

## Gifts and Business Entertainment Policy

Effective Date: 15 September 2020

Version: 02

### Purpose:

The purpose of this policy is to provide guidance around the appropriate use of gifts and business entertainment.

### Scope:

This policy applies to all employees of Lannett Company, Inc. ("LCI") in Philadelphia, Carmel and Seymour, Joint Ventures over which Lannett has operational control, third parties acting on Lannett's behalf (such as suppliers, consultants and vendors) and other business partners.

### Definitions:

- A **Gift** is **Anything of Value** that is given or received by a Lannett employee. We often think of gifts as tangible goods and services, but they can include meals, travel expenses, tickets to events where the business partner is not present, discounts or credits, employment, investment opportunities, honoraria, and branded promotional items (e.g., Lannett notepads, pens, coffee mugs, or golf balls).
- **Business Entertainment** refers to **Anything of Value** exchanged in connection with an event where the person offering the business entertainment and the person accepting the business entertainment are both in attendance. Examples include dinners, concerts, sporting events, or lodging that is directly connected with attendance at a business event or meeting.
- A **Government Official** is any person acting in an official capacity for a **Government Entity**. Examples include but are not limited to: a customs official; an inspector from a tax, health, or environmental agency; a business person who is a consultant acting for and on behalf of a Government Entity; a professor or researcher at a state-owned University; and a doctor at a state-owned hospital. For further guidance as to whether an individual may be a Government Official or whether an entity may be a Government entity, please refer to Lannett's Anti-Bribery / Anti-Corruption Policy.

### Policy for Giving and Receiving Gifts and Entertainment Generally:

At Lannett, we recognize that exchanging gifts and business entertainment with current and prospective business partners can help create goodwill and build appropriate business relationships. While these exchanges may be appropriate in many business settings, they can also create real or perceived concerns about personal integrity and undue influence, even when offered or accepted with the purest of motives. Further, when given improperly, gifts and business entertainment are bribes that violate the Anti-Bribery / Anti-Corruption Policy, our Code of Business Conduct and Ethics ("Code"), and anti-corruption laws.

Whether or not a gift or business entertainment is appropriate depends on the circumstances. It is your responsibility to use good judgement in this area. Be alert to what others might think if the gift or business entertainment were made public. Employees should not give or receive gifts or business entertainment if:

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- They would have the effect of improperly influencing a business decision (for example, as a bribe, payoff, or kickback);
- It would raise doubts as to the impartiality of the recipients;
- They are given with the expectation of receiving an improper business advantage in return;
- It would embarrass Lannett or a Lannett employee if publicly disclosed.

Further, employees are prohibited from using their own money to provide gifts or business entertainment that do not comply with this Policy and other applicable company policies, even if they do not seek reimbursement from Lannett for those gifts or business entertainment.

All gifts and business entertainment should be consistent with the following guidelines:

- Gifts and business entertainment must be related to a legitimate business purpose.
- Cash and cash equivalents (such as checks, loans, money orders, or gift cards) are prohibited.
- Gifts and business entertainment should be reasonable in value and in line with common business practices in the industry.
- Gifts and business entertainment must not be given at such a frequency as to create the appearance of impropriety or bribery.
- Gifts and business entertainment must not be extravagant or lavish (i.e., luxury travel or unusually valuable event tickets).
- Business entertainment should not include family or friends.
- Gifts and business entertainment should not create an actual or perceived conflict of interest.
- Keep within the bounds of good taste. Avoid inappropriate or culturally insensitive forms of gifts or business entertainment.
- Be sensitive to the policies of the recipient and ensure the exchange of gifts and business entertainment is consistent with the recipient's policies.
- Consider if the gift or business entertainment could be construed as a bribe, kickback, or other improper payment. Give this additional consideration if you are conducting business in another country.

If you have any questions about whether or not a gift or business entertainment is appropriate, please speak to your supervisor, your Department Manager, the VP, Chief Legal Officer & General Counsel or the Corporate Compliance Manager.

### **Pre-Approval for Gifts and Business Entertainment**

If you plan to *give or accept a gift* with an individual value greater than \$100 USD, you must obtain the pre-approval of your manager. If you plan to give or accept a gift with a value

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greater than \$250 USD, you must obtain the pre-approval of the VP, Chief Legal Officer & General Counsel or his designee.

