

# Business Conduct Policy

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## **Message from the Senior Management**

At “The Company”, our success is based not only on our contribution of quality products designed to treat or cure illness, but also on our reputation for being able to conduct our business according to the highest ethical standards.

*Integrity* is one of the Company Values that defines our corporate culture. The Company’s policy has always been to abide by the laws, regulations and guidance that apply to the pharmaceutical industry, but our commitment to *Integrity* goes far beyond merely observing the letter of the law. In all circumstances, we can take pride in knowing that we are expected to do what is right.

That’s why we’ve developed the Business Conduct Policy. This Policy is intended to help each of us understand our responsibilities and to create awareness of some of the legal, regulatory and ethical issues we may encounter in our day-to-day business activities. It is a general statement of principles and guidelines designed to help us make decisions that reflect our high ethical standards. Making the right decisions begins with basic honesty and integrity. No policy can take the place of personal ethics and good judgment.

We all want “The Company” to be not only a leader in the pharmaceutical industry, but also a place where we are proud to work. Please study this Policy carefully. Our long-term success depends on each of us having a personal commitment to *Integrity* and always striving to do the right thing.

## Introduction

This Code of Business Conduct and Ethics (“Code”) provides a general statement of the expectations of NovaDel Pharma Inc. (“Company”) regarding the ethical standards that each employee should adhere to while acting on behalf of the Company. It does not cover every issue that may arise, but it sets out basic principles to guide all employees, officers and directors of the Company. All of our employees must conduct themselves accordingly and seek to avoid even the appearance of improper behavior. This Code may also be provided to the Company’s agents and representatives, including consultants, who are expected to follow the same basic principles when providing services for the Company.

The various laws and regulations governing the health care industry are complex. This Business Conduct Policy was developed to serve as a guide to help us navigate the complex regulatory system and business environment by heightening our awareness of what is expected of us on a day-to-day basis.

Obviously, this Policy cannot address every situation that may arise. However, it provides a framework for the way we are expected to conduct the company’s business. Much of this Policy outlines complex legal and regulatory requirements. However, it cannot cover all the requirements of each country in which “The Company” does business, and it is not intended to make you an expert in such areas. Instead, it is designed to raise your awareness of potential problems and areas of risk and give you direction about when you should obtain guidance and where that guidance may be found.

If a law conflicts with a policy in this Code, you must comply with the law; however, if a local custom or policy conflicts with this Code, you must comply with the Code. If you have any questions about these conflicts, you should ask your supervisor or the General Counsel’s office how to handle the situation.

“The Company” takes very seriously its responsibility to comply with the law and to live up to the high standards we have set for ourselves. In order for this Policy to be effective, your proactive application of both the letter and spirit of the Business Conduct Policy is expected.

If you encounter a situation where you believe this Policy may have been violated, you are obligated to report the situation as described in the Reporting Section at the end of the Policy. Violations of this Policy and applicable laws and regulations will be investigated and appropriate actions can and will include disciplinary measures, up to and including termination.

## Principles

The following are the basic principles of business conduct on which this Policy is based. We are all expected to behave consistently with and conduct the business of “The Company” according to the letter and spirit of these principles:

*Compliance with Applicable Laws:* It is our policy to comply with all laws and regulations applicable to our activities. You should not take any action on behalf of “The Company” that you know or suspect violates any law or regulation.

*Business Loyalty:* You should not put yourself or anyone else (including fellow employees or customers) in a position where your personal interests or relationships could conflict or appear to conflict with the best interests of “The Company”. This means you should avoid doing anything that would compromise or appear to compromise “The Company” or yourself as an individual.

*Observance of High Ethical Standards:* In keeping with our Value of *Integrity*, you should exercise the highest standards of ethical behavior, good judgment, honesty and fairness when conducting company business.

## **How to Use this Policy**

This Policy is intended to provide guidance in dealing with difficult ethical situations that may arise in conducting the business of “The Company” It is every employee’s responsibility to read and become familiar with this Policy.

The Policy is organized into sections representing major ethical and compliance risk areas. Generally, each section provides some background on the importance of the guidelines, specific or general actions that are prohibited or expected of employees, and direction on where to find additional guidance, if needed (such as individuals or groups within the company or other policies containing information on the subject). The bolded headings within the sections are intended to assist you in locating, as quickly as possible, the information you need when a question arises. They should not be relied upon to the exclusion of the rest of the section or the Policy as a whole.

Immediately following each section of the Policy are questions and answers relating to that section. The Q&As are provided to help you understand the Company’s intent with respect to the interpretation and application of the Policy.

Whenever the interpretation or application of a provision of this Policy is unclear to you, you are required to seek clarification from the sources indicated in the section prior to taking any action that may result in risk or liability to you or the company or any other employee. The primary objectives of this Policy are to proactively prevent, detect and manage the ethical issues and legal risks relating to the business of the company.

## **Antitrust Compliance**

Antitrust laws seek to promote vigorous competition by prohibiting practices that might unreasonably restrict competition. Failure to comply with these laws can result in serious consequences for “The Company” and individuals involved in violations. Such consequences may include substantial fines imposed on the company, restrictions on future business activities, and fines and imprisonment of individuals who are involved in or accountable for the crimes.

### ***Relations with Competitors***

The most serious antitrust problems arise out of inappropriate relations with competitors. Federal law prohibits conspiracies and agreements between competitors with respect to price or terms of sale (e.g., discounts, credit terms, freight allowances), including arrangements between competitors that tend to stabilize or otherwise manipulate prices. Agreements or discussions between competitors with respect to production levels; distribution strategies; dividing customers, territories, or markets; and joint refusals to deal with third parties are also prohibited.

All such arrangements are illegal per se; that means they are illegal no matter what the explanation or justification and no matter how good our intentions. These prohibited practices do not have to be in writing to be deemed illegal. The conduct of the parties alone can be used as proof of a violation. Any mutual understanding i.e. via meeting minutes, e-mail messages that gives the parties a basis for expecting that a business practice or decision adopted by one will be followed by another can be used as evidence that an illegal agreement exists.

Per se violations carry mandatory prison terms as well as fines for individuals who are involved in or accountable for the violations, and substantial fines for the company. Any contact or conversation with a competitor is potentially risky simply because he or she is a competitor. The safest course of action is to talk to competitors only when you have a legitimate business reason to do so.

You should conduct all interactions with competitors as if they were in public view and thus subject to probing examination.

The following topics should never be discussed in any form of communication with competitors:

- prices, pricing standards, and terms and conditions of sale (including product promotions, timing of product promotions, discounts and allowances)
- credit terms and billing practices
- supplier's terms and conditions
- profits and profit margins
- costs
- distribution plans and practices
- marketing plans and practices
- bids, including your intent to bid or not bid
- allocation of sales territories
- production volume controls

- selection, retention or quality of customers
- refusal to deal with a supplier or customer
- type or quality of production
- new products or production innovations
- product packaging

The only limited exception to this rule is when you are discussing matters with another company that is a party to a joint venture, partnership, or other contract with Company, and the other company happens to be a competitor in other areas. Discussions in these circumstances must be specifically limited to areas of common interest defined by a contractual relationship, and you should in all cases consult with the General Counsel's office prior to engaging in such conversations.

Except as noted above, if a competitor starts to discuss any prohibited topic in your presence, you should immediately refuse to be involved in the discussion, and you should express your refusal in such a way that the other parties will remember your action. If the discussion persists, you should leave the meeting or hang up the phone. Additionally, you should immediately report any such incident to your manager and the General Counsel's office.

### ***Trade Associations***

Exchange of business information between competitors during trade association activities also may be prohibited by federal law. There is no exemption under US antitrust laws for joint activity merely because it is undertaken at a trade association meeting. Therefore, any discussion or action involving any of the prohibited conduct described above must be avoided, regardless of the setting. If you have questions regarding trade association activities, you should seek guidance from the General Counsel's office (US Compliance Officer).

### ***Monopolization***

Federal laws also prohibit actions that create or support monopolies. To establish a violation under these laws, there must be proof that a company has monopoly power (i.e., the ability to control prices or exclude competition) within a particular market and that it willfully acquired or maintains that power through anticompetitive practices.

### ***Relations with Customers***

The company's relationships with its customers are subject to a number of antitrust statutes and regulations that generally prohibit the following actions. Therefore, you should seek advice from Legal before taking any of these actions:

- Price Discrimination, selling products of like grade and quality to competing customers in the same class of trade at different prices, when such practice is likely to have a negative impact on competition.
- Promotional Payments, Services, and Facilities providing promotional payments, services or facilities to one customer without making them available to competing customers on proportionally equal terms.
- Resale Restriction having an agreement with a customer on resale pricing.

- Refusals to Deal deciding not to sell to an existing customer other than for legally permissible reasons.
- Requirements Contracts requiring a buyer to purchase substantially all of its requirements of product from a company, when such company has similar “full requirements” agreements for the product, in essence, shutting out competition.
- Tying Arrangements under certain circumstances, forcing a customer to buy a product it doesn’t want as a condition of a license, loan or sale of a different product.

