



**ADDENDUM TO THE ORTHOFIX GROUP  
CORPORATE CODE OF CONDUCT**

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## INTRODUCTION

Orthofix Medical Inc. and all of its subsidiaries, including Orthofix S.r.l. (the “**Company**” or “**Orthofix**”) have adopted a “Corporate Code of Conduct” the principles of which are fully referred to herein and compliance with which is compulsory for all recipients of the Company’s organization, management and control model (the “**Model**”).

The Company, in addition to the aforementioned Corporate Code of Conduct, also intends to adopt this *Addendum* which comprises a set of principles and duties of conduct that the Company holds to be essential for proper management of the activities by all Recipients of the Model, also with regard to the provisions of Legislative Decree 231/01 and the guidelines issued by trade associations, which are referred to in the General Part of the Model.

The Corporate Code of Conduct of Orthofix Medical Inc. and this Addendum are, therefore, an organic system of principles, values and ethical rules that Orthofix holds to be fundamental and essential for running every corporate business and of which it demands the most attentive compliance by members of corporate bodies and management, by employees of the Company as well as by all those who even de facto work for the Company including third parties such as, by way of mere example, and not to be limited to, agents, collaborators, consultants, etc. (the “**Recipients**”).

As a matter of fact, the Company holds the requirement to abide by (and have whoever interacts with it abide by) the highest standards of ethics and transparency to be of paramount importance as regards any other commercial requirement.

Orthofix, therefore, requires that all those who have or intend to have legal relationships with the Company adopt conduct compliant with the provisions of the Corporate Code of Conduct of Orthofix Medical Inc. and of this Addendum.

## 1. PRINCIPLES OF CONDUCT

### 1.1 CASH FLOWS, CORPORATE FINANCIAL STATEMENTS AND RECORDS

- Both cash inflows and cash outflows must be supported by an appropriate approval process and they must always be traceable and supported by documentation. In this regard, **it is absolutely forbidden to** make any kind of payments without appropriate supporting documentation and/or without recording such payments in the accounts, and to grant fees or provide services to third parties, consultants, suppliers, etc. that are not adequately justified based on the existing relationship.
- The Company's accounting is strictly based on the general principles of truthfulness, accuracy, completeness, clarity and transparency of recorded data.
- Management-related events must be shown in a correct, complete and timely manner in corporate accounts and databases.
- Each accounting transaction must be lawful, authorized, consistent, compliant, recorded, traced and adequately documented in both formal and substantial compliance with

regulations and procedures in force from time to time for the purpose of allowing complete reconstruction at any time.

- To this end, any Recipient who performs operations and/or transactions involving sums of money, assets or other economically assessable benefits belonging to the Company, must act upon specific authorization and must, upon request and at any time, provide all evidence for its verification. Delegated persons must act in accordance with the powers of representation, delegated powers and powers of attorney granted to them.
- All tax declarations shall be based on truthful accounting records representing lawful, existing and correctly recorded transactions.
- Any due taxes must be paid in a timely fashion. Furthermore, **it is mandatory** to calculate the due taxes in strict compliance with the applicable legislation and to pay them in a timely fashion.
- The Company ensures compliance with the principles of conduct aimed at guaranteeing (i) integrity of the share capital, (ii) protection of creditors and third parties that enter into relations with the Company, (iii) regular market trend, (iv) exercise of the functions of public supervisory authorities and, in general, (v) transparency and correctness of the activities carried out by the Company both from an economic and financial standpoints.
- Recipients of the Model are, in particular, explicitly obliged to:
  - strictly comply with the rules governing the preparation of financial statements and the keeping of accounting records, including the relevant accounting standards;
  - hold a correct, transparent and collaborative behavior, in obedience of laws and corporate procedures, in all activities aimed at drawing up of the financial statements, the balance sheets and periodic reports and corporate disclosures in general for the purpose of providing the recipients of these disclosures (shareholders, creditors and third parties in general) with true and correct information on the economic, equity and financial position of the Company. More specifically in this framework it **is absolutely prohibited** to prepare, draw up, transmit and/or communicate, in any way or manner, inaccurate, erroneous, incomplete, fragmentary and/or false data and information concerning the Company's accounting situation or its equity, economic and financial position, or to make any omission in preparation, drawing up, transmission and/or disclosure of this data and/or information. In addition, all Recipients are required to report any illegal, incorrect or false records or records that are consistent with suspicious transactions or conflicts of interest;
  - comply, with the utmost diligence and rigor, with all legislative provisions aimed at safeguarding the integrity and preservation of share capital, doing all this for the purpose of in no way harming the legitimate reliance of creditors and third parties in general;
  - ensure proper operation of corporate bodies and, more generally, of the Company, permitting performance of the activities of the Board of Auditors and the Auditing Firm. In this regard it **is absolutely prohibited** to conceal documents in any way and manner or to behave in such a way as to prevent the Board of Auditors and the Auditing Firm from performing their respective tasks including the accounting control.

