



CODE OF ETHICS

Revision of 14 February 2014

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1 PRELIMINARY STATEMENTS

Biofarma S.p.a, with registered office in Mereto di Tomba (UD) via Castelliere 2 (hereafter, the “Company”), in performing its activities and conducting its business, adopts as its guiding principles the observance of the laws and regulations of the countries in which it operates, in a context of legality, integrity, transparency, confidentiality and respect for personal dignity.

The Company also proposes to reconcile the pursuit of competitiveness on the market with the respect for professional integrity, and to promote, from the point of view of social responsibility and environmental protection, a fair and responsible use of resources.

Targets for production and market-share growth, and for improving the ability to create value, are pursued while ensuring, for structures and processes, adequate standards of decision-making and operational safety that are conducive to the development of new business, to the efficiency of selection and conduct-of-business mechanisms, and to the quality of risk management and assessment.

The ethical principles which will be expressed in this Code of Ethics are relevant to the prevention of crimes according to Italian Legislative Decree 231/2001 and represent an essential element of the preventive control system.

1.1 Adoption

This Code of Ethics was adopted by the Company by decision of the Board of Directors on 14 February 2014.

1.2 Publicity

This Code of Ethics was amply publicised in-house and is available to any organisation working with the Company.

Every person working with the Company is required to know and observe the provisions of the Code. The Company attentively supervises the observance of the Code, by arranging adequate means of information, prevention and control, and by implementing corrective actions when needed.

1.3 Updating

The Code of Ethics may be modified and integrated by decision of the Board of Directors, also at the suggestion of and/or on instructions from the Supervisory Body.

2 PURPOSE

The purpose of this Code of Ethics is to define and formalise the ethical values the Company identifies with, so that these values can constitute the basic feature of corporate culture, as well as the standards of behaviour and diligence for all those who operate in the interests or for the benefit of the Company in the conduction of corporate business and activities.

The Code of Ethics and the Principles established therein indicate the behaviour to be followed or to be

avoided for all those who operate in the interests or for the benefit of the Company. In this sense, the Code of Ethics and the Principles established therein also have a value of reference and closure rules: when an activity, action or operation is not governed by procedures, work instructions or other preventive Protocols, the Recipients shall follow behaviour that complies with the four Principles.

3 STRUCTURE AND SCOPE OF THE CODE OF ETHICS

The Code of Ethics (hereafter the “Code”) comprises the following parts:

- Ethical Principles;
- application of the Ethical Principles towards company stakeholders;
- application of the Ethical Principles towards third parties;
- observance of the Ethical Principles.

This Code contains the set of rights, duties and responsibilities of the Company towards “interested parties” (employees, suppliers, customers, business partners, Public Administration, shareholders, etc.).

Observance of the Code of Ethics is required of:

- **Corporate bodies and managers**, who should adjust all decisions and actions to the observance of the Code, make it known and promote its application by Personnel and third parties operating in the interests or for the benefit of the Company; they should also represent, through their behaviour, a reference model for all Recipients;
- **Employees**, who are required to act in observance of the Code and to report any violations to the Supervisory Body;
- **Suppliers** of goods and services, who shall be appropriately informed about the rules of conduct included in the Code and adjust their behaviour accordingly for the whole duration of the business relationship with the Company.

The subjects that are required to observe the Code are called “*Recipients*” (corporate bodies, employees, suppliers).

4 GENERAL ETHICAL PRINCIPLES

4.1 Legality

The Recipients are required to observe the laws and more generally the regulations in force in the countries where they operate. The Recipients are also required to observe in-house regulations, since they implement regulatory obligations.

The Recipients must know the laws and the consequent behaviour; should doubts exist about how to act, the Recipients shall turn to the Company’s Supervisory Body that shall provide adequate information.

(The Company provides training programmes and ongoing awareness campaigns on issues concerning legality and the Code of Ethics.)

To ensure that this Principle is observed, the Company has adjusted its organisation, management and supervision model to the parameters and requirements prescribed in Articles 6 and 7 of Italian Legislative Decree 231/2001.