### ***Patent and Know-How Licenses***

Patent and know-how laws reward those who develop technology by giving the owner the right (i) to exclude others for a time from making, using or selling the invention, or (ii) to restrain others from using misappropriated know-how. Restrictions imposed in a patent or know-how license (e.g., a right to practice the patent in a specific field) are generally permissible under the antitrust laws, provided they are reasonable. A complex body of law has developed with respect to the application of the antitrust laws to exchanges and restrictions in license agreements that fall outside the scope of the patent know-how. You should contact Legal whenever you consider inclusion of patent or know-how related terms and restrictions in a contract.

### ***Antitrust Laws Outside the United States***

Antitrust laws of the United States apply to all transactions which have any substantial effect on domestic or foreign commerce of the United States, regardless of where such transactions occur. In addition, the antitrust laws in other countries prohibit many of the same activities prohibited under US antitrust laws and may impose more stringent rules than the US antitrust laws do with respect to some types of business practices. Careful consideration must be given to the applicable laws of all jurisdictions where a transaction that might involve a competitive restraint will take place.

### ***Your Responsibility***

You should consult the General Counsel’s office at the earliest possible time with respect to any transaction involving any activity that has the potential to interfere with competition.

### ***Other Potential Antitrust Issues***

Some transactions that might not seem related to antitrust may have serious antitrust implications. Before engaging in any of the following activities, you should consult the General Counsel’s office about possible antitrust issues:

- acquisition of a company
- patent license agreements
- joint or team bidding or other joint venture arrangements
- termination of a long-standing business relationship (e.g., with a distributor)
- entering into additional agreements with the same supplier

## **Questions**

**Q1.** The Policy says that employees should talk to competitors only when we have a legitimate business reason to do so. However, I have friends and relatives who work for other pharmaceutical companies. How does this policy apply in the context of friends and family members?

**A.** This situation imposes a special responsibility on employees to exercise caution with those friends and family members in any discussion about work related matters. In addition, the list of prohibited topics included in the Policy should never be discussed with competitors even if they are friends or family members.

**Q2.** I will be attending a trade association meeting next month. I'm curious about our chances for receiving a contract award. May I discuss this with other bidders who will be there?

**A.** No. You should not discuss bids, terms of contracts, or similar proprietary business information with employees of competing companies. This might give others an unfair advantage, and it could violate antitrust laws.

**Q3.** Under a joint development agreement, I work closely with an engineer from another company. May I discuss other company projects with her? What if she talks about proprietary projects concerning her company?

**A.** Do not discuss any of the company's programs or projects, other than those on which you are working together, with this other company employee. Such conversations can compromise the projects involved and create other legal issues. Also, before discussing any confidential information with anyone, check to be sure that an appropriate confidential disclosure agreement is in place. You are required to protect the company's proprietary information, regardless of what the other engineer chooses to discuss, and you should discourage any discussions of another company's proprietary information. If you feel you are in a potentially compromising position, discuss the matter with your manager or with someone in the General Counsel's office.

**Q4.** How do I know what information about a competitor is okay for me to obtain? The business world is highly competitive, and success in it demands an understanding of a competitor's strategies. Certainly there must be legitimate resources for collecting data about our competitors.

**A.** You are entitled to information about competitors that is in the public domain. However, how information is gathered will determine if its use is proper. For example, the gathering of information should not induce a person to betray a trust or intrude on a competitor's reasonable expectations of privacy or confidentiality. You should ask yourself:

- Am I in a place I shouldn't be?
- Have I misled anyone to gain access to this information?
- Are my methods to gain information intrusive?
- Do I have any reason to believe that the person who provided the information is betraying a trust?

If the answer to any of those questions is "yes" then you are violating company standards.

**Q5.** I was recently approached by two of our distributors with a proposal for how they wanted to divide up certain territories and customers. The conversation made me uncomfortable, and I told them I thought that would violate company policy, but I'm not sure exactly what to do now.

- A.** You're right this kind of market allocation would be a violation of the antitrust laws. In these situations, it is extremely important to reject their request, refrain from any further discussions with them and immediately report the matter to the General Counsel's office.

## **Computer Resources/Business Systems**

The company's computer resources (software and hardware) and business systems (including the mail, e-mail, voice mail system, business phones, intranet and Internet access) are tools provided to employees of "The Company" for use in conducting their jobs. The company does not intend for these resources and systems to be used personally for non-business purposes, such as personal entertainment, promoting non-company business ventures or interests, or soliciting charitable donations.

### ***Occasional Personal Use***

Due to the amount of time spent at work, the company recognizes that some employees may occasionally want to use these resources and systems for non-business reasons, such as making personal phone calls, sending an occasional personal e-mail or briefly browsing the Internet. While it is permissible for employees to occasionally and briefly use these resources and systems for personal communications, it is expected that such use will be on your personal time and that any personal use will be kept to a minimum. In making this exception to our general company Policy, it is expected that employees will be responsible and professional in their use of these resources and systems. Inappropriate or excessive personal use will not be tolerated and will subject those involved to disciplinary action up to and including termination.

### ***Personal Communications***

E-mail and voice mail messages and other forms of communication should be treated as business communications. The content of all communications made from the company's premises or using the company's resources or systems, whether business or personal, should always be courteous and professional.

### ***Inappropriate Use of Computer Resources/Business Systems***

Use of e-mail or voicemail to impose your personal views about non-business matters on others or to harass others or that in any other way violates law or any company policy will not be tolerated. Discretion should be used with respect to all sites and materials accessed on the Internet. Accessing, downloading or transmitting any non-professional or inappropriate materials on the Internet at work, or using your company ID and password to do so at any time using any computer, is strictly prohibited. The company will not tolerate activities that are in violation of any law or that otherwise compromise our corporate culture, or business environment.

### ***Computer Software***

Almost all "The Company" employees have access to computer software programs in connection with their jobs. Most software programs are protected by US copyright laws and license agreements limiting their use and prohibiting duplication without prior authorization. No use may be made of any software using the company's resources or systems that is illegal or outside the scope of existing authorizations.

Today, many computer software programs and upgrades are available on the Internet for free; many other software programs can be purchased inexpensively and are easily installed on company computers. However, to ensure consistency and compatibility of

computer resources within the company and to enable effective support of our computer resources, we have established certain internal guidelines regarding the purchase and use of computer software programs. Furthermore, software must be approved for use on Company systems through the IT Department.

### ***Company Monitoring***

Due to the potential risks and liabilities to the company and to individuals that may arise from the illegal or inappropriate use of computer resources and business systems, the company reserves the right to monitor and inspect, without notice, at any time and for any reason, employees use of computer resources or business systems provided by the company. All equipment, software, files, disks, communications, or messages created, maintained or sent or received on any system or diskette provided by the company are considered company property.

### ***Your Responsibilities***

All employees are expected to become familiar and to comply with the company's policies relating to the use of company computer resources and business systems. No one may make, purchase with company funds, or use unauthorized copies of computer software programs. This includes free copies of software programs obtainable through the Internet. In addition, all employees are expected to use the company's resources and systems in ways that are responsible and professional. Illegal or inappropriate use, or excessive personal use, of the company's resources or systems (including use that compromises our corporate culture or professional environment), will not be tolerated and will subject those involved to disciplinary action up to and including termination.

### ***Other References***

- US Records & Information Management Policy
- Harassment Policy
- Equal Employment Opportunity Policy
- Internet Acceptable Usage Policy

### ***Questions***

**Q1.** My coworker has copied some company software from her work computer and loaded it onto her home computer so she can work at home. I'd like to have that software on my home computer as well, but I am not sure if this violates company policy. Does it?

**A.** You should not copy any software without checking with your manager and the Information Technology department first. The company may have negotiated a license that permits employees to use the software package at home. If not, your manager can take appropriate steps to address the potential Policy violation of your coworker.

**Q2.** I was surfing the Internet and saw some free software that may be useful in my job. Is it okay to download the software to my work computer?

**A.** No. You should first check the company's IT Department to see if this is permitted. In addition, you should verify that it is legal to copy the software and that use of the software is not subject to a license agreement. The IT

Department group can help you ensure that this action would be appropriate and legal.

## **Conflicts of Interest**

***As an employee of “The Company”, you have an obligation in all business transactions to place the interests of the company ahead of any personal interest. A conflict of interest arises when your business judgment could be influenced, or others perceive your judgment is being influenced, by personal benefit to you or someone close to you.***

### ***Examples***

A conflict of interest exists, for example, if:

You have, or someone close to you has, a direct or indirect personal or financial interest in, or obligation to, an affiliate, supplier, partner, competitor or customer of the Company that could influence, or be perceived as influencing your business judgment with respect to decisions made on behalf of the company.

- You use, or disclose to someone else who uses, the company’s confidential information for personal benefit;
- You have an outside professional commitment, such as other employment or a board membership, that adversely affects or interferes with your work performance;
- You receive pay or other benefits from outside parties in connection with performing your job for Company;
- Without authorization, you utilize the company’s resources for non-company activities;
- You perform non-company related activities at times when you are expected to be performing your job for the company; or
- You are involved in any outside business activity that competes with the company’s business.