- The Board of Auditors, the Auditing Firm and the other persons charged with auditing have free access to data, documentation and information useful for performance of their respective tasks.

## 2.2 PROTECTION OF THE MARKET AND OF COMPETITION

- All Recipients of the Model are liable to comply with laws on competition, avoiding that any agreement or behavior held in the name of, and/or on behalf of the Company could be unlawful restriction of competition.
- The Company undertakes, for correct development of entrepreneurial competition, (i) not to exploit dominant positions (if any), (ii) to supervise the quality of the products and services provided to customers.
- All Recipients of the Model **are also prohibited from:**
  - harming, in any way, the image of competing companies and their products;
  - disturbing the liberty of persons who pursue industrial or commercial activities;
  - infringing in any way the principles of free competition;
  - cheating or misleading customers, competitors or Public Administrations.
- It is also prohibited to receive and/or request gifts or preferential treatments that cannot be related to normal relationships of courtesy and, when these take place, the official responsible for these matters should be informed.

## 2.3 RELATIONSHIPS WITH SUPPLIERS

- The Company's purchasing policies envisage procurement of products and/or services by selecting suppliers according to objective and transparent assessments of quality, price and adherence by the supplier to the highest standards of compliance with regulations in force and with the ethical standards laid down in the Company's Model.
- The Company's personnel is therefore **required to:**
  - conduct themselves fairly, transparently and cooperatively, and in accordance with the law and internal company procedures, in supplier selection and management;
  - verify that business partners and suppliers of goods and/or services meet the necessary legal, integrity and expertise requirements to perform the activity;
  - not hinder any suppliers that satisfy the requirements from competing for the award of a supply, adopting objective evaluation criteria in their selection in the manner declared and transparently;
- Furthermore, it is specifically prohibited to:
  - grant fees to third parties, partners, consultants, suppliers, etc. that are not adequately justified based on the existing relationship with such third parties;

- certify regularity upon receipt of goods/services without a careful assessment of the merits and appropriateness in relation to the good/service received, as well as to authorize payment of goods/services without a check on the appropriateness of the supply/service in relation to the contractual terms.

## 2.4 RELATIONSHIPS WITH EXTERNAL COLLABORATORS

- External collaborators are required to abide by the ethical principles under this Code of Ethics.
- The Company's personnel, in relation to their functions, shall:
  - abide by the principles and internal procedures for selection and management of the relationships with external collaborators, making sure selection takes place on objective assessments having as their subject, *inter alia*, obedience by the external collaborator of the highest standards of compliance with regulations in force and with the ethical standards laid down in the Company's Model;
  - do business only with persons and businesses that are qualified and of adequate standing.

## 2.5 RELATIONS WITH PERSONNEL

- The Company acknowledges the importance of human resources, convinced that the main success factor in any company consists of the professional contribution of the people who work there. The Company, in its personnel management, ensures the same opportunities and fair treatment based on merits criteria, without any discrimination, to all its employees.
- The Company performs personnel recruitment and selection according to criteria of objectivity, skills and professionalism, ensuring equal opportunities and aiming at procuring the best expertise available on the labor market.
- Any recruitment decision must be made exclusively on the basis of the candidate's personal and professional skills and based on proven needs and after verifying compliance with all legal requirements, including a valid residence permit.
- Personnel reported by representatives of the Public Administration or by other persons who have the power to influence the Company's activities may not be hired.
- Personnel are hired with proper employment contracts and no form of irregular labor is tolerated nor hiring of foreign nationals whose residence in Italy is irregular. The Company also undertakes to protect the moral integrity of its personnel, preventing them from being subject to unlawful conditioning or undue inconveniences. For this reason all acts of psychological violence and all attitudes or behaviors which are discriminatory or harmful to the person, his/her convictions and his/her preferences are strictly prohibited.
- From this standpoint all sexual harassment or intimidatory and hostile attitudes in internal or external employment relationships are prohibited and there shall be no tolerance, during work and at workplaces, of work performance under the influence of drugs or drug

consumption or sale.

