



**CODE OF CONDUCT  
BIOFARMA GROUP**

CDA'S APPROVAL OF 21 OCTOBER 2021

# INDICE

1 INTRODUCTION	03
2 MESSAGE OF THE CHAIRMAN	05
3 OUR BUSINESS VALUES	06
3.1 BIOFARMA PROPERTY AND RESOURCES	06
3.2 COLLABORATION AND RESPECT AT THE COMPANY - CORPORATE ETHOS	07
3.3 ANTI-CORRUPTION	08
3.4 FAIR COMPETITION AND ANTI-TRUST	09
3.5 INSIDER TRADING	10
3.6 CONFLICTS OF INTEREST	10
3.7 PREVENTION OF MONEY LAUNDERING	10
3.8 PROTECTION OF HEALTH, WORK AND THE ENVIRONMENT	11
3.9 DATA PROTECTION	12
3.10 SOLIDARITY PROJECTS	12
4 PROACTIVE LEADERSHIP	12
5 INFORMATION ON THE CODE OF CONDUCT	13

# 01. INTRODUCTION

This Code of Conduct lays down the fundamental values that are a reflection of what Biofarma deems important. Compliance with these values constitutes an all-important prerequisite for our success; in fact, they are the foundation of our overall commercial activity, with the aim of building a sustainable company by creating added value and adopting a responsible behaviour towards the community.

Moreover, several years ago already, Biofarma S.r.l., aware of the necessity to ensure that business and corporate activities are conducted under fair and transparent conditions, protecting its position and image, deemed that it was in line with its corporate policies to transpose and implement the Organisation and management model envisaged by (It.) Legislative Decree 231/2001 (the Decree that first introduced in Italy the administrative liability of entities for certain offences committed in the interest or for the benefit thereof by their top management or subordinate personnel).

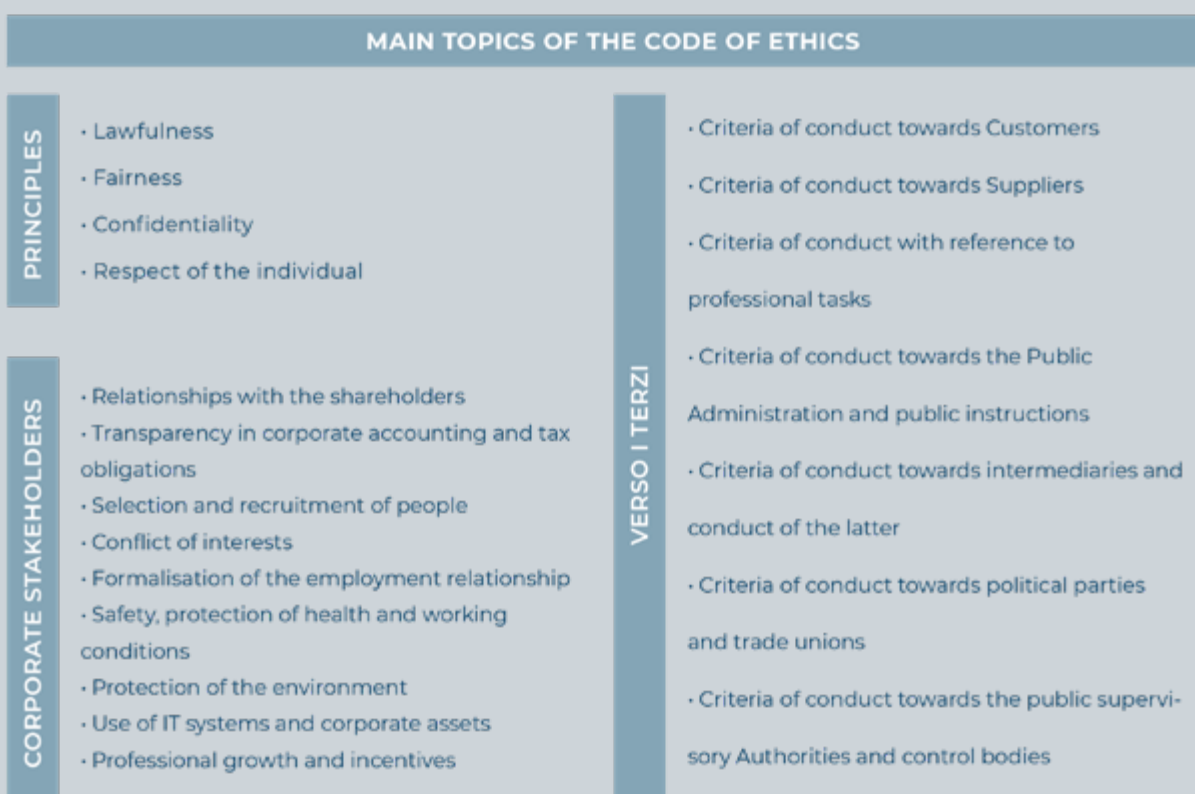
The Model's adoption aims to be a clear expression of the Company's intention to pursue an entrepreneurial policy that is informed by the principles of fairness and loyalty, putting in place organisational and management protocols and an internal control system that can prevent the offences to which the Legislative Decree in question refers.

