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KELSO PHARMA

BUSINESS ETHICS, ANTI-BRIBERY AND CORRUPTION POLICY

1. Statement of Policy on Business Ethics, Corruption and Bribery

We are committed to conducting business in a transparent and ethical manner.

We demand the highest standards of integrity in the conduct of business.

We do not tolerate bribery or corruption in relation to our business, anywhere or in any form and will comply with anti-bribery and anti-corruption laws in the countries in which we operate.

2. Definitions

In this policy:

Affiliate means any holding company of the Company, any subsidiary of the Company or any holding company and any joint ventures in which any of them has a controlling interest;

Board means the board of directors of the Company or any of its Affiliates;

Senior Management means the CEO, CFO, GC/CCDO and country General Manager].

3. Application of this policy

All of the directors, officers, employees, workers, agents, consultants and contractors of the Company and its Affiliates anywhere in the world are required to comply with this policy.

Within the Company, the General Counsel / Chief Corporate Development Officer supervises the application of the policy and can be contacted as follows:

Email	andrew.mclean@kelsopharma.com
Phone	+447712001298

We regard failure to comply with this policy as a serious matter constituting gross misconduct or grounds to terminate a business relationship and will take appropriate measures against any person responsible.

Association with any bribery or corruption offence can damage the reputation of the Company and of individuals within it. Conviction of a bribery or corruption offence can lead to severe criminal penalties for companies and for individuals, including lengthy terms of imprisonment and large fines.

Many anti-bribery and anti-corruption laws extend overseas, meaning that companies and individuals can be prosecuted in one country for offences that took place in another.

This policy may be amended from time to time. Updated versions will be made available through appropriate channels.

4. Training and self-certification

Employees and workers will be required to attend compulsory training on issues relating to business ethics, corruption and bribery. This training will be updated and repeated at appropriate intervals.

Employees and workers will also be required to make a declaration in writing on a regular basis that they have not breached this policy in any way. The giving of a false declaration will be regarded as a serious matter.

5. Bribery

Bribery means offering a financial or other advantage as an inducement or reward for the improper performance by another person of duties, functions or activities. Bribery, and bribery offences, can occur in relation to both the public and private sector.

The Company does not tolerate the offering or acceptance of bribes, whether directly or indirectly.

Bribes are often offered or sought in relation to tendering processes, contract negotiations, the granting of approvals, permits or licences, payment of taxes, inspections, investigations and judicial proceedings.

Cultural and legal differences mean that what is legally or ethically acceptable in one country or region may be illegal or unethical in others. From a legal perspective, what is acceptable may be judged by the standards of reasonable people in the UK and not according to the standards of the country or territory in which you are operating.

You should not make any assumptions about whether particular conduct is proper or not. If you:

- suspect that bribery may have occurred or be occurring in relation to the Company's business;
- feel under pressure to engage in conduct that may amount to bribery (including when faced with blackmail or extortion); or
- are concerned about the conduct of a third party in relation to the Company's business;

you should contact the General Counsel / Chief Corporate Development Officer.

6. Facilitation payments

Facilitation payments are payments, often of small amounts, made to public officials to perform or speed up routine processes, for example issuing permits or releasing goods held in customs.

Such payments are illegal under the UK Bribery Act 2010, prohibited by the UK's ABPI Code of Practice and may also be illegal under other laws.

The Company does not permit the making of facilitation payments of any kind. We are committed to ensuring that none of our agents, intermediaries or suppliers makes facilitation payments in relation to our business. The only exception envisaged to this policy is where a payment has to be made to protect against loss of life, limb or liberty.

In some countries or regions, facilitation payments are a common, almost routine, part of doing business. However, as far as the Company is concerned, the fact that such payments may be expected or common practice in certain parts of the world does not mean that they are a permitted way of doing business.

Remember that, from a legal perspective, what is acceptable in this context may be judged by the standards of reasonable people in the UK and not according to the standards of the country or territory in which you may be operating.

If you know or suspect that facilitation payments are being made or received in relation to the Company's business, you should report the matter immediately to the General Counsel / Chief Corporate Development Officer.

If you are asked for a payment that you think is unwarranted, the following should be observed:

- Question the official as to the legitimacy of the demand and record the response;
- Request receipts and identification details of the official making the demand;
- Request a consultation with the official's superiors;
- Do not make payments in cash and directly to an official;
- Inform those demanding payment that compliance with the demand may result in an offence under UK criminal law (for you, the company and the official);
- Inform those demanding payment that it will be necessary to inform the UK embassy of the demand;
- Contact the General Counsel/Chief Corporate Development Officer.

