

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 behaviour 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 behaviour can lead to considerable financial damage for Medartis. With correct behaviour 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 Australia, as well as any other countries where we are active. We do not undertake active steps in other countries to circumvent stricter Swiss or Australian laws.

“We comply at all times with applicable laws in Switzerland and Australia, as well as any other countries where we are active. We do not undertake active steps in other countries to circumvent stricter Swiss or Australian 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 labour, child labour 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 organisations 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 organisation, 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 do not influence any decisions, are within the customary bounds, and are lawful in any jurisdiction where such gifts or invitations are provided. 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 behaviour 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



influencing a decision, or achieving an undue or illegal advantage or illicit action. The term public official<sup>1</sup> 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 behaviour 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 organisations 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

<sup>1</sup> 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.

the effect of impermissible competitive restrictions are expressly prohibited. Medartis strives to be a “best practice” business in respect of competition and corporate governance. Compliance with our applicable policies is strictly enforced.

### **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 any other attribute protected under discrimination legislation. Medartis also does not tolerate sexual harassment, victimisation or vilification which are prohibited under discrimination legislation.
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 organisation 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](mailto:ethics@medartis.com).
25. Anyone who reports events in good faith does not need to fear negative consequences or reprisals.

## **Amendments & Release**

26. This Code does not vest enforceable rights in employees and is monitored regularly to ensure that it is current and modified 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 December 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 official<sup>1</sup> 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 behaviour 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 organisations 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 do not influence any decisions, are within the customary bounds, and are lawful in any jurisdiction where such gifts or invitations are provided. 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 behaviour or if this impression could be given to third parties.

## **2. Overview on Australian Law**

Under Australian law, the bribery of public officials is a serious offence. Australia is a Commonwealth of states and territories, and has public officials at the State and Federal level. The bribery of Federal officials is regulated by The Criminal Code Act 1995 (Cth). The Criminal Code provides, at section 141 that:

A person commits an offence if the person dishonestly:

- (i) provides a benefit to another person; or
- (ii) causes a benefit to be provided to another person; or
- (iii) offers to provide, or promises to provide, a benefit to another person; or
- (iv) causes an offer of the provision of a benefit, or a promise of the provision of a benefit, to be made to another person; and

the person does so with the intention of influencing a Commonwealth public official in the exercise of the official's duties as a public official. It is not required that you know the person is a public official, or that the benefit be accepted or effected to enliven the offence. Benefits do not need to be payments, they can also include gifts or hospitality and entertainment.

Penalties for that offence can be punished by any combination of a prison sentence of up to 10 years, or a fine of up to AUD 2,100,000.00. The fine for a corporation committing such an offence can be up to ten times that amount. Medartis accordingly adopts a "zero tolerance" policy towards bribery. There are collateral offences related to bribery of Commonwealth officials as well.

The bribery of state officials is governed by various state laws, and runs along similar lines. The Commonwealth Criminal Code also provides separate penalties for the bribery of foreign officials. This includes situations where conferring a benefit on a foreign official might be considered "polite" or "expected".

The Criminal Code Act 1995 does permit payments to be made to foreign officials in some circumstances where such payments are officially permitted by law in the foreign jurisdiction. This does not mean circumstances where the law is silent as to such matters. If you believe that a local law requires or expects you to confer some form of benefit, you should notify Medartis immediately so they can provide you with the official position of the company.

Australian law permits, in limited circumstances, "facilitation payments", which are benefits of a minor character designed to assist in the performance of a minor function. Other jurisdictions, including the UK Bribery Act, forbid such payments. For this reason, notwithstanding the Australian legal position, the policy of Medartis is that such payments are strictly forbidden, as described below.

Private corruption is primarily regulated in Australia pursuant to state and territory laws. Secret commissions, bribes and fraud related legislation varies from jurisdiction to jurisdiction but imposes a wide variety of penalties on offenders. The Corporations Act 2001 also imposes duties of good faith on directors and officers of corporations (section 181) and prohibits them from improperly using information or their position to gain an advantage for themselves or for someone else (sections 182 and 183). These provisions can also give rise to offences relating to bribery, including for the acceptance of gifts or privileges.

Medartis expressly prohibits its employees engaging in 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 Australia and in Switzerland, as well as 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 private decision makers, or any related third parties. This also applies if the gift or undue advantage is not connected to a concrete official act, but for grooming purposes, or otherwise to build influence with the recipient. 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 paid 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 to 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). It will need to be able to be shown that such invitations were not to influence the making



of any decisions by the third parties. Some minor customary business gifts and invitations may be permitted as part of customer relations provided always that nothing in the giving of such gifts or invitations could commission a violation of duty from the recipient concerned. 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 AUD 330.00 per person, then the case has to be referred to 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 employee. 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 behaviour. 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 AUD 330.00 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 AUD 330.00 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 accept-

ance. However, if a value of AUD 330.00 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 organisations 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 organisations).

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 are to be approved by the CSO. Sponsoring amounts exceeding AUD 6,600 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 a certain behaviour 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. Taxation Recording**

Laws in relation to taxation and corporate financial reporting must be strictly observed. This includes laws in relation to the internal reporting of gifts or benefits to ensure that Medartis' internal records properly reflect any such permissible arrangements.

