

medartis®

PRECISION IN FIXATION

Corporate Compliance



Tone at the top

Dear Employees:

“Precision in fixation” – this is our credo and guiding principle. Medartis places the greatest value on high standards in every respect. Our most valuable asset is an excellent reputation based on best quality in products and services and good relationships to all stakeholders. These relationships are based on legal business practices and integrity. This creates and maintains the trust we need for sustainable and successful activities.

“We consider ourselves as being a part of the society, respect human rights and act responsibly with regard to natural resources and the environment.”

We consider ourselves as being a part of the society, respect human rights and act responsibly with regard to natural resources and the environment.

On the one hand, this Code of Conduct is addressed to the employees of Medartis worldwide. Without exception, all employees are obliged for reasons of their duty of good faith towards the Company to comply with this Code of Conduct. On the other hand, this Code of Conduct provides transparent orientation for the community at large as well as an obligatory guideline for all our business partners.

The Code of Conduct incorporates general legal and ethical principles. It represents the minimum standard of expected behavior and individual issues are specified in more detail in internal instructions. All employees have to comply with the law as a matter of course. If local laws exceed the requirements of the Code of Conduct, then these stricter regulations are to be observed.

With this document, we would like to familiarize you with these important aspects of your daily work and would like to remind you that you share in the responsibility for the good reputation of our company as well avoiding legal and reputational risks. Compliance with rules is a prerequisite for the sustainable success of Medartis. Illegal and unethical behavior can lead to considerable financial damage for Medartis. With correct behavior you show concern for the company's value and the assets of Medartis, and help maintaining the company's good reputation.

This Code of Conduct is an integral part of your work contract. In case of questions or if something is unclear, please get in touch with your supervisor.



Dr. h.c. Thomas Straumann
President of the Administrative Board



Christoph Brönnimann
CEO

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Code of Conduct

Compliance with laws and integrity

1. We comply at all times with applicable laws in Switzerland and other countries where we are active. We do not undertake active steps in other countries to circumvent stricter Swiss laws.

“We comply at all times with applicable laws in Switzerland and other countries where we are active. We do not undertake active steps in other countries to circumvent stricter Swiss laws.”

2. We act with integrity by saying what we do and doing what we say. This is how we want to do justice to our social responsibility. Decent, fair and always respectful dealings with employees, shareholders, patients, commercial partners, authorities and the public are very important to us.
3. We want and have to take all precautions to ensure that Medartis or its employees are not involved in proceedings related to breach of duty and offences as part of their work for Medartis. Instructions need to be followed by all employees.
4. Business documents of all types and receipts are to be kept carefully, orderly and protected against damage.
5. We ensure that there is no form of forced labor, child labor or people-trafficking in our supply chain or any other area of the business. On suspicion, we check the situation immediately and cancel any cooperation in case such suspicion proves true.
6. Employees who fail to comply with the Code of Conduct are subject to disciplinary action up to and including termination of employment.

Loyalty and transparency

7. All employees are obliged not to disclose any confidential information about Medartis, its business partners, shareholders or customers to third parties and to protect business secrets. The obligation to maintain confidentiality continues at all times after termination of employment for any reason.
8. Conflicts of interest are to be avoided. Should an employee be faced with a situation where his/her personal interests, or those of persons or organizations closely related to him/her, conflict with the interests of Medartis, then he/she must immediately disclose this to his/her supervisor. The supervisor is responsible for a fair solution to the conflict of interest, which is not detrimental to Medartis.
9. Taking on an executive function, such as chairperson of a foundation, Member of the Board of Directors in a commercial enterprise, an association or other comparable organization, requires prior approval by the Board of Directors. For all other mandates, the employee has to consider any potential liability and reputation risks which could be incurred by Medartis.
10. The acceptance of gifts as well as invitations from customers, business partners or third parties is permitted in as far as they are within the customary bounds. Gifts, contributions as well as invitations which exceed these bounds must be reported immediately to the supervisor. They must never be accepted and must be refused immediately if the employee could be influenced in concrete decisions or could be enticed to a certain behavior or if this impression could be given to third parties.

