

Legal Policy

Global Ethical Business Practices Policy

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Key Principles:

- Our INTEGRITY matters and we must never resort to bribery or corrupt activities to obtain or conduct our business.
- We must not offer or give- directly or indirectly – anything of value to any person or entity that is intended to, or could be seen as an attempt to influence or reward them to behave improperly, in order to obtain or retain business or secure a business advantage.
- We must not request or accept – directly or indirectly anything of value if it is intended or could be seen as an attempt to compromise our independence or judgment or to improperly influence a business decision
- We must always ensure accurate documentation and records of all our business transactions.

1. Background

Catalent Inc., its divisions and subsidiaries ("Catalent"), are committed to conducting business operations throughout the world in accordance with all applicable laws and with high ethical standards. **We will never compromise our integrity.** Many laws, including the U.S. Foreign Corrupt Practices Act ("FCPA") and the U.K.'s Bribery Act of 2010 (the "Bribery Act"), are applicable to the manner in which Catalent and each of its employees conduct business worldwide. While applicable laws may vary by location in their scope and severity, failure to comply with the policies stated below will, at a minimum, cause harm to Catalent's business reputation. Violations could also subject Catalent to significant fines and penalties, and individual employees could face monetary fines, as well as imprisonment. This Policy is designed to ensure all employees understand their responsibilities and obligations in these areas and with respect to conducting Catalent's business around the world.

2. Objective

The objectives of this policy are:

- To emphasize Catalent's commitment to integrity in all we do and reinforce our belief that ethical business practices are directly tied to long term value and success.
- To inform and educate employees regarding certain legal regulatory requirements.

3. Scope

This policy applies to Catalent all of its divisions and subsidiaries, including joint ventures and their respective employees and agents worldwide.

If, based on the information in this Policy, any employee is uncertain whether a particular course of action might be in violation of applicable law, the Policy, or Catalent's Standards of Business Conduct, the Legal Department must be consulted in advance.

4. Responsibilities

The Catalent Legal Department is responsible for maintaining and updating this Policy. All business units and managers of Catalent are responsible for implementing this Policy and ensuring compliance. All Catalent employees are responsible for understanding or seeking clarification of all rules outlined in this Policy and for familiarizing themselves with the most current version of this Policy. The Catalent Human Resources Department is responsible for investigating alleged violations of this Policy and, together with an employee's manager, effecting any disciplinary action required due to violations.

5. Policy Details

Catalent prohibits the offering, giving, solicitation or acceptance of any Bribe, to or from, any person or entity, wherever situated, and whether public or private, by any individual employee, agent or other person or entity acting on Catalent's behalf.

Catalent requires that all financial transactions, including gifts or exchange of non-monetary assets, be recorded with reasonable details and accuracy and completely reflect the transactions and asset descriptions of Catalent, regardless of the location which the transaction takes place.

This Policy focuses on the FCPA and the Bribery Act because they have broad applicability to the business of Catalent and their violation could result in severe sanctions against Catalent and individual employees. All employees are required to read this Policy and to refer to it whenever questions arise that might relate to the FCPA, the Bribery Act, or other international laws, regulations, or standards, e.g. Amendment No. 8 to Article 164 (China 2011), and Brazil's Law No. 12.846/2013 (2014 Corruption Law) and the G20 High Level Principles on Corruption and Growth.

1. Overview of the FCPA

The FCPA, enacted in 1977, made bribery of "foreign" government officials, i.e. those outside the U.S. — either directly or through intermediaries — a federal crime. The FCPA has both anti-bribery provisions and accounting provisions. Catalent and all of its subsidiaries and related entities, including joint ventures, are subject to the anti-bribery provisions of the FCPA. Employees of Catalent, wherever located, are similarly subject to the anti-bribery provisions of the FCPA.

The anti-bribery and accounting provisions are described below. Failure to comply with the FCPA, and the absence of effective internal controls to reduce the likelihood of FCPA violations, can seriously harm Catalent's reputation and expose it to potential fines or penalties.

The Anti-Bribery Provisions

The anti-bribery provisions of the FCPA prohibit activities that have four components:

- (a) the offering or giving of "anything of value;"¹
- (b) to a Foreign Official, including any foreign government official, foreign political party or party official, foreign political candidate, or

¹ The term "anything of value" should be read broadly to include gifts, entertainment, favors, services, loans and loan guarantees, the use of property or equipment, job offers, transportation, and the payment of expenses or debts. Importantly, there is no "small payment" exception for payments made with a corrupt intent. Thus, even minor payments can trigger liability under the FCPA if they are offered with a corrupt purpose.

official of a public international organization (like the European Union or the World Bank);

(c) for purposes of (i) influencing any act or decision of such recipient in an official capacity, (ii) inducing the recipient to do something or omit to do something in violation of the recipient's lawful duty, or (iii) securing any improper advantage; and

(d) all in order to obtain, retain, or direct business for or to any person.

Also, the FCPA prohibits corrupt payments through intermediaries such as agents or other third parties. It is unlawful to make a payment to a third party while knowing that all or a portion of the payment will go directly or indirectly to a Foreign Official. *The term "knowing" includes conscious disregard and deliberate ignorance of the situation.*

Facilitating Payment Exception. The one exception to the FCPA's anti-bribery provisions, permits certain minor payments (e.g., under \$200) made to expedite or secure the performance of routine governmental action.

The performance of routine governmental action includes:

(a) obtaining permits or licenses (note that the payment must be to the person whose job it is to issue the permits or licenses);

(b) processing governmental papers (such as visas and work orders);

(c) scheduling inspections;

(d) providing police protection, postal services, or telephone services;

(e) supplying power and water;

(f) loading and unloading cargo, protecting perishable products from deterioration; and

(g) other similar actions ordinarily and commonly performed.

The performance of routine governmental action **does not** include decisions to award or continue business or actions affecting such decision-making. Furthermore, facilitating payments permitted under the FCPA may violate local law or the law of other countries (such as the United Kingdom and France). Because the application of this exception depends on the particular facts of the situation, **no Catalent employee should make or authorize facilitating payments without prior guidance from the Legal Department.**

The Accounting Provisions

The accounting provisions of the FCPA include requirements concerning record-keeping and internal controls (the policies and procedures by which a company authorizes the commitment of company resources). With respect to record-keeping, the FCPA requires that a company's books and records must accurately and fairly reflect transactions and disposition of assets. Even if a transaction meets the facilitating payment exemption to the anti-bribery provisions of the FCPA, a violation of the FCPA occurs if the transaction is not properly recorded as a facilitating payment. With respect to internal controls, the FCPA requires that a company maintain a system of internal controls sufficient to provide reasonable assurances that (i) transactions are executed in accordance with management authorizations, (ii) transactions are recorded so as to permit the preparation of accurate financial statements, (iii) assets are accessible only in accordance with management authorizations, and (iv) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken concerning any differences.

Any employee who believes that a Catalent business is not being operated in a way that fairly and accurately reflects the business or in a way that allows transaction to be undertaken or assets to be committed without appropriate authorization should contact the Legal Department.

Sanctions

Violation of the FCPA's anti-bribery provisions and accounting provisions may result in severe sanctions. Civil fines of \$10,000 per violation may be imposed on companies and individuals. Criminal fines of \$100,000 per violation for individuals and \$2 million per violation for companies may be imposed, along with prison sentences of up to five years per violation. The FCPA prohibits companies from paying the fines on behalf of their individual employees. In addition to the penalties authorized by the FCPA itself, violations of the FCPA often result in sanctions under other laws, such as denial of export rights, or the debarment from government contracts and fines under the Alternative Fines Act of up to twice the benefit the offending party sought to obtain by making the bribe. Violation of the FCPA would also result in serious harm to the company's reputation. Any Catalent employee who is involved in a violation of the FCPA will be subject to severe disciplinary measures, up to and including termination of employment.

2. Overview of the U.K. Bribery Act of 2010

The Anti-Bribery Act of 2010, the U.K.'s first new bribery law since 1916, adopts most of the provisions of the FCPA with some noted exceptions:

- It covers both public and private bribery and **does not allow** facilitation or "grease" payments.
- It imposes strict liability on a company that fails to prevent a bribe being paid on its behalf. This means Catalent may be responsible for the acts of its agents, consultants and the like and appropriate steps need to be taken to ensure Catalent's prohibition against bribery and corrupt business practices is communicated, understood and agreed to by all who conduct business on Catalent's behalf.
- There is no limit to the amount a company can be fined.

- If an individual violates the Bribery Act, he or she can face both unlimited fines and imprisonment (up to ten years per violation).

3. Anti-bribery laws and Catalent's Business

Transactions

While engaging in transactions on behalf of Catalent, employees should be especially alert to anti-bribery compliance issues that may arise if the transactions involve any of the following:

- (a) Foreign governmental entities and entities owned or controlled by foreign governments (as customers, suppliers, business partners or regulators);
- (b) Compensation to a party based on success;
- (c) "Foreign" agents or intermediaries (including consultants, service providers, representatives, contractors, and architects);
- (d) Compensation to a party for his or her government contacts;
- (e) Compensations to a party who is related to or a known associate of a foreign official or political figure;
- (f) Avoidance of queries about a party's reputation, qualifications, and political or governmental roles;
- (g) Compensation to a party to a degree seemingly excessive for the services that are agreed to be performed;
- (h) Compensation to a party in cash or to persons or banks located outside the country in which services are being performed;
- (i) Failure to impose restrictions on a "foreign" agent's appointment of sub-agents; and
- (j) Engagement of a "foreign" agent or intermediary without a written contract.

If a potential transaction has one or more of the above features, the employee involved should confer with the Legal Department to determine the steps that should be taken to ensure anti-bribery compliance. Catalent will provide anti-bribery training to appropriate personnel on a regular basis, however, if you have any questions you should not hesitate to contact the Legal Department.

Third Party Payments

Catalent prohibits corrupt payments, including those made through intermediaries. Intermediaries may include joint venture partners or agents. Employees must exercise due diligence and take all necessary precautions to ensure that they have formed a business relationship with reputable and qualified partners and representatives. Such due diligence may include working with Catalent's Global Procurement or Trade Compliance team and investigating potential "foreign" representatives and joint venture partners to determine:

- (a) if they are in fact qualified for the position;
- (b) whether they have personal or professional ties to a government;
- (c) the number and reputation of their clientele; and
- (d) their reputation with the U.S. Embassy or Consulate and with local bankers, clients, and other business associates.

In addition, in negotiating a business relationship, employees should be aware of so-called "red flags," examples of which include:

- (a) unusual payment patterns or financial arrangements;
- (b) a history of corruption in the country;
- (c) a refusal by the "foreign" joint venture or representative to provide a certification that it will not take any action in furtherance of an unlawful offer, promise, or payment to a "foreign" public official and not take any act that would cause the Catalent to be in violation of the anti-bribery laws;
- (d) unusually high commissions;
- (e) a request that a payment be made to a third party or to a third country;
- (f) a request that any transactions be made in "cash";
- (g) lack of transparency in expenses and accounting records;
- (h) apparent lack of qualifications or resources on the part of the joint venture partner or representative to perform the services offered;
- (i) whether the joint venture partner or representative has been recommended by an official of the potential governmental customer;
- (j) a refusal by the "foreign" joint venture or representative to undergo a credit check; and

(k) a refusal to enter into a written agreement relating to the business relationship.

Agreements with agents and joint venture partners should be in writing, should clearly define the rights and obligations of the agent or joint venture partner, and should contain representations, covenants, and warranties concerning anti-bribery compliance.

Acquisitions and Joint Ventures

Anti-bribery and anti-corruption compliance is also crucial in the context of business acquisitions and joint ventures. Whenever Catalent is acquiring an interest in another business enterprise or is considering entering into a joint venture with another business enterprise, the following steps should be taken:

(a) assess whether the other business involves transactions with any of the high-risk features listed above;

(b) inquire whether the other business has been the subject of any FCPA or UK Bribery Act violations, prosecutions, investigations, or inquiries;

(c) inquire about comparable circumstances under the counterpart laws to the FCPA or UK Bribery Act in the country or countries in which the other business operates;

(d) inquire about the findings of any external and internal audits of the other business's anti-corruption compliance;

(e) obtain documentation of the other business's anti-corruption compliance, including policies, procedures, manuals, and other compliance materials;

(f) consider disclosure to the appropriate enforcement agency if anti-corruption violations are discovered; and

(g) plan the integration of the compliance programs of Catalent and the other business.

The foregoing due diligence is essential to protect Catalent from possible liability arising from violations that occurred before the acquisition or joint venture that is under consideration. Catalent employees involved in due diligence should coordinate with the Legal Department.

Promotional Expenses and Gifts

Reasonable and bona fide expenses directly related to the promotion, demonstration or explanation of products or services are generally permitted.

Gifts

Beyond the category of gifts related to the promotion of products or the performance of a company contract, it is difficult to say which gifts are allowable and which are forbidden. At the very least, gifts to government officials should be carefully evaluated, be of modest value and provided only as a token, courtesy, or expression of gratitude, in accordance with the customs of the country. If the gift meets these requirements, it is unlikely to involve the intent to gain an improper business advantage. However, as with other bribery issues, intent is the key consideration and it is difficult for a company to disprove allegations of improper intent.

The cost of any gift must be reasonable in the relevant circumstances. Reasonableness is judged on the basis of cost, the relationship to a legitimate business promotional activity, or the relationship to the performance of an existing contract. In addition, gifts must be consistent with the company's business ethics and customary practices. While there is no official guidance with respect to what would be considered a permissible gift to a foreign official, the following additional criteria should be observed:

- A gift should comply with any local laws or business policies that apply to the foreign official;
- A gift of cash is never appropriate;
- A gift should not be extravagant or lavish;
- Employees should avoid a pattern of providing nominal gifts, as it may begin to take on the appearance of a bribe;
- The gift must be lawful under the applicable country's laws;
- The gift should be transparent and employees should not conceal the facts;
- The gift should be given in a manner that avoids any appearance of impropriety; and
- The expense of the gift should be fairly and accurately accounted for in the company's books and records. Note that a gift of cash will violate the accounting provisions of the FCPA.

The Legal Department should be consulted whenever there are questions with regard to a proposed gift to a foreign official.

Meals and Business Entertainment

Business entertainment of government officials is a challenging issue because there is significant room for disagreement over what is considered a reasonable business expenditure. Reasonable entertainment expenses do not violate the FCPA unless they are incurred with an improper intent. With regard to business entertainment:

- The entertainment expenditure should comply with any local laws or business policies that apply to the foreign official;
- The expense should avoid the appearance of impropriety;
- The entertainment costs should be reasonable in the circumstances;
- The expenditure should be in line with local customs; and
- The entertainment expense should be fairly and accurately accounted for in the company's books and records.

Travel, Meals and Lodging

Bona fide expenses for the travel, meals and lodging of a government official directly related to the promotion of Catalent's products or the performance of a contract are generally permissible under the anti-bribery laws. The expenses must be reasonable in the circumstances and directly related to the promotion of Catalent's products or services. When contemplating promotional expenditures, keep in mind:

- The company cannot pay for travel expenses for family members of a government official;
- The company cannot cover both travel expenses and advance per diem expenses (i.e., if the company pays for meals it cannot, in addition, provide a per diem for incidentals);
- The company's travel policies for employees must be observed when airfare expenses are paid for by the company;
- Lodging expenses paid for by the company should include only accommodation costs actually incurred. Such accommodations should be in business class hotels and only for the period of travel to and from the meeting or visit to a company facility;
- Meals should be reasonable and properly recorded in the company's accounting records;
- Payments to cover expenses should, whenever possible, be paid directly to vendors (e.g., hotels, airlines and car rental companies). If direct payment is not possible, reimbursement should be made only upon presentation of receipts for the expenses submitted. Whenever possible, reimbursement should be made to the official government or company involved rather than the individual;
- Travel expenses should be carefully structured in advance to ensure compliance with the anti-bribery laws;
- Travel expenses should be permitted under local law and made in conformance with any local accounting and reporting requirements; and
- Travel expenses should not be linked to such activities as paid trips to tourist attractions or to visit family members.

4. Participation in Catalent's Ethical Compliance Program

Every Catalent employee is responsible for full and active participation in the company's global ethical business practices compliance program. These compliance responsibilities include:

- (a) understanding Catalent policies with respect to FCPA and Bribery Act compliance,
- (b) cooperating with instructions and guidelines issued by members of senior management concerning FCPA, Bribery Act and other applicable anti-corruption law compliance,
- (c) conducting effective due diligence (as described above in the previous section) with respect to foreign agents, representatives, and intermediaries before engaging their services on behalf of Catalent,

- (d) conducting effective due diligence (as described above in the previous section) with respect to business acquisitions and joint ventures before making commitments on behalf of Catalent,
- (e) including in contracts applicable FCPA, Bribery Act or other relevant anti-corruption law compliance provisions that are available from the Legal Department,
- (f) ensuring that any commitments of Catalent resources are made in accordance with the delegations of authority established by Catalent from time to time,
- (g) attending periodic training sessions on anti-bribery and anti-corruption compliance,
- (h) certifying compliance with the applicable anti-bribery and anti-corruption laws and Catalent policies when such certification is requested by Catalent,
- (i) cooperating with anti-bribery and anti-corruption compliance audits by internal and external auditors,
- (j) cooperating with periodic assessments of anti-bribery and anti-corruption compliance risks by the Legal Department or outside counsel, and
- (k) reporting to supervisors, the Legal Department or via the Business Conduct Line any violations, suspected violations, or potential violations of the FCPA, the Bribery Act or other applicable anti-bribery or anti-corruption laws by Catalent.

Any inquiries about anti-bribery and anti-corruption compliance from government agencies or private parties must be promptly referred to the Legal Department.

Compliance with the applicable anti-bribery and anti-corruption laws is the collective responsibility of all Catalent employees, as well as the individual responsibility of each of us. Catalent's compliance with law and our reputation for integrity depend on the full support of all employees.

The Legal Department is available to assist in interpreting the FCPA, the Bribery Act and other applicable laws. If, based on the information in this Policy, any employee is uncertain whether a particular course of action might be in violation of applicable law, the Policy or Catalent's Standards of Business Conduct, the Legal Department must be consulted in advance. Any Catalent employee who believes that Catalent is about to violate, or has violated, the FCPA, the Bribery Act or other applicable anti-bribery or anti-corruption laws should promptly inform the Legal Department.

6. Glossary

List any terms or acronyms used within this document that require a more detailed explanation.

Term	Description
Bribe	an offer or promise to give, or the giving of or authorizing to give, anything of value or any other advantage in order to improperly influence business actions. Bribes can include cash or monetary equivalents, gifts, hospitality, payment of expenses, reciprocal favors, business or employment opportunities, political or charitable contributions, or any other direct or indirect benefit or consideration which improperly influences action
Bribery Act	the U.K. Bribery Act of 2010
FCPA	the U.S. Foreign Corrupt Practices Act
Foreign Official	any officer or employee of a foreign government (i.e., other than the United States) or any department, agency, or instrumentality thereof (which includes a government-owned or government-controlled state enterprise) or of a “public international organization,” any person acting in an official capacity for or on behalf of a foreign government or government entity or of a public international organization, any foreign political party or party official, or any candidate for foreign political office. Therefore, foreign officials include not only elected officials, but also consultants who hold government positions, employees of companies owned by foreign governments, political party officials and others. Catalent’s Legal Department should be contacted if there is a question as to whether a person or organization should be treated as a foreign government official, foreign political party or party official, foreign political candidate, or official of a public international organization for the purpose of this Policy.

7.References

Number	Reference Details
1	Standards of Business Conduct
2	Employee Reporting Obligations Policy
3	Whistleblower
4	Travel and Expense Policy
5	Gifts Policy

8.Appendices

Number	Contents
	n/a

Approvals

This Policy has been approved by the SVP General Counsel and Chief Compliance Officer.

Version History

Add rows as necessary. The first document version should be at the top of the table and the current document version at the bottom.

Version Number	Version Date	Policy Author	Summary of Change(s) Made
1.0	18/May/2009	Diane Duvall	Issuance of Policy.
2.0	01April/2011	Diane Duvall	<p>Format change</p> <p>Update to include reference to U.K. Bribery Act.</p> <p>Simplified Scope Statement.</p> <p>Added definitions of Bribe, Bribery Act.</p> <p>Inserted simplified policy summary statement prior to FCPA overview.</p> <p>Deleted out dated verbiage and technical references to FCPA applicability and affirmative defenses in order to simplify and make more reader-friendly.</p> <p>Inserted overview of U.K. Bribery Act of 2010.</p> <p>Incorporated Bribery Act as well as FCPA and apply generally to anti-bribery laws. Added reference to Trade Compliance Group under Third Party payments.</p>
3.0	April 2015	Diane Duvall	<p>Added references to other applicable anti-bribery and anti-corruption laws under Policy Details.</p> <p>Added reference to Global Procurement under Third Party Payments.</p> <p>Format changes.</p>