### ***Expectations***

To ensure that all business is conducted in the best interests of the company, you are expected to avoid any investment, interest, association, or relationship outside the company that might (i) interfere with your ability to make independent judgments or decisions on behalf of the company, (ii) create the perception or appearance of impropriety, or (iii) interfere with your job performance.

You should not be involved in the decision-making process or influence business decisions with respect to any supplier, partner, competitor or customer in which you have, or someone close to you has, a significant investment, interest or relationship. If a conflict of interest does arise, you must disclose the facts surrounding the situation to your manager and cooperate in finding a way to resolve the conflict. Most often, you and your manager, by exercising good judgment, will be able to find a way to eliminate or avoid the conflict. For instance, you may be removed from the decision-making

process in a matter that involves a business in which you have a significant personal investment. If further guidance is needed, the General Counsel's office should be consulted.

You must maintain all information obtained through your employment in strict confidence in accordance with your obligations of confidentiality under your Employee Confidentiality Agreement with the company and the company's obligations to third parties, unless such information becomes available to the public through appropriate means.

### ***Documentation Required***

All facts regarding a conflict or potential conflict, and the steps taken to eliminate or avoid the conflict, must be documented promptly. If you are seeking clarification as to whether certain action(s) or inaction, or proposed action(s) or inaction, by you constitutes a Conflict of Interest, contact the General Counsel's office.

If you are reporting a potential Conflict of Interest regarding someone else's action(s) or inaction, or if you are reporting a violation of the Business Conduct Policy, please refer to the Business Conduct Policy section on Reporting for a description of the several avenues available for reporting the matter.

### **Other References**

- Section on INSIDER TRADING
- Section on RECEIPT OF GIFTS/BUSINESS ENTERTAINMENT
- Employee Confidentiality Agreement

### **Questions**

**Q1.** I understand that a conflict of interest arises if my position at Company requires that I do business with a supplier or customer where my family member holds a position. Does this mean that Company can never do business with that company?

**A.** No. It means that you should not be involved in making or influencing decisions regarding that company. If this situation arises, you should disclose the relationship to your manager. In most cases, arrangements can be made to resolve the conflict of interest, such as removing you from the decision-making process with respect to that company.

**Q2.** In the context of this Policy, what relationships could lead to a potential conflict?

**A.** As used in this Policy, the term someone close to you means ANY family member, by blood or marriage, as well as any other significant relationship where there is the potential for real or perceived undue influence. If you are unsure about whether you need to disclose a particular relationship or whether a conflict exists, you should discuss it with your manager.

**Q3.** I've been working with a supplier of the company for many years, and we have become good friends. We want to start a side business together. Is this a problem?

**A.** It could be a problem. Even if your financial arrangements can remain separate from your working relationship at the company, others may perceive that you have a conflict of interest with this supplier. In this situation, the resolution may be to

transfer responsibility for the company's relationship with this supplier to another employee.

**Q4.** Is it okay for me to go into business for myself, marketing a product I developed?

**A.** This might be possible, as long as (i) your business does not compete with the company, (ii) you conduct your personal business during non-company working hours, (iii) you do not use any of the company's equipment or supplies, and (iv) you do not use business contacts or confidential information obtained through your employment. You should inform your manager of your plans in case any questions or concerns arise in the future.

**Q5.** A supplier of the company has offered to pay me for some work I could do for him on my own time. Is this against company policy?

**A.** In general, you may not accept money from a supplier for any reason. Moonlighting for a supplier would be allowed only if it were cleared with your manager, and the General Counsel's office. The resolution of this situation should be documented with the General Counsel's office.

**Q6.** My sister is employed by a competitor of the company. We both have access to confidential information related to our work but our areas of responsibility have little relationship to each other. Do I need to report this situation?

**A.** Yes. Your manager should be made aware of the situation so that it can be determined whether a conflict of interest exists. However, if you maintain the company's information in confidence and do not discuss it with your sister, there may not be a problem. It's best to document this relationship on the company's Conflict of Interest Documentation Form in order to resolve any questions that arise in the future.

**Q7.** What is meant in this section of the Policy by significant investment, interest or relationship?

**A.** In this context, the word significant means that your investment, interest or relationship could or is likely to influence or affect your business judgment. This Policy also requires that you avoid any situation that might cause others to perceive that you have been influenced by a personal investment, interest or relationship. If you have any question about whether an investment, interest or relationship is significant, you should disclose the situation to your manager. If further guidance is needed, the General Counsel's office should be consulted.

**Q8.** I own stock in a packaging company and was recently assigned to develop specifications for the purchase of some of that company's products. What should I do?

**A.** You should inform your manager of your ownership of the supplier's stock. Your manager will decide whether you should be taken off the project. In addition, you should be aware that if you learn any important non-public information (commonly referred to as material inside information) about the supplier, you may be restricted from buying or selling stock in the supplier under US insider trading laws. If you have questions as to whether information is material inside information, consult the General Counsel's office. The resolution of this situation should be documented on the company's Conflict of Interest Documentation Form.

**Q9.** I know that this Policy requires me to document certain conflicts of interest and the steps that are taken to resolve them. What kinds of conflicts need to be documented?

**A.** It depends on the specific facts of each situation. Things that should be considered by you and your manager are the significance of the relationship between you and the other party, the importance of the business relationship between that party and the company, and your ability to influence company decisions with respect to such party. Documenting a conflict or potential conflict on the company's Conflict of Interest Documentation Form is for your protection in the event questions arise about the situation in the future.

## **Discrimination and Harassment**

At Company, we value the diversity and uniqueness of all individuals employed by the company as well as those individuals who represent our customers, partners, suppliers, contractors, and other stakeholders. As a company, we are committed to putting our shared Values into action by treating each other with respect and integrity.

Discrimination and harassment are inconsistent with these Values and are strictly prohibited. Simply stated, Company will not tolerate discrimination or harassment.

### ***Discrimination***

Not only is discrimination inconsistent with our Values, it may be illegal. All employment decisions must be made and carried out only on the basis of job-related factors and individual merit. Any employment decision or action that is based on race, sex, sexual orientation, age, religion, disability, color, national origin, veteran status or any other basis prohibited by law will not be tolerated. This commitment applies to all aspects of employment, including recruitment, hiring, training, compensation, job assignment, advancement, performance feedback and termination. It also includes a commitment to provide reasonable accommodations to enable qualified disabled individuals to perform the essential functions of their jobs.

### ***Harassment***

As part of living our Values, each of us is responsible to ensure our work environment is free from harassment or intimidation on the basis of race, sex, sexual orientation, age, religion, disability, color, national origin, veteran status, and any other basis prohibited by law. Employee's are prohibited from acting in ways that could be construed as harassment or that could create a hostile, offensive, intimidating or demeaning environment. Harassment includes, for example, using racial or religious slurs, as well as abusive, demeaning or derogatory comments made about age, religion, gender, pregnancy, ethnicity or disability. Sexual harassment includes, for example, displaying sexually suggestive material in the workplace, unwelcome flirting or advances, requests for sexual favors, or using offensive words or gestures of a sexual nature. The focus of this Policy is on the effect of an individual's action, not the intent. Consequently, if the actions of an employee have the effect of intimidating or demeaning others, it is a violation of this Policy, even if the employee believes he or she was "just kidding around" or "didn't mean any harm". Refer to policy LGL -GEN-POL-0001-01 on Harassment Prevention.

## ***Your Responsibilities***

Anyone who believes that he or she has been subjected to, has witnessed or has been informed of actions that may violate this Policy should promptly advise management so that the company can promptly investigate the situation and take corrective action where appropriate.

You can report a possible violation of this Policy to your manager, the next level manager or the Human Resources department or by using the company's Compliance Helpline. Anyone reporting a possible violation of this Policy will be treated with courtesy and discretion. Any reprisal or retaliatory act against anyone who reports a possible violation of this Policy would itself be a violation of this Policy subject to disciplinary action. Violation of this Policy will result in disciplinary action, up to and including termination, and could, in addition to any discipline, subject those involved to legal action.

## ***Other References***

- Harassment Policy
- Equal Employment Opportunity Policy

## ***Questions***

**Q1.** What does it mean in the Policy when it says that “we are committed to putting our shared Values into action by treating each other with respect and integrity?”

**A.** It means we will enforce not only the letter, but also the spirit and intent of the laws and executive orders covering employment practices. We do not condone or permit discrimination or harassment in any form. Managers are accountable for ensuring that all employment decisions are made without regard to race, religion, sex, pregnancy, age, sexual orientation, national origin, disability, veteran status or any other basis prohibited by law. Managers also have primary responsibility for creating a positive work environment that does not subject employees to harassing or intimidating comments or behaviors. Individual employees have responsibility for supporting a positive work environment free of discrimination and harassment and are required to report any actions that potentially violate this Policy.

**Q2.** Would telling jokes of a sexual nature to a group of employees be considered sexual harassment under this Policy even if no one complains?

**A.** Conduct may create an intimidating, hostile or offensive work environment in violation of this Policy, even if no one subjected to the conduct complains about it. Sexual harassment under this Policy includes both inappropriate physical contact and inappropriate comments of a sexual or gender-based nature. Inappropriate activities range anywhere from telling jokes of a sexual nature, talking about a person's physical appearance, accessing on the Internet materials of a sexual nature, possession of sexually suggestive objects or pictures in the work place, use of sexually degrading or demeaning words to describe or refer to a person, or unwanted physical contact. Sexual harassment under this Policy can also include the threat or insinuation that submission to or rejection of a physical advance or flirtation will affect an individual's employment, wages, potential for advancement, assigned duties, work shift or other conditions of employment.

**Q3.** I just learned that another employee who is younger than me and less qualified got the promotion that I applied for. I'm over 40 and feel I'm being discriminated against because of my age. Is there anything I can do?

**A.** Yes. You should discuss your perceptions with the hiring manager in a calm and professional manner. The manager should be able to point out the job-related reasons for selecting the other individual for the position. If you are not satisfied at that point, you should use the Issue Resolution Policy to ensure that the matter is given fair consideration. Once a decision is made, regardless of the outcome, you must abide by it and maintain your professionalism while you seek out other opportunities for advancement and growth within the company.

**Q4.** What is the process I should follow if I believe that I have been harassed or discriminated against?

**A.** You should follow the Issue Resolution Policy & Compliance Hotline and report any such activity so that the company can address the situation. Most often, you would first make your manager aware of the issue; but if your manager is perceived as being part of the problem, you have the responsibility and right to talk to either your next level manager or your General Counsel. Your concerns will be handled with courtesy and discretion, and you will not be subjected to retaliation for reporting an issue.

**Q5.** What should I do if I observe someone else being harassed or if someone comes to me with a concern about being harassed?

**A.** Every employee is responsible for ensuring that actual or perceived instances of harassment are reported. You can encourage the person subject to the harassment to report the matter, but you, too, should report your observations or other information provided to you to your manager or HR generalist so that the company can promptly investigate the concern.

**Q6.** What will happen if I am wrongfully accused of harassment or discrimination?

**A.** The company will conduct a thorough and impartial investigation of any reported harassment or discrimination. You will be given the opportunity to provide your version of the event(s) and any corroborating evidence of your position, and no determination regarding the events will be made until the completion of the investigation. Only those with a need to know will be informed of the concern, and everyone involved in the investigation will be required to treat the concern and the investigation in a confidential manner. If you are accused of a violation of this Policy, you must not retaliate against anyone who reported the event or is otherwise involved in the investigation, as retaliation itself is subject to disciplinary action.

**Q7.** What disciplinary action will be taken against an employee who engages in sexual harassment or other violation of this Policy?

**A.** The company will conduct a thorough investigation of any reported harassment or discrimination. If a violation is found, the specific actions to be taken will depend on the particular circumstances and facts uncovered in the investigation. Potential disciplinary actions include anything from counseling up to termination of employment; and decisions are based on consideration of factors including, but not limited to, the seriousness of the violation, any prior discipline the individual has received and consistency with action taken by the company in other similar

situations. Anyone in a supervisory or management position who uses his or her position of authority to sexually harass or coerce another individual will be subject to harsher disciplinary action than, for example, someone who on one occasion tells a joke that is in poor taste.

## ***Environment, Health Safety (EHS)***

At “The Company”, we are strongly committed to the principle that our activities shall not result in any threat to the environment or to the health and safety of those working with Company or using our products. The protection of the environment is not only required by law, it is central to our Value of *Integrity*, which we define in part as a commitment to health, safety and the environment.

### ***Commitment***

The company is committed to conducting its business in compliance with all applicable environmental and workplace laws and regulations. It is the responsibility of each employee to exercise the highest degree of care concerning environment, health and safety risks.

### ***Legal Requirements***

Federal, state and local environmental laws regulate the emission and discharge of pollutants into the environment and the handling and disposal of wastes. Other laws safeguard employee health and safety and establish standards for communicating precautions and hazards employed with substances the company uses. Workplace laws and regulations must be followed in a manner that has the highest regard for the safety and well-being of our employees and the general public.

The laws and regulations in this area are complex, and violation may result in severe criminal and civil penalties for the company and also for individuals. You should seek assistance of the General Counsel’s office with regard to any matter involving compliance with EHS laws, regulations or reporting requirements.

### ***Your Responsibility***

“The Company” expects all employees to abide by the letter and spirit of the laws and regulations regarding EHS. You should not exercise your personal discretion or judgment if you have questions about an environmental, health or safety issue or are unclear about how to interpret an EHS regulation. Instead, you should contact your manager, or the General Counsel’s office for guidance.

In performing your job, you must exercise the highest degree of care concerning environment, health and safety risks, whether you work in an office, manufacturing facility or other environment. In addition, it is your responsibility to become familiar and comply with safety procedures and the emergency response plans existing at your site and within your work area. Safety in the workplace is everyone’s responsibility.

### ***Questions***

**Q1.** My manager is always after me to wear my hard-hat and goggles. It’s my body. Don’t I have the right to decide whether to wear personal safety equipment?

**A.** Every employee is responsible for working safely and is expected to comply with established safety rules and procedures as a condition of their employment. The company is committed to providing a safe and healthy work environment for employees, contractors and visitors. We believe that following sound safety management practices can prevent accidents. One employee's decision to not comply with safety rules, including those relating to personal protective gear, often can create a risk of injury for fellow employees working nearby. In addition to the company's concerns for the well-being of its employees, the company could be held liable for an individual employee's decision to not wear personal protective equipment. In the workplace environment, the decision to comply with any or all of the safety requirements is not one of personal freedom alone.

**Q2.** I am aware of a situation at my location that I believe may cause a safety problem and perhaps an environmental problem as well. I think there may even be a law covering the situation. I am not sure my manager will listen to my concerns. What can I do?

**A.** The company encourages open communications. It is also our policy to fully comply with all applicable laws and regulations. Under the Business Conduct Policy, anyone who has an environmental, health or safety concern is required to raise their concern with the company. Usually, the first step is to discuss the situation with your manager. However, if you feel uncomfortable discussing your concern with your manager or if after discussing it with he/she you feel that it is not being addressed, you should contact the General Counsel's office.

**Q3.** If I observe something or hear information suggesting that the health of an employee or the environment is being adversely affected by a product or chemical at our site, what should I do?

**A.** You should promptly bring the issue to the attention of either your manager or an EHS professional at your site. This will ensure that the information reaches someone with the ability to properly interpret it and, if appropriate, act on it. The company has significant obligations under a number of laws to promptly report to governmental agencies, usually within a specified number of days, information relating to environmental matters regarding our operations and previously unknown or unexpected adverse effects of a substance.

**Q4.** Does working for the company preclude me from belonging to environmental groups, some of which may from time to time monitor our activities or perhaps take positions on issues that are opposed by industry or by the company?

**A.** No. However, depending on your involvement and the type of activity that the group may be involved in (e.g., lawsuits, boycotts, etc.), a conflict of interest or confidentiality issue may arise. If you have reason to believe a conflict of interest might exist, you should advise your manager of the situation.

**Q5.** A coworker was recently injured on the job. I witnessed the incident and feel that the company may have some responsibility, but disclosing what I know may reflect poorly on the company. What should I do?

**A.** Anytime you are faced with an environmental, health or safety question or concern, you should contact your manager, or the General Counsel's office. This allows the company an opportunity to investigate the situation and correct any

unsafe condition. In some instances, the company is required by law to report certain incidents involving the environment, health or safety.

## **Healthcare Fraud and Abuse**

### ***Inducements***

The US Federal Anti-Kickback Statute prohibits providing any remuneration or thing of value to a person with the intent to influence that person to prescribe, purchase, order, or arrange for or recommend the purchase or other use of a Company product that is reimbursed by Medicaid or Medicare. The statute also prohibits remuneration in return or as a reward for a prescription, purchase, etc. Remuneration is defined very broadly and includes offering anything of value not just cash or kickbacks, but gifts, grants, value-added programs, free items, services or the opportunity to earn money, if given with the intent to influence the recipient.

The Anti-Kickback statute is broad enough that it potentially could apply to services (including, for example, consulting services), and grants that Company purchases from or offers to a customer if given with the intent to induce, reward, etc. While these practices are legal under many circumstances, they must never be used to influence someone in a position to purchase, prescribe, order or arrange for or recommend the purchase or other use of a Company product that is reimbursed by Medicaid or Medicare.

Congress has enacted certain exceptions to the statute and the Office of Inspector General has developed regulatory safe harbors for certain practices so that individuals and organizations may engage in certain business practices that are not likely to be abusive. These exceptions and safe harbors are relatively narrow, and you should consult with the General Counsel's office about their applicability to your work.

Other federal and state statutes also prohibit similar activities when there is intent to influence the prescription or purchase of a product that is reimbursed by certain types of payers.

### ***False Claims***

In addition, federal law and many state laws prohibit the filing of false claims for payment to government programs, commercial insurers and other healthcare plans. Therefore, all information provided to the government and all reimbursement information provided by "The Company" to customers must be accurate.