Bribery, gifts and contributions to third parties

11. Direct or indirect gifts or other benefits must never be offered, promised or given to public officials or private functionaries or decision makers with the objective of achieving an undue or illegal advantage or unlawful action. The term public official is to be interpreted in the broadest possible sense: it includes every person involved in public duties. It is also prohibited to engage in any such behavior through third party intermediaries and/or to support third parties in such activities. Any appearance of impermissible influence on the objectivity and rationality of decision makers and their decisions must be absolutely avoided.

12. Persons regarded as public officials may not be offered non-permitted contributions, even if these contributions are not connected to a specific official action or concrete decision.
13. All employees are also prohibited from granting undue advantages to any third parties in order to influence them in exercising their duties or to influence a decision maker. It is not necessary for the public official or private decision maker to have a personal benefit from the undue advantage.
14. It is prohibited to declare gifts or contributions as purported payment for non-provided actual services. The information on receipts must always and without exception correspond to the facts. Only truthful bookings may be made that reflect the actual activity. All expenses are to be documented and justified as a matter of principle. Gifts in cash are prohibited under all circumstances.
15. Payments or contributions to politicians, political parties, associations or other organizations may only be made within legal permissible bounds and only with the express approval of the company management. They must be properly disclosed and verified without exception. In this context, no payments may be made to shell companies in offshore jurisdictions or to corresponding offshore bank connections.

Collusion

16. Problematic situations in terms of competition laws are to be avoided. Agreements or coordinated actions with other companies which serve as or have an effect of impermissible competitive restrictions are expressly prohibited.

Dealings with employees

17. To protect the health of employees, care must be taken to provide a safe workplace and working conditions appropriate to the actual activities.
18. Medartis does not tolerate discrimination of individuals or groups of persons with regard to their gender, race, religion, nationality, disability, age or pursuant to any other category protected under law.

19. All employees of Medartis have the right to protection of their personal integrity at the workplace. Cooperation shall take place at all hierarchical levels based on respect and mutual esteem. Abuse and harassment are not tolerated.

Responsibility

20. It is the personal duty of every employee to comply with all instructions.
21. Supervisors in particular, are responsible for living and implementing the Medartis Code of Conduct. They ensure that all employees are aware of the legal requirements, internal instructions as well as principles of the Code and that these are complied with.
22. The managers act as role models and should be contacted in case of questions. Management in each subsidiary is responsible for a stable structure of the organization which ensures that employees are aware of this Code of Conduct and at all times abide by it. Management must also ensure that any stricter local laws are complied with.

Notification

23. Employees are requested to raise issues that are contrary to the requirements of the Code of Conduct and to notify their supervisors of any concerns or questions.
24. If an employee has reasons for not reporting infringements to his/her supervisor or if the notifications are ignored, a hotline is available for processing these notifications: ethics@medartis.com.
25. Anyone who reports events in good faith does not need to fear negative consequences or reprisals.

Amendments

26. This Code of Conduct and all accompanying documents are monitored regularly to ensure that they remain current and revised if required.

27. The Code of Conduct and all accompanying documents are promulgated by the Board of Directors.

Effective Date

28. The Code of Conduct is effective as of 1 November 2017 and replaces the version dated 1 January 2011.

Instruction on the Prevention of Corruption

1. Introduction and scope

This instruction applies to all employees of Medartis in Switzerland and abroad. It aims at minimising and eliminating risks which would make Medartis or its employees guilty of corruption. Corruption is never in the interests of Medartis.

For foreign subsidiaries, this instruction is a binding minimum guideline on dealing with employees, customers, business partners, public officials and other third parties. If local laws are stricter, then compliance with these is mandatory.

In the fight against corruption, foreign laws may have extraterritorial implications (for example, the UK Bribery Act and the US Foreign Corrupt Practices Act (FCPA), so that particular care and caution is required for cross-border activities. The reason being that foreign authorities may claim jurisdiction for activities outside their respective borders.

“Direct or indirect gifts or other benefits must never be offered, promised or given to public officials or private functionaries or decision makers with the objective of achieving an undue or illegal advantage or illicit action.”

