

medartis

Conflict of Interests Booklet

CONFLICT OF INTERESTS

Dear Employees,

Conflict of Interests (“COI”) occur when professional, financial, family, political or personal issues interfere with the correct execution of an employee’s work. In a COI situation the individual may start to act on their own interest, going against the principles, rules and policies of the company, making inappropriate decisions or failing to fulfill their responsibilities.

For these reasons, during work activities doubts may arise about whether certain practices may or may not generate a COI. Therefore, in order to clarify the topic and facilitate the understanding of the entire team, Medartis has issued this booklet with relevant topics about COI, with the aim of remediation and prevention of any harmful effects that these situations can generate.



For purposes of interpretation, the terms used throughout this booklet will have the following meanings:

- **Degree of Kinship**: In general kin or kinship is defined as a relative or family member whether through lineage or marriage. Examples of kin include but are not limited to spouse, partner, parent, grandparent, grandchild, sisters, brothers, sibling, aunt, uncle, niece, nephew, cousin and all types of in-laws.
- **Competing/Correlated Companies**: Companies that operate in the health area, supplying prostheses, implants, medical devices, and further comparable products.
- **Third Parties**: Any company or individual which is not associated with Medartis, such as distributors, customers (Hospitals, Health Insurance, Government Hospitals, Doctors, Dentists, etc.), patients, service providers, suppliers, among others.
- **Potential COI**: A situation that meets conditions which could evolve into an actual conflict of interest in the future.
- **Effective COI**: A situation in which there is, in fact, a conflict of interest and its contours can be easily identified and mapped.

I – SHAREHOLDING AND INVESTMENTS

Employees who have equity interest, quotas, shares and investments in general in companies providing services to Medartis, distributors, customers, hospitals, health insurance and companies that compete or have activities related to Medartis business, such as companies that operate in the healthcare and/or medical devices area, supplying prostheses, implants, among others, must promptly inform HR and the Compliance Department about this condition.

Depending on the function or position, an employee may have access to relevant and confidential information, or the authority to influence Medartis' actions, which can impact the market. Obtaining undue advantages by trading these shares based on confidential strategic information is not only illegal but also constitutes a potential COI. This potential COI arises because it opens space for personal interests connected to the success of the companies in which the employee has shares to interfere with their professional decisions at Medartis, which must always be impartial and focused on achieving the best objectives for Medartis.

II - KIN RELATIONS, AFFECTIVE RELATIONS AND FRIENDSHIP

As a standard practice, Medartis generally refrains from hiring employees who are closely related to one another. HR can consider exceptions in cases where the persons work in different departments, without control, audit or approval function of one over the other, and where there is no direct influence between their functions. This limitation extends to cases of employees that have a degree of kinship or are related to service providers, distributors, customers, hospitals, health insurance and/or competing companies, or those engaged in activities related to Medartis. These situations have the potential to generate a COI and must be disclosed to Medartis. The existence of romantic relationships between Medartis employees must also be reported to HR and the Compliance Department.

All these situations have the potential to interfere with an employee's independent and professional decision-making, as they may be inclined not to make decisions that harm their relatives, friends or romantic relationship, or even can take decisions in favor of and to the benefit of these individuals, such as granting promotions to a related employee, closing an overpriced contract with a friend or practice undue favoritism and protection for the individual with whom they have a romantic relationship.

III - EXTERNAL ACTIVITIES

An employee cannot carry out external activities, such as providing consultancy services or holding positions at competitors or Third Parties that can conflict with Medartis' activities and businesses.

The employee can act in functions and markets that do not conflict with the interests of Medartis. Even so it is highly recommended that these extra functions are reported to HR and the Compliance Department to assess potential COIs. In addition, the work time must be devoted to activities in support of Medartis and not spent on outside activities unrelated to the betterment and best interests of Medartis.

IV - EXTERNAL GROUPS

Medartis supports and respects the participation of its employees in external activities, groups, and institutions of any kind. However, it is important to remain mindful of possible hierarchies among individuals within these external groups if another Medartis employee is also a member. External hierarchies between Medartis employees, outside of the established internal hierarchy within Medartis, may unduly influence an employee's decisions-making in their role within Medartis. For example an employee of Department A that is part of an external volunteer group may feel pressured to approve a request of another employee of Department B who, although not hierarchically related within Medartis, holds a leadership position within the external volunteers group. Thus, such situations can generate undue interference in the correct decision-making and create various COIs. To address this issue, it is important to promptly inform HR or Compliance about any external hierarchy involving other Medartis employees, so that appropriate guidelines and precautions can be provided to ensure fair and ethical decision-making within Medartis.