4.2 **Integrity**

The Recipients are required to observe the ethical, technical and professional rules applicable to the activities performed in the interests or for the benefit of the Company. The Recipients are also required to observe in-house regulations, since they implement ethical, technical and professional obligations and since they formalise conducts that are expected from the Company.

To ensure that this Principle is observed, the Company has adjusted its organisation, management and supervision model to the parameters and requirements prescribed in Articles 6 and 7 of Italian Legislative Decree 231/2001, has adopted a quality control system complying with the ISO 9001:2000 standard and has adopted this Code of Ethics.

4.3 **Confidentiality**

The Recipients ensure confidentiality of information gathered during activities performed in the interests or for the benefit of the Company.

The Recipients are required to deal with in-house data and information exclusively within the scope and for the purposes of their own work and professional activities, to protect data and information in observance of the law and of in-house regulations, and not to publicise (communicate, spread or publish in any way) information without the Company's written consent.

To ensure that this Principle is observed, the Company has adopted "In-house Regulations of Information Technology Services", inspired by the Information Security Management System of the ISO 27001 standard.

4.4 **Respect for the person**

The Recipients ensure respect for the person, acknowledging the value of life, health and human dignity.

The Recipients treat every person equally, avoiding any form of discrimination, particularly for reasons of religion, gender, age, sexual orientation, racial or ethnic origins, state of health and in general any intimate characteristics of the human person.

To ensure that this Principle is observed, the Company had adopted this Code of Ethics and has implemented work instructions and procedures aimed at the observance of provisions concerning hygiene, health and safety in workplaces according to Italian Legislative Decree 81/2008 and later modifications (so-called T.U.S).

5 APPLICATION OF ETHICAL PRINCIPLES TOWARDS COMPANY STAKEHOLDERS

5.1 Relations with shareholders

The Company promotes transparency and periodical information towards shareholders, in observance of the laws and regulations in force.

The interests of all shareholders are promoted and safeguarded, rejecting any particular or partial interests.

The Company promotes correct and constant informative reports to shareholders about any actions or choices that could have effects or consequences on their investments.

The Company promotes conscious and informed participation of shareholders in corporate decisions.

The Company favours:

- regular participation of Directors in the general meetings;
- regular proceeding of the general meetings, in observance of each shareholder's right to obtain explanations, express their opinions and put forward any proposals.

The Company promotes maximum confidentiality of information concerning extraordinary operations.

The Recipients involved should keep such information confidential and should not abuse it.

5.2 Transparency of corporate accounts

The Company promotes maximum transparency, reliability and completeness of information concerning corporate accounts.

Each report, accounting entry, sales report, expense account, invoice, purchase order or other Company document accurately and clearly represents the relevant facts and the true nature of operations.

With respect to the risk of committing crimes under Italian Law 190/2012 for the repression of corruption both among privates and in the relations with Public Administration (hereafter "P.A."), the Company has diligently implemented specific prevention protocols, respectively: "Anti-Corruption Code of Conduct" and "Code of Conduct with P.A.".

For what here unspecified in relation to management processes of the active cycle (receipts) and of the passive cycle (payments), selection of suppliers as well as handling of relations with public administrations, please refer to the mentioned prevention protocols, containing the rules of conduct being followed.

The Company makes sure that all actions and operations receive adequate registration and that it is possible to check the decision-making, authorising and implementing process.

The Recipients are expected to provide maximum cooperation so that each operation has adequate documentation support, allowing, anytime, checks to be carried out attesting the characteristics of and

reasons for the operation and identifying those who have authorised, registered and verified the operation itself.

Recipients who should learn of omissions, falsifications or negligence are required to report the facts to the Supervisory Body.

5.3 **Selection and recruitment of personnel**

The Recipients promote observance of the principles of equality and equal opportunities in the selection and recruitment of personnel, rejecting any form of favouritism or discrimination.

5.4 **Formalisation of employment relationships**

Employment relationships are formalised with a regular contract (National Collective Labour Agreement for the Chemical Industry), refusing any form of irregular work, including reference to the presence of foreign citizens in the territory of the country.

