacy.

4.2.2. All the activities inside the Company must be performed with commitment and professional rigour.

4.2.3. Each employee must make professional contributions that are appropriate to the responsibilities assigned to them and must act to safeguard the prestige and good name of the Company.

4.2.4. Relations between employees, at all levels, must be characterised by criteria of and conduct displaying responsibility, a spirit of cooperation, fairness and mutual respect.

4.2.5. Each employee of the Company is responsible for gaining knowledge of the laws and rules concerning their own tasks so as to recognise potential risks and know when to request legal support from the Company.

4.2.6. The fact that certain prohibitions under the law are not respected in common practice or that their infringement is not considered as censurable, never justifies the committing of acts that are against the law. Employees are required to consult with their Line Manager regarding any issue in this regard. The Line Manager may consult with Human Resources in certain circumstances.

4.2.7. Every employee has the obligation to contact the Supervisory Body directly in order to report situations or conduct that is in conflict with this Code.

4.2.8. Any employee who considers that their superior wishes to induce them to behave or act in ways that are not ethical or are unlawful must immediately advise the Supervisory Body of this.

#### **5. SPECIFIC DUTIES OF THOSE RESPONSIBLE FOR COMPANY FUNCTIONS**

5.1. Every Line Manager has the obligation to:

5.1.1. Represent an example to the employees reporting to them with their behaviour.



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- 5.1.2. To ensure these employees adhere to the Code.
- 5.1.3. Act to ensure that they understand that respecting the rules of the Code is an essential part of the quality of the work they perform.
- 5.1.4. Select carefully, within the sphere of their duties, employees and third parties in such a way as to prevent tasks being assigned to people who do not give full confidence regarding their commitment to observe the rules of the Code.
- 5.1.5. Report information provided by employees or their own findings regarding possible cases of infringement of the rules, even any doubts, directly to the Supervisory Body.
- 5.1.6. Approach the Supervisory Body for clarifications, explanations and in-depth analysis of controversial situations.

## **6. USE OF COMPANY RESOURCES AND INSTRUMENTS**

- 6.1. The employee is required to guarantee the maximum respect for the Company's property, resources, instruments and materials, reporting any improper use of this equipment that they consider others have made promptly to the Supervisory Body.
- 6.2. Included in these categories for example, but not limited to, are:
  - 6.2.1. Premises, fittings and furnishings;
  - 6.2.2. Operational supplies and equipment such as: Company cars, items related to the promotion of medicines, personal computers, printers, telephones and similar;
  - 6.2.3. Personal stationery, paper, stationery for offices, and similar;
  - 6.2.4. Functions offered by the Company I.T. system such as: processing procedures, software, Internet access, databases and similar;
  - 6.2.5. Books, newspapers, magazines and publications generally.
- 6.3. Employees are only expected to use the Company equipment to carry out the work for which they are responsible. Employees are therefore prohibited from acting with Company resources - whether computer-based, technical or of any other kind - for private purposes or interests or that are in competition with the Company's activities.
- 6.4. Employees are only allowed to use Company equipment and/or materials outside of the latter's premises in cases of use for Company purposes, such as:



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when working away at offices different from the usual one, working on secondment, and similar. In all other cases express authorisation from a superior is necessary.

## **7. CONFLICT OF INTEREST**

7.1. In order to avoid the emergence of conflicts of interest:

7.1.1. Every operation and activity must be undertaken solely and exclusively in the interests of the Company and in a lawful, transparent and responsible way.

7.1.2. Employees must avoid all situations and all activities in which a conflict may arise with the interests of the Company can be manifested or that may interfere with their capacity to take, in an impartial way, decisions in the interests of the enterprise and fully respecting the rules of this Code.

7.1.3. All employees are required to avoid conflicts of interest between their personal and family economic activities and the duties they perform within the structure to which they belong.

7.1.4. Any situation that may constitute or bring about a conflict of interest must be reported promptly to the Supervisory Body.

7.2. Examples listed below, but not limited to, would result in a situation of conflict:

7.2.1. Significant economic and financial interests of the employee and/or their family exercised in competition or conflict with those of the Company provided that any employee or their family may hold an investment by way of shares or other securities of not more than 5% of the total issued share capital of any company (whether or not it is listed or dealt in on a recognised stock exchange) where such company does not carry on a business competitive with any business for the time being carried on by the Company.

7.2.2. Carrying out working activities, of any type, for customers, suppliers or competitors of the Company.

7.2.3. Accepting money favours or benefits from persons or companies that have or intend to have a business relationship with Menarini.

7.3. In view of the variety of the situations that could be highlighted, in the event of doubt regarding the arising or less of a conflict of interest, employees are invited to contact Human Resources, who may in turn seek legal advice, to discuss specific cases.