The Medartis Code of Conduct provides as follows:

1. Direct or indirect gifts or other benefits must never be offered, promised or given to public officials or private functionaries or decision makers with the objective of achieving an undue or illegal advantage or illicit action. The term public official¹ is

¹ Public officials are persons who hold an office in the areas of regulations, government, administration or justice in a state or other community through appointment or election, limited or unlimited, paid or unpaid, and regardless of their rank or title. A public official also describes every other person who performs a public task or public service, also for authorities or a public service. Public officials are therefore persons who perform a public office, persons who perform state tasks in administration or justice as part of a work contract as well as persons acting on behalf of the state.

to be interpreted in the broadest possible sense: it includes every person involved in public duties. It is also prohibited to engage in any such behavior through intermediaries and/or to support third parties in such activities. Any appearance of impermissible influence on the objectivity and rationality of decision makers and their decisions must be absolutely avoided.

2. Persons regarded as public officials may not be offered non-permitted contributions, even if these contributions are not connected to a specific official action or concrete decision.
3. All employees are also prohibited from granting undue advantages to any third parties in order to influence them in exercising their duties or to influence a decision maker. It is not necessary for the public official or private decision maker to have a personal benefit from the undue advantage.
4. It is strictly prohibited to declare gifts or contributions as purported payment for non-provided actual services. The information on receipts must always and without exception correspond to the facts. Only truthful bookings may be made that reflect the actual activity. All expenses are to be documented and justified as a matter of principle. Gifts in cash are prohibited under all circumstances.
5. Payments or contributions to politicians, political parties, associations or other organizations may only be made within legal permissible bounds and only with the express approval of the company management. They must be properly disclosed and verified without exception. In this context, no payments may be made to shell companies in offshore jurisdictions or to corresponding offshore bank connections.
6. The acceptance of gifts as well as invitations from customers, business partners or third parties is permitted in as far as they are within the customary bounds. Gifts, contributions as well as invitations which exceed these bounds must be reported immediately to the supervisor. They must never be accepted and must be refused if the employee could be influenced in concrete decisions or could be enticed to a certain behavior or if this impression could be given to third parties.

2. Overview on Swiss Law

According to the Swiss Penal Code (StGB), bribery of Swiss and other (foreign) public officials is a criminal offence and is punished by a prison sentence of up to five years or a fine. Furthermore, in addition to the bribing person the company which employs the bribing person may also render itself liable to prosecution. All institutional and functional civil servants, in other words, all persons who undertake public duties are considered foreign public officials.

Persons who grant third parties undue advantages in order to influence a public official are also subject to prosecution.

Private corruption is also governed by the Swiss Penal Code. Active (corruption) and passive (corruptibility) private corruption is penalized with prison sentences of up to three years or a fine. Furthermore, in addition to the bribing person or the person bribed, the company which employs the bribing person may also render itself liable to prosecution. For example, if an employee demands, allows himself/herself to be promised or accepts an undue advantage for himself/herself or a third party in return for an act or omission in breach of his/her duty, he/she will be penalized.

Medartis expressly prohibits its employees any manner of bribery, regardless of value or form (cash, payment in kind, etc.). Violations of this policy subject employees to disciplinary action up to and including termination of employment.

Violations of laws may also lead to civil or penal consequences.

In addition, the following rules apply to all employees of Medartis in Switzerland and its subsidiaries. Any stricter local regulations shall apply to the respective subsidiaries.

3. Specific regulations

3.1 Business travel

A report is due to be given to the supervisor in each case detailing the purpose, reason and progress of business trips and invitations. All expenses have to be documented with receipts. Those for third parties are to be justified and also to be documented. This procedure does not only ensure transparency and control of the employees' activities but also provides for efficient and documented implementation.

3.2 Active bribery of public officials

As a matter of principle, no undue advantages such as invitations, gifts, money or anything of value may be offered, promised or granted to public officials or related third parties. This also applies if the gift or undue advantage is not connected to a concrete official act, but for grooming purposes. The definition of a public official has a broad scope and can include persons with whom Medartis cooperates in its research and development activities.

Representation fees in connection with scientific congresses or promotional events for Medartis products must therefore be appropriate and justifiable. Under all circumstances, the expenses must be subordinate, socially accepted and of minor importance in relation to the main purpose of the event. Promotional expenses for legitimate reasons are only permitted within this scope.

