

CODE OF CONDUCT

Scharper Spa



SCHARPER

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1 PRESENTATION OF THE COMPANY

Scharper Spa is a private Italian joint stock company founded in 1987.

The company has been part of the IdB Holding Group since December 2011 and is currently wholly owned by IdB Holding Spa.

Scharper is a pharmaceutical company that operates in the field of research into, the production, promotion and marketing of medical specialities, medical devices and diet supplements, mainly on the Italian market. For its promotion activities, Scharper uses a network of medical representatives and agents that covers the whole of Italy.

Scharper belongs to the trade association Farindustria.

At 30.06.2016, Scharper had 57 employees and 46 exclusive agents.

Management at Scharper Spa believes strongly that creation of value can be achieved only by paying due consideration to the ethical and behavioural principles and values that occur through:

- respect for the interests of all categories of people who have dealing with Scharper Spa (shareholders, employees and freelancers, customers and suppliers, lenders, trade partners, etc),
- compliance with current local and Community laws and regulations
- compliance with in-house and professional association regulations
- upholding the principles of ethics and propriety in dealings with all interlocutors.

2 MISSION AND GUIDING VALUES OF SCHARPER SPA

Scharper Spa's mission

Creating long-term value for stakeholders through research, production and the marketing of medical specialities, medical devices and diet supplements.

These goals are pursued openly, responsibly and sustainably through our commitment to constantly improve our activities.

The Scharper Spa values

- ◆ Determination, competitiveness, winning spirit,
- ◆ Innovation,
- ◆ Cooperation with customers and suppliers,
- ◆ Continuity over time and in generational terms,
- ◆ Ability to maintain values and innovate,
- ◆ Attention to needs of employees.

3 PRESENTATION OF THE CODE OF CONDUCT

Introduction

The Scharper Spa Code of Conduct is a document approved by the Board of Directors, who not only define the ethical reference standards but also set out all the rights, duties and responsibilities of all those who work for any reason at Scharper Spa, whether they be employees, consultants, agents, trading partners or people connected by freelance contracts (all the people who are referred to below as “collaborators”).

Scharper Spa, as the responsible organization in ethical, social and environmental terms, deems it to be important to build up a relationship based on fairness with collaborators, with trading partners, with the authorities and with the public.

The success of entrepreneurial activities depends in fact on the ability to retain the trust of these essential stakeholders.

The Code of Conduct plays an essential part in maintaining this trust and Scharper Spa undertakes to disseminate its contents to all those who have dealings with the company.

The Code of Conduct is also a tool of governance and as such an integral part of the in-house Control System and of the conditions governing Scharper Spa labour contracts.

Code of Conduct Objectives

The main objective of the Code of Conduct is to define the guidelines and behavioural norms by which Scharper Spa must abide to prevent the risk unethical behaviour.

In particular, they aim to promote:

- ◆ Behaviour compliant with the laws and regulations that apply to our business
- ◆ Fair dealing with Scharper Spa
- ◆ Propriety, courtesy and respect in dealings between colleagues
- ◆ Respect for the interests of any other interlocutor (customers, trading partners, government authorities and public bodies)
- ◆ Professionalism and diligence in performing duties.

Scope of the Code of Conduct

The provisions of the Code of Conduct apply without exception to all activities and all directors, employees and outside collaborators of Scharper Spa in Italy and in all other countries in which Scharper Spa operates.

The Code of Conduct is the basis of present and future guidelines and procedures adopted and/or applied by Scharper Spa.

The Code of Conduct also considers some fundamental areas of individual responsibility relating to the work contract; these areas are:

- ◆ Use and protection of company information.
- ◆ Conflicts of interest.
- ◆ Accounting records and entries.
- ◆ Dealings with public authorities, political and trade union organizations.
- ◆ Health, safety and environment.

4 ETHICAL CONDUCT STANDARDS

Scharper Spa rejects conduct that infringes the following standards:

Legal compliance

Scharper Spa trades in compliance with current laws, professional ethics and in-house and trade association regulations and the regulations that are applicable to our activities.