## 2.6 RELATIONSHIPS WITH INSTITUTIONS AND THE PUBLIC ADMINISTRATIONS

- The Company, with total respect for the respective roles and functions, maintains relationships with public entities, State and local administrations, public law organizations, etc. In conducting such relations on behalf of the Company, the Recipients, including the Company's consultants, agents and collaborators, must strictly comply with the following provisions.
- Relationships under this item should always reflect criteria of transparency and professionalism and recognition of the respective roles and organizational structures.
- With this in mind:
  - **it is severely prohibited** to offer or promise, either directly or through intermediaries, cash donations or granting of goods in kind to foster the Company's business or to defend its market positions;
  - **it is severely prohibited** to pay and/or to promise, either directly or indirectly, money or other benefits to third parties, public officials, public or private service officers, in order to condition or remunerate the work done by their office or, anyway, to procure preferential treatments.
- Consultants, agents and all Recipients that might have relations with the Public Administration on behalf of the Company are required to disclose, promptly and with the utmost transparency, any relationships with representatives of the Public Administration, including any family relationships, of their own or of employees/collaborators, so that the Company can assess whether the existence of such relationship constitutes a conflict of interest capable of unduly influencing the Recipient's activity.
- The Company expressly prohibits any behavior aimed at circumventing the provisions of this article by turning to other forms of remuneration which, in the form of appointments, consulting, hiring, etc., pursue unlawful purposes.
- In particular, and by way of example, **it is prohibited**, in relationships with representatives of public institutions and the Public Administration in general, either Italian or foreign:
  - to donate money to public officials or public service officers belonging to the Public Administration, to public entities and/or to assimilated subjects;
  - to grant advantages of any kind, including promises of employment, in favor of representatives of the Public Administration or their family members;
  - to produce false or falsified data and/or documents or to omit required information for the purposes of also getting contributions/subsidies/funding or other disbursements from the State or public entities or the European Community;
  - to allocate contributions/subsidies/public funding for purposes other than those for which

they were got;

- to have unauthorized access to IT systems of the Public Administration in order to get and/or change information to the advantage of the Company.
- All Recipients are obliged to loyally cooperate with the representatives of the Judicial Authorities and with any other investigating/inspective/supervisory body, providing all the documentation and information they request in a complete, adequate and timely manner. **It is absolutely prohibited** to behave in such a way as to hinder due operation of Justice. It is, regarding this point, especially prohibited to make mendacious statements to the Judicial Authorities and/or to any other investigating/inspective/supervisory body or to hold behavior (e.g. featuring violence, threats, offer or promise of money or other benefits) which could lead others to make false or mendacious statements in the interests of, or to the advantage of the Company.
- Consultants authorized to communicate with Public Administrations on behalf of the Company must strictly comply with the provisions of Legislative Decree No. 231/01 and the Model, including this Addendum to the Code of Ethics, by signing the relevant contractual commitment clauses to this effect.

## 2.7 SALES AND MARKETING

- The customers' commercial and professional respectability and reliability must always be verified.
- The Recipients are also **expressly prohibited from:**
  - making donations of money or granting other benefits in favor of customer representatives (including through intermediaries, suppliers and/or third parties in general), especially where the customer is a person governed by public law / belonging to the Public Administration, so as to influence their actions;
  - distributing free gifts and presents, in order to improperly influence an activity of the Company (including through intermediaries, suppliers and/or third parties in general);
- Agents and sales representatives must be selected according to criteria of transparency and merit, verifying their reputation and granting commissions in line with market standards.
- Free gifts may only be given to customers, suppliers and other third parties in relation to holidays or events and, in any event, in line with the commercial, promotional and communication purposes and policies established by the Company.
- Sponsorships may only be made for the purpose of positively associating the Company's image with initiatives that reflect corporate values. Direct sponsorship of Healthcare Professionals for participation in events organized by third parties is prohibited, with the exception of and subject to approval by the Compliance Department, events that are qualified as "Third Party Organized Procedure Trainings" by the MedTech Europe trade association Code of Conduct.
- The Company may not compare the financial support offered to any third party (entities,



associations, etc.) with the volume or value of any purchases made by the recipient or parties related to such third party (or in anticipation of future purchases).

