



ETHICS AND ANTI BRIBERY

COMPLIANCE POLICY



January 2017

Dear Colleague,

Concordia International is the International division of Concordia International Corp., a rapidly-growing international pharmaceutical company, committed to bringing its portfolio of niche and orphan medicines to patients in more than 100 countries.

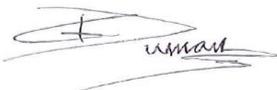
To maintain our valuable reputation and professional integrity, we insist on the highest ethical behaviour in all aspects of our work, including in our partner network.

Concordia takes a zero-tolerance approach to bribery and corruption. Concordia is committed to acting professionally, fairly and with integrity in all our business dealings and relationships; and with colleagues and others outside Concordia International, wherever we operate in the world.

It is vital that all of us strive to comply with and uphold the laws relevant to countering bribery, corruption and other unethical behavior in all countries where we do business.

This Ethics and Anti-Bribery Compliance Policy applies to the directors, managers and all employees of Concordia International. We require our business partners and suppliers to maintain the same high standards.

I would ask you to read this carefully and apply it in your work. If you have any concerns, please do not hesitate to bring them to my attention, or to the attention of the Head of the Legal department or to the Concordia lawyer you normally work with.



Graeme Duncan
President, Concordia International

Ethics and Anti-Bribery and Corruption Compliance Policy

There are laws in place in many countries around the world to combat bribery and corruption. The standards set out in this Policy draw from the requirements of the Canadian laws to combat bribery and corruption, the US Foreign Corrupt Practices Act 1977 and the UK Bribery Act 2010. However, where the requirements under the laws of a particular jurisdiction in which Concordia is doing business are even higher, then those higher standards will apply and must be complied with.

General principles

It is expressly forbidden for any employee or person associated with Concordia International, and for any affiliate or subsidiary to offer, promise, give, request or accept bribes or any other unethical inducement, including facilitation payments, for the purposes of obtaining or retaining business on behalf of the company, whether with a private person(s) or foreign public official(s). Concordia International will take all reasonable measures within its power to ensure that its employees, intermediaries and persons associated with its business follow the same practice.

Furthermore, all employees based or working in any of Concordia International's operations, or any affiliate or subsidiary, are expected to conform to both this Policy and to fully comply with the anti-bribery and corruption laws in those jurisdictions in which they operate.

This Policy sets out the key issues you need to know about anti-bribery and corruption laws. If you have any questions or concerns at any point in time, you should contact the Concordia lawyer you normally work with or the Head of the Concordia International Legal department.

1. Is bribery a serious offence?

Being involved in bribery is a serious matter. In most countries which have such laws it is a criminal offence. Prison sentences and significant fines may result from the conviction of an individual for bribery and/or against Concordia International as a company and its senior management, if found to have failed to prevent bribery.

2. How could you commit an offence?

Some of the ways in which you could commit an offence include:

- (1) Offering or paying a bribe;
- (2) Requesting or accepting a bribe;
- (3) Bribing a foreign public official;
- (4) A "corporate offence" - for a business which *fails to prevent bribery from being carried out on its behalf and for its benefit by associated third parties*, such as employees, agents or other business partners.

Bribery is described under the UK Bribery Act as taking an advantage by inducing someone to perform improperly in their relevant function. Any benefit or advantage is capable of being classed as a bribe

(including gifts, excessive or gratuitous corporate hospitality or facilitation payments) if the purpose of the bribe was to induce improper performance by the recipient (or if, in the case of public officials, the purpose of the bribe was to influence the official and obtain an advantage in business. (e.g. to speed up or increase the likelihood of success of a tender).

3. “Corporate offence” under the UK Bribery Act

Under the UK Bribery Act it is an offence for a business which *fails to prevent bribery from being carried out on its behalf and for its benefit by “associated persons”* (i.e. third parties, such as employees, agents or partners). For example, if a company employee offers a bribe to a customer to obtain or retain business for that company, or if an agent (acting on behalf of that company) offers a payment to a government official in a tender process, *both* the individual and the company can be liable.

There is only one available defence to the "corporate offence", namely that the company can provide evidence that it had “adequate procedures” in place to prevent bribery from occurring. As a result, it is critical that you are familiar with Concordia’s procedures and that you put them into practice in your work.

4. Extra-territorial effect of anti-bribery laws

A key feature of many anti-bribery and corruption laws is that they can potentially apply to bribery which takes place *anywhere in the world*.

5. Key practical points to note

- “Zero-tolerance”: There are no exceptions to the offences based on the size, nature or purpose of the bribe.
- “Local custom and practice” are not a defence against a bribery allegation and will be disregarded unless explicitly permitted or required by the written law applicable to the country.
- It is Concordia policy that there is no exception for facilitation or "grease payments" (in line with the provisions of the UK Bribery Act).
- It is Concordia policy that no exception should be made for "reasonable and bona fide business expenditures" (in line with the provisions of the UK Bribery Act).
- The definition of a “foreign public official” is wide ranging. It includes appointed and elected government officials and those connected to state owned entities (e.g. doctors/managers in hospitals and other state owned enterprises); those in public international organisations (such as United Nations agencies).
- A bribery offence can be committed by any agent, consultant or business partner who bribes to obtain an advantage whilst performing services on behalf of Concordia International, *even if* no-one in Concordia International is aware of it.