The following are integral parts of this Model:

- the **Code of Ethics**: it is a document that applies generally as it contains a series of "professional ethics" principles (as ethical rules that apply to professional activities), which the Company adopts as its own and compliance with which it intends to ensure both by its employees and by everyone who, even outside the Company, operates in its interest or for its benefit (recipients).

The Code of Ethics manifests the diligence required from Recipients when providing their services in the Company's interest or for its benefit.

Furthermore, the Code of Ethics is a point of reference to guide the behaviours of the Recipients and of all who operate in the interest or for the benefit of the Company, where there are no specific prevention Protocols;



- the **231 Regulation**: this document aims to lay down the rules for the activity carried out by the Company through its personnel, to promote an organisational, governance and control model that is informed by the principles of transparent management, compliance with the rules and regulations in force, and protection of value in the interest of the Shareholders, as well as to provide all subjects who operate in the interest and/or for the benefit of the Company (i.e. the “Recipients”) with the knowledge necessary for an effective and responsible performance of their tasks.

## PROCESSES/AREAS GOVERNED BY THE 231 REGULATION

- Industrial plans, budget and key operations
- Organisational structures and systems of delegations and proxies
- Transactions on shareholdings or other financial instruments
- Transactions with related parties
- Conflicts of interest involving the Directors
- Access to financing
- Principles regulating behaviour towards the Public Administration, Supervisory Authorities and other Public Bodies, also in the case of investigations and disclosures
- Anti-corruption behavioural principles
- Management of the procurement of goods, services and consultancy
- Management of fixed assets and work contracts
- Management of monetary and financial flows
- Management of general accounting, drafting of the financial statements, tax returns and management of corporate disclosures
- Prevention measures concerning the offence of self-laundering
- Intellectual and industrial property
- Management of the relations with the Board of Statutory Auditors and the Auditing Company
- Management of confidential and inside information
- Disbursements of money (gifts), donations, commodates and sponsorships
- Personnel management
- Sales management

4

The 231 Regulation, for every process/area, lays down specific principles of behaviour and measures that can govern the conduct of the corporate bodies/departments in the performance of specific operations/transactions and/or in the management of specific areas of activity.

The provisions set forth in such documents constitute an integral and substantial part of this Code of Conduct, which outlines the ethical standards that we share when managing our business.

The Code of Conduct applies to all Biofarma employees.

These fundamental values represent the key elements of the way of working that BIOFARMA has adopted and must be applied in all operations we carry out.

## 02. MESSAGE OF THE CHAIRMAN

*Dear colleagues,*

Being socially responsible is an indispensable daily approach for all of us, that leads us to adopt virtuous behaviours, within and outside of the company.

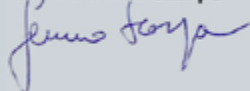
We operate in accordance with principles of ethical probity and safety, traces of which can be found both in the organisation of people and of the corporate life as Biofarma collaborators, and in the protection of the environment by optimising energy consumption, adopting alternative energy sources, containing of wastage and always, where possible, performing recycling activities.