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## **8. CONFIDENTIALITY**

- 8.1. Employees are required to maintain the strictest and most absolute confidentiality regarding all the information relating to the Company and/or to its employees of which they are aware by virtue of their working activities. This in order to avoid the disclosure of confidential information regarding the organisation, the production methods and any other information the disclosure of which might cause damage to the Company.
- 8.2. Furthermore, employees are rigorously obliged to report to their superiors any requests for information regarding the Company and/or its employees that they may receive during the performance of their working duties, avoiding satisfying the aforementioned requests before a specific authorisation for this.
- 8.3. All information, data or documents of which employees become aware during their work is the exclusive property of Menarini, so, by way of example but not exclusively, all ideas, formulas, techniques, inventions, programmes, business plans, marketing and sales plans and similar information, constitute confidential information and the exclusive property of the Company. It is therefore forbidden to reveal such information externally without express authorisation or to use it for one's own personal advantage.
- 8.4. Without prejudice to the prohibition to divulge information regarding the Company's organisation and production methods or to make use of it in such a way as to damage it, every employee, in particular, must:
  - 8.4.1. Acquire and process only that data which are necessary and appropriate for purposes directly related to their job function;
  - 8.4.2. Acquire and process data according to specific procedures;
  - 8.4.3. Store the data in such a way as to prevent other unauthorised persons obtaining access to it;
  - 8.4.4. Communicate data within pre-established procedures and/or on explicit authorisation from a superior;
  - 8.4.5. Ensure that absolute or relative restrictions do not exist on the possible disclosure of information concerning third parties linked to the Company from a relationship of any kind and, if appropriate, obtain their consent.

## **9. RELATIONS WITH INFORMATION PROVIDERS**

- 9.1. The Company and all its employees and third parties must ensure that the image of Menarini appears in keeping with the prestige and importance of the role the Company possesses in the national and international pharmaceutical industry.
- 9.2. Relations with information providers are reserved exclusively for the Company functions and persons with responsibility for this and are agreed in advance with these.



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- 9.3. Employees may not provide information or opinions and issue statements representing the Company to representatives of the media (such as press, television, radio, etc.) nor undertake to issue them without the necessary authorisation from the Corporate functions responsible for this.
- 9.4. Under no circumstance may employees offer payments, gifts or other advantages in order to influence the professional activities of functions of the information providers.

## **10. CONDUCT IN PROFESSIONAL ACTIVITY**

- 10.1. In all business relationships, the Company is inspired by principles of loyalty, responsibility, transparency, efficiency and competition in the market.
- 10.2. The Company's employees and third parties whose actions may - also indirectly - be referable to Menarini, must follow correct behaviour in business and in relations with the Public Sector, irrespective of the competitiveness of the market and of the importance of the business concerned.
- 10.3. It is not permitted to offer gifts including monetary ones.
- 10.4. Employees who are offered or receive gifts, entertainment, or any donation from third parties that are not normally customary in a business relationship, must immediately inform the Supervisory Body of this. It is only acceptable to receive gifts or entertainment that are lawful and ethical, are infrequent, have low value, are customary in a business relationship and support the Company business.
- 10.5. Third parties who are not employees (consultants, agents, providers of services) are asked to abide by the principles contained in this Code.
- 10.6. In order to guarantee that third parties also observe the rules of the Code, employees, within the remittance of their own roles, must:
- 10.6.1. Take account, in the selection process, of the qualification and good reputation of any third party individual;
  - 10.6.2. Include in external contracts of collaborative work the obligation to abide by the principles of the Code;
  - 10.6.3. report any infringement (real or potential) committed by third parties promptly to the Supervisory Body.

## **11. RESPECTING THE REGULATIONS ON FREE COMPETITION**

- 11.1. Without prejudice to the respecting of the rules on free competition, all employees are required to act in such a way as to achieve the best results in competition.
- 11.2. All the employees involved in the activities of pricing, purchasing, sales, participation in public procurement processes or that have to do with competitors, wholesalers, chemists or associations, are involved directly in activities that, if conducted with behaviour that is not in line with the provisions of the relevant regulations, are liable to activate proceedings for the infringement of antitrust or competition laws.



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- 11.3. It is in conflict with the policy of the Company to have discussions, communications and exchanges of information, accords, agreements with any competitor concerning prices, pricing policies, discounts, promotions, conditions of sale, markets, production costs (which have as their purpose that of restricting or distort free competition).
- 11.4. Any form of agreement, whether direct or indirect, that is reached or put in place with competitors in order to modify or upset the course of public procurement processes, public purchasing procedures or other procedures relating to the acquisition of goods or services by public administrations, are similarly forbidden.
- 11.5. Every employee and head of function involved in commercial activities that are pertinent to the antitrust regulations and with the cases referred to above are therefore invited to submit any doubts or initiatives that may fall within the cases sanctioned by the law to the General Manager, who will in turn seek legal advice, so as to allow precise and transparent compliance with the regulations.