Furthering the interests of Scharper Spa can never justify conduct that offends the principle of honesty, propriety, legitimacy and transparency; all situations must be avoided that aim only to affect the independence of judgement and conduct of the parties involved.

Impartiality

In dealings with the parties concerned, Scharper Spa avoids all discrimination based on age, racial and ethnic origin, nationality, political opinions, religious beliefs, gender, sexuality or the health of its interlocutors and collaborators.

Professionalism and enhancement of human resources

Scharper Spa ensures a high degree of professionalism in the performance of tasks assigned to its collaborators.

For these purposes, the company is committed to enhancing and grow the competencies of its human resources by providing appropriate training tools and professional refresher and development courses.

Confidentiality

Scharper Spa guarantees, in conformity to the law, the confidentiality of the information in its possession.

The Group's collaborators are forbidden to use confidential information for purposes that are not connected to their professional work.

Propriety in the event of conflicts of interest

When performing any activity, Scharper Spa works to avoid situations of real or even merely potential risk. "Conflicts of interest", in addition to those defined by the law, include those cases in which a collaborator works to cater for an interest other than that of the company or its shareholders to obtain an advantage of a personal nature.

Maximizing the share investment

Scharper Spa makes every effort to ensure that the economic/financial performance safeguards and grows the company's net worth.

Free and fair competition

Scharper Spa acknowledges the importance of a market economy as a decisive factor for growth and constant improvement and undertakes to comply with competition regulations and the other applicable consumer protection laws in force wherever Scharper Spa trades. Scharper Spa intends to nurture fair competition by refraining from restrictive practices, predatory practices and abusing its dominant position.

Equitable exercise of authority

When signing and managing labour contracts that entail establishing hierarchical relationships, Scharper Spa undertakes to ensure that the authority is exercised fairly and with propriety to avoid any abuse.

In particular, Scharper Spa guarantees that the authority is not transformed into an exercise of power that diminishes the person's dignity and autonomy and that work organization choices safeguard the value of the employees.

Diligence and thoroughness in performing duties and contracts

Contracts and work duties must be performed in accordance with what is consciously agreed by the parties.

Scharper Spa undertakes not to exploit to its advantage the ignorance or incapacity of its counterparts.

Transparency and completeness of information

The information that is disseminated by Scharper Spa is complete, transparent, understandable and accurate so as to enable recipients to make informed decisions about their future dealings with the company.

Protecting personal health and safety

The physical and moral health and safety of collaborators is considered to be a primary value at Scharper Spa, so they are guaranteed working conditions that respect their individual dignity in safe and healthy working environments.

Protecting the environment

Scharper Spa, in order to implement a concrete environmental policy, heightens awareness amongst collaborators and promotes improvement initiatives for comprehensive protection of the environment.

5 COLLABORATOR POLICY GUIDELINES

Scharper Spa avoids any form of discrimination against its collaborators.

As part of staff management and development processes, and during the selection phase, the decisions taken are based on the match between the expected profiles and the actual profiles of the collaborators and/or considerations of merit.

Access to roles and appointments is also based on competencies and skills.

Manager's use and nurture to the full all the professionalisms found in the company by activating the tools available to promote professional development and growth (for example by mentoring by expert staff, experiences designed to give greater responsibility).

Scharper Spa provides all collaborators with IT and training tools in order to hone specific skills and maintain the value of the professionalism of staff.

Scharper Spa undertakes to disseminate and consolidate a safety culture by raising awareness of risks and promoting responsible behaviour in all collaborators; the company also works to preserve workers' health and safety.

The collaborator's safety is protected by adopting standards that specify the information that the business requires from the collaborator and the relative manner of processing and storing the information.

No survey is made of the ideas, preferences, and personal tastes and in general private life of the collaborators shall be conducted. These standards also forbid, unless otherwise specified by law, the communication/dissemination of personal data without the prior consent of the party concerned and set the rules by which each collaborator can check the privacy protection standards.