- A conviction will likely to lead to imprisonment, significant fines (including on Concordia International), negative PR and a prohibition on Concordia International and its subsidiaries doing business in many jurisdictions.

6. Gifts, Hospitality and corporate entertainment.

Corporate entertaining and hospitality, *can* amount to a bribe *if they are excessive or gratuitous*. For example, lunch or dinner with a customer after a meeting is fine, but extravagant hospitality for that customer and his/her spouse to go out to dinner on their own, or to an event or weekend away, are likely to be viewed as excessive. This is explained in more detail in compliance training which all Concordia staff are required to attend.

A £70/£7 per person maximum cap has been set by Concordia International on any corporate hospitality or gifts respectively.

Therefore, in simple terms, *without prior written approval from the Concordia International Managing Director or the Chief Financial Officer or the Head of the Concordia International Legal department, you must not:*

- spend or receive more than £70 per person for corporate hospitality (and, as above, you must be with that person during the entire hospitality event) and/or
- spend or receive more than £7 on a gift per person. Where possible gifts should be Concordia International corporate branded

In addition, all hospitality and gifts given, received or declined that exceed the above amounts must be notified to the Head of the Legal department of Concordia International, together with evidence of prior written approval having been obtained, so that they can be recorded in the company's Gifts and Hospitality Register and will be subject to regular review.

Concordia International also endeavours to adhere to the ABPI Code of Practice for the Pharmaceutical Industry and the British Generics Manufacturing Association (BGMA) Anti-Corruption and Bribery Policy.

Concordia International does not make political donations but employees may make private donations to political parties in accordance with the law but not associate their activities with the company.

Any other disbursement made on behalf of or in the name of Concordia International (or any affiliate or subsidiary) including but not limited to bona fide charities, charitable and other commercial sponsorship (including the payment of expenses for attendance by medical and pharmaceutical experts at conferences), and corporate social responsibility/community projects, must first be approved in accordance with the company's procedures.

7. Possible "Red Flags" to watch out for

Whilst the following are not necessarily examples of bribery or improper conduct, they are "Red Flags" which should make you think about whether there is a potential bribery issue which needs to be reported immediately to Legal.

- A request from a government official for a small unpublished fee to "oil the wheels" e.g. in customs or to make a governmental permission/act occur more quickly. This is termed a facilitation payment which is a bribe.
- A request for unusually high or additional agent's or consultant's fees (particularly if they are out of line with market rates or excessive/unjustified for the work undertaken).
- A government official pointing you in the direction of a specific intermediary to act on Concordia International's behalf.
- A request for cash payments, or payments to be made to a country/known tax haven, in which the agent/consultant is not domiciled.
- A counterparty that requests payment to a third party (including relatives and charities) not referenced in the contract/agreement or involving several individuals and companies where there is no obvious relationship between them.
- Transactions where money or property is passed through a consultant or representative with the aim of obtaining or influencing certain government actions or approvals.
- A suggestion that some form of material reward - "a thank you" would be appropriate in return for past or future business.
- The provision of unusually lavish corporate hospitality or a request that you provide such hospitality.
- A refusal by a counterparty or agent to accept an anti-bribery clause in an agreement.
- A Concordia International employee favours or promotes a particular service provider/supplier when there is no obvious benefit to Concordia International or when other providers offer better value services.
- An employee or agent who is on commission and brings in an unusually high volume of business.
- Doing business where unofficial/off the record payments/gifts are said to be part of local custom and business practice.

8. Application and sanctions

All employees should *comply not only with the letter but also with the spirit* of Concordia International's policies and procedures and applicable law. It is fundamental to our long term success to apply high ethical and legal standards in all our business activities. This Policy applies to our internal staff and all external providers.

If after proper investigation, a breach of this Policy is found to have occurred, action will be taken against those concerned in accordance with the terms and conditions of their contract. Concordia International reserves the right to report any suspected criminal breach to the appropriate authorities.

Furthermore, and for the avoidance of doubt, an employee will not be penalised for refusing to participate in any business opportunity where he/she has reasonable belief that there is an unacceptable risk of bribery or other illicit behaviour.

9. Reporting concerns if you suspect bribery or other improper conduct

Refer any questions or concerns directly to Concordia International. Even if Concordia International considers the issue and concludes that no improper conduct has taken place, the fact that a report was made and investigated will help to demonstrate that Concordia International has "adequate procedures" in place to prevent bribery.

Concordia International is committed to ensuring that all of us have a safe, reliable and confidential way of reporting any suspicious activity. If you have any concerns contact:-

Head of Legal Department
Concordia International
Capital House
85 King William Street
London
EC4N 7BL5

Concordia International encourages openness and will support anyone who raises a genuine concern even if they turn out to be mistaken.

January 2017

**Concordia International Ethics and Anti-Bribery and Corruption Policy
Compliance Declaration**

I hereby declare as follows:

- 1. I have read and understood Concordia International’s Ethics & Anti-Corruption Policy.
- 2. I agree to comply with the Policy.
- 3. I affirm that I have not, to the best of my knowledge, been involved in any activities which might constitute an infringement of any law addressing bribery and corruption.
- 4. I understand that any violation of the Policy may lead to appropriate sanctions or discipline.

To: Head of Legal, Concordia International

Date:

From:

Signature:

Business Unit/ Department:

Location of employee: