

Anti-Corruption Policy for Distributors, Agents and Service Providers

Anti-corruption laws and international conventions, including the U.K. Bribery Act, U.S. Foreign Corrupt Practices Act (or FCPA), and various other local laws prohibit the payment of bribes to certain persons, including government officials (“Anti-Corruption Laws”). These laws prohibit international businesses, such as MGC Pharma (UK) Ltd and its parent company, MGC Pharmaceuticals Ltd (together with their affiliates and subsidiaries, “MGC Pharma”), from making payments or promising to make payments, directly or indirectly, to certain persons, including public officials for the purpose of receiving favourable treatment, to obtain or retain business or to direct business to any person. Prohibited payments are not limited to cash; they include payments of anything of value or provision of favours or any other advantages that result in improper influence.

In addition, some Anti-Corruption Laws, including in the U.K. Bribery Act, also prohibit giving or offering any advantage (which need not be financial in nature) to persons operating in the public or private sectors as a quid pro quo for the recipient improperly performing a function they are expected to perform in good faith, impartially or in accordance with any other expectation arising as a result of the recipient being in a position of trust. Furthermore, the expectations to be taken into account when determining whether a function has been properly performed may be those of the country whose Anti-Corruption Laws apply rather than the country in which any potentially unlawful conduct occurred. Accordingly, MGC Pharma’s distributors, agents and service providers have to comply with the highest standards of ethics and professional conduct.

MGC Pharma may find itself liable under these Anti-Corruption Laws for prohibited payments made, or practices carried out, on MGC Pharma’s behalf, including due to the actions of its distributors, agents and service providers. It may also find itself liable for having failed to prevent unlawful conduct carried out by others with the intention of obtaining or retaining business, directing business to any person, or securing an improper advantage in the conduct of business, for MGC Pharma.

As a developer of innovative therapeutics to serve unmet medical needs in areas of life-threatening and chronic disease, MGC Pharma helps to serve public health in all the territories where its products are available. Consequently, decisions concerning the approval, pricing and prescription of those MGC Pharma products must be made solely on the basis of their clinical profiles of safety and efficacy. There is no room for improper or inappropriate influence in those decisions.

In light of its commitment to ethical practices and the significant legal and reputational risks it faces, MGC Pharma will train and work with its employees, subsidiaries, distributors, agents and other service providers to ensure they do not engage in prohibited conduct. In addition, MGC Pharma will require its distributors, agents and other service providers to have procedures in place to prevent bribery and corrupt conduct in the course of performing services for MGC Pharma. Violations of these Anti-Corruption Laws, even if unintentional, may result in severe penalties to MGC Pharma and can, in some situations, result in fines and penalties to MGC Pharma’s officers and its Board of Directors. It is also likely to result in fines and/or custodial sentences for the individuals directly involved. MGC Pharma may also suffer severe commercial consequences and be barred from government contracts. Given these serious fines and penalties, employees and others acting on MGC Pharma’s behalf, or providing services to MGC Pharma, who violate these Anti-Corruption Laws, will be suspended or terminated in accordance with MGC Pharma’s contractual rights, and may also be subject to prosecution under the law.

Policy Statement

The use of MGC Pharma’s funds or other resources for any unlawful or unethical purpose is strictly prohibited. Employees and others acting on MGC Pharma’s behalf, or providing services to MGC Pharma, including distributors, agents and service providers, may not offer, give, or cause others to give bribes, kickbacks or illegal payments to advance, promote, expedite or influence MGC Pharma’s business. Such payments include, but are not limited to, money, favours and entertainment gifts which are disproportionately expensive in light of the context in which they are given. As described above, Anti-Corruption Laws, including the U.K. Bribery Act and the FCPA, prohibit the giving of such payments or favours to public officials for the purpose of influencing that official in his or her official capacity. These laws impose strict record keeping requirements on companies, requiring that all payments and disbursements be recorded to ensure funds are not dispensed for these purposes. Some Anti-Corruption Laws similarly prohibit the giving of payments or favours to any person, whether or not he or she is a public official, as a quid pro quo for performing a function improperly. Violations are punishable by fines and imprisonment. MGC Pharma will use its best efforts to ensure that third parties comply with these laws when doing business with the Company. This policy does not prohibit the offering of reasonable and customary business meals or entertainment to public officials and other individuals, although care should be taken to ensure that such meals or entertainment are in compliance with applicable laws, government policies and industry codes.

Additional Guidance Regarding Policy.

1. Public Official.

A “public official”:

- (i) an officer, employee or comparable person or individual who acts in an official (including legislative, administrative or judicial) capacity for or on behalf of any local, national, territorial, federal, state, federal district or municipal government agency or independent agency, organisation, commission, committee, foundation, or governmental corporation;
- (ii) any political party, candidate for public office, officer, employee, or person acting for or on behalf of a political party or candidate for public office;
- (iii) an employee or person acting on behalf of a publicly-owned business or healthcare provider;
- (iv) an officer, employee or person acting for or on behalf of a public international organisation; or
- (v) any person engaged or related to any similar entity to those referred to above. This includes any doctor, medical professional, employee or officer of any government healthcare authority, organisation or agency or any government regulatory agency. If you have any questions regarding whether or not a person is a foreign official, please contact a MGC Pharma Director who will assist you in that determination.

2. “Reasonable and Customary” Business Meals and Entertainment.

It can often be difficult to determine whether or not an expense for meals, entertainment or travel is “reasonable and customary.” In all cases, you will need to use your good judgment. To help you in this determination, you should refer to the following guidelines:

The purpose of these meals, entertainment and travel should be to help maintain good working relationships and communication and/or to properly promote MGC Pharma’s products. Meals, entertainment and travel should never be extravagant and should not be offered in circumstances when it could be perceived as a means of inducing any particular action by an official or by any other person.

The total amount spent on these meals, entertainment and travel should not be excessive.

All employees should follow written local laws, as well as the specific policies, procedures and guidelines of their own companies and operating units regarding approvals and reporting of such meals, entertainment and travel.

3. Gifts.

Our general policy is not to provide any gifts or favours to public officials. This does not preclude the giving of gifts that are of nominal value and are given in accordance with local laws and cultural traditions, so long as they are not given for the purpose of inducing any particular action by the recipient.