Respect and trust, responsibility, team spirit, innovation, courage: these are the values that best define our relationships and our behaviour, which help us cooperate with mutual respect and strengthen our human and professional connections.

We see sharing and mutually applying these values as an indispensable element for the definition of our corporate identity and for the sustainable management of our work.

I would like to thank each and every one of you for the care, the consideration and the profound sense of responsibility that you put into your work: this is what helps us build a professional community founded on skills and trust, irreplaceable and essential components for the success and competitiveness of our Company.

Dr. Germano Scarpa



## 03. OUR BUSINESS VALUES

At Biofarma, we believe that growth is a responsible and sustainable path, and we endeavour to guarantee transparency in all our activities, so that all interlocutors can place their trust in our organisation. We believe that the workplace environment must be characterised by mutual respect and trust, without any discrimination whatsoever. At Biofarma, we recognise the importance of knowing how to cultivate new ideas and we commit to providing highly innovative products that become a successful reference on the Health&Beauty Care market. We undertake to establish and build profound relationships with our Customers, Suppliers and commercial Partners: in every single case, we embark on a collaboration founded on adopting and sharing the same ethical principles to face, together, future challenges for the protection of health and the well-being of our society and our Planet.

### 3.1 Biofarma property and resources

The **tangible assets** of Biofarma, such as equipment, materials and structures, are essential for the performance of daily tasks. Each one of us must protect the company's property and resources that have been made available to us during our activities. Our property and resources include the fixed assets, such as structures, materials and equipment, and the communication systems, such as computers, the Internet service, the telephones and e-mail.

In addition, we must make sure that all resources are used for the appropriate business purposes.

The Company's **financial resources** and assets must be managed in a lawful, transparent and traceable manner and for their intended purpose. All operations/transactions that impact the Company's financial resources are carried out in compliance with the following principles:

- Segregation of activities: segregation of activities between the persons who perform them, those who control and those who authorise them;
- Signature and authorisation powers: existence of formalised rules for the exercise of internal signature and authorisation powers;
- Traceability: the persons, the departments concerned and/or the IT systems used assure the identification and reconstruction of the sources, of the information elements and of the controls carried out.

The most important resources of Biofarma include our confidential corporate and technical information and other intellectual properties, such as patents, copyrights and trademarks.

In fact, we regularly produce ideas, strategies and other types of commercial information that is priceless and not public, which we possess and must protect as intellectual property. The inappropriate disclosure of such information is forbidden.

### PROHIBITIONS

- Using the structures, the materials, the equipment and other tangible assets, including company credit cards, for purposes unrelated to your work responsibilities.
- Using the corporate systems in ways that could be considered unlawful, harassing or offensive, or that could compromise the reputation of Biofarma. This applies to any and all occasions which envisage the use of the Company's equipment, both during and after working hours, at the registered office or elsewhere.
- Using financial resources and corporate assets for purposes of corruption.
- Disclosing confidential information to persons outside the company, unless there is an explicit authorisation to do so and such information is covered by a specific non-disclosure agreement.

Moreover, we believe that a skilful management of efficient and secure IT systems (information technology systems) is one of the key factors of our success.

The behavioural principles to be followed in the management of IT systems are formalised in the “Information Technology Regulation - use of IT tools, e-mail and the Internet”, to which reference is made.

### **3.2 Collaboration and respect at the company - corporate ethos**

We ascribe great importance to good collaboration, courtesy and fairness in interpersonal relationships. A positive working climate is indispensable for success. Loyalty, mutual support, respect, esteem, sincerity and fairness are the characteristics of the work ethos at Biofarma. Consequently:

- employees help each other and, if needed, receive the support of their colleagues;
- the tasks are handled and completed with a clear vision of the objectives;
- the quality of the work performed at Biofarma always meets the highest standards;
- discrimination is wholly incompatible with the fundamental values of the Company, as laid down in the Code of Ethics, and is, therefore, forbidden;
- the principles of fairness, confidentiality and respect of people set forth in the Code of Ethics must be complied with, followed and put in practice;
- sincerity and integrity significantly contribute to the creation of a positive corporate culture;
- harassment and insults, as well as obscene or aggressive remarks to other people, are not tolerated.