### ***Violations***

Penalties for violating these statutes may include civil and criminal liability (including imprisonment), restrictions on future business activities and substantial fines.

### ***Expectations***

There are many gray areas under these laws and regulations and you should consult the General Counsel's office if you have any question about the appropriateness of a proposed activity or program. You also should consult with the General Counsel's office regarding any customer incentive program being developed, modified or applied in a new way.

## **Questions**

### **Q1. Do the inducements prohibited by these laws include small gifts to physicians?**

**A.** Small gifts may be prohibited if the intent in providing the gift is to induce the physician to prescribe an Company product. If the small gift (e.g., pen, pad, etc.) is intended only as a reminder advertisement, then the statute likely is not violated. However, if the gift itself is intended to reward a physician for past prescriptions or to induce future prescriptions, the statute may be violated. Gifts given in compliance with other company policies are generally permissible, as long as they are not given with the intent to induce a prescription or purchase of an Company product (<\$100 and has professional relevance).

### **Q2. For purposes of these laws, can a pharmacist or CEO of a managed care organization also influence the selection of a product or referral of patients?**

**A.** Yes, pharmacists, medical directors, pharmacy directors, CEOs and CFOs of managed care organizations, Pharmacy & Therapeutics Committee members, nurses and many others may recommend the use of an Company product and, by doing so, influence the selection of Company products. Therefore, any remuneration or thing of value given to any of these people with the intent to influence the use of an Company product may violate the statute.

### **Q3. Does providing samples to physicians violate the statute?**

**A.** As a general rule, providing samples to physicians for use by patients in compliance with the Prescription Drug Marketing Act does not violate the statute. However, improper use of samples, including, but not limited to, encouraging physicians to bill payers (including Medicare and Medicaid) for the samples, is prohibited. Similarly, offering an increased number of samples to a physician if he or she will agree to prescribe more of a Company product is not appropriate.

### **Q4. A customer (or someone in a position to influence a customer) has told me that he thinks he might be able to influence a Pharmacy & Therapeutics Committee decision in Company favor. Because this individual is favorably inclined to Company and may help us with the Pharmacy & Therapeutics Committee, may I offer him a consulting arrangement with the company?**

**A.** No. The only acceptable reason to hire someone as a consultant is if first you have identified a legitimate business need for services from that consultant and the consultant is qualified to consult in the area. Influencing the consultant or rewarding him or her for some action is not a legitimate business need. Reimburse normal & customary amount.

## **Insider Trading**

### ***Buying or Selling Securities***

Company and several of its affiliates, as well as many other companies with which “The Company” does business (such as suppliers, licensees, licensors, joint venture partners and companies in which “The Company” has an ownership interest), have securities that are publicly traded in the US. Securities include stocks, bonds, options, American Depositary Receipts (ADRs) and other forms of investment interests. Anyone who

purchases or sells the securities of a publicly traded company when they are aware of material nonpublic information about that company is engaged in unlawful insider trading and may be subject to civil and criminal liability.

Material nonpublic information is information not previously announced to the public that a reasonable investor would find important in deciding to buy, sell or hold securities of a company. Examples of things that might be material nonpublic information are financial results or forecasts, possible mergers, acquisitions or joint ventures, and information about important product developments.

To avoid unlawful insider trading, you must not, at any time you are aware of material nonpublic information about a company, purchase or sell securities of that company. As an employee of "The Company", you should be particularly careful to avoid unlawful insider trading when purchasing or selling securities of Company or any other company with which "The Company" has a business relationship. Refer to Insider Trading Policy no. LGL-GEN-POL-0003-01.

### ***Tipping***

It is also illegal for you to recommend the purchase or sale of securities of a company to someone else when you are aware of material nonpublic information relating to that company or to reveal the information to any person who then uses it for unlawful insider trading, even if there is no direct benefit to you from the transaction. This is known as tipping. To avoid the possibility of unintentional tipping, you should not recommend to anyone, including family members or friends, the purchase or sale of Company stock or ADRs, or the stock of any company with which "The Company" has a business relationship.

### ***Expectations***

It is your responsibility as an employee of "The Company" to safeguard the confidentiality of all material nonpublic information in your possession and use it only for "The Company" legitimate business purposes.

If you have any doubt about whether information of which you are aware is material nonpublic information or whether trading would be a violation of the law, you should assume that the information is material and consult with the General Counsel's office.

### ***Other References***

- Policy Relating to Insider Trading

### ***Questions***

**Q1.** Information I learned in the course of my job leads me to believe that one of our suppliers will soon be getting a large contract award. I'd like to invest in this supplier. Should I buy their stock?

**A.** Not unless the information you learned is available to the general public. If it isn't, the Securities and Exchange Commission may consider that you are investing based on material nonpublic information. This is a violation of federal law and could subject you to civil or criminal penalties.

**Q2.** May I buy or sell the stock when the material information is announced to the public?

**A.** Initially, no. US law generally provides that a person who has material nonpublic information before it is publicly disclosed should not make a trade until at least the third business day after it is disclosed. Even after material information has been publicly announced, the company's shareholders and the public must be given time to receive the information and act upon it.

**Q3.** I own less than 1% of the stock of one of the company's customers. The customer is a publicly held company. Due to a recent reorganization of my department, the customer's account is in my sales territory. Since my investment is less than 1% of that company's stock, do I need to report my ownership in the company?

**A.** Technically, your financial interest in this customer may not be "significant". However, your ownership in a company with which "The Company" does business could present a conflict of interest, particularly because you have responsibility for the company's relationship with that customer. You should disclose the facts surrounding the situation to your manager, including the fact that you purchased your securities on the basis of normal market information, i.e., without any insider information. Your manager, with guidance from the General Counsel's office if necessary, will determine how to resolve any conflict of interest that may exist.

**Q4.** I have stock in another company with which "The Company" is negotiating a contract. I purchased the stock a long time ago. Do I need to inform anyone of this interest?

**A.** Yes. You should tell your manager about your relationship with the company because there could be a conflict of interest. Also, since you may be in a position through your relationships with "The Company" and this company to have material inside information about this company, you should not purchase additional stock or sell the shares you own without first discussing it with the General Counsel's office.

**Q5.** Am I free to disclose confidential information that is not material?

**A.** No. Any company information, such as information pertaining to markets, costs, sources of supply or technical data, may have value to the company and be considered confidential information whether or not it is material. No company information should be disclosed for any non-business or unauthorized purpose. In addition, information obtained from a third party under a confidential disclosure agreement should not be disclosed except as authorized by that party. If there is any question whether information is confidential, you should check with the General Counsel's office.

## **International Operations**

### ***Background***

US laws govern international transactions involving US companies and US citizens. Violations of these laws may result in criminal and civil penalties for the company and for employees who participate in those transactions. "The Company", its non-US affiliates and its employees must comply with all applicable laws relating to international operations. Particular attention should be paid to specific requirements in the following areas:

- Trade sanctions
- Import/export controls

- Boycotts
- Foreign Corrupt Practices

### ***Trade Sanctions***

US trade sanction laws prohibit US companies from doing business with certain restricted countries, companies and individuals. The restricted countries and kinds of transactions that are prohibited change from time to time. If your responsibilities include international transactions, you should become familiar with the current restricted countries and entities and consult with the General Counsel's office in the new country before doing business in that country.

### ***Import/Export Controls***

US laws governing imports include requirements that certain information be disclosed to US customs officials so that proper import duties can be paid. US export laws are quite complex. Generally, anything "The Company" ships out of the US, including technical information, must be covered by an export license. Restrictions under US export laws can apply to transfers of goods and technology to a foreign affiliate as well as to a customer. From time to time, these restrictions may prohibit "The Company" and its affiliates from conducting any transactions directly or indirectly within particular countries. If you are involved in any import or export activities, you should become familiar with these laws and must comply strictly with them.

### ***Boycotts***

Anti-boycott laws prohibit participation in and cooperation with certain international boycotts. They prohibit compliance with requests for information or action such as refusing to do business with certain people or countries based on an international boycott that is not supported by the US government (for example, the Arab boycott of Israel). US companies also may be required to report to the government any requests to engage in boycotting activity. You should notify your manager and the General Counsel's office immediately of any boycott-related requests for information or action to facilitate the company's prompt compliance with its reporting requirements under this law.

### ***Foreign Corrupt Practices***

The Foreign Corrupt Practices Act (FCPA) prohibits making payments to a public official, politician or political party to obtain or retain business. It applies both to direct and indirect (i.e. payments made by an agent or consultant on "The Company" behalf) payments. It is a violation of "The Company" policy and US law to engage in any form of bribery, even if it is a local practice or custom. The FCPA also requires companies to maintain accurate records and adequate internal accounting controls. Violations of the FCPA can result in substantial fines, and employees violating the FCPA may be subject to criminal prosecution.

Employees involved in international operations either directly or in a joint venture or any other business activity involving other participants should become familiar with the Foreign Corrupt Practices Act (FCPA). The FCPA makes it a crime to give anything of value to a foreign government official, politician or political party to obtain or retain business, or to induce government action or inaction. This includes the giving, offering

or authorizing of payments or anything else of value to government officials, politicians or a political party (and, in some cases, to an individual's relatives or close employees); and it applies both to direct and indirect transactions, such as payments made by an agent, consultant or other party on behalf of the company.