7. Dealings with public officials

Public officials include elected office-holders, officials of national, regional and local governments, public agencies/enterprises (including state owned companies), law enforcement agencies, judges and other judicial officers, and individuals who work for international organisations such as the United Nations, the European Union, the International Monetary Fund and the World Bank.

Dealing with public officials in the UK and around the world is an essential part of the Company's business activity.

The Company requires the highest standards of transparency and ethical conduct in relation to dealings with all public officials.

You should not have dealings with public officials unless you are permitted to do so by Senior Management.

Offering bribes to public officials, whether directly or indirectly, is absolutely prohibited and is likely to amount to a criminal offence in the UK and/or in other countries.

Local laws and regulations may apply to certain interaction with public officials in particular countries and you should consult in advance with the General Counsel / Chief Corporate Development Officer or obtain written advice from local external counsel approved by the General Counsel / Chief Corporate Development Officer before engaging in any conduct that could be perceived as improper, whether by UK or other standards.

8. Dealings with agents and intermediaries

The Company may be found liable for bribery offences committed by third parties (such as agents, intermediaries, business partners) who perform services on behalf of, or in conjunction with, the Company. It is critical that the General Counsel / Chief Corporate Development Officer is comfortable that its business partners share our commitment to transparent and ethical business dealings and manage their own relationships accordingly.

The Company will not permit its agents, intermediaries, or business partners to offer or accept bribes, make facilitation payments or engage in any other unethical or corrupt activity on the Company's behalf.

You must report any concerns about corrupt practices involving business partners to the General Counsel / Chief Corporate Development Officer.

Agents/Intermediaries

The Company must be transparent in all dealings with its agents and intermediaries around the world.

Before doing business with/engaging any agent or intermediary you must:

- carry out appropriate anti-corruption due diligence checks on them;
- carry out appropriate checks on their identity; and
- be satisfied that engaging with them does not involve any conflict of interest or potential reputational damage.

The Company has put in place the procedures that must be followed to assist with the above.

Specifically, prior to the appointment of an agent/intermediary:

- An internal checklist requires to be completed;
- The proposed agent/intermediary is required to complete a due diligence questionnaire;
- The appointment of the agent/intermediary is approved by the [the General Counsel / Chief Corporate Development Officer].

Please contact the General Counsel / Chief Corporate Development Officer for further details prior to doing business with/engaging an agent or intermediary.

Business Partners

Appropriate due diligence is also required before entering into other forms of business relationships (e.g. joint ventures or other forms of more informal collaboration).

Prior to an entering into a business relationship:

- An internal checklist requires to be completed;
- The third party should complete a due diligence questionnaire;
- The business relationship is approved by the Company Secretary.

Please contact the General Counsel / Chief Corporate Development Officer, for further details prior to doing business with/engaging an agent or intermediary.

9. Accounting and financial reporting

Failure to account for payments in a proper, transparent way is a symptom of corruption and is unacceptable.

"Off-book" accounting or entering false or misleading descriptions of payments made or received is prohibited.

10. Gifts and hospitality

Modest hospitality and gifts given and accepted in good faith can be an acceptable part of business and social interaction in many countries.

However, they can lead to or become part of unethical or corrupt practices and therefore you must be aware of and act in accordance with this policy when offering or accepting gifts or hospitality.

It is often the circumstances in which gifts and hospitality occur that makes them unacceptable rather than the amounts or generosity involved. For example, a modest lunch at a restaurant could cause improper inferences to be drawn about a business relationship or create improper expectations.

By way of general guidance, gifts and hospitality should reflect a desire to cement good relations and show appreciation and seek to improve the Company's image as a commercial organisation, to better present its products or services, or establish cordial relations.

Gifts and hospitality:

- should never be lavish or extraordinary;
- must be recorded and accounted for in a transparent way;
- should not be used where they could be perceived as seeking to influence business decision-making improperly;
- should not be offered or accepted as a reward for a transaction or business dealing.

You must seek approval from Senior Management prior to offering or accepting gifts or hospitality to any public official. The provision of hospitality for public officials should be cleared with the relevant public body so that it is clear who and what the hospitality is for. The UK ABPI Code of Practice prohibits the inducement and inappropriate payment and provision of items to Health Professionals and other relevant decision makers.

