

Whistleblower Policy

Effective Date: 15 June 2019

Version: 02

Background:

The Sarbanes-Oxley Act was passed by Congress in 2002 in the wake of corporate mismanagement and accounting scandals. It is a federal law that established sweeping auditing and financial regulations for public companies. Lawmakers created the legislation to help protect shareholders, employees and the public from accounting errors and fraudulent financial practices.

The Sarbanes-Oxley Act includes the whistleblower protection provision, which prohibits any officer, employee, contractor, subcontractor, or agent of a publicly traded company from retaliating against an employee for disclosing reasonably perceived, potential or actual violations of the Sarbanes-Oxley Act.

Employees are also protected in most states by laws barring discrimination or retaliation against whistleblowers. In most states, to qualify for whistleblower protection, an employee must generally have a good faith belief that the employer or its employees are in some way violating the law. The employee must also complain about the violation to the employer or to an outside agency, refuse to participate in the violation or assist in an official investigation of the violation.

Purpose:

The purpose of this policy is to provide guidance on the reporting of complaints regarding internal accounting controls and auditing matters.

Scope:

This policy applies to all employees of Lannett Company, Inc. ("LCI) in Philadelphia, Carmel and Seymour.

Definitions:

Retaliation: Punishment of an employee by an employer for engaging in legally protected activity such as making a complaint of harassment or participating in workplace investigations. Retaliation can include any negative job action, such as demotion, discipline, firing, salary reduction, or job or shift reassignment.

Whistleblower: An employee who brings wrongdoing by an employer or other employees to the attention of a government or law enforcement agency and who is commonly vested with rights and remedies for retaliation.

Policy:

This policy covers complaints relating to accounting and internal auditing matters which include the following.

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- Fraud, deliberate error or gross negligence or recklessness in the preparation, evaluation, review or audit of the financial statements of the Company;
- Fraud, deliberate error or gross negligence or recklessness in the recording and maintaining of financial records of the Company;
- Deficiencies in internal auditing controls or non-compliance with them;
- Misrepresentation or false statements to management, regulators, the outside auditors or others by a senior officer, accountant or other employee regarding a matter contained in the financial records, financial reports or audit reports of the Company; or
- Any other deviation from full and fair reporting of our results or financial condition.

Reporting of Complaints

If an employee has a complaint related to this policy, the employee is encouraged to discuss the issue with either their Supervisor, Department Head, Human Resources or the General Counsel. Employees also have the option of filing an anonymous report with the compliance hotline.

Employees should make every effort to report their concerns to one of the above individuals or to file an anonymous report with the compliance hotline via telephone (1-855-252-7606) or online (www.hotline-services.com). Employees have the option to bypass their supervisor if they believe their supervisor is engaged in any prohibited activity that is described in this policy.

The Company takes these complaints very seriously. Anyone found to make a complaint in bad faith shall be subject to discipline, up to and including termination.

Receipt and Investigation of Complaints

If a Supervisor, Department Head or Human Resources receives a complaint related to this policy, they should immediately forward the complaint to the General Counsel. For complaints filed with the compliance hotline, the General Counsel will receive notice of the report immediately after it is filed.

The General Counsel will forward any complaints, related to this policy, directly to the Audit Committee of the Board of Directors without discretion. The Audit Committee will determine the validity of the complaint and if an investigation is warranted. If an investigation is warranted, The Audit Committee will appoint either internal or external investigators to thoroughly investigate the complaint according to the direction and oversight of the Audit Committee.

The Company will maintain the confidentiality of the complainant's identity to the fullest extent possible. However, the Company may have to disclose the identity of the complainant to conduct a thorough investigation.

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If it is confirmed that a violation of this policy has occurred, the Company will take swift action with respect to the violation of this policy and the individuals who committed the violation. In certain circumstances, the Company may need to disclose the violation to the government for investigation and potential civil and criminal proceedings.

Complaint Retention

The General Counsel or designee will maintain a log of all complaints related to this policy. The log will include the investigation and resolution and will be available for review by the Audit Committee.

Non-Retaliation

Any form of retaliation against an employee who reports a complaint in good faith is strictly prohibited. Any employee who commits or condones any form of retaliation will be subject to discipline, up to and including termination.

References:

Compliance Hotline Policy

Approval:



Samuel Israel

VP, Chief Legal Officer & General Counsel

5/3/19
Date