

CONFLICT OF INTEREST POLICY

I. INTRODUCTION

1.1 PURPOSE

It is a key objective of A&D Pharma Group (“the company”) that all its business is conducted and developed in an orderly and ethical manner in order to strengthen A&D Pharma Group’s reputation in the market.

This policy explains the relevant principles and rules for preventing or managing conflicts of interest and how such principles and rules are to be implemented.

1.2 SCOPE AND APPLICABILITY

This policy applies to all directors, managers and employees/collaborators of A&D Pharma and its affiliates.

For those cases where more stringent applicable laws and regulations exist, these supersede the principles set out in this policy. This policy entered into force on the 31st of December 2016 and shall be implemented by all A&D Pharma affiliates.

1.3 UNDERSTANDING

WHAT it means

A conflict of interest occurs when a personal activity, relationship or business involvement interferes — or appears to interfere — with our ability to perform our professional duties.

WHY it matters

Our conduct at work impacts our status and the trust of stakeholders. By discouraging and avoiding conflicts of interest, we send a clear message about our commitment to our company’s integrity and our determination to do what is right.

HOW we do it

We always make business decisions based on what is in the best interest of our company and not for personal gain or benefit. We require all employees to proactively and promptly disclose actual or suspected conflicts of interest.

To WHOM it applies

- Directors;
- Managers;
- Employees & Collaborators;
- Spouses, family and close relatives of those mentioned above.

II. PRINCIPLES AND RULES

2.1 How to recognize a conflict of interest

A conflict of interest occurs when a personal relationship or activity may influence our judgment and ability to perform our job in an objective manner and fulfill our duties to our employer. Even the appearance or perception of a conflict of interest can put our company at risk. As employees, we should never allow personal gain or benefit to prevent us from doing what is in the best interest of our company.

Such situations may involve both the closely related persons mentioned above and friends.

Being involved in a conflict of interest may make it difficult for a person to perform his/her duties as an employee of A&D Pharma in an objective and effective manner and may also have legal and regulatory consequences.

Common examples of conflict of interest include, but are not limited to:

- Personal relationships;
 - A&D Pharma will not interfere with its employees' private lives, but the existence of family relations among employees may affect objective professional judgment in the performance of duties;
- Other jobs;
 - Having a second job or any other affiliation with a competitor supplier or customer of A&D Pharma is prohibited;
 - When having a second job is allowed, the employees are required to comply with all the confidentiality agreements signed with the company and all A&D Pharma's policies and procedures relating to confidential or proprietary information;
 - A second job shall not be or appear to be in conflict with the company's interests or adversely affect the employee's ability to fulfill all of his or her duties to the company. The employees shall notify their supervisors in the event that they feel there may be any conflict of interest whatsoever between their second job and their position with the company. The employees are not permitted to perform any activities related to the second job during the working time at the job they have with the company or to use company's materials or facilities to conduct such activities;
- Personal business, investments and transactions;
 - Conflicts of interest may arise if you or your close relatives:
 - have a substantial financial interest (shares, dividends, options plan, etc.) in an A&D Pharma supplier, competitor or customer;
 - have an interest in a transaction in which it is known that the company is, or may be, interested;

- take advantage of corporate opportunities for personal profit; or
- receive compensation from a company's supplier, competitor or customer;
- Receiving fees, commissions, discounts, gifts, entertainment or services;
 - You cannot give or accept gifts, services, bonuses, entertainment, discounts, loans or other items that, according to the local standards, are not of insignificant value, to or from persons that conduct business with the company. Items of insignificant value are permitted only if they are not given or received on a regular or frequent basis and do not induce the recipient into performing unfair actions;
 - It is strictly forbidden to redirect any commissions, gifts or entertainment to your spouses and relatives, in order to avoid the provisions mentioned above, and to continue obtaining personal benefits from dealing with a partner of A&D Pharma.

2.2 Prevention and Avoidance of Conflicts of Interest

As part of your employment with A&D Pharma, you have a contract obligation of loyalty to the company. As a result, directors, managers and employees/collaborators should avoid conflicts of interest with A&D Pharma.

A&D Pharma expects and requires that its directors, managers and employees/collaborators recognize when they are or may be perceived as being in an actual or potential situation of conflict of interest.