The Recipients favour maximum cooperation and transparency towards new recruits, so that the latter can have clear understanding of their jobs and of the relevant responsibilities.

5.5 **Safety, preservation of health and working conditions**

The Company favours working conditions that preserve the psycho-physical integrity of persons, by making workplaces available that comply with existing health and safety standards.

The Company makes clear and known, by means of the Safety Policy document, the fundamental principles and criteria according to which decisions are made, of any kind and at any level, concerning health and safety in the workplace.

These principles and criteria can be identified as follows:

- a. avoid risks;
- b. assess risks that cannot be avoided;
- c. fight risks at their source;
- d. adjust work to people, particularly as for conception of workplaces and choice of equipment as well as processing and production methods, particularly to ease monotony and repetitiveness and to reduce their effects on health;
- e. consider the degree of evolution of technology;
- f. replace what is dangerous with what is not or proves to be less so;
- g. plan prevention, aiming at a coherent system integrating technology, work organisation, working conditions, social relationships and influence of work-environment factors;

- h. give priority to collective protection measures over individual protection measures;
- i. provide workers with adequate instructions.

These principles are used by the Company – and by those who handle hygiene and safety in workplaces on its behalf – to take the necessary measures to protect workers' safety and health, including prevention of professional risks, information and training activities, as well as establishment of organisation and of the necessary means.

All Recipients should follow these principles, particularly when decisions must be taken or choices made and, afterwards, when these must be implemented during operational activities.

5.6 Environmental protection

The Company recognises environmental protection as a primary value in running the business, from handling everyday activities to strategic choices. Investment and business choices are made while considering the protection of the environment and the observance of the relevant standards.

The Recipients are expected to show active cooperation in environmental management and continuous improvement of environmental protection, in line with the Company's policy.

5.7 Criteria of conduct towards the environment

The environment is a primary asset that the Company undertakes to protect and, for this purpose, it plans its activities while pursuing a balance between economic undertakings and environmental requirements.

The Company's production activities are handled in observance of the environmental standards in force.

In promoting, designing or accepting orders from customers, the Company takes care that, among other things, all investigations are carried out that are necessary to assess the possible environmental risks deriving from processing and waste disposal, to prevent any damage to the surrounding environment.

The Company is also committed to manage its characteristic activity while ensuring maximum transparency of operations towards all interested parties, and ensures that every component within it contributes, through their conduct, to pursue these purposes.

5.8 Use of information-technology systems and company assets

The Company is provided with “In-house Regulations for Information-Technology Systems” in relation to the measures necessary to preserve security of data and information, and of the credentials owned by the various functions.

The use of information-technology tools in performing tasks assigned by the Company is subject to the conditions set out in the licence contracts and to the legal provisions in force, as well as to the principles expressed in this Code and in the Company’s in-house procedures.

Therefore, each Recipient is required to use company assets exclusively for purposes that are legal and anyway connected to work activities, and to protect them from damage, loss and theft.

By company assets we mean tangible assets and equipment present in the workplaces, intellectual properties and information assets.

The Recipients are expected to preserve the integrity of company assets by means of responsible behaviour, and to observe the procedures adopted for a correct use of company assets, which should not be used for different purposes from those they have within the activity of the Company, always ensuring the protection of its reputation and image.

For this purpose, each Recipient is responsible for the correct use of the information-technology resources assigned, and of any access codes to these systems.

The Recipients are also responsible for the handling of all data acquired when performing their duties, on the basis of the principles of confidentiality, integrity and avoidance of excessive information.

The persons in charge of the operational functions of the Company cooperate with the Supervisory Body in order to ensure the effectiveness of the security systems that protect the installations and control their access.

Each employee or collaborator who has been informed about or has come to know of any violations (even when only suspected) of this Code, of the Anti-Corruption Code of Conduct or of the Code of Conduct towards P.A. must report it, even anonymously, to the Supervisory Body.

5.9 Professional skill development and incentives

The Company promotes the employees’ healthy professional skill development through suitable training plans, always updated and complying with the evolution of technology and with the labour-law standards in force.