If you plan to *provide or accept business entertainment* greater than \$250 USD per person, you must obtain the pre-approval of your manager. If you plan to provide or accept business entertainment with a value greater than \$1000 USD, you must obtain the pre-approval of the VP, Chief Legal Officer & General Counsel or his designee.

### **Declining Inappropriate Gifts and Business Entertainment**

Employees should make every effort to decline a gift or business entertainment that is not reasonable in value or that is otherwise inconsistent with the policy set forth above. If you are unable to decline or return the gift or business entertainment, you should report it to your supervisor. In the case of a gift, your supervisor will bring it to the attention of the VP, Chief Legal Officer & General Counsel and the Corporate Compliance Manager, who will determine the appropriate disposition of the gift. For example, you may be required to donate the gift to a community organization.

### **Gifts and Business Entertainment to Government Officials**

Special rules and dollar value limits apply to gifts and business entertainment provided to Government Officials, as described below. If you are not sure whether an individual qualifies as a Government Official, please contact the VP, Chief Legal Officer & General Counsel or the Corporate Compliance Manager.

#### U.S Government Officials

The Company prohibits giving gifts or business entertainment to U.S Government officials.

#### Non-U.S. Government Officials

The Company may pay for the reasonable cost of a non-U.S. government official's business entertainment only if the expenses are bona fide, reasonable, and directly related to the promotion, demonstration, or explanation of Company products or services, or the execution of a contract with a non-U.S. government or agency. All business entertainment provided to Non-U.S. Government Officials greater than \$20 USD requires the pre-approval of the VP, Chief Legal Officer & General Counsel or his designee.

Gifts to Non-U.S. Government Officials are prohibited, except for promotional gifts of nominal value given as a courtesy in recognition of services rendered or to promote goodwill. Such gifts should generally bear the trademark of the Company or one of its products.

### **Gifts and Business Entertainment Provided to Healthcare Professionals**

Gifts and business entertainment provided to Healthcare Professionals also call for special considerations.

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### Informational Presentations and Accompanying Meals

Company representatives are permitted to provide clinical and scientific information about medicines to healthcare professionals during the healthcare professional's working day, including mealtimes. In connection with the presentations or discussions, it is appropriate for occasional meals to be offered to healthcare professionals and their staff attending the presentation or discussion as long as the presentation provides scientific or educational value. The meal must be modest, as judged by local standards, not part of an entertainment or recreational event, and provided in a manner conducive to informal communication.

### Gifts and Business Entertainment to Healthcare Professionals

Company representatives are not permitted to provide any gifts or business entertainment to healthcare professionals. However, Company representatives may occasionally offer healthcare professionals items designed to help educate patients. These educational items should be valued at less than \$100 and may include items such as anatomical models for examination rooms, informational sheets and brochures, patient self-assessment and tracking tools or written materials that inform patients about adherence to medicine regimens, healthy lifestyle choices, or the availability of patient assistance programs.

### **Compliance with the Physician Payment Sunshine Act**

The Physician Payment Sunshine Act ("Sunshine Act") requires Lannett to collect and report information concerning certain payments made to physicians. Lannett maintains appropriate procedures to ensure compliance with the Sunshine Act. If you have questions about whether a payment may need to be reported under the Sunshine Act, please contact the VP, Chief Legal Officer & General Counsel or the Corporate Compliance Manager.

### **Policy Violations**

Failure to comply with this policy will result in an investigation and possible disciplinary action, up to and including termination of employment.

### **Mandatory Reporting of Violations**

You are required to report any suspected violations of this Policy. Lannett does not retaliate against any employee who, in good faith, asks questions, makes a report of actions that may be inconsistent with this Policy, the Code, or any applicable law or who assists in an investigation of suspected wrongdoing.

To report concerns, you may contact:

- Your manager;
- The Legal Department;
- Human Resources; or
- The compliance hotline, either by phone (855-252-7606) or online ([www.hotline-services.com](http://www.hotline-services.com)).

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### Questions

If you have questions about this Policy, please contact the VP, Chief Legal Officer & General Counsel or the Corporate Compliance Manager.

### Approvals:

DocuSigned by:

*Samuel Israel*

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Samuel Israel

VP, Chief Legal Officer & General Counsel

29-Jul-2020

Date