Scharper Spa undertakes to protect the moral integrity of collaborators by guaranteeing the right to working conditions that respect personal dignity. For this reason, it safeguards workers against acts of psychological violence and combats any attitude or discriminatory behaviour that offends the individual,

The individual's convictions or preferences (for example in the case of insults, threats, isolation or excessive intrusiveness, hindering people in their work).

Sexual harassment is not permitted and behaviour or language must be avoided that may offend personal sensibilities.

Collaborators who consider themselves to have been subject to harassment or to have been discriminated against on the grounds of age, gender, sexuality, race, state of health, nationality, political opinions and religious beliefs etc, can report the matter to the company, which will ascertain whether the Code of Conduct has been breached.

6 GUIDELINES FOR COLLABORATORS

Legal compliance

The legal compliance of conduct is an unconditional requirement for Scharper Spa and for all its collaborators. Each collaborator must be aware of the legal implications of his or her work.

The conduct of the collaborators of Scharper Spa must not only comply with company policies but must also be based on the principles of collaboration, responsibility, professionalism and diligence.

Where consistency between professional diligence and legal standards is not immediately apparent, the collaborator will take counsel and will receive advice and instructions from his or her managers and/or referees.

Conflicts of interest

All decisions taken and business choices made on behalf of Scharper Spa must be in its best interest. Each collaborator must accordingly avoid any possible conflicts of interest, with particular reference to personal interests (e.g. the existence of shareholdings or commercial or personal links with suppliers, customers or competitors) that could influence the independence of judgement of the collaborator and be in conflict with the collaborator's responsibility to Scharper Spa.

Each employee of Scharper Spa must immediately inform his or her line manager of any situation that constitutes or generates a conflict of interest. In particular, the employee must give written notice of an ongoing working relationship with another company or of any other type of relationship of a financial, commercial, professional, family or friendly nature that is such as to affect the impartiality of his or her conduct towards a third party.

Corrupt practices

Relations with public bodies concerning the overall interests of Scharper Spa and connected to the implementation of its programmes are restricted exclusively to the departments and to the responsibilities assigned to these departments.

Scharper Spa does not tolerate any type of corrupt practice in dealings with public officials or any party connected or linked to public officials, parties appointed to provide a public service, exercising a public office, or in dealings with private individuals with whom they have dealings in the interest of the company, whatever the type or form of the conduct.

No form of gift is permitted that raises even the slightest suspicion of exceeding normal habits and legal provisions or which are given to obtain favourable treatment in any activity that can be linked in any way to Scharper Spa. In particular, any form of gift or benefit to Italian or foreign public officials or their relatives is forbidden that may influence the independence of judgement or be given in order to obtain any advantage.

Collaborators who are Scharper Spa employees must not accept for themselves or others gifts or other favours except for usual ones of modest value given as normal courtesies and as part of national and international customs. In all cases, collaborators who are employees must inform their direct superiors or referees, who shall evaluate their appropriacy and possibly notify the giver of Scharper S.p.A.'s policy in that regard.

The above regulations cannot be circumvented even via third parties who have any dealings with Scharper Spa.

Dealings with political and trade union organizations

Scharper Spa does not contribute to parties, movements, committees and political and trade union organizations, their representatives or candidates apart from the contributions prescribed by specific regulations.

Dealings with customers and health workers

In dealings with customers and health workers, Scharper collaborators ensure that their conduct complies with applicable law, the Code of Practice of Farmindustria (in Italy) and with any specific regulations that Scharper may adopt in that regard.

In the specific case of a contract put out to tender by a public body, the law and good business practice must be complied with.

Dealings with suppliers

Dealings with suppliers are conducted in compliance with applicable law and with any specific regulations that Scharper may adopt in that regard.

Contracts drawn up with a supplier must always be based on extremely clear relationships that do not make either party a subordinate of the other.

The choice of suppliers and the acquisition of goods and services are based on objective evaluations of competitiveness, quality, economy, price, integrity and reliability.

Dealings with institutions and means of communication

All dealings with institutions (national or international) and the mass media are limited exclusively to forms of communication aiming to represent the activities of Scharper Spa, respond to requests, and make known positions regarding matters that are important for Scharper Spa.

For this purpose, Scharper Spa undertakes to:

- ◆ establish, without any type of discrimination, stable channels of communication with all institutional interlocutors and mass media at the international, Community and national level;
- ◆ representing the interests and positions of the company in a transparent, rigorous and consistent manner, avoiding attitudes of a collusive nature;
- ◆ in order to ensure maximum clarity in dealings, contacts with institutional interlocutors and the mass media are exclusively through referees who have received an explicit mandate from the head of Scharper Spa.

Dealings with the scientific community

In accordance with this Code of Conduct, all the prescriptions of the Farindustria Code of Practice apply and anything else that is necessary to ensure the ethics of scientific information under the terms of applicable law.

Scharper Spa can establish all sorts of relationships, also consultancies, with the scientific world and with its Italian and non-Italian members provided that the adequacy, appropriacy, relevance and documentation of the relationship ensure compliance with in-house procedures.

Financial dealings with associations, contributions and sponsorships

Scharper Spa can respond to requests for contributions only if such proposals are made by bodies and associations that declare themselves to be non-profit making and which have registered articles of association and deeds of memorandum that are of great cultural and scientific value or benefit and which are of national importance.

In all cases, when choosing the proposals to take up, Scharper Spa pays particular attention to any possible personal or company conflicts of interest.

In order to ensure the appropriacy of the contributions and sponsorships, they are subject to a special procedure and must meet the following criteria:

- ◆ aims in line with the Scharper Spa mission;
- ◆ clear and documentable allocation of resources;
- ◆ express authorization from the departments assigned to dealing with these matters at Scharper Spa;
- ◆ compliance with applicable ethical and professional principles and applicable laws.

Transparency of accounts, documentation and reporting

Scharper Spa is committed to maximizing long-term value for shareholders. In order to honour this commitment, Scharper Spa adopts appropriate financial planning and control standards and accounting systems that are consistent with and appropriate to the accounting standards that are applicable to Scharper Spa.

When putting this into practice, Scharper Spa uses maximum accounting transparency. This transparency is based on the truth, accuracy and completeness of basic information in the relative accounting records.

For each operation, appropriate documentation is filed to permit easy bookkeeping, the different levels of responsibility to be identified and the operation to be reconstructed accurately. Each entry must in turn reflect exactly what the support documentation shows.

It is the duty of each Scharper Spa collaborator to work to ensure that events over the accounting year are reported correctly and promptly in the financial statements and to ensure that the relative documentation is easily traceable and ordered according to logical criteria. Accordingly, employees who become aware of omissions, falsifications or grave negligence in the bookkeeping or documentation on which the bookkeeping entries are based must refer the facts to their line manager

and/or the Accounts and Finance department and to the Supervisory Body where one exists.

Scharper Spa ensures that complete, accurate, reliable, clear and understandable financial reports are drafted.

Collaborators are forbidden to convey to public supervisory bodies in legally prescribed communications and in order to hamper monitoring functions material facts that are untrue or still subject to evaluation regarding the income, equity or finances of Scharper Spa, or to withhold by other fraudulent means facts that they should have communicated.

Protecting company information

The collaborator must know and actuate company information security policies in order to ensure the integrity, confidentiality and availability of the information. Any information obtained by a collaborator relating to that collaborator's work is the property of Scharper Spa.

The information is processed by Scharper Spa in full respect of the confidentiality and privacy of the parties concerned. In particular, the company:

- ◆ has defined an organization for processing information that ensures the correct separation of roles and responsibilities;
- ◆ ensures that outside parties involved in processing the information sign the confidentiality pacts.

Collaborators who come across information that is not in the public domain must exercise extreme caution and care in using such information and prevent its being divulged to unauthorized persons both inside and outside the company.

Confidential information is defined, merely by way of example, as: technical information on products and procedures; purchase programmes; cost, price, marketing or service strategies; reports on income and other non-public financial reports; information on sales, mergers and acquisitions, in-house procedures, access codes and confidential passwords.

Following termination for whatever reason of the professional relationship with Scharper Spa, collaborators expressly undertake to maintain strict confidentiality and not to divulge any notion, datum, information or project that have come to their notice during the professional relationship and which is not in the public domain. This confidential information may not be divulged to third parties or be used in any manner without the prior written consent of Scharper Spa.

Information on scientific and technological research activities can be exchanged with universities, public and private research institutes and hospital bodies after the industrial property protection instruments have been put in place in compliance with company procedures and provided that the appropriate instruments for ensuring confidentiality have been put in place.

In these circumstances, Scharper Spa respects the academic prerogatives and traditions of its partners, and the need for researchers to see the results of their studies published, provided that this does not infringe industrial property rights.

Electronic processing of data is subject to the security checks required to safeguard the company against unwarranted intrusions or illicit use.

Hard-copy or electronic information must be destroyed in compliance with the procedures governing the matter and with legal constraints.

Protecting company assets

Each collaborator must protect company assets diligently through responsible conduct and compliance with the operational procedures set up to regulate the use of company assets and must document their use precisely. In particular, each collaborator must:

- ◆ use the assets with which he or she is entrusted scrupulously and sparingly;
- ◆ avoid improper use of company assets that may cause damage or reduce their efficiency or which is in conflict with the interests of the company.

The company reserves the right to prevent improper use of its assets and infrastructure through the use of accounting, financial control reporting and risk analysis and prevention systems, without prejudice to current legislation (Italian law on Privacy, Workers' Statute, etc).

With regard to information technology applications, each collaborator must:

- ◆ abide scrupulously by the provisions of company security policies in order not to compromise the functionality and protection of the IT systems;
- ◆ not visit Internet websites with improper and offensive content.

Copyright protection

Scharper Spa condemns any conduct that infringes copyright; employees must accordingly comply with the procedures and prescriptions of the Model specified to protect copyright.

Competition

Scharper Spa abides fully and scrupulously by the principles and rules of free competition and by antitrust regulations. Collaborators must inform their line managers of all initiatives that they take that may be relevant to antitrust regulations.

Agreements between businesses and all situations that may distort competition, in particular agreements that contain exclusivity clauses, price-setting constraints and territorial restrictions are subject to antitrust legislation.

Professional legal advice must be sought beforehand in all cases of potential conflict with antitrust regulations.

Scharper Spa does not deny, hide or delay any information requested by the competition authority and by the other regulatory bodies in their inspection functions and collaborates actively in the investigative procedures.

Scharper Spa condemns any conduct that may unfairly harm the reputation of competitors and their products and any conduct that may even merely indirectly facilitate criminal offences against industry and commerce by, for example selling one product instead of another or selling a product being of an origin, quality or quantity other than that declared or agreed.

Environment and Health and Safety in the Workplace

Employees must all within their own area of responsibility ensure full compliance with legal provisions, protocols and company procedures and any other in-house provision relating to the protection of the environment and health and safety in the workplace.

7 INFRINGEMENT OF THE CODE OF CONDUCT AND SANCTIONS

Checks

The Code of Conduct constitutes one of the fundamental elements of the control system and is an integral part of the Scharper Spa organizational model.

The in-house control system must be oriented to adopting instruments and methodologies aimed at combating potential company risks in order to determine a reasonable guarantee of not only compliance with the law but also in-house provisions and procedures.

Management must monitor constantly the compliance of conduct with the provisions of the Code of Conduct and if necessary, run specific verification programmes.

Compliance with the Code of Conduct, reporting infringements to the Supervisory Body

Compliance with the provisions of the Code of Conduct must be considered to be an essential part of the contractual obligations of employees pursuant to article 2104 of the Italian Civil Code. Such compliance must also be considered to be an essential part of the contractual obligations shouldered by collaborators who are not employees and/or of parties having business dealings with Scharper Spa.