The introduction of award systems for employees, based on realistic purposes and results, and supported by appropriate verification, constitutes a good managerial technique for the Company, in keeping with the principles of consistency and compatibility of productivity with legality.

In this respect, the Company rejects fraudulent behaviour aimed at pursuing unrealisable purposes, as well as reward forms that are strongly based on clearly unreasonable and unattainable performance targets.

Setting realistic purposes is a healthy method to motivate personnel and increase performance to optimal levels, to prevent or reduce any forms of work-related stress. Indeed, this managerial technique aims to discourage the always possible temptation, for the top management or personnel under someone else's command and control, to perform acts that are illegal or involve the risk of committing crimes.

6 APPLICATION OF ETHICAL PRINCIPLES TOWARDS THIRD PARTIES

6.1 General principles

In the choice of financial and business associates, the Company proposes to verify the requirements of legality, integrity and professionalism, by a prior request for documentation to be used, apart from the normal business evaluation (e.g. the classical price-quality relationship), also to check for any relations to subjects or activities that are linked to or can anyway be connected with organised crime. The Recipients are forbidden to establish business relationships with customers or potential customers being known or suspected to be involved in illegal activities, and when evaluating customers, they should consider their ability to honour their payments.

As suggested by Confindustria [Italian Manufacturers' Association], the Company adopts a system of checks and balances that, in everyday operations, translates into the need of a double signing of business proposals/confirmation of orders or agreements in general.

Contracts with business associates include the obligation to observe this Code and the Protocols applicable to the activities that may expose the Company to the risk of committing crimes, as well as cancellation and damages clauses in case of violation of the principles of legality, integrity, transparency and confidentiality.

The Company therefore rejects any attitudes or actions aiming to gain personal advantages to oneself or others, to influence the other party's decisions improperly, or to request unjustified special treatments in the relations with third parties, public administration and political organisations or trade unions.

Any falseness or false declarations about the nature, quality or characteristics of services and products provided by the Company are considered illegal and contrary to the Company's policy.

6.2 Conflicts of interest

The Recipients are expected to avoid any situation that may imply, even apparently, a conflict between their personal interests and those of the Company.

In the relations with customers, suppliers and competitors (actual or potential), each recipient of this Code shall act in the best interests of the Company by excluding any personal advantage.

6.3 Criteria for conduct towards customers

The Recipients act by ensuring professionalism and quality in their work, and also by ensuring the confidentiality of information concerning customers.

In the relations with clients and customers, the Company ensures integrity, clarity and traceability in business negotiations and in the assumption of contractual commitments, as well as faithful and diligent fulfilment of the contracts.

In performing services, the Company makes sure that the legality of the solutions put forward is always observed.

Any form of discrimination towards customers is forbidden.

The Company plans its activity according to the criterion of quality, meaning essentially the purpose of full customer satisfaction.

The Recipients promote continuous improvement of the quality of services offered to end customers.

6.4 Criteria for conduct towards suppliers

Supplier selection and choice processes are planned according to the principles of legality, integrity and transparency.

The choice of a supplier is based upon objective and impartial criteria in terms of quality, innovation level, cost, additional services above the services/products on offer.

The violation of the principles of legality, integrity and confidentiality is true and just cause for the cancellation of relationships with suppliers.

Should Recipients receive offers of benefits from a supplier to favour the latter's activity, they must discontinue the relationship immediately and inform the Supervisory Body about the fact.

6.5 Criteria for conduct towards Public Administration and public institutions

The Company's relations with public officials, providers of public services, civil servants and licensees operating on behalf of Public Administration or of national or foreign legislating bodies, of EU-wide institutions, of governmental organisations of any foreign state are based on transparency, loyalty and integrity.

Said relations are handled in absolute and rigorous observance of the principles of this Code, as well as of the in-house reference procedures that are express implementation of regulations in force.

These relations with public institutions are reserved for company functions that have been authorised to establish and handle them according to the provisions of the Code of Conduct towards P.A.

In the relations with the Public Administration, the Recipients promote integrity and transparency, rejecting every form of promise or offer of payments or goods to promote or favour any private interests or advantages.

