



SUNOVION PHARMACEUTICALS INC.

CORPORATE POLICY

WORKING TITLE: Antitrust Compliance Policy		POLICY NO: 1.16	
Supersedes:	Approval: Corporate Policy Review Committee (CPRC)	Date Issued: May 15, 2012	Page: 1 of 6

SECTION 1. PURPOSE:

The Sunovion Corporate Antitrust Compliance Policy is applicable to all Sunovion Pharmaceuticals Inc., its staff members, consultants, contract workers and temporary staff ("Covered Persons"). Consultants, contract workers, and temporary staff are not Sunovion employees, and nothing in this Policy should be construed to the contrary.

SECTION 2. DEFINITIONS:

- 2.1 "Competitor" means any entity engaged, or potentially engaged, in the same business as Sunovion.
- 2.2 "Company" or "Sunovion" means Sunovion Pharmaceuticals Inc.
- 2.3 "Covered Persons" means Sunovion, as well as all Sunovion directors, officers, employees, and Third Parties.
- 2.4 "Policy" means this policy.
- 2.5 "Third Party" means any non-Sunovion person or entity with which Sunovion has a business relationship, including, but not limited to, any actual or proposed advisor, agent, broker, business associate, clinical research organization, consultant, contractor, distributor, licensee, licensor, logistics company, mergers or acquisition candidate, partner, joint venture partner, representative, sub-contractor, travel agency, or vendor of the Company.

SECTION 3. APPLICABILITY AND RESPONSIBILITIES:

- 3.1 The antitrust and competition laws and regulations of the United States ("U.S.") and other countries are generally designed to promote fair competition and seek to protect market and allocative efficiencies by prohibiting certain agreements and conduct that might unreasonably restrain competition, including conduct that results in an unjustified monopoly position (U.S.) or promotes the abuse of a dominant market position (European Union).
- 3.2 It is Sunovion's policy to comply with the antitrust and competition laws and regulations of the U.S., as well as similar laws and regulations of other jurisdictions and regions.

Sunovion will not tolerate any business transaction or activity involving Sunovion or Covered Persons that violates the antitrust and competition laws or regulations of any country or region in which Sunovion conducts business.

- 3.3 This Policy sets forth (1) the requirements for compliance with the competition laws and regulations; and (2) the types of activities that, if not undertaken in an appropriate manner, could implicate antitrust and competition laws or regulations.
- 3.4 Because of the complexity of the antitrust and competition laws and regulations and the potential legal consequences of violating these laws and regulations (including potential criminal penalties), Covered Persons are required to consult the Law Department for guidance if they intend to engage in or are confronted with a situation that they believe may implicate or run afoul of any applicable antitrust or competition law or regulation.

SECTION 4. GENERAL:

- 4.1 Covered Persons must decide (with the assistance and/or guidance of the Law Department, Sunovion retained experts and/or consultants, as necessary) independently of competitors, the type and quantity of products to be produced, to whom they will sell, at what prices and under what terms and conditions. Antitrust laws and regulations prohibit actual or potential competitors from acting in concert, including signaling to one another, or agree among themselves, to fix, set or control any of the aspects just described, except in rare circumstances and with regulatory approval.
- 4.2 To avoid an appearance of collusion or improper conduct, Covered Persons must never engage in public or private, oral or written contracts, discussions, or agreements with an actual or potential competitor, including for the purpose of “signaling” an actual or potential competitor regarding Sunovion’s business. In particular, the following subject matters should never be the topic of any communication between a Covered Person and an actual or potential competitor (unless advised or granted permission to do so by the Law Department):
 - 1. Pricing policies, discounts, margins, rebates and other terms and conditions of sale;
 - 2. Pricing practices or trends of suppliers, wholesalers, distributors or customers;
 - 3. Bids, the intent to bid, or bid procedures;
 - 4. Projected profits, profit margins, market shares, or product concentrations within an identified market;
 - 5. Costs and projected costs;
 - 6. Business, marketing and promotional plans, including product launch dates or controls or limitations on advertising initiatives;
 - 7. Customer or supplier selection, rejection or termination;
 - 8. Not to sell to or buy from particular individuals or firms (so-called boycotts);

9. Current or potential research activities;
 10. Credit terms;
 11. Freight charges or royalties;
 12. Allocating sales territories, customers, customer lists, or a particular customer's business;
 13. Controlling the rate of production or market supply of any product or raw materials essential to the completion of any product.
 14. Controlling or attempting to control or delay the production or market supply of any comparable product, analogue or perceived substitute for an Sunovion product with potential competitor(s) (e.g., "pay for delay" or "reverse payment" provisions).
- 4.3 If any party engages a Covered Person on any of these or similar topics – including a request to enter into an illegal or questionable agreement or to share information about Sunovion's business, the Covered Person must take the following actions:
1. Inform the party that you will not engage in any such discussions, as they could violate antitrust laws, resulting in potential criminal penalties, including jail and/or fines;
 2. Immediately exit the situation and request that the departure be reflected in any meeting minutes; and
 3. Immediately inform your supervisor and the Chief Compliance Officer or the Law Department about the incident in writing.