Small gifts or tips to low-level government clerical or administrative personnel in another country that are intended only to expedite performance of routine procedures might be exempted from the FCPA. However, unless the gift, tip or other payment is permitted under the written laws of the country where the payment takes place, it would violate the FCPA. Any permitted gift or tip must be approved in advance by the General Counsel's office and reported to the company's Tax department for appropriate recording and tax treatment.

## ***Expectations***

The laws and regulations governing international operations are complex. If you are involved in any international transactions, you are expected to become familiar with the applicable laws, and you should consult with the General Counsel's office any time you have a question.

## ***Questions***

**Q1.** I recently noticed a provision in a purchase order that prohibited importing goods from a certain country. Should I just ignore the provision?

**A.** No. The company should not comply with the provisions, but you should not simply ignore it either. US companies are required to report the receipt of any boycott requests or be subjected to severe penalties. You should report the incident to the General Counsel's office promptly.

**Q2.** May I give gifts to employees of the government?

**A.** Generally, no. In the US, many laws and regulations restrict or prohibit the acceptance by government employees of entertainment, meals, gifts and other things of value from firms and people with whom the government does business or over which the government has regulatory authority. Any exceptions to this general rule must be approved in advance by the General Counsel's office. Dealings with government officials outside the US are covered by laws of the various countries in which we operate, as well as the anti-bribery provisions of the US Foreign Corrupt Practices Act.

**Q3.** What do I do if I receive an inappropriate request?

**A.** If you are asked by a customer, supplier, government official or other party to make or to take a bribe, kickback or other prohibited payment or gift, you should tell the person that you will not consider the request and promptly inform your manager and the General Counsel's office about the incident.

**Q4.** I work with people in our organization outside the United States. In some countries, payments to government officials are an accepted way of doing business. This behavior would be illegal if it occurred in the US. Are these payments legal?

**A.** Unless the payment is specifically lawful under the written laws of the other country, it would violate the US Foreign Corrupt Practices Act, even though it may be an accepted way of doing business. In no event should any payment be made if

it constitutes the payment of a bribe. You should consult the General Counsel's office if you are considering making a payment to any foreign government official.

**Q5.** I am aware that occasionally certain payments are made on behalf of the company to employees of foreign governments. My manager indicated that these payments are okay. How can some payments be okay and others are not?

**A.** Although bribery of government officials is never permitted, it is a common practice in certain countries to allow small gifts or tips to low-level government clerical or administrative personnel. These gifts or tips are intended only to expedite performance of routine actions, such as processing paperwork, and are exempted from the Foreign Corrupt Practices Act. However, any such payments must be approved in advance by the General Counsel's office and reported to the "The Company" Tax department for appropriate recording and tax treatment. If there is ever any question about whether a payment is appropriate or not, you should consult the General Counsel's office.

## **International Operations**

At “The Company”, we sell our products on the merits of safety, efficacy, quality and price and we are committed to conducting our business activities with *Integrity*, employing the highest ethical standards. We do not want to obtain business through deviation from our Values or these principles.

### ***Commercial Bribery***

Making payments to our customers (or their agents), potential customers, suppliers, competitors, government officials or others for the purpose of obtaining business, influencing business decisions, or receiving favorable treatment (collectively improper payments.) is strictly prohibited and may be considered a commercial bribe in violation of US law as well as a possible violation of various federal and state anti-kickback statutes. The term improper payments is used very broadly and may include, for example, the offering of expensive gifts, loans, discounts (except as permitted by law), allowances, use of company property or other benefit when given for inappropriate reasons.

### ***Payments/Gifts to Public Officials in the US***

US federal and state law prohibits the giving, offering or promising of anything of value to any public or government official with the intent to induce government action or inaction. In addition, these laws restrict the acceptance of gifts by federal and state officials, legislators and their staffs. The term gifts is used very broadly and includes, for example, services, training, transportation, lodging, entertainment and meals, or any expense that is reimbursed with company funds. Employees should not pick up any expense for, or provide entertainment or anything of value to, any government, state or federal official, legislator or his or her respective staff members unless specifically permitted under applicable laws and regulations and approved by the General Counsel’s office. The General Counsel’s office should be consulted for further guidance with regard to these restrictions.

### ***Payments/Gifts to Foreign Officials***

Employees involved in international operations either directly or in a joint venture or any other business activity involving other participants should become familiar with the Foreign Corrupt Practices Act (FCPA). The FCPA makes it a crime to give anything of value to a foreign government official, politician or political party to obtain or retain business, or to induce government action or inaction. This includes the giving, offering or authorizing of payments or anything else of value to government officials, politicians or a political party (and, in some cases, to an individual’s relatives or close employees); and it applies both to direct and indirect transactions, such as payments made by an agent, consultant or other party on behalf of the company.

Small gifts or tips to low-level government clerical or administrative personnel in another country that are intended only to expedite performance of routine procedures might be exempted from the FCPA. However, unless the gift, tip or other payment is permitted under the written laws of the country where the payment takes place it would violate the FCPA. Any permitted gift or tip must be approved in advance by the General Counsel’s

office and reported to the company's Tax department for appropriate recording and tax treatment.

## ***Consequences***

Violation of the FCPA or laws governing commercial bribery can result in substantial fines and tax penalties, and individuals violating these laws may be subject to criminal prosecution.

## ***Expectations***

In addition to this Policy on the giving of gifts or payments, some departments may have additional guidelines. Check with your manager or the General Counsel's office if you are uncertain about your department's standards.

If you are approached to make any improper or questionable payment or feel that you are being threatened to do so, you should immediately inform your manager or the General Counsel's office. The General Counsel's office should be consulted before any exception to this Policy is approved.

## ***Questions***

### ***Q1. May I give gifts to employees of the government?***

**A.** Generally, no. In the US, many laws and regulations restrict or prohibit the acceptance by government employees of entertainment, meals, gifts and other things of value from firms and people with whom the government does business or over which the government has regulatory authority. Any exceptions to this general rule must be approved by the General Counsel's office. Dealings with government officials outside the US are covered by laws of the various countries in which we operate, as well as the anti-bribery provisions of the US Foreign Corrupt Practices Act.

### ***Q2. What do I do if I receive an inappropriate request?***

**A.** If you are asked by a customer, supplier, government official or other party to make or to take a bribe, kickback or other prohibited payment or gift, you should tell the person that you will not consider the request and promptly inform your manager and the General Counsel's office about the incident.

### ***Q3. I work with people in our organization outside the United States. In some countries, payments to government officials are an accepted way of doing business. This behavior would be illegal if it occurred in the US. Are these payments legal?***

**A.** Unless the payment is specifically lawful under the written laws of the other country, it would violate the US Foreign Corrupt Practices Act, even though it may be an accepted way of doing business. In no event should any payment be made if it constitutes the payment of a bribe. You should consult the General Counsel's office if you are considering making a payment to any foreign government official.

### ***Q4. I am aware that occasionally certain payments are made on behalf of the company to employees of foreign governments. My manager indicated that these payments are okay. How can some payments be okay and others are not?***

**A.** Although bribery of government officials is never permitted, it is a common practice in certain countries to allow small gifts or tips to low-level government clerical or administrative personnel. These gifts or tips are intended only to expedite performance of routine actions, such as processing paperwork, and are exempted from the Foreign Corrupt Practices Act. However, any such payments must be approved in advance by the General Counsel's office and reported to the "The Company" Tax department for appropriate recording and tax treatment. If there is ever any question about whether a payment is appropriate or not, you should consult the General Counsel's office.

**Q5.** I've developed a friendship with an employee of one of our customers and I'd like to give him a gift for the holidays. Besides building our friendship this would give him an indication that we really would like to do more business with his company. I know the Business Conduct Policy says that we shouldn't give gifts to influence business but since we're friends what could it hurt if the gift also helps our company get some additional business?

**A.** Our Policy prohibits any form of commercial bribery. Any gift given with the intent to influence business decisions may be a commercial bribe, regardless of your friendship with the recipient. However, if there is no intent to influence business decisions, giving a gift to a personal friend, who happens to work for a company that does business with Company, is not prohibited by the Policy.

## **Political Activities**

### ***Individual Activities***

Participation by employees in civic affairs and the political process is appropriate and is encouraged by “The Company”. However, your personal involvement in political activities must be on your own time and at your own expense. Employees must not make or even appear to make political contributions with the company’s funds or funds reimbursed by the company.

### ***Definition***

Political contributions include giving, directly or indirectly, any of the following to any political candidate, government officeholder, or federal official:

- any donation, gift or loan of funds, assets or property by an employee or third person, such as a commission agent or consultant, that is made with company funds or assets or reimbursed in any way by “The Company”;
- the uncompensated use of corporate services, facilities or property; or
- any loan, loan guarantee, other extension of credit, or contribution that is reimbursed through the use of an expense account.

### ***Questions***

**Q1.** I strongly support a particular political candidate in my district and would like to contribute my personal time and money to her campaign. Is this a violation of the Business Conduct Policy?