Travel costs reimbursed to a public official must correspond to a clearly defined and permitted business purpose (e. g. training or visiting the company) and be truthful and appropriate in terms of amount. They must always be documented. It is prohibited to pay travel costs for spouses or family members: such expenses may never be reimbursed as a matter of principle.

All invitations to public officials must be reported to the CFO. The CFO annually reports to the Executive Management all invitations made to public officials. Gifts must be presented in a transparent manner as a matter of principle, that means, presented in public.

a) Active private bribery

No undue advantages for their benefit may be offered, promised or granted to employees, shareholders, officers or other auxiliaries of a private company in connection with their commercial activities. The same applies if the undue advantage is intended for a third party, for example, a relative of the employee or his/her subordinates.

An advantage is deemed to be undue if the recipient is not entitled to receive the same. Gifts or invitations may never be given or made with the intention of influencing a third party employee to violate his/her duties to his/her employer or to exert his/her discretionary powers in favor of Medartis.

Therefore, the following applies:

During concrete contract negotiations, no invitations to customer or other events may be issued, or gifts be given or other undue advantages granted to employees of private companies or related third parties. Exceptions apply to minor, socially acceptable benefits (e. g. invitation to meals within reasonable and customary scope) or to internal and external trainings, which are either required by law or which Medartis considers mandatory for the correct use of the products (e. g. educational trainings/ IBRA events).

Customary business gifts and invitations are permitted as part of customer relations in as far as no violation of duty by the recipient is threatened. In case of uncertainty in individual cases as to whether this is a customary business gift or permissible advantage, the decision is to be taken by the supervisor. For example, invitations to public professional events as well as events organized by Medartis or which are sponsored by Medartis are permitted. However, if the contribution exceeds a value of CHF 250.00 per person, then the case has to be approved by the CEO in advance. This regulation also applies to subsidiaries, whereby local customs and limits are to be taken into account.

Larger invitations are preferably directed to a department of a company instead of individual employees.

Medartis considers business gifts as being customary if the gifts are of a value that is appropriate and proportionate and which do not oblige or induce the recipient to a service in return. One should always bear in mind the reputation risk to Medartis which could occur if a gift is not regarded as being socially customary.

b) Passive bribery/acceptance of gifts

Gifts or payment in kind, such as invitations, may not be accepted if the Medartis employee might be influenced in concrete decisions or could be enticed to a certain behavior. If in doubt, the supervisor will decide on the acceptance.

If there is no possibility of exerting influence in a specific case, then the following applies:

Customary business gifts, such as Christmas or year-end gifts, promotional gifts, gifts relating to a specific event (e. g., for a lecture), etc. may be accepted up to a value of CHF 250.00 per event and per donor and per year without reporting to the supervisor. Accepting gifts in cash is prohibited under all circumstances.

If an employee receives the gift as representative of a team or department, then the gift is to be shared with the other employees accordingly.

Gifts which exceed the value of CHF 250.00 or are not customary business gifts must be reported to the supervisor in a timely manner.

Invitations to customer or other events, business meals, etc. are permissible within the customary business framework. If in doubt, the direct supervisor will decide on acceptance. However, if a value of CHF 250.00 is exceeded, then the case is to be referred to the direct supervisor in advance for a decision and to be reported to the CEO upon acceptance. This regulation also applies to the subsidiaries, whereby local customs and limits are to be taken into account.

c) Facilitation payments

Facilitation payments are payments to a public official which promote, accelerate or ensure performance of a routine public duty or measure. These can readily cross the borderline to bribery. Such payments are prohibited under all circumstances.

4. Donations (awards) and sponsoring

The Medartis Code of Conduct regulates donations as follows:

Payments or contributions to politicians, political parties, associations or other organizations may only be made within legal permissible bounds and with approval of the company management. They must be properly disclosed and verified without exception. In this context, no payments may be made to shell companies in offshore jurisdictions or to corresponding offshore bank connections.

Decisions on political donations are restricted to the President of the Board of Directors and the CEO of Medartis as a matter of principle.

a) Other donations (awards)

Other donations (awards) include donations to institutions, which are for example, active in the area of education, development aid, health, youth, culture, social issues, sports (so-called non-profit organizations).

Donations with the purpose of gaining an illegal advantage are prohibited and regarded as bribery.