- Any external communication materials such as images, text, graphics or music tracks, which the company uses for its own communication initiatives, must be acquired and used in accordance with copyright law, where necessary by commissioning an external agency;
- Any information disseminated relating to the company (e.g. advertising information, news posted on the website, press releases, etc.) must always be true and correct.

## **2.8 HEALTH, SAFETY AND THE ENVIRONMENT**

- The Company focuses special attention on creation and management of environments and workplaces that are adequate from the standpoint of health and safety of employees, in accordance with relevant national and international regulations.
- Another primary goal of the Company is to protect and safeguard the health of its own human resources in all workplaces and work conditions. Medical/health preventive activities are performed in full compliance with regulations on environment safety.
- All Company personnel, as part of their duties, participate in the processes of risk prevention, environmental protection and protection of the health and safety of themselves, their colleagues and third parties.
- The Company requires that Recipients abide by and have others scrupulously abide by (even their own employees and collaborators as regards the Company's consultants, suppliers, contractors and external collaborators) all the regulations required by the law to protect occupational health and hygiene, always in accordance with the procedures which are based on these regulations.
- The Company takes all measures aimed at reducing the environmental impact of its activities, providing, at any time, the availability of adequate financial resources to meet this obligation.
- The Company is also committed to implement measures aimed at raising environmental awareness and respect by all Recipients who, in their turn, are liable to comply with environmental regulations and applicable internal procedures as well as with the permits and prescriptions laid down by the competent authorities.

## **2.9 USE OF CORPORATE ASSETS AND IT SYSTEMS**

- All personnel are liable to safeguard corporate assets by holding responsible behavior and in accordance with corporate provisions. All personnel, in particular, are liable to:
  - scrupulously comply with the provisions of the corporate safety procedures;
  - always adopt, in writing and orally, professional language without components that could be offensive to the person and/or harmful to the corporate image.

- With particular reference to IT applications every Company employee and collaborator is required to use the hardware and software made available to him/her, including the company email address, for the sole purposes connected to performance of his/her work duties and, anyway, in accordance with the Company policy.
- In particular, each employee and collaborator is required to:
  - refrain from using, duplicating, reproducing, transmitting, publishing, importing, distributing, selling, marketing, leasing or in any other way, making use of programs, applications, logos, images or other video, audio, IT or other types of material without license or authorization or, anyway, in breach of copyright or industrial property protection laws;
  - refrain from creating means for removing or circumventing computer program protection devices;
  - refrain from browsing websites featuring unseemly and offensive content;
  - not disclose to other employees or third parties their log-in details to the network, company IT systems, management system and other software;
- Recipients that hold smart cards and other electronic signature devices or devices for validating online transactions (e.g. bank tokens) are required to use them strictly personally, except in case of specific written delegated powers.

**The following is specifically prohibited:**

- engaging in any conduct aimed at altering the operation of computer or electronic systems and/or manipulating the data contained therein, which is likely to cause unjust damage to others, as well as any conduct aimed at entering or remaining within a computer or electronic system of others illegally or otherwise against the owner's will;
- downloading unlicensed software or using for work purposes software or other tools that infringe third parties' industrial property rights;
- breaking into other people's computer networks against the owner's will and damaging other people's computer networks, as well as downloading software or equipping oneself with hardware intended for such purposes.

## **2.10 RESPECT FOR THE LAW AND RELATIONSHIPS WITH THIRD PARTIES**

- The Company, in compliance with the law and democratic values behind the Italian legal system, is committed to refrain from any form of funding, either direct or indirect, and from in any way facilitating groups, associations or individuals that pursue wrongful purposes (e.g. for terrorist purposes) or that operate in violation of human rights or in breach of regulations safeguarding the individual.
- It is compulsory to abide by all the precautions and internal procedures aimed at preventing the danger of involving the Company in any way in activities of national or international criminal organizations being established for any purpose whatsoever. In

particular it is prohibited to establish any work or business relationship with natural or legal persons that participate in any form in national or international criminal organizations.