Gifts

You may not offer or receive a gift of value, without approval from Senior Management.

All gifts given or received must be properly recorded in a gift register. In certain circumstances you may be asked to return it or donate it to charity even if its value is below the above limits.

The giving or receiving of the following is always prohibited:

- gifts in the form of cash, vouchers or cash equivalents;
- gifts of shares or stock or any kind;
- gifts of personal services;
- gifts of excessive value;
- gifts that create or imply an obligation;
- gifts that constitute a personal gain from a business transaction; and
- loans.

Hospitality

Routine hospitality in good faith is acceptable. However, accepting or offering hospitality is not permitted where:

- it is lavish, excessive, or excessively frequent;
- it involves activities that may be offensive in some cultures or to some participants; or
- its purpose or potential effect is to create or imply an obligation (e.g. hospitality given in the context of a tender exercise).

All hospitality given or received must be properly recorded in a hospitality register and be pre-approved by a member of Senior Management.

11. Per diem and similar expenses

Paying the expenses of a public official to attend a meeting or visit a location is very similar to making a facilitation payment or a bribe.

It is prohibited unless the local law of the country in which the public official works expressly allows it.

Even if local laws permit it, payment of per diem and similar expenses can create the wrong impression about the way we do business and before agreeing to pay any such expenses you should consult Senior Management and take legal advice from local external counsel approved by the General Counsel / Chief Corporate Development Officer.

12. Charitable donations and community benefits

The Company seeks to make charitable donations to appropriate causes or provide other community benefits as part of its corporate social responsibility programme.

However, there can be occasions when charitable donations or the provision of community benefits are used as an improper cover for political payments or even corruption. Moreover, there may be occasions when an official requests a charitable donation or the provision of another type of benefit, which is not permitted under local written law and which therefore may constitute bribery. Accordingly, the Company has controls in place to ensure that its funds or resources are not used improperly.

No charitable donation or the provision of some other form of community benefit may be made may be by the Company without the prior written approval of Senior Management.

All charitable donations must be properly recorded in a charitable donation register.

13. Political donations and activity

Activity

The Company does not engage directly in political activity.

The Company may engage in political debates or lobbying in relation to subjects that affect our business. However, no individual should do so on behalf of the Company without the permission of Senior Management.

Donations

The following are not permitted without the prior written approval of the Board:

- payments or donations to or at the request of political parties, political candidates or organisations engaged in a political campaign, purposes or causes;
- use of Company assets or resources for political campaigns, purposes or causes.

All political donations or payments must be properly recorded in a political donation register.

Personal political activity

The Company respects your right to be involved in political activity and to donate money to political parties or causes on a personal basis.

However, if your personal activities could lead to a conflict of interest with the Company's business, you should inform Senior Management.

14. Sponsorship

From time to time the Company may provide sponsorship.

However, there can be occasions when sponsorship is used to conceal a financial or other advantage that would be regarded as a bribe and therefore constitute an offence under UK anti-bribery law. This could be the case, for instance, where the sponsorship is seen as a reward or payment to a person to bring about or reward improper performance of a public function. For example, it may not be appropriate to sponsor an event if you are aware of an ongoing or upcoming tender process that the Company is involved in.

You may not commit the Company to providing sponsorship without the prior written approval of a member of Senior Management.

All sponsorship must be properly recorded in a sponsorship register.

15. Use of information

Using information in the wrong way can lead to corruption and other criminal or civil liability.

The Company has the right to protect all its confidential information. You may not disclose it without proper cause.

Using or disclosing inside information can give people in business an unfair advantage. Inside information is information about business dealings that is not publicly available and that will allow someone else to make a profit, carry out a transaction or gain some other financial advantage. Inside information about the Company or any third party should never be used, disclosed, bought or sold.

16. Reporting improper conduct – whistleblowing

Genuine concerns or suspicions about improper conduct should be reported to any of the following:

- your line manager;
- your HR representative;
- the General Counsel;
- Senior Management; or
- a member of the Board.

All reports will be treated in confidence.

Only in very unusual circumstances will it be appropriate to make a disclosure to a third party before disclosing it to someone in the Company. It will never be appropriate to make a disclosure to the media before going through one of the above channels.

The Company will not subject anyone who makes a disclosure in good faith to any unfavourable treatment as a result of their disclosure and/or permit retaliation against or victimisation of any such person.