Employees of Medartis are also required to ensure that where any gift or benefit received has the character of a "fringe benefit" for the purposes of any law relating to income tax, such benefits are properly recorded and declared.

## **7. Amendments & Release**

This policy does not vest enforceable rights in employees and is checked regularly to ensure that it is current and modified if required and released by the Board of Directors.

## **8. Effective Date**

This policy is effective as of 1 December 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 (including without limitation the Australian cartel conduct and competition 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 behaviour 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 Australian anti-trust 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. Strict compliance with any directive or policy of Medartis is strictly required, regardless of whether or not any particular activity is lawful in the country where it may be taking place.

In addition, it is expected from all persons at Medartis to consult the legal services 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. Australian Law on Competition**

Laws relating to cartel conduct and competition in Australia are governed by the Competition and Consumer Act 2010. Cartel conduct is a “restrictive trade practice” and is prohibited on the basis that it confers an unfair advantage on participants. According to the Competition and Consumer Act 2010 all agreements, arrangements, contracts or understandings between parties that are, or would otherwise be, in competition with each other that contain or give effect to cartel provisions (including without limitation price-fixing, restricting outputs in the production and supply chain, allocating customers, suppliers or territories or bid rigging) are prohibited.

Agreeing to collude or engage in cartel conduct is unlawful, even if the planned or anticipated conduct never in fact occurred. The entering into anticompetitive arrangements or the inclusion of cartel provisions in any agreement are by themselves unlawful.

Parties to cartel conduct include related bodies corporate for the purposes of such conduct. A strict legal relationship is not required. Participation in formal or informal associations can be sufficient to enliven relevant offences.

There are some limited exceptions to cartel conduct relating to the assessment of public benefit or relating to joint ventures. Such assessments are subject to approval by the ACCC and require the direct input of the supervising body, and in some cases the CSO and CEO. Such authorization can only be given before any conduct occurs. For this reason, no conduct which could constitute cartel conduct is permitted.

Where Medartis participates in any association or group or peak body, that participation is strictly regulated by the supervising body. No decision should be taken to join any industry association or group without consulting the supervising committee.

#### **5. Personal responsibility of employees, research partners and subsidiaries**

Every employee, research partner and subsidiary, as well as any 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 which restrict competition**

### **6.1 Overview**

Medartis' policy prohibits all agreements and understandings 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 verbal 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 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**

Medartis policy also prohibits 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.

In Australia, the Competition and Consumer Act 2010 provides that a corporation that has a substantial degree of power in a market shall not take advantage of that power in that or any other market for the purpose of eliminating competitors or preventing entry by persons into a market. Laws also now restrict such companies from “substantially limiting competition”. Such a determination is made by examining effects, not a strict list of prohibited activities or policies.

Whether a company has a substantial degree of power in a market 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.

Australia also has special provisions which further govern the “trans-Tasman” market which is to say arrangements involving Australia and New Zealand. Transactions in this area should be given special attention., .In Switzerland, the misuse of a dominating market 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 law on competition can lead to significant penalties. The Competition and Consumer Act 2010 provides that individuals who commission cartel conduct offences can face up to 10 years in prison and fines of up to AUD 420,000.00. For the company, penalties can range up to AUD 10,000,000 and can exceed that amount in some circumstances where the value of a transaction is deemed higher.

In addition, agreements violating the prohibitions of antitrust laws 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. Reporting and Whistleblowing Provisions**

Regulatory bodies in a number of jurisdictions may provide immunity or assistance for parties or persons who come forward about cartel or other unlawful conduct. In Australia,

lia, the ACCC manages programs for whistleblowers and for parties who have become concerned that they are affiliated with a cartel.

It is the policy of Medartis to support all such arrangements and the proper provision of information to regulatory authorities. Medartis will take all reasonable steps to protect and respect a person who reports alleged improper conduct in good faith. Any retaliatory action or victimisation by any member of staff in reprisal for a report being made under this policy will be treated by Medartis as serious misconduct and may result in disciplinary action, which may include dismissal.

Parties may elect to make a disclosure anonymously. Subject to this policy, Medartis will respect the request of any party informing Management of prohibited conduct to not identify themselves. However, Medartis may not be able to investigate certain disclosures without the identity of the person informing Management becoming known. Where criminal matters are involved, Medartis may be required to report certain allegations to the police or regulatory body and to provide the identity of the person who came forward with information.

Medartis may also need to identify a person providing information where:

- The person making the report consents to the disclosure
- The disclosure is otherwise required by law
- The disclosure is necessary to prevent or lessen a serious threat to a person's health or safety
- It is a lawful disclosure within the meaning of the Corporations Act 2001 necessary to protect or enforce Medartis' legal rights or interests

Even if the identity of the person giving information is known or becomes known, Medartis will continue to ensure that all reasonable steps are taken to protect that person from reprisal.

A person who believes he or she, or his or her family, has been the victim of any of reprisal by reason of their provision of information, should immediately report the matter to Management.

## **9. Amendments & Release**

This policy does not vest enforceable rights in employees and is monitored regularly to ensure that it is current, modified if required and promulgated by the Board of Directors.

## **10. Effective Date**

This policy is effective as of 1 December 2017.







## **HEADQUARTERS**

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