As a matter of principle, donations are allocated regardless of the existence of a business relationship between Medartis and the recipient. They must be approved by the CFO. A list of donations given is to be prepared annually for the attention of the CEO. The lists of donations given by the subsidiaries are also to be provided to the CEO.

b) Sponsoring

For Medartis, sponsoring means the support and promotion by the company of institutions, persons or events with financial means or goods and services, and for which a return service is expected in as far as it supports Medartis communication and marketing goals.

Sponsoring activities with the purpose of gaining an illegal advantage are prohibited as a matter of principle. In addition, there must be an adequate correlation between the support granted and the agreed return service.

Sponsoring services by Medartis Switzerland and the subsidiaries are to be approved by the CSO. Sponsoring amounts exceeding CHF 5,000 must in addition be approved by the CEO.

5. Contact persons

The following principle applies: When in doubt, don't. If you are not sure whether certain behavior is permissible, contact your supervisor or the legal department. If employees of Medartis are subjected to attempted bribery or if there is a suspicion of inappropriate influence by third parties, or if other violations are observed, then the respective supervisor or the legal department are to be contacted immediately.

6. Amendments

This policy is monitored regularly to ensure that it is current, modified if required and promulgated by the Administrative Board.

7. Effective Date

This policy is effective as of 1 November 2017.

Instruction on Compliance with Antitrust Laws

1. Objective and scope

Markets require competition. This also applies to the medical technology and the healthcare sector. Functioning competition is not only in the interests of customers but also in the interests of Medartis. Laws on competition serve to maintain competitive, free entrepreneurship, which forms the basis for a free market economy. Business policy in line with fair and effective competition is in the interests of Medartis. For this reason, strict compliance with the regulations on competition are a core element of our corporate policy.

“Problematic situations in terms of competition laws are to be avoided. Agreements or coordinated actions with other companies which serve as or have the effect of impermissible competitive restrictions are expressly prohibited.”

This instruction specifies and complements the Medartis Code of Conduct, which states:

Problematic situations in terms of competition laws are to be avoided. Agreements or coordinated actions with other companies which serve as or have the effect of impermissible competitive restrictions are expressly prohibited.

Antitrust laws regulate the practices to be observed by participants in the market. Not only Medartis and its employees as well as the Medartis subsidiaries and their employees, but also associations and research partners, in particular IBRA, their commissions and their members are obliged to comply with antitrust laws.

All these persons are prohibited from cartel arrangements as a matter of principle, regardless of whether or not the countries they do business in have antitrust laws.

2. Principles

Illegal competitive behavior is prohibited. Medartis expects all its managers, employees, distributors as well as development and research partners to strictly comply with the laws.

All employees and all supervisors are responsible for ensuring that antitrust regulations are complied with in their areas of responsibility. They ensure that the regulations which are relevant for their departments are known. This instruction is intended to explain the principles of competitive practices in terms of Swiss and European antitrust and competition laws. This policy seeks to create an awareness among management and employees of the importance of these standards for business practices and corporate decision-making.

In addition, it is expected that all persons at Medartis consult the legal department if anything is unclear about the permissibility of an action in terms of competition laws.

3. Swiss Law on Competition

The core regulations of Swiss competition law are contained in article 5 (agreements which restrict competition) and article 7 (misuse of market position) of the Swiss Antitrust Law (KG). In addition, it is necessary to observe the notifications and case examples issued by the Swiss Competition Commission.

The Swiss Antitrust Law applies to all companies doing business in Switzerland or whose activities affect competition in Switzerland.

It is irrelevant whether the activities restricting competition are performed in Switzerland or abroad.

4. European Law on Competition

The core regulations of the European competition law are contained in article 81 (agreements which restrict competition) and article 82 (misuse of market position)

of the EC Treaty (ECT). Detailed regulations are given in numerous ordinances and guidelines issued by the European Commission.

The European law on competition applies to all companies doing business in Member States of the European Economic Area (EEA) or whose activities are suited for impairing trade between the EEA Member States. In terms of applicability of the European law on competition, it is therefore irrelevant whether the companies concerned have their registered office in one of the Member States or whether the activities restricting competition are performed in a Member State or abroad. A Swiss company doing business in the EEA is therefore subject to European competition law.

