

Liba Laboratuvarları A.Ş.

Expense Policy

June 8, 2020

1 PURPOSE AND SCOPE

The purpose of the Expense Policy (“the Policy”) is to outline the way in which Liba Laboratuvarları A.Ş. (together referred as “Liba” and “the Company”) employees pay for work-related expenses. In addition, the purpose of this Policy is to define the types of expenses that can be reimbursed by the Company, to inform the Company employees about their responsibilities and to determine the documentation process of the expenses.

This Policy covers all levels of staff including regional managers, managers, permanent/temporary staff and subcontractors acting on behalf of Liba.

2 DEFINITIONS

The terms, words, and expressions used in this Policy are to derive their meaning from the effective laws and regulations unless their definition is provided under this section.

Agency: The agency identifies the smaller organization that carries out an organization's business in return for its earnings.

Drug Representative: It is the person who promotes the medicinal product by visiting physicians, dentists and pharmacists directly, and have a qualification certificate.¹

Healthcare Professional: Refers to physicians, dentists, pharmacists, nurses, midwives, and other members of professional occupations defined in Annex 13 of the Law on the Performance of the Arts of Medicine and Rehabilitation; No. 1219 dated 11/4/1928.

3 GENERAL PRINCIPLES

It is a Company policy to refund employees for all work-related expenses, and employees should not cover their work-related expenses from their own budget. The expenses must be properly documented and approved by the employee's manager. If the payment documents of the expenditures are forgotten or lost, the expense is not reimbursed.

It is the responsibility of each employee to comply with the Policy regarding the expenses made on behalf of the Company. Employees’ managers are also responsible for the content and relevance of the spending.

Employees are expected to use Company resources as carefully and reasonably as their own personal resources, and to submit their receipts / invoices and the "Detailed Expense List" to the accounting department correctly. The Accounting Department is required to record and maintain all kinds of accounts, invoices and documents related to expenditures in a complete, open, transparent way that third person can understand.

The Company covers only the business expenses of the employees and the congress expenses of the Healthcare Professionals that the Company sponsor. Other expenses are not covered.

¹<https://www.mevzuat.gov.tr/Metin.Aspx?MevzuatKod=7.5.20880&MevzuatIliski=0&sourceXmlSearch=be%C5%9Feri%20t%C4%B1bbi>

3.1 TYPES OF EXPENSES

3.1.1 Accommodation and Congress Registration

3.1.1.1 Employees

The accommodation and transportation arrangements of Liba employees are carried out directly by the employees without using a contracted agency. Employees are required to obtain written approval from their managers for travel reservations. As a company principle, accommodation is made in the determined hotels in all provinces. If there are no problems with the hotels, the hotel preference is not changed.

3.1.1.2 Healthcare Professionals

Congresses attended by healthcare professionals are organized through tourism and organization companies. The Company makes the reservation by choosing the most suitable and reasonably priced accommodation options offered by the agency. Accommodation and congress participation fee of the Healthcare Professionals are paid to these companies. Flight/train/bus tickets are excluded from this scope and the transportation of the Healthcare Professional is provided separately by Liba when it is necessary to travel for participation in the congress.

Within the scope of the congresses, only Healthcare Professionals to be sponsored are paid. The accommodation and transportation expenses of their spouse, children or other relatives are not covered in any way.

All accommodation and transportation information of the congresses and the options offered by the agencies are kept and documented.

The Liba employee, who is responsible for organizing the congress participation of Healthcare Professionals, may take the initiative if she/he determines a clear price difference between the nearby flight / train / bus service and / or the flight times are rare. The Liba employee can take the initiative about the departure time and / or day by obtaining additional approval from the General Manager and proving that it does not provide any benefit to the Healthcare Professional. In the event of this situation, the reservation of the Healthcare Professional may cover a larger date range, one or two days. In such cases, all evidences should be kept and documented to be proved to a third person.