**A.** No. As a citizen, you have the right to participate in our government process, and the company encourages you to do so. However, your involvement must be on your own time and at your own expense. You should not act or say things in ways that would give others the impression that you represent the company in any personal political activity. Additionally, you should not seek reimbursement from the company for your personal contributions to political activities.

**Q2.** How do I keep my personal involvement in politics from appearing to be the company’s involvement?

**A.** Don’t conduct your personal political activities on company time or with company resources. For example, don’t use the company’s letterhead to send a personal letter to your Senator. Company resources, including phones and administrative time, should not be used in support of a political candidate or campaign. Also, handing out your company business cards at a political function that you are personally attending could be misleading; whereas, telling an individual, who is also attending the function, where you work would be appropriate.

**Q3.** I have been very active advocating certain legislation that I believe will benefit my community and the company. How could this possibly violate the Business Conduct Policy?

**A.** It won't as long as you don't represent that you are acting on behalf of "The Company", but only in an individual capacity.

Corporate activity involving lobbying or advocating legislation is restricted by the US federal government and by some states and other countries. Before any employee takes a public position on government actions on behalf of the company, the General Counsel's office must be consulted. Employees who serve on government advisory boards should also be aware that there are restrictions on their ability to promote the company's business in conjunction with their work on such boards.

### ***Product Quality and Regulatory Compliance***

Maintaining the safety and quality of our products is our most important commitment to customers and patients. Consequently, "The Company" has established and maintains quality assurance systems consistent with internal standards and applicable federal and state laws and regulations. The maintenance of such quality assurance systems requires effective communication to employees and training on the relevant laws, regulations, internal standards, policies and procedures covering a broad range of activities including Drug Innovation and Approval, Industrial Operations, Sales, Marketing and others.

### ***Heavily Regulated Areas***

Some activities that are heavily regulated include:

- good laboratory, clinical and manufacturing practices (GLPs, GCPs, and GMPs)
- adverse drug events and reporting (ADEs, AERs or ADRs)
- labeling and package inserts
- advertising and promotion, and
- samples distribution

### ***Your Responsibility***

You are responsible for maintaining the high quality of your work. It is also your responsibility to become familiar with and comply with all applicable laws, regulations (including those of the Food and Drug Administration), internal standards, policies and procedures that apply to your work. You are expected to apply due diligence in detecting and preventing violations of this Policy or applicable laws, regulations, processes or procedures. If you have doubts about a situation, you must promptly communicate your concerns to your manager.

### ***Other References***

Additional resources for addressing issues include the company's Quality Assurance groups and the General Counsel's office.

## **Receipt of Gifts/Business Entertainment**

### ***Receipt of Gifts***

The receipt by you of gifts or other gratuities from business contacts outside the company may be perceived as influencing your business judgment. Therefore, you should not accept any gift or gratuity in connection with your employment unless it is given as a matter of custom or courtesy and has a value of less than US\$100. If a gift or gratuity is offered that does not meet these guidelines, you should make every effort politely to refuse or return it, explaining that company policy prevents you from accepting it. In no case should you accept multiple gifts from any business contact that cumulatively exceed the value of US\$100 in any one year.

In rare instances, the rejection or return of a gift may be viewed as an insult or embarrassment to the giver. In such a situation, you may accept the gift; provided you must then promptly deliver either the gift, or a check for the gift's fair value, to the company. The company will then donate the gift or money to charity to ensure that all business dealings remain fair and lawful. Your manager should be consulted with respect to determining the fair value of any gift.

### ***Door Prizes/Drawings***

In the case of a door prize or gift won in a drawing at a business function, the gift limit will usually apply. Occasionally, an exception may be made to this general rule if (i) the prize is not identified with any particular vendor, (ii) there was no attempt to influence your business judgment, and (iii) accepting the prize would not lead to the appearance of impropriety. Any exception must be approved by the US Compliance Officer before the prize or gift may be accepted and the exception must be documented on the Company's Conflict of Interest Documentation Form.

### ***Business Entertainment***

It is not uncommon in business for an individual to receive an invitation to participate in a function or attend an event as a guest of an outside business contact. In fact, our company Value of *Networking* encourages us to build relationships inside and outside the company that will eliminate barriers and promote teamwork within the limitations of this Policy and applicable laws, rules and regulations. In all cases, your relationships must not interfere with your business judgment or create the perception that you are improperly influenced by them. You may accept an invitation from an outside business contact if the event or function is an opportunity for you to discuss or conduct business and the cost is modest. Accepting an invitation on more than an occasional basis from the same contact is not acceptable; and, if the business contact does not attend the function, the cost of the event should be treated as a gift.

### ***Additional Restrictions***

Some functional areas, such as Purchasing and Procurement, may have additional restrictions on accepting gifts and business entertainment due to the nature of their business. It is your responsibility to inquire about standards applicable in your area and

to seek advice when there is any question as to the appropriateness of a gift or business entertainment.

## **Other References**

- Section on CONFLICTS OF INTEREST

## **Questions**

### **Gifts**

**Q1.** May I accept a gift from a business contact as long as the contact doesn't work for the government?

**A.** It depends. Our Policy states that you should not accept any gift or gratuity unless it is given as a matter of custom or courtesy and has a value of less than US\$100. Even if the gift meets those requirements, the gift cannot be accepted if you believe that it is being offered in order to influence your personal business judgment. Examples of acceptable customary gifts and business courtesies include a ticket to a regular sports or musical event, a small food or fruit basket, or an office clock that bears the name of the contact's business. Some examples of inappropriate gifts include a pair of tickets to a Super Bowl game, a weekend fishing trip, a set of golf clubs, or any gift that may have or appear to have strings attached. It is important to NOTE that some departments, due to the nature of their function (such as Purchasing and Procurement), may have stricter limitations or even a ban on receiving gifts from business contacts.

**Q2.** I always get uncomfortable around the holidays because my business contacts frequently give gifts. What should I do?

**A.** One way to make this situation less stressful might be to have a conversation with your business contacts discouraging them from that business practice. Policies like ours are very common in business today, and suppliers and others are becoming more familiar with these types of policies.

**Q3.** I received a gift valued at \$200 from a business contact. Since the gift limit is \$100 can I write a check to the company for \$100 and keep the gift?

**A.** No. If you cannot return or refuse the gift without embarrassing the giver, you must either turn the gift over to your manager so it can be given to charity, or if you wish to keep the gift, you must write a check to the company for the full value of the gift, and the company will donate that amount to charity.

**Q4.** Under this Policy, is the value of a gift I receive determined by the cost paid for it by the giver?

**A.** No. The value of the gift should be determined based on what it would cost the recipient to go out and purchase the item. If you have questions relating to the value of any gift, you should consult with your manager.

**Q5.** A prospective supplier has offered to give me two airline tickets to visit his facility. Since he is a potential business partner, may I accept the tickets?

**A.** In most cases, the answer is "no". The only exception would be if there were a business need to see the supplier's facility or product in operation in order to evaluate its suitability and that responsibility is part of your job. For instance, an

employee who is responsible for planning meetings may go on occasional trips at the expense of potential suppliers to consider where to book conferences. However, it is always necessary to have your manager's permission to travel at the expense of any supplier.

**Q6.** I just received a card saying that a vendor has made a donation in my name to a charity for an undisclosed amount. Is this a problem under the Business Conduct Policy?

**A.** Charitable donations in lieu of other gifts are becoming a more common practice in business. The \$100 gift limit applies to a charitable donation just as it does to any other gift you receive. If you don't know the amount of the donation, it's impossible to determine whether the gift limit has been exceeded. The best action is for you to inform the vendor of our company's Policy on receipt of gifts.

### ***Door Prizes/Drawings***

**Q7.** Am I permitted to accept a gift such as a door prize or booth drawing at a professional association-sponsored trade show or other similar event?

**A.** In most cases, the \$100 gift limit will apply. If the prize is more than \$100, you should (i) refuse to accept it, (ii) pay the sponsor for the item and accept it, or (iii) keep the item and write a check to the company for the value of the item for donation to charity. In rare instances, where the prize cannot be identified with any particular vendor or where the prize is engraved or otherwise prevented from having a market value to anyone except the recipient, an exception may be made. However, your manager and the US Compliance Officer must approve any exception prior to acceptance of any such prize.

**Q8.** My department is sponsoring a celebration for completion of a major project, and several suppliers that we worked with on the project have offered to donate expensive gifts to be given away in a drawing. Is this a problem?

**A.** Since this is a company-sponsored event, this may be acceptable if it does not conflict with your department's policies. However, the names of the donors of the gifts must not be associated with their specific prizes and someone within the company must choose the recipients of the prizes through a random drawing. These steps will avoid any possible appearance of impropriety or feeling of indebtedness with respect to future projects involving the suppliers.

## ***Business Entertainment***

**Q9.** If I have just spent the entire day negotiating a contract with someone from another company, may I accept an offer from them to pick up the cost of a dinner?

**A.** Yes. Having dinner with a business contact after a day of business is perfectly acceptable. You are expected to use good judgment, though, with respect to the expenses involved.