5. Personal responsibility of employees, research partners and subsidiaries

Every employee, research partner and subsidiary, as well as other third party, is personally responsible for compliance with the regulations on competition. Everyone is responsible for acquiring sufficient information on competition regulations in order to identify situations which could raise questions relevant to competition laws.

Everyone is prohibited from knowingly involving themselves in practices that violate competition laws.

6. Agreements that restrict competition

6.1 Overview

Art. 5 KG and Art. 81 ECT prohibit all agreements with the purpose of or effect on preventing, restricting or distorting competition.

This applies regardless of the method of communication. Not only written agreements are taken into account, but also oral agreements and so-called coordinated practices. Coordinated practice means the intentional and deliberate cooperation of individual companies with the purpose of preventing or restricting competition.

Horizontal restrictions are agreements or concerted practices between companies operating at the same market level, i.e., agreements between competing companies.

Vertical restrictions are agreements or coordinated practices between companies operating at different market levels, for example, agreements between a manufacturer and a distributor which restricts freedom of competition of the contractual parties.

6.2 Horizontal agreements

Agreements or coordinated practices between competitors, which affect the conditions of their business practices, represent the most serious competition violations.

Agreements on prices, the restriction of production, allocation or supply quantities or the division or assignment of specific markets or business partners and customers are regarded as being seriously damaging and are to be absolutely avoided. In Switzerland, such agreements can be fined with up to 10% of the turnover achieved by the group in Switzerland for the past three financial years.

- Do not determine price-relevant conditions together with competitors. Never discuss any aspect of price setting with competitors.
- Never agree with competitors on restricting production, allocation or supply quantities.
- Do not agree with competitors on the division or assignment of specific markets or business partners.

6.3 Vertical agreements

Vertical business partners are manufacturers and distribution companies, suppliers and customers, licensees and licensors.

Vertical agreements on resale prices or so-called absolute territorial protection (prohibition of passive sales for exclusive agreements) are regarded as being particularly damaging and are to be avoided under all circumstances. In Switzerland, such agreements can be fined directly with up to 10% of the turnover achieved by the group in Switzerland for the past three financial years.

- Do not give your customers instructions regarding their resale prices.
- If you assign exclusive territories to your customers, sales to other territories may not be completely excluded.

6.4 Prohibition of misuse of dominating market position

Art. 7 KG and Art. 82 ECT prohibit the misuse of a dominating market position. In addition to the regulations already mentioned on agreements restricting competition, companies which dominate markets must pay particular attention to additional principles.

Whether a company has a market-dominating position can be assessed on the basis of various criteria. Such a position is given if a company can by and large behave independently of other participants in the market. The main assessment criterion here is the market share for a specific product. To determine the market share, the relevant market needs to be defined.

In Switzerland, the misuse of a market-dominating position can be fined with up to 10% of the turnover achieved by the group in Switzerland for the past three financial years.

- Market-dominating companies are not allowed to misuse their market power.

7. Legal consequences in case of competition violations

Violations of the laws on competition can lead to significant penalties. The European Commission, and since 1. April 2004 also the Swiss Competition Commission, issue fines depending on the severity and duration of the violation. The maximum fine in Switzerland is 10% of the turnover achieved by the group in Switzerland for the past three financial years. In the EEA, the maximum fine is 10% of the worldwide turnover achieved during the past year and can be increased for every year of duration of the violation.

In addition, agreements violating the prohibitions of Art. 5 KG or Art. 81 ECT are also automatically null and void in terms of civil law. Violation of competition laws can lead to civil legal disputes. And a company which violates competition laws can be subjected to considerable claims for damages by competitors or customers for their illegal practices.

In certain countries, for example the USA or the UK, violation of competition laws can also lead to a criminal conviction (fines and/or prison sentence) of the employees involved.

Violation of this policy subject employees to disciplinary action up to and including termination of employment.

- Violation of competition laws never pays.

8. Amendments

This policy is monitored regularly to ensure that it is current, modified if required and promulgated by the Board of Directors.

9. Effective Date

This policy is effective as of 1 November 2017.

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For detailed information regarding our subsidiaries and distributors, please visit www.medartis.com