



PHIBRO ANIMAL HEALTH CORPORATION

Supplier and Vendor Code of Conduct

1. INTRODUCTION

Phibro Animal Health Corporation, including its subsidiaries and affiliates (“PAHC” or “Company”), maintains a commitment to conducting its business ethically and by observing all applicable laws, rules and regulations. PAHC strives to use vendors and suppliers that share this commitment.

PAHC’s vendors and suppliers are expected to comply with all applicable laws, regulations, rules and requirements with respect to the products and services they manufacture, distribute or otherwise provide to PAHC. This includes, but is not limited to: business conduct, product quality, labor and employment practices, health and safety, and environmental protection. Suppliers are expected to conform their practices to any published standards for their industry, obtain all applicable permits and operate in accordance with permit limitations and requirements at all times.

2. ETHICS AND BUSINESS CONDUCT

PAHC expects suppliers and vendors to act ethically and in accordance with applicable laws in all business transactions. As such, they will:

- a. Uphold standards for fair business practices including accurate and truthful advertising, fair competition and antitrust.
- b. Prohibit payment of bribes, illegal political contributions, or other illicit payments or methods for any reason, including the waiver of penalties or fines or the receipt of any other special benefits.
- c. Not offer gratuities such as gifts, entertainment, money, loans, vacations or hotel accommodations to PAHC’s employees and representatives except promotional items of nominal value or moderately scaled entertainment within the limits of prudence.
- d. Refrain from offering gifts except promotional items of nominal value or moderately scaled entertainment within the limits of prudence.
- e. Safeguard against improper use of intellectual property, including disclosure of confidential or sensitive information, pricing, or employee information. Any transfer of confidential information must be executed in a way that secures and protects the intellectual property rights of PAHC as well its suppliers. Any confidential information provided by PAHC to the supplier is to be used solely in support of PAHC business, and shall be maintained in a manner reasonably calculated to protect the information

from misuse or unauthorized disclosure. Suppliers may not use any PAHC trademark, images, or materials to which PAHC owns the copyright, unless explicitly authorized.

3. ANTICORRUPTION, NO BRIBERY AND EXPORT REGULATIONS

PAHC expects all vendors and suppliers to comply with the United States Foreign Corrupt Practices Act (“FCPA”), the UK Bribery Act, where applicable, and all other applicable local and international laws related to anti-corruption and bribery. In addition, PAHC expects all vendors and suppliers to comply with all applicable rules and regulations imposed by the Office of Foreign Assets Control of the United States Treasury Department (“OFAC”) and by the European Union with respect to transactions with embargoed or sanctioned countries and/or persons.

- a. **FCPA:** The FCPA makes it unlawful for PAHC or any third party associated with PAHC to corruptly offer, pay, promise to pay or give, or authorize the payment or gift of money or anything of value, directly or through an intermediary, to any foreign government official for the purpose of influencing any act or decision in order to assist PAHC in obtaining or retaining business, or to induce the foreign official to violate a lawful duty. A similar prohibition applies with respect to payments to a foreign political party or official or a candidate for political office. An officer or employee of a government owned or controlled company is considered an “official” for purposes of the FCPA. The FCPA also prohibits a company or person from using another company or individual to engage in any of the aforementioned activities.
- b. **UK BRIBERY ACT:** In addition to the foregoing, the UK Bribery Act prohibits bribery to commercial organizations and private individuals. The UK Bribery Act should be assumed to apply to all transactions involving vendors and suppliers doing business on behalf of PAHC inside and outside of the United Kingdom.
- c. **OFAC and EU Sanctions Regulations:** OFAC and the EU impose certain controls on transactions and freezes assets of designated individuals and entities that have taken actions to promote terrorism, engage in weapons proliferation, undermined human rights, and taken other actions contrary to public policy. The regulators maintain two types of sanctions: country-based and list-based. Suppliers and vendors of PAHC are prohibited from dealing with specially designated entities or countries listed and prohibited, debarred, denied or sanctioned by OFAC or the EU. The OFAC restrictions may apply to assets owned or controlled by a private party or certain government entities in the targeted countries. Prior to engaging in any international business transaction (such as sales, purchases, financing or logistical support), either directly or through intermediaries including distributors and agents, with an entity or person located in a country that is the subject of either country-based or list-based sanctions, PAHC vendors or suppliers must ensure that the transaction is not limited or prohibited by U.S. or other applicable law.

4. PRODUCT SAFETY

PAHC expects vendors and suppliers to produce products of the highest quality and safety and in compliance with all applicable laws. As such, they will provide PAHC with products containing only ingredients that have been approved or are otherwise defined and authorized

pursuant to a Supply Agreement or other contract between PAHC and the supplier, if any. No new ingredient will be substituted or exchanged without prior approval by PAHC.

5. HUMAN RIGHTS, LABOR AND EMPLOYMENT

PAHC's suppliers and vendors are expected to treat people with dignity and respect. As such, they will:

- a. Not use forced or involuntary labor.
- b. Not employ child labor, consistent with the principles contained in the International Labour Organization's 1998 Declaration on Fundamental Principles and Rights at work.
- c. Not treat or threaten to treat an individual harshly or inhumanely. Harsh or inhumane treatment includes sexual harassment or abuse, corporal punishment, coercion or verbal abuse.
- d. Not engage in human trafficking (as defined by the UN in Article 3, paragraph (a) of the Protocol to Prevent, Suppress and Punish Trafficking in Persons and as required by the California Transparency in Supply Chains Act of 2010).
- e. Comply with applicable wage and hour labor laws of the country in which they operate, including through adherence to rules designed to limit overtime.

PAHC's suppliers and vendors are expected to operate in a sustainable and responsible manner. As such they will comply with all applicable environmental laws, including laws related to water discharges, air emissions, the use and release of toxic substances, and hazardous waste disposal. Suppliers shall adhere to all applicable laws regarding the sourcing of materials. It is the expectation of PAHC that its suppliers and vendors do not use "conflict minerals," as defined by the Dodd-Frank Act¹; should the use of such products be necessary, suppliers shall secure such minerals from a source that certifies that it sources conflict-free minerals.

6. QUALITY CONTROL, DOCUMENTS AND RECORDS AND CONFIDENTIALITY

PAHC's suppliers and vendors are expected to manage their activities systematically in order to maintain business continuity, meet the standards set forth in this Supplier and Vendor Code of Conduct, and improve their operation continually. As such, they will:

- a. Implement processes to control documents and records.
- b. Implement processes to control the production of PAHC products and /or materials, manage change effectively and ensure customer requirements are satisfied.
- c. Develop and implement appropriate internal business processes to ensure compliance with this Supplier and Vendor Code of Conduct and assist PAHC in

¹ As of October 2013, "conflict minerals" consist of cassiterite, columbite-tantalite, gold and wolframite, as well as their derivatives.

implementing this Supplier and Vendor Code of Conduct by communicating its principles to their supervisors, employees, and suppliers.

7. MODIFICATIONS

This Supplier and Vendor Code of Conduct may be modified from time to time by PAHC to reflect changes in applicable legal requirements or standards of ethical conduct. The updated Supplier and Vendor Code of Conduct will be at all times published on PAHC's website accessible via www.pahc.com, under the tab "About Phibro." PAHC's suppliers and vendors are expected to check the PAHC website from time to time to ensure they have access to the most current version of this Supplier and Vendor.