Should Recipients receive any requests for or proposals of benefits by public officials or providers of public services, they shall discontinue the relation and inform the Supervisory Body about the occurrence, even anonymously.

6.6 Criteria for conduct towards political parties and trade unions

The Company is unconnected with political parties or trade unions. In this respect, the Company could supply financial donations to these organisations or associations, transparently and exclusively in observance of applicable regulations.

6.6.1 Terrorism and subversion of the democratic order

The Company condemns the use of its resources for funding and implementing any activities aimed to pursue terrorist purposes or the subversion of the democratic order.

6.7 Criteria for conduct towards public regulators and supervisory bodies

Communications, information and replies to requests sent to public regulators and supervisory bodies shall be prepared in observance of the principles of completeness, integrity, objectivity and transparency.

During checks or inspections, the Recipients shall adopt an attitude of maximum helpfulness and collaboration, proposing to explain facts that correspond to the truth and not to conceal, by totally or partially fraudulent means, facts to be communicated to the authorities, or consciously to hinder, in any way, the functions of public regulators or supervisory bodies.

In order to prevent any situations of conflict of interest and ensure maximum transparency in the performing of inspection activities, all Recipients shall make sure that they observe the in-house procedures that define the company functions expressly delegated for this purpose.

7 OBSERVANCE OF ETHICAL PRINCIPLES

7.1. Corporate bodies and members of the Supervisory Body

The observance of the Code of Ethics by the Supervisory Body includes and clarifies the obligations of diligence in performing the task assigned.

Violation of the provisions of the Code of Ethics and of the Protocols of the Organisation, Management and Control Model according to Italian Legislative Decree 231/2001 therefore constitutes non-fulfilment of the obligations deriving from the workplace representation relationship, with consequent implementation of sanctions prescribed by the law.

7.2. Employees

The observance of the Code of Ethics by employees includes and clarifies the obligations of faithfulness, loyalty, integrity and confidentiality in implementing the employment contract in good faith, and is required by the Company also in accordance with and to the effects of Article 2104 of the Italian Civil Code.

In the event of violation of provisions of the Code and operational Protocols of the Organisation, Management and Control Model according to Italian Legislative Decree 231/2001, sanctions shall be applied according to the sanction and discipline system that has been purposefully approved and complies with the Italian Workers' Rights Statute, and in line with the provisions of the National Labour Agreement applicable to the Company's employees.

The Company makes sure that its employees are suitable for the functions they should perform, regarding both health conditions and professional qualifications.

The Company's employees, at any level, are expected to establish interpersonal relationships based on respect for everybody's dignity, honour and reputation.

The Company does not permit that Recipients adopt behaviour that is insulting, defamatory or hindering a serene climate in the workplace.

7.3. Third parties

The observance of the Code of Ethics and of the Protocols of the Organisation, Management and Control Model according to Italian Legislative Decree 231/2001 by suppliers includes the obligations to

fulfil the duties of diligence and good faith in negotiations and implementation of contracts agreed with the Company.

Violation of the provisions of the Code of Ethics can constitute, according to seriousness, true and just cause for the revocation or cancellation of contracts, with all lawful consequences, including compensation of damage.

8 PROCEEDINGS AND DISCIPLINARY SANCTIONS

Violation of the provisions of the Code, meaning the proposal of actions or behaviour that do not comply with the provisions of the Code, or the omission of actions or behaviour prescribed therein, can constitute non-fulfilment of obligations from the employment relationship, with all the consequences prescribed by the regulations in force and by national labour agreements, if applicable, also concerning the preservation of the employment relationship, and can also involve compensation of any damage caused to the Company.

Sanction types are prescribed by the regulations or national labour agreements in force. They shall be proportional to the seriousness of the violation and shall never damage the dignity of the human person.

Sanctions are inflicted by the competent corporate function.

As for the non-observance of the provisions of this Code of Ethics by consultants, mandate holders, managers, business associates, collaborators in general, suppliers of good or services, the relevant sanctions shall be stated in the respective agreements that define the conditions of the relationships.