

ANTI-CORRUPTION

Group compliance policy

1. COMPLIANCE WITH ANTI-CORRUPTION LAWS

Most countries where Virbac operates have anti-corruption laws that prohibit bribery or corruption, some of which apply across boundaries. The purpose of this policy is to ensure that Virbac's employees observe the principles of international conventions on combating corruption and all the applicable national anti-corruption regulations when conducting the Group's business.

A violation of the laws prohibiting corruption may result in significant penalties. The fines for Virbac can amount to tens, or even hundreds, of millions of euros. On a personal level, employees may be subject to fines and imprisonment. The Group also may be exposed to detrimental business repercussions, since its reputation can be damaged and its sales affected.

2. VIRBAC'S COMMITMENT

Virbac does not tolerate corruption. Virbac is committed to operate with integrity. The Group and its employees do not offer, request or receive payments or other advantages (gifts, invitations, entertainment, etc.) with the aim of encouraging business activity or other advantages. This includes the retention of a current activity and the procurement of new markets.

3. GIFTS, HOSPITALITY AND ENTERTAINMENT: GENERAL RULES

Gifts, hospitality and entertainment expenditures are part of doing business, to either improve a company's image or to simply establish cordial relations. However **such expenditures may be illegal unless the following conditions are met:**

- the applicable national regulations, including the regulations governing transparency and gifts and hospitality in the pharmaceutical industry, are observed.
- the value and the frequency of the gift, hospitality or entertainment are reasonable and proportionate with respect to normal business practices.
- no undue influence or appearance of undue influence is created by the gift, hospitality or entertainment you offer or receive.
- compliance with the chart below :

Meal	Must be conventional business practices in compliance with national regulations
Hotel accommodation	Must be conventional business practices in compliance with national regulations
Train	2 nd class or 1 st class
Flight / Plane	Economic class Business class : acceptable if > 6 hours
Workshop fees	Entrance fees
Present	Must be in compliance with national regulations and local industry requirements

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In practice

- Q:** I am in charge of the business relation between Virbac and a company which distributes Virbac's products. The company's general manager has invited me to his wedding but I cannot attend it. May I offer him a gift during our next meeting?
- A:** You may offer a gift in connection with your personal relation with this business partner, provided it is disconnected from your business relation with this person. To avoid any potential confusion, you should not offer the gift during a meeting with its beneficiary or send it to his business office. Furthermore, if you anticipate that the gift could create an appearance of influence, you should consult your supervisor before offering it.

In practice

- Q:** In the course of my duties at Virbac, I am traveling abroad to negotiate a contract with a business partner. The partner insists on offering me a luxury pen. I know that I cannot accept the gift in accordance with Virbac's anti-corruption compliance policy, but declining a business gift is very impolite in this country. What should I do?
- A:** In certain circumstances, declining a gift or hospitality may be culturally insensitive or hurt deeply a business relationship. In these particular circumstances, you should accept the gift and refer promptly to your supervisor to identify the best way to handle the situation.

4. GIFTS, HOSPITALITY AND ENTERTAINMENT: PUBLIC OFFICIALS

Virbac is governed by governmental licenses, authorizations or regulations in all the countries where the Group operates, which involves working with public officials. Gifts, hospitality or entertainment provided to public officials can appear as improperly influencing them and could be viewed as corruption. As a consequence, **Virbac and its employees do not offer gifts, hospitality or entertainment to public officials, except if the value of such gift, hospitality or entertainment is not significant.**

Gifts, hospitality or entertainment offered by a public official to a Virbac employee are subject to the general rules set out under section 3 above.

Public officials include, whether at an international, national or regional level, government officials and public servants, regulators and their staff, tax and customs officials and anyone exercising a public function, including officials of drug agencies.

In practice

- Q:** Virbac has recently obtained a marketing authorization which is expected to boost the company's sales. The employees of the national drug agency made substantial efforts to process Virbac's application in a very short time. I know that Virbac cannot offer a gift to the officials of the drug agency – may I do so on my own funds?
- A:** You may not. Gifts to public officials are prohibited by Virbac's policies, whether they are paid with the Group's funds or with your own funds. Not only companies but also individuals are subject to anti-corruption regulations.

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5. FACILITATION PAYMENTS

Facilitation payments are payments or gifts made to public officials in order to expedite or secure actions that the officials are already bound to perform (e.g. license or permit issuance, customs clearance, order processing, etc). Although such payments are usually small and are often viewed as customary in the local culture, they may be illegal. **Virbac and its employees do not make facilitation payments.**

In practice

Q: In conjunction with a deal I am working on, a foreign customs official has asked Virbac to pay a fee to get products cleared through customs faster. I know that such practices are com-mon in this country. What should I do?

A: Virbac does not tolerate such practices, whether or not they are customary in the local culture. If you receive such a request, you should refuse it and identify alternative ways to expedite the customs clearance with the help of your supervisor. This can include raising the issue with a higher-ranked customs official.

6. THIRD PARTIES

Virbac requires third parties to comply with its anti-corruption compliance policy. Virbac makes sure that the third parties with whom it enters into significant business transactions (distributors, suppliers, consultants, and certain other service providers) adhere to its ethical commitments regarding corruption. For this purpose, Virbac:

- checks the background of the third party before entering into business relations with it;
- makes sure that the third party is aware of its anti-corruption compliance policy and agrees to comply with it; and/or
- includes a special anti-corruption provision in the relevant agreement(s).

Virbac reserves the right to terminate its relationship with a third party in the event of confirmed non-compliance with the Group's anti-corruption compliance policy.

In practice

Q: I am about to hire a consultant to prospect new foreign markets on behalf of Virbac. The consultant with the best local network charges a service fee which is slightly higher than market practice. The consultant requires a substantial advance payment before initiating his first mission. What should I do?

A: Contracting with a third party intermediary in a similar context can expose Virbac to a risk of corruption which may be committed by the third party while acting on behalf of Virbac. Before contracting with the consultant, you should check his background and agree on a detailed description of his mission. You should avoid advance payments which cannot be justified by the nature of the services to be performed by the consultant. Service fees which are higher than standard practice in a similar context can only be accepted for objective reasons.

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7. QUESTIONS

Virbac encourages its employees to raise questions or concerns about the application of this policy. Any question or doubt should be discussed with your direct manager. If you do not feel comfortable with discussing your concern with your supervisor, please contact your local or regional Virbac legal counsel. If you believe that the topic is particularly sensitive, you may contact our Group general counsel or write to: legal@virbac.com. Any discussion via your local or regional Virbac legal counsel or our Group general counsel will be held in complete confidentiality.