All information about the congresses (accommodation, transportation, date information) are reported to the Turkey Pharmaceuticals and Medical Devices Agency through the EBS system (Electronic Application System).

3.1.2 Transportation

3.1.2.1 Employees

During the travels of Liba employees, plane / train / bus tickets are provided through the agencies that Liba has contracts with. It should be noted that the tickets should be economy class and have reasonable price levels. The wages of the city travels made by the employees for business purposes are paid in return for the presentation of the expenditure documents.

Liba can provide vehicles to field workers who need to drive for their jobs and employees who need a car due to their titles. Company vehicles are preferably provided through contracted car rental companies. The model, brand, price of the vehicle to be allocated is determined by the evaluation of the General Manager.

3.1.2.2 Healthcare Professionals

As part of the congress participation, the flight / train / bus tickets provided to the Health Care Professional to which Liba is sponsor, are issued through the agencies that Liba has contracts with. Here, the departure ticket must be the last time before the start of the congress. The return ticket should be arranged as the first time after the congress. In addition, tickets must be economy class.

The Liba employee, who is responsible for organizing the congress participation of Healthcare Professionals, may take the initiative if he / she determines a clear price difference between the close flight / train / bus service and / or the flight times are rare. The Liba employee can take the initiative about the departure time and / or day, by obtaining additional approval from the General Manager and proving that it does not provide any benefit to the Healthcare Professional. In such a situation, screenshots that will prove the price difference between the tickets are kept in the document of the congress.

3.1.3 Hospitality – Meals

Each Drug Representative can spend in line with the monthly limits applicable for the relevant year. If the employee exceeds this amount, she/he should obtain the approval of the regional manager she/he is affiliated with.

Hospitality expenses for Healthcare Professionals should not be wasteful and in a way that affects the decision-making mechanism of them. Pursuant to the "Regulation on the Promotion Activities of Medicinal Products for Human Health", Liba cannot spend hospitality expenses for Healthcare Professionals, which will exceed 10% of the monthly gross minimum wage.

Drug Representatives must keep all meal invoices/bills. For each expenditure made, the following information should be written on the back of the invoice/bill:

- The business purpose of spending,
- The name of all employees and guests attending the meal,
- The job title of everyone in the dinner and its connection with Liba.

All expenses must be paid by the Company credit card. The payment document of the expense made with the Company credit card must be sent to the accounting department together with the detailed expense list. Cash payments can be made in places where no credit card can be used (parking area etc.). The receipt and/or invoice must be presented to the accounting department along with a detailed expense list in order to receive reimbursement of the cash expenses. There is no reimbursement of the cash tips given by the employees.

3.1.4 Office Expenses

In all daily expenses (cleaning supplies, tea, coffee, etc.) made for the head office, the Company credit card, saved in the Company's safe, or cash is used. In case of cash expenditure, a refund is made by presenting the receipt or invoice.

3.1.5 Documentation of Expenses and Reimbursement

Field employees are required to record their expenses to the CRM system in order to receive refund of their business expenses. Approval is required from the relevant manager after the "Detailed Expense List" is created over CRM.

The receipts / invoices of all expenses and the "Detailed Expense List" approved by the manager should be submitted to the accounting department. All expenses must be delivered to the accounting department until the 5th working day of next month. All expenses transferred to the accounting department are checked monthly by the accounting department and paid to the salary accounts of the employees on the 22nd day of the same month.

4 AUTHORITY AND RESPONSIBILITIES

All employees are required to comply with this Policy and it is the responsibility of the General Manager and the Compliance Officer to ensure that employees comply with this Policy.

The violation of the policy constitutes an important disciplinary offense and may result in disciplinary actions requiring verbal or written warnings, or the termination of employment.

In the event of witnessing behaviors that violate this Policy, employees may report to;

- libaetikhatti@liba.com.tr,
- Compliance Officer, or
- General Manager.

This Policy is periodically reviewed by the Compliance Officer in line with evolving legal obligations and Company processes.