Some conflicts of interest, however, pose a particularly high risk to the reputation or business interests of A&D Pharma and all the persons concerned must avoid such situations. To avoid a conflict of interest, all persons concerned must make decisions or take actions to ensure that a conflict of interest will not occur or does not have the potential to occur.

2.3 Reporting Conflicts of Interest

Avoiding a conflict of interest may not always be possible or practical and this is why reporting is required.

Depending on the situation, a conflict of interest may have a medium to high impact on the company; it can become an issue or a legal matter if an employee tries to influence the results of business transactions for a personal benefit. This is why transparency, in the form of reporting, is mandatory and helps protect the integrity and reputation of A&D Pharma and its employees/collaborators.

A&D Pharma employees must report to their line managers any conflicts of interest.

This must be done as soon as they become aware that a conflict of interest may exist and, whenever possible, before the concerned person engages in the action in question.

New employees must report all conflicts of interest to A&D Pharma during the hiring process so they can be discussed with the Human Resources Department.

The first step in reporting a conflict of interest is to discuss the matter with the line manager. However, employees must also submit a Conflict of Interest Report explaining the nature and relevant details, which will be enclosed in the employee's file kept by the Human Resources Department.

The economic environment is dynamic and, as circumstances change, the existing reports may be no longer accurate or complete. When this happens, the employee of A&D Pharma must update the report to reflect the current situation.

2.4 Dealing with Conflicts of Interest

Disclosure provides transparency in connection with actual, potential, or perceived risks of conflict of interest to A&D Pharma. However, this measure alone is not sufficient.

This policy also requires actions to be taken in order to address and mitigate the risks associated to conflicts of interest.

In the initial phase, the conflict of interest will be addressed by the line manager of the employee concerned. Specifically, line managers are expected to:

- treat the information disclosed by the employee as confidential and without any bias;
- fairly evaluate the conflict of interest disclosed by the employee, including the risks to the business interests and reputation of A&D Pharma;
- seek guidance, if necessary, from the functional manager of the employee and from supporting functions, including the Legal & Compliance and Human Resources Departments;
- make a pragmatic decision to address the conflict of interest in order to minimize the risks to A&D Pharma and to protect, as far as possible, the personal interests of the employee;
- communicate the decision and its grounds to the employee and follow it up to assure that the employee understands it and complies with it. Depending on the severity of the situation, dedicated commissions may be appointed to identify the best decision for the company and the employee;
- ensure that all the documents related to the decision are enclosed in the file of the employee kept by the Human Resources Department.

Many conflicts of interest can be addressed in a simple and mutually acceptable manner; a pro-active and open dialogue between managers and their subordinates is essential to support this outcome.

Those concerned and their line managers are encouraged to ask for support from the Group Compliance Manager or the Human Resources Department, if there are doubts about how to address a conflict of interest.

2.5 Whom You Should Contact for Advice

If anyone covered by this policy is not sure whether an interest should be declared or not or has doubts regarding the interpretation of this policy, he or she should look for advice as indicated in the table below.

The person concerned	Takes advice from
Director	CEO/CFO
Employees/Collaborators	Line Manager/Compliance Manager/Human Resources
Temporary and agency employees	Line Manager

III. RULES FOR IMPLEMENTATION

3.1 Training

Once the policy is distributed, the employees must familiarize themselves with the concepts and rules described above. However, the policy will be explained and detailed during specific trainings held within A&D Pharma.

Furthermore, the Compliance and Human Resources support functions will be available at any time to provide guidance with regard to the best approach to the policy statements.

On an annual basis, the Human Resources Department will reinforce the policy and any related updates by sending an e-mail to which any employee who is or might be in a situation of conflict of interest is required to respond. If an employee does not reply to the Conflict of Interest Annual Enforcement e-mail this will be interpreted as meaning that the employee does not have any conflict of interest to report.

3.2 Breaching the Policy

Breaches of this policy will not be tolerated and may lead to disciplinary and other actions up to and including termination of employment.

3.3. Duties and Implementation

Every manager within A&D Pharma shall distribute this policy and ensure that the employees in his/her functional area acknowledge it. A&D Pharma expects that the entire managerial team lead by example in all circumstances and requires that all the employees and collaborators respect the principles and rules set out by this policy.

All employees are expected to adhere to this policy and to adopt an exemplary conduct.

During the hiring process, the Human Resources Department shall ensure that any actual or potential conflicts of interest are disclosed by the new employees.