## **PROHIBITIONS**

- No discrimination based on the following individual characteristics is allowed: ethnic membership or origin, gender, religion or religious faiths, physical or mental disability, age, sexual orientation.
- All physical contact of a sexual nature, sexual innuendoes or showing or displaying pornographic or similar images without consent are forbidden.
- All forms of intentional or unfair mistreatment, harassment or discrimination of another person for reasons of discrimination are forbidden.
- Behaviours, including gestures, language and/or physical contact, that are or may be deemed to be sexually coercive, threatening, offensive or intended for exploitation, are not allowed.
- It is forbidden to use child labour and to encourage its use.
- It is absolutely forbidden to use undeclared work, especially in the form of the gangmaster system.

Moreover, Biofarma creates workplace environments in which employees and collaborators can work safely and comfortably, it promotes creativity and encourages the flexibility that makes it possible to reconcile professional life and family, private life, care needs, etc.

Biofarma endeavours to act in a way that makes it possible for all persons to work with enthusiasm, making the best use of the performance of individuals and teams, to simultaneously obtain the company's growth and the well-being of people.

In particular, all personnel:

- undertake to prevent accidents at work and to create safe and hygienic workplaces;
- have the possibility of constructively engaging and sharing opinions and ideas to continuously create better workplace environments;
- have the possibility of improving their professional skills and their lifestyle by adopting working modes that are compatible with the characteristics of each role and with individual and personal needs.

### **3.3** *Anti-corruption*

Biofarma will absolutely not tolerate any form of corruption. Equally, it asks that all personnel, in carrying out their tasks, firmly oppose all forms of corruptive behaviour.

Compliance with the laws in force and with the principles of integrity, transparency and anti-corruption are indispensable elements for carrying out entrepreneurial activities responsibly, lawfully and fairly.

The Company's "anti-corruption" policy is an operational and practical expression of the values and principles formalised in the Code of Ethics, from which the Company draws inspiration and by which it is willingly bound, and those formalised in the 231 Regulation, which indicates the "Anti-corruption behavioural principles towards the Public Administration" and the "Anti-corruption behavioural principles between individuals", to which reference is made.

## **PROHIBITIONS**

- Offering, promising, requesting or accepting, directly, indirectly or through an intermediary, money or other undue benefits from your interlocutors, be they public or private in nature.
- Using funds which you know, or suspect, are the fruit of crime.
- Helping or participating in the commission of any activity that constitutes an offence.
- Consciously establishing, defining or maintaining processes or procedures or plans with the intention of making unlawful payments.
- Undertaking any activity with customers, suppliers, commercial partners and other third parties that may constitute an offence.
- It is forbidden to circumvent the aforementioned rules by having recourse to various forms of assistance or contributions which, in the form of, for example, sponsorships, commissions, consultancies, advertising, also for the benefit of third-party bodies and companies, have similar purposes to those prohibited above.
- Unduly interfering, in particular by giving, paying or receiving, directly or indirectly, money or benefits of any nature, which go beyond the normal commercial practices or courtesy, or which are however intended to obtain unduly favourable treatment in the performance of any corporate activity.
- Gifts and hospitality must always be moderate and must never be used to exercise unlawful influence or to create presumed or actual conflicts of interest.

The behavioural principles to be applied in activities that may potentially be instrumental in the commission of the offence of corruption (management of monetary and financial flows, management of the procurement of goods, services



and consultancy, sales management, management of money disbursements, gifts, donations, commodates and sponsorships, personnel management) are laid down in the 231 Regulation, to which reference is made.

### **3.4 Fair competition and anti-trust**

We compete on the market, actively but fairly for suppliers and customers.

The Anti-trust laws forbid competitors from collaborating to limit competition; they also forbid improper attempts to monopolise the markets or control prices.

Compliance with all laws and provisions aiming to prevent unfair competition forms an integral part of our company's policy. Biofarma endeavours to guarantee fairness in all commercial transactions and does not aspire to obtain any illegal advantages towards customers, suppliers, or competitors.