4.4 Dealing with Customers and Distributors

Companies must ensure that their business practices and commercial actions do not give the appearance of an attempt to suppress competition, e.g., abuse of a dominant position in the marketplace. Accordingly, Covered Persons should exercise caution and must consult with the Law Department before engaging in any conduct of the type noted below:

- Selling multiple Sunovion products together for a discounted rate (i.e., bundling);
- Entering into agreements (a) obligating Sunovion to restrict the individuals or firms from whom it will purchase goods or services or (b) precluding a customer from purchasing goods and services from others;
- Entering into agreements or understandings with distributors about the prices at which the distributor will resell Sunovion's products; or
- Discriminating with respect to price, discounts, allowances, or other such terms among similarly situated and competing customers.

In addition, Covered Persons must never:

- Require a customer to buy from Sunovion before buying from the customer (i.e., reciprocal dealing);
- Require that a customer purchase one Sunovion product as a precondition in order to purchase a second Sunovion product (i.e., tying);
- Induce customers to terminate, breach or violate contracts with competitors; or
- Bribe customers or suppliers in order to help Sunovion's business interests or hurt competitors.

4.5 Other Considerations

- Covered Persons must assume that their files and documents (including emails) will be produced to, and reviewed by, the antitrust or competition authorities in connection with investigations or claims involving competition or antitrust issues. Accordingly, Sunovion documents (including Covered Persons' documents) should be prepared in a manner that does not inadvertently raise concerns under antitrust laws or regulations. Therefore, Covered Persons should use care in preparing internal and external documents to ensure that they comply with the principles set forth in this Policy.
- Note that it is not Sunovion's policy to "dominate" or "control" markets, exclude rivals from access to customers or suppliers, or engage in pricing practices that would harm customers or competitors. Accordingly, Covered Persons should avoid the use of overly aggressive or colorful language that suggests or gives the appearance of conduct or activity that would be contrary to this Policy or applicable law. Language focusing on the benefits and services offered by Sunovion to **customers** is preferred to language dealing with **competitors**. Covered Persons are encouraged to consult with the Law Department if they have any questions concerning this subject.
- Mergers, acquisitions, joint ventures and licensing arrangements can raise antitrust and competition issues, as well as trigger certain regulatory reporting obligations (e.g., Hart-Scott-Rodino Antitrust Improvements Act premerger notification requirements). Covered Persons engaged in such arrangements should ensure appropriate participation by, or obtain guidance from, the Law Department.
- Note that communications with authorities and use of regulatory procedures can raise antitrust and competition issues, for instance, if the sole purpose or primary intent is to restrict competition. Accordingly, Covered Persons are encouraged to consult with the Law Department if they have any questions concerning this subject.
- Covered Persons frequently participate in industry conferences, trade association meetings, and other meetings or activities with personnel from competitor companies. During such meetings and activities, Covered Persons must avoid discussions or interactions that might violate antitrust and competition laws and regulations, and should

abide by the codes of conduct or guidelines issued by the trade association as well as by the Law Department (including this policy). If a meeting of the organization starts to cover topics that are off limits for the parties to discuss,

Covered Persons must:

1. Inform the party that you will not engage in any such discussions, as they may be illegal, resulting in potential criminal penalties, including jail and/or fines;
 2. Immediately exit the situation and request that the departure be reflected in any meeting minutes; and
 3. Immediately inform your supervisor and the Chief Compliance Officer or the Law Department about the incident in writing.
- If the organization is engaged in standard setting activities, the failure to disclose relevant intellectual property as part of that standard setting process can raise significant issues. Consult the Law Department for guidance if engaged in standard setting activities.

SECTION 5. OTHER MATTERS:

5.1 Amendment

Management reserves the right to amend this policy as appropriate at any time without prior notice, pursuant to Sunovion Corporate Policy 1.0, "**Corporate Policy Review Committee**".

5.2 Failure to Comply

EMPLOYEES WHO VIOLATE ANY SUNOVION POLICIES AND PROCEDURES WILL BE SUBJECT TO DISCIPLINARY ACTION, UP TO AND INCLUDING TERMINATION OF EMPLOYMENT.

5.3 Reporting Concerns

Reports concerning wrongful behavior, violations or suspected violations of this or any other policy, the Code of Conduct and Ethics, law or regulation may be submitted on a confidential basis or may be submitted anonymously through Sunovion's Compliance Hotline as set forth below. Reports of violations or suspected violations of alleged misconduct or wrongful behavior will be maintained as confidential as practicable under the circumstances, and as necessary to conduct a full and fair investigation.

Reporting Hotline Options:

- (a) Toll free telephone number. 866-886-1348
- (b) Via the internet at: www.ethicspoint.com

Sunovion does not tolerate any form of retaliation or adverse action against any employee who submits a report of misconduct. In addition to these protections, an employee may also avail themselves of the remedies afforded under federal and state law, including the federal "False

Claims Act," 31 U.S.C. Sections 3729-3733, the Commonwealth of Massachusetts Whistleblower Protection Act, M.G.L 149, Chapter 185 and the New Jersey Conscientious Employee Protection Act, N.J. Stat. Ann. Section 34:19, Sections 1 to 8.

5.4 Audit (as needed)

Each department; shall perform periodic reviews of the implementation of this Policy, under the oversight and guidance of the Chief Compliance and Ethics Officer.

5.5 Cross-References to other Corporate Policies (as needed)