The management of Scharper Spa is responsible for ensuring that Scharper Spa's expectations of collaborators are understood and implemented by the collaborators. Management must therefore ensure that the undertakings set out in the Code of Conduct are honoured.

In order to ensure that the Code of Conduct is actually applied, Scharper Spa – without prejudice to privacy and individual rights – provides information channels by which all those who come across cases of noncompliance with the Code of Conduct can report them freely, directly and confidentially to the Supervisory Body of Scharper Spa at its reference address.

Alerts must be sent in writing via one of the following channels:

- ◆ letter sent to: Scharper Spa – Viale Ortles,12. – 20139 Milano (Italy) – attention of Supervisory Body and/of the directors;
- ◆ email addressed to: odv@scharper.it

In response to a report of an infringement or attempted infringement of the standards contained in the Code of Conduct, Scharper Spa shall ensure that nobody in the workplace will suffer reprisals, improper pressure, discomfort and discrimination of any type for reporting to Scharper Spa infringements of the Code of Conduct or the in-house procedures.

Moreover, following such a report, the company may carry out suitable checks and impose appropriate sanctions.

The sanctions system

Infringing the principles set out in the Code of Conduct and in the procedures established by the in-house protocols compromises the relationship based on trust between Scharper Spa and its directors, employees, consultants, different types of collaborators, customers, suppliers, and trading and financial partners.

Infringements will be dealt with incisively, promptly and immediately by adopting disciplinary steps against those who committed the infringements where this is deemed to be necessary to protect company interests and as compatible with the provisions of current regulations that are appropriate and proportionate, regardless of the penal significance of such conduct and of whether criminal proceedings have been instigated against those who committed the infringement if the infringement is a criminal offence.

The disciplinary measures for infringements of the Code of Conduct are adopted by the Human Resources Manager subject to notification of and authorization from the Chief Executive Officer and/or Chair of the Company and notification of the Supervisory Body if there is one in compliance with current legislation and the relative national or company labour contracts. The disciplinary measures may also entail dismissal of the culprits.

Any form of retaliation against persons who reported in good faith possible infringements of the Code of Conduct or requests for clarification of its methods of application constitutes in itself an infringement of the Code of Conduct. Moreover, accusing other employees of infringing the Code of Conduct is deemed to be an infringement of the Code of Conduct if the accusation is known to be false by the person who levelled it.

The effects of infringements of the Code of Conduct and of the in-house protocols must be given due consideration by all those who have dealings for whatever reason with Scharper Spa: for this purpose, Scharper Spa shall disseminate the Code of Conduct and the in-house protocols and shall warn of the set sanctions for infringement and the methods and procedures for imposing the sanctions.

In order to protect its reputation and safeguard its resources, Scharper Spa will have no dealings of any kind with parties who do not intend to work in strict compliance with current legislation and/or who refuse to abide by the values and principles enshrined in the Code of Conduct and comply with the procedures and regulations set by the appended protocols.

8 IMPLEMENTATION OF THE CODE OF CONDUCT

Adoption and dissemination of the Code of Conduct

Updates to and reviews of the Code of Conduct are defined and approved by the Board of Directors of Scharper Spa, which is the first company body responsible for the actual and effective application of the Code of Conduct. Updates and reviews take account of the contributions received from employees and third parties, regulatory developments and national and international best practices and the experience acquired in applying the Code of Conduct.

The Code of Conduct (and any amendments as specified above) is divulged to all Scharper Spa collaborators in the most appropriate manner and is displayed on notice boards and published on the company intranet.

A hard copy is distributed to staff on duty and to the other collaborators and can be requested from the Human Resources Department.

In order to ensure that the Code of Conduct has been properly understood, Scharper Spa draws up and implements a training plan with initiatives tailored to the departments, roles and responsibilities of the collaborators.