V – PERSONAL BENEFITS AND GIFTS

Medartis employees are not allowed to accept any form of benefits, loans, or donations from suppliers, distributors, customers or companies interested in doing business with Medartis. Additionally, employees should refrain from receiving high-value gifts such as tablets, luxury pens, expensive wines and similar items that do not fall within the category of standard corporate hospitality or institutional gifts. These valuable items or personal benefits have the potential to influence an employee's future decisions, such as hiring or increasing the consumption of services from a Third Party. Such situations can give rise to a COI where an employee prioritized its personal interests over the company's interest.

VI - IMPROPER USE OF THE FUNCTION

Employees are prohibited from using their position, role, function or influence arising from their work at Medartis to acquire undue personal or professional advantages with clients, suppliers, or other employees of the company, as well as providing undue advantage for hiring people which benefit relatives, friends, among others.

VIII – EXAMPLES

- 1** A manager recommends that the HR Department hires a close friend to join its team. Shortly after the friend is hired, and despite not achieving any substantial results, the manager promotes their friend including providing the friend with a significant salary increase.

Medartis explains: As evident, hiring of relatives or individuals with whom employees have a close relationship can result in undue favoritism. Therefore, Medartis has adopted a policy of avoiding the hiring of individuals with a Degree of Kinship or other close relationship with Medartis employees. Exceptions to this policy are only considered when individuals are hired for positions in different departments where there is no possibility of undue influence or favoritism.

- 2 An employee has a romantic relationship with an employee from a competitor company.

Medartis explains: Depending on the position and function of the individuals involved, such situations could lead to the exchange of confidential or strategic information that would not typically occur if these individuals were not romantically involved. Potential sharing of information can generate unfair competitive advantages and harm Medartis' position in the market. At Medartis we place trust in our employees. We simply request to disclose such relationships to HR or Compliance so that adequate precautions can be provided in order to avoid any prejudice or harm to Medartis.

- 3 An employee from the Purchasing Department is responsible for closing a contract with a company that will provide services to the Marketing Department. This company belongs to a family member of the employee who closed and/or negotiated the contract. This assumes a fair vetting process had not occurred in which several companies were properly evaluated on criteria such as high quality and low cost in order to choose which is the best one for Medartis.

Medartis explains: Due to their role in the purchasing sector, this employee benefits a family member's company, placing personal interests over those of Medartis, without verifying whether other companies in the market offer better more cost-effective solution, or higher quality services. Medartis does not see a problem with employees recommending a trusted third party companies, if they are evaluated by a neutral Medartis employee and under no circumstances shall the recommending employee receive any personal benefit from it. In order to avoid such situations, Medartis requires that all services be quoted from at least three different companies. The selection criteria must prioritize cost-effectiveness, the best services, highest quality and most competitive prices.

IX – THINGS TO THINK ABOUT

Along our journey, many doubts may arise about whether certain actions might result in a COI. Sometimes, seemingly harmless behaviors without bad intentions can inadvertently lead to a COI, so the following reflections should always be done:

- Does a certain activity or relationship influence my ability to make fair and impartial business decisions, or interfere with my ability to do my job?
- Will I personally gain anything or will a family member, or a close person, benefit from my involvement in this activity?
- Am I placing my personal interests ahead of what is best for the Company?
- Does the public disclosure of my action potentially damage Medartis' reputation?

If you answered “Yes” to any of the questions above, please contact your HR or the Compliance Department to disclose the situation and receive the best guidance to avoid the potential COI, or mitigate negative results for an already existing one.

X - FINAL GUIDELINES

Decision-making must always be weighted to be in the best interests for Medartis. When doubts arise about whether a situation might involve a COI or the potential for a COI, it is important to analyze whether personal interests or chances of undue gains might be influencing your decision or action.

If the situation is not clear, re-read this Booklet and seek guidance from your manager. If still in doubt,

please contact your HR Business Partner or the Global Compliance team.



Bianca Bertoloto Almeida
Global Compliance Manager
bianca.almeida@medartis.com



Yasmim Cerqueira
Compliance & Data Protection
Analyst
yasmim.cerqueira@medartis.com



Anthony Durieux-Menage
CHRO
anthony.durieux-
menage@medartis.com



Susanne Born
General Counsel
susanne.born@medartis.com

MANUFACTURER & HEADQUARTERS

Medartis AG | Hochbergerstrasse 60E | 4057 Basel /
Switzerland P +41 61 633 34 34 | F +41 61 633 34 00 |
www.medartis.com

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