## **PROHIBITIONS**

- Making false statements to customers or other persons with regard to the Company or its products and services (in any form).
- Expressing false or defamatory opinions on products, services, activities, or employees of customers or competitors.
- Using trademarks, patents or other copyright-protected information belonging to competitors or third parties without the prior consent of the right holder.
- Obtaining and/or using confidential information relating to competitors, third parties or their products, unless the competitor or third party in question has granted their legally binding consent.
- Imitating the products or services of a competitor, to the extent that this entails the use of unlawfully obtained knowledge or know-how.
- Stipulating agreements, covenants or coordinating activities with current or potential competitors to:
  - o Fix prices, premiums or other specific elements;
  - o Limit or restrict the type or quantity of product or service offered;
  - o Share markets based on geographical location or partner, customer segments or product lines;
  - o Exchange information with competitors on tenders;
  - o Lay down the terms or the result of a tender procedure;
  - o Boycott suppliers or customers so as to prevent a supplier or a customer from negotiating with a competitor;
  - o Abuse the dominant position in a given market.
- Stipulating agreements or covenants with entities operating at various levels of the production or distribution chain, such as suppliers, distributors or dealers, that reduce or eliminate free and fair competition.
- Exchanging sensitive information relating to the competition.
- Taking part in any other behaviour that would otherwise limit the competition in violation of the applicable laws and regulations.

### **3.5** *Insider trading*

Insider trading happens when a company's shares are traded based on substantive non-public information that could reasonably influence the decision of a person regarding the trading in such shares.

Information is considered to be "inside information" if there is a substantial probability that a reasonable investor considers it important in order to make an investment decision or if it is probable that the information would have a substantial effect on the price of one of the company's shares (examples: mergers, acquisitions, demergers, disputes, financial results, information covered by a non-disclosure agreement).

## **PROHIBITIONS**

- Trading on "insider information" for companies listed in the Stock Exchange.
- Disclosing "insider information" in violation of the law.

### **3.6** *Conflicts of interest*

Each one of us must avoid situations in which our personal interest could improperly influence our evaluation of business.

A conflict of interests could arise when our personal interests interfere, even only potentially, with our ability to do our work efficiently and fairly. In case of doubt, or when such relationships or activities cannot be avoided, we must immediately notify our manager of this circumstance.

## **PROHIBITIONS**

- Providing outside work activities that are incompatible with the interests of Biofarma.
- Allowing a personal relationship to influence a work-related decision.
- Accepting gifts or gratuities that may influence (or give the impression of influencing) your professional objectivity.

The way in which the conduct of members of the Board of Directors is managed in case interests of theirs are involved in the company's operations is formalised in the 231 Regulation (chap. "Conflicts of interest involving the Directors", that must be deemed to apply in all cases where a Director has, on their own behalf or on that of third parties, any interest in a specific operation, not revealing the existence or absence of conflicts with the interests of the Company. These measures, therefore, guarantee the compliance with principles of lawfulness and transparency in corporate management.

### **3.7** *Prevention of money laundering*

We speak of "money laundering" when financial assets, deriving from unlawful acts, are invested in a legal transaction so that their illegal origin may be concealed.

In order to prevent Biofarma from being used as a means of money laundering, we must comply with the rules and regulations on accounting, keeping records and financial reporting that apply to payments in cash and other forms of payment relating to our financial operations.

These aspects and the measures put in place to prevent the offence of self-laundering are governed by the 231 Regulation, to which reference is made.

The Code of Ethics, in turn, endorses the principle of maximum transparency, reliability and integrity of the information pertaining to corporate accounting and to fiscal and tax-related obligations.

## PROHIBITIONS

- Carrying out actions or behaving in ways that are or may be interpreted as aiming to receive or transfer goods or amounts of money of criminal origin.
- Paying fees or commissions to suppliers, consultants, external collaborators, designers that are not commensurate with the services provided to the Company and that are not adequately justified in relation to the type of task to be performed.
- Making payments in cash outside of the limits laid down by the law.
- Omitting information on customers, suppliers, or however on any subject who entertains relationships with the Company which are deemed sensitive for the purposes of receiving stolen goods and money laundering.
- Opening or using, in any form, accounts or savings accounts anonymously and with “encrypted” registration.
- Issuing bank and postal cheques that do not indicate the name or the company name of the beneficiary and the “non-transferability” clause.
- Making any financial transaction with counterparties whose identity, registered office and legal nature is unknown.
- Returning capital contributions to shareholders or releasing them from the obligation to execute them, except in case of legitimate reduction of the share capital.
- Allocating profits or advance payments on profits which have not been earned or intended by law to be allocated to reserves.

