



SUNOVION PHARMACEUTICALS INC.

CORPORATE POLICY

WORKING TITLE: Anti-Corruption Policy		POLICY NO: 1.4	
Supersedes:	Approval: Corporate Policy Review Committee (CPRC)	Date Issued: June 18, 2008 (v1) Amended: May 18, 2010 (v2)) November 29,2012 (v3)	Page: 1 of 9

SECTION 1. PURPOSE:

- 1.1 This Policy sets forth the policy of Sunovion Pharmaceuticals Inc. ("Sunovion" or the "Company"), as a company operating in numerous countries, to comply with all relevant antibribery laws.
- 1.2 This Policy applies to Sunovion as well as all of its affiliates, U.S. holding company, subsidiaries and Covered Parties.
- 1.3 This Policy does not apply to Dainippon Sumitomo Pharma Co., Ltd., which has its own anti-corruption policies.

SECTION 2. DEFINITIONS:

- 2.1 "Company" or "Sunovion" means Sunovion Inc. and all of its affiliates and subsidiaries, wherever located.
- 2.2 "Contracts Policy" means the Sunovion Contract Review and Signing Authority Policy and implementing procedures.
- 2.3 "Covered Parties