**Q10.** Is it acceptable under our Policy for me to entertain a business contact at the finest restaurant in town?

**A.** Probably not. Business meals should be modest and consistent with what the business contact would normally spend on the meal at his or her personal expense.

**Q11.** What kind of supplier-sponsored events may I attend?

**A.** Participating in functions financed by a supplier when it's an opportunity for business interaction with the supplier is acceptable in moderation with respect to both frequency and reasonableness of the cost of the event. For example, accepting an invitation to a ball game would normally be acceptable, but receiving a trip to another city to attend a championship game would not. If the supplier does not attend the function, the value of the entertainment must be treated as a gift and is subject to the \$100 gift limit.

**Q12.** A supplier is hosting an industry meeting out of town. The supplier is providing the meeting facility and meals. May I attend?

**A.** Yes, if your manager approves your attendance at the function. However, the company should pay your transportation, room and any other expenses, except for meals provided to all participants as part of the conference. Having the company, rather than the supplier, pay your expenses, validates that the manager feels there is enough business justification for you to take time to attend the function and alleviates concerns about whether you are accepting an excessive gift that is intended to influence business dealings with that supplier.

**Q13.** A supplier friend of mine and I take turns paying the bill when we go out for a non-business lunch together. Is there anything wrong with this?

**A.** Yes. This kind of exchange supports the perception that one favor deserves another. The company does not want any employee to be in a position of owing or being perceived to owe anything to a supplier. When you go out together, you and your friend should each pay for your own meal.

## **Records Management and Internal Controls**

Almost all employees will create, use, manage or control records, data and information belonging to the company during their employment with “The Company”. Consistent with our Values of *Integrity* and *Empowerment*, all employees are expected to record and maintain the company’s records, data and information so that they accurately reflect the company’s business activities. These records, data and information are relied upon to produce reports to management, shareholders, creditors, government entities, regulatory agencies and others.

In addition, the company is required under federal laws and regulations to establish and maintain internal controls (or systems of checks and balances) that reasonably assure that all transactions are properly authorized, executed, recorded and reported.

Although some records, data and information may be destroyed as soon as they no longer serve a business purpose, certain others must be retained over a period of time for legal, regulatory or ongoing business reasons. The company has developed the US Records and Information Management Policy to provide guidance to employees on how long business records must be retained and when they should be destroyed.

### ***Definition***

Records and data include not only information pertaining to financial and business transactions, but rather to all company activities, in whatever forms the records and data are developed and stored (e.g. written, electronic or other means). Company information includes both technical information (such as a detailed product manufacturing process) and non-technical information (for example, a customer list or organizational chart) developed by employees or acquired from third parties. Although it may not be as apparent, non-technical, as well as technical, information may be of significant value to the company. Certain information may also be protected by obligations of confidentiality and ownership rights (such as copyrights and patents).

### ***Prohibited Actions***

The following are examples of unethical (and in some cases illegal) actions with respect to company records that are strictly prohibited by company Policy:

- Using company credit cards for unauthorized purposes;
- Creating or paying false or fictitious invoices;
- Intentionally recording false or misleading account entries (such as hours worked, or expenses to be reimbursed, or samples disbursed);
- Intentionally misclassifying transactions between accounts, departments or accounting periods (e.g., charging an expense to the wrong account);
- Maintaining secret or special accounting records or funds (such as unauthorized petty cash or .slush. funds);
- Falsifying data;
- Intentionally or negligently disclosing confidential information; and

- Abusing the ownership rights of third parties.

### ***Internal Controls***

Internal controls are essential to ensure that the company's activities are performed in accordance with applicable laws, regulations and our own internal standards. Internal controls may include, for example, systems or processes to verify that invoices are valid, payments are accurate, product quality is maintained and financial records are reliable. Some of our activities, such as the reporting of adverse drug events, product sampling and financial accounting are highly regulated and require more complex systems of internal controls. If you work in a highly regulated area, you are expected to become familiar and ensure compliance with the company's internal controls. You should talk with your manager if you have any questions about these controls.

The role of every employee with respect to internal controls is to conduct the company's business in accordance with applicable federal, state and local laws and regulations and to properly and accurately record, maintain and report the company's business activities. In addition, you are expected to give your full cooperation to the company's internal and external auditors as requested and to provide access to all company records in your possession or control as needed.

### ***Confidentiality***

Upon employment at "The Company" and periodically thereafter all employees are required to sign an Employee Confidentiality as a condition of their employment. The Employee Confidentiality Agreement confirms that you will safeguard the confidential records, data and information entrusted to you by the company, use them only for business purposes, limit disclosure within the company on a need-to-know basis and prevent disclosure to unauthorized individuals outside the company. The obligations established in the Employee Confidentiality are in effect during your employment and continue after your employment with the company ends.

### ***Expectations***

You are expected to record all financial and business transactions in the proper account and in the proper accounting period. When creating records of these transactions, you must also create and maintain detailed and accurate support documentation.

Familiarity and compliance with the company's accounting and reporting policies and systems of internal controls (such as the company's US Records and Information Management and Travel and Expense Policies) are required at all times.

If you work in a highly regulated area, such as Finance, Quality Assurance, Sales or Marketing, you are expected to proactively become familiar with and take all steps necessary to ensure that the company's records comply with applicable laws, regulations and company policies relating to their creation, use, retention and disposition.

Records, data and information may be shared only with properly authorized individuals and only as necessary to conduct the company's business. This restriction includes sharing (even with co-workers) of passwords and access privileges intended to protect the company's records and information.

## ***Other References***

For further information relating to company records and internal controls, refer to the following policies:

- Travel and Expense Policy
- US Records and Information Management

## ***Questions***

**Q1.** I work at a manufacturing site and I've been directed to make an entry on a batch record that isn't exactly accurate. I'm pretty sure this won't affect the product, but it doesn't feel right. What should I do?

**A.** The falsification of data and similar irregularities represent unethical activities and are strictly prohibited by the Business Conduct Policy. The company's policy on creating accurate records is not an area where individuals should make personal judgments. You should make the correct entry on the batch record and report the situation as required in the Business Conduct Policy.

**Q2.** A friend of mine who works at another company says he always adds a little to his real expenses on his expense report form to make up for the inconvenience of being away from home. Is this okay at our company?

**A.** No, there are two problems with this situation. Your friend is falsifying company records and he is stealing from his company. If your friend's actions were reported and confirmed at "The Company", he would most likely be terminated.

**Q3.** I and a few other hourly workers were asked to come in and work on Saturday and Sunday because my manager is under some pressure to complete a major project that is due Monday. My manager told us we could take time off during the week to make up for this and that we should just record our usual time worked. Is this okay?

**A.** No. You should never record anything but the actual days and hours you have worked. You and your manager should consult General Counsel's Office to determine what are the appropriate methods and options for handling this change in your work schedule. If your manager insists that you record your time improperly, you should refuse to do so and report the incident to General Counsel's Office immediately.

## Reporting

If you believe that this Business Conduct Policy has been violated, you are required to report the violation. There are several ways in which this can be accomplished. In most cases, you should inform your manager and together you will be able to address and resolve the situation. However, if your manager is perceived as being part of your concern, then you may notify the General Counsel's Office or your next level manager by following the Issue Resolution Policy. Other ways that you can report potential violations are to:

- Call the US Compliance Officer; or General Counsel
- Call the Compliance Helpline (**1-800-713-8419**)

The Compliance Helpline (a toll-free number administered by an outside service) has been set up as a way for employees to raise questions and report possible problems under this Policy more easily. You may remain anonymous or you may give your name and identifying information to facilitate a speedier investigation. In either case, your concerns will be handled discreetly.

Because this Policy deals with important legal and ethical issues, your reporting responsibility is mandatory. If you become aware of a violation or potential violation of this Business Conduct Policy, you must take appropriate steps to report the matter as described above. All reporting will be treated with courtesy and discretion.

Any action that is in violation of this Policy, including a failure to report a violation, may result in appropriate disciplinary action up to and including termination.

Any reprisal or retaliation against an individual because the individual reported a violation or suspected violation is strictly forbidden and is, itself, an act subject to disciplinary action.

## Administration

The US Compliance Officer (General Counsel) will administer this Policy. Other resources will be utilized as appropriate.

The responsibilities of the US Compliance Officer are to:

- monitor compliance activities and Policy violations throughout the company,
- report on activity levels and trends to management,
- recommend appropriate actions to prevent violations, and
- ensure that reports of violations are dealt with fairly and consistently.

All contact with the US Compliance Officer will be treated with courtesy and discretion and will be kept confidential to the extent possible without hindering the investigation.

## Conclusion

This Policy contains standards for conduct in key areas rather than rules for every situation that you will encounter. The absence of a specific guideline or policy does not relieve you from exercising high ethical standards of behavior and good judgment

consistent with the Company Values In any situation in which you are unsure of what is expected, you should consult your manager, (General Counsel) for advice and direction.

## **Acknowledgment**

This Policy must be acknowledged by new hires and by all employees periodically. The method of acknowledgement may vary.