### 3.8 Protection of health, work and the environment

The health and safety of our workers and the protection of the environment are of fundamental importance for Biofarma, as endorsed by the Code of Ethics that has been adopted and by the principles laid down therein.

Biofarma carries out all corporate activities in a way that protects the **health and safety** of employees, as well as that of collaborators and visitors to our structures.

We comply with all rules and regulations on health and safety and with the strict directives that the company has drawn up internally; we seek to constantly improve our performance and we demand that all activities, even urgent ones, be carried out safely. Through our performance management procedures we guarantee that all employees understand their responsibilities and the support available to them to reach the goal of avoiding accidents at the workplace.

We aim to provide a healthy and safe workplace environment and to work with employees and contractors to develop a culture that encourages personal and collective responsibility on health and safety.

The Company has obtained the ISO 45001 certification for its safety management system.

We also try to reduce the **environmental impact** of our operations and we help preserve natural resources.

We comply with all laws on the environment and our strict requirements on the matter, we continuously improve our performance by reducing wastage, making efficient use of resources, and taking other actions that relate to our activities.

This shared perception has been translated in increasingly more sustainable development projects, from the construction of buildings to the increase of investments in energy efficiency and the search for green materials, to be introduced in the development of new formulas and in our production processes. The Biofarma Group plant and Headquarters in Mereto, with its 420 cubic metres of PEFC-certified fir, is an example of a sustainable building. The production plants also develop in natural balance with the landscape and in compliance with energy efficiency. They are equipped with an efficient system for the purification of the waters used in the production processes and with mechanisms that can control the emissions in the atmosphere, consumption and energy.

### **3.9** *Data protection*

Compliance with the provisions on data protection is especially important. In performing its activities, Biofarma endeavours to process personal data in compliance with the applicable regulatory framework on personal data protection.

For this purpose, the Company has complied with the regulatory provisions in force (GDPR).

### **3.10** *Solidarity projects*

We show respect for the people and for the planet and we ask all employees to consider, when they adopt corporate decisions, the short- and long-term consequences on the community and on the environment.

Inclusion, solidarity, dignity, sharing, participation: these are the values on which the solidarity projects that prove our commitment to being socially responsible and fully involved in improving people's life are founded.

## **04.** PROACTIVE LEADERSHIP

Top Management is aware that it plays a fundamental role in the application of this Code of Conduct. For this reason, it proactively promotes compliance with the Code of Conduct and encourages its understanding inside and outside of the Company to the benefit of all, through communication, training and awareness-raising actions.

Top Management undertakes to manage any critical issues in a structured and organised way if a situation that is not compliant with the Code of Conduct arises, taking action to resolve said situation, establish its causes and put in place preventive actions to prevent such situation from being repeated in the future. Once the causes and responsibilities have been established, disciplinary measures against the persons responsible will be adopted.

## 05. INFORMATION ON THE CODE OF CONDUCT

Each one of us must comply with this Code of Conduct and use our common sense, conforming to its principles. We also have the responsibility of reporting any violations of the code of which we become aware.

Those who do not comply with our code, including those who do not report any violations, may face disciplinary action.

Reporting bad behaviour takes courage, but it is the right thing to do.

Biofarma will not tolerate retaliation against anyone who made a report in good faith. Employees who intentionally make unfounded accusations or provide false information may face disciplinary action.

If you wish to make a report, please talk to the Human Resources Division first. If you do not feel comfortable and if you wish to remain anonymous, please address the Supervisory Body at the certified e-mail address [ODV231@pec.biofarmagroup.it](mailto:ODV231@pec.biofarmagroup.it), or by sending a letter to the SB: Via Castelliere, 2, 33036 Mereto di Tomba (UD).



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