## **12. RELATIONS WITH THIRD PARTY SUPPLIERS**

- 12.1. In contractual or procurement relationships and, generally, the supply of good and/or services, employees are obliged:
- 12.1.1. To observe the internal procedures for the selection and management of relations with suppliers.
- 12.1.2. Not to preclude for any supplier Company in possession of the requisites the possibility of competing to be awarded a supply by the Company, adopting objective evaluation criteria in the selection, in accordance with declared and transparent formalities.
- 12.1.3. To work together with suppliers in constantly ensuring the satisfaction of the requirements of the Company's customers in terms of quality, cost and delivery times.
- 12.1.4. To use products and services supplied by companies of the Group to the greatest extent possible, under competitive conditions, respecting the laws in force.
- 12.1.5. To observe the contractual conditions envisaged, and ensure that others observe them.
- 12.1.6. To maintain a frank and open dialogue with suppliers, in line with good commercial practice.
- 12.1.7. To bring to the awareness of the Company's Purchasing Department any problems arising with a supplier, so as to be able to evaluate their consequences.

## **13. RELATIONS WITH CUSTOMERS**

- 13.1. The employees of the Company are obliged to:
- 13.1.1. Observe the best professional standards for managing relations with customers;



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13.1.2. Provide accurate and exhaustive information on products and services so that the customer can make informed decisions;

13.1.3. Remain truthful in advertising communications or those of other kinds.

#### **14. RELATIONS WITH PUBLIC INSTITUTIONS**

14.1. Relations with the Public Institutions are reserved exclusively for the functions and heads of department responsible for these.

14.2. No employee is authorised to make payments, directly or indirectly, to public officials and/or public administrations that cannot be linked to the performance of services or contracts properly authorised by the Company functions responsible for managing these services.

14.3. Any behaviour that is in any way intended to promise or give a Public Official or officer of a public service money or other personal benefits in order to encourage them to perform an act in their office in order to gain an advantage for oneself and/or for the Company is forbidden.

14.4. In relations with the Public Administration, employees who, by virtue of the work they perform within the Company, are in charge of requesting, managing and/or administering contributions, subsidies or financing from the State or from other public bodies are required, within the limits of their functions, to ensure that the aforementioned proceeds are used for the purposes for which they have been requested and to nevertheless maintain accurate documentation on every operation, to ensure the maximum transparency and clarity of the relative movements of money.

#### **15. INTERNAL AUDITING**

15.1. It is the Company's policy to spread to all levels a culture not only characterised by the existence and the importance of controls, but also to transmit a mentality oriented towards the exercising of same.

15.2. With the internal auditing system Menarini intends to pursue the general objectives of effectiveness and efficiency in its operations, to safeguard the Company's resources, to comply with the laws, applicable regulations and internal procedures, as well as the reliability of the accounting and financial data.

15.3. Every level of the organisation and every Company function therefore has the precise responsibility to implement, maintain and monitor the correct operation and effectiveness of the internal auditing system. The Corporate Internal Audit function, in its activity of monitoring of the internal audits and support to the management, will have full and free access to the Company data and documentation.

#### **16. TRANSPARENCY IN ACCOUNTING**

16.1. Every operation and transaction must be correctly recorded, authorised, verifiable, legitimate, consistent and congruous. All actions and operations must be adequately recorded and it must be possible to verify the process of decision-making, authorisation and implementation.



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- 16.2. Transparency in accounting is based upon the accuracy, completeness and authorisation of the basic information for the relative accounting entries. Every employee is required to contribute to ensure that the facts of management are represented correctly and promptly in the accounts.
- 16.3. Adequate documentation is held for each operation to support the activity performed, so as to allow:
- 16.3.1. Easy recording in accounts;
  - 16.3.2. Identification of the various levels of responsibility;
  - 16.3.3. The accurate reconstruction of the operation, also in order to reduce the likelihood of errors in interpretation.
- 16.4. Each recording must precisely reflect what is shown on the supporting documentation. It is the task of every employee to ensure that the documentation is easily traceable and orderly according to logical criteria.
- 16.5. In any event, the Company payments to be made must be exclusively commensurate with the services performed and the formalities indicated in the contract and cannot be made to a party different from the other party to the contract.
- 16.6. The use of Company funds for unlawful or improper purposes is strictly forbidden. No one for any reason must be paid sums not based on Company transactions that have been adequately authorised or illegal forms of remuneration.
- 16.7. Any cases of carelessness, omission or falsification of which employees become aware must be reported promptly to the Supervisory Body and the Corporate Internal Audit function.

## **17. INFRINGEMENTS OF THE ETHICAL CODE**

- 17.1. A. MENARINI FARMACEUTICA INTERNAZIONALE. S.R.L adopts a “zero tolerance” policy with unethical or unlawful behaviour that are considered causes of destruction of the relationship of trust for the Company. Considering the damage that conduct of this kind can have to the image, reputation and credibility of the Company and the Group unethical and unlawful behaviours carried out by employees and/or third parties (i.e. suppliers, consultant etc.) will be fully investigated in accordance with the Company’s rules and policies and if demonstrated will lead to the immediate termination of the contract of employment and/or collaboration.
- 17.2. Employees and external staff are required to respect the Code of conduct under all circumstances.
- 17.3. This Code will be applied to all employees of the Company who are recruited from December the 1<sup>st</sup> 2010 onwards, while as regards those previously employed it will be approved by their specific acceptance of it as part of the Contract of Employment.

Signature ..... Print ..... Date .....