## **2.11 PREVENTION OF MONEY LAUNDERING**

- The Company does business in full formal and substantial compliance with anti-money laundering laws in force and with the provisions issued by the competent Authorities, being committed, for this purpose, to refuse to carry out transactions that are suspicious from the standpoint of correctness and transparency.
- The Recipients, therefore, are required:
  - to check in advance the information available regarding business counterparties, suppliers, partners and consultants in order to ascertain their respectability and the lawfulness of their activities before establishing business relationships with them;
  - to act in such a way as to avoid any involvement in transactions that might even potentially favor laundering of money coming from wrongful or criminal activities, in full obedience of primary and secondary anti-money laundering laws and of internal control procedures.

## **2.12 RECIPIENTS' LIABILITY**

- All of the Company's employees and collaborators are liable to lay out their work on principles of professionalism, transparency, correctness and honesty, contributing with their colleagues, superiors and subordinates to pursue the Company Mission, in accordance with the provisions of the Corporate Code of Conduct and this Addendum.
- Each Company employee and collaborator shall always operate within the Company in full compliance with corporate provisions and procedures, abiding by the rules laid down by the law and by the employment or services contract.
- Each Company employee and collaborator is responsible for his/her actions put in place while doing his/her job. In particular, all those who perform managerial functions, including personnel managers, shall also be responsible for the activities performed by personnel under their direction and control.

## **2.13 CONFIDENTIALITY**

All Orthofix employees and collaborators are liable to abide by the utmost confidentiality regarding information, documents, studies, initiatives, projects, contracts, plans, etc. of which they became aware by way of the services they perform, with special reference to those that could impair the image or the interests of the customers and of the Company.

Orthofix implements appropriate measures to protect the information it manages and prevent it from being accessible to unauthorized personnel.

All information, and in particular information acquired while pursuing activities for customers, shall be considered to be confidential and cannot be disclosed to third parties nor used to directly or indirectly achieve personal advantages.

## IMPLEMENTING RULES

### 1.1 COMMUNICATION AND TRAINING

- The Corporate Code of Conduct of Orthofix Medical Inc. and this Addendum, as an integral part of the Company Model, are brought to the attention of the corporate bodies, Company's employees, collaborators and business partners in the most effective and widespread way possible, in the manner provided in the Model.

### 1.2 REPORTING;

- If any member of the Company becomes aware of potential violations of this Addendum or of conduct that does not comply with the rules of conduct adopted by the Company, they must **immediately report it** by using the following channels:
  1. E-mail address at [ODV@orthofix.it](mailto:ODV@orthofix.it), access to which is restricted to members of the SB; or
  2. Ordinary mail to the address of the Company's registered office in Bussolengo (VR), 37012, Via delle Nazioni, 9, marked "*privileged and confidential*";
- as well as through available Group channels, such as, in particular:
  - the Ethics Point platform can be reached here:  
<https://secure.ethicspoint.com/domain/media/en/gui/34657/index.html>;
  - the Corporate Hotline, toll-free number 800-786907 (for calls from Italy);
  - the Compliance Department's dedicated e-mail address [compliance@orthofix.com](mailto:compliance@orthofix.com).
- Anyone who reports a violation in good faith will be protected from retaliation. Any report made in bad faith will be treated as a disciplinary offence.

### 1.3 BREACH AND SANCTIONS

- The obligation to comply with the rules set out in the Corporate Code of Conduct and this Addendum is to be considered an essential and constituent part of the contractual obligations of all persons, whether internal or external, working for the company.
- Consistently with its rigorous approach, the Company will treat any breach as a disciplinary offence in relation to employees and as a breach of contract with reference to collaborators and other third parties.
- The type and amount of penalties to be imposed are proportionate to the following general criteria:

- seriousness of the breach;
- level of hierarchical and/or technical responsibility of the person committing the breach;
- subjective element of conduct (distinction between intentional wrongdoing and negligence);
- significance of the obligations breached;
- consequences for the Company;
- any involvement of other persons in the liability;
- aggravating or mitigating circumstances with particular regard to expertise, previous work performance, disciplinary record, and the circumstances in which the act was committed.
- The seriousness of the infringement will be assessed on the basis of the following circumstances:
  - the timing and practical arrangements for committing the breach;
  - the presence and intensity of the intentional element;
  - the extent of the damage or danger as a consequence of the breach for the company and its employees;
  - the predictability of consequences;
  - the circumstances in which the breach took place.
- Breach by the Recipients of the provisions set out in the Corporate Code of Conduct and this Addendum entails the application of the sanctions provided in Chapter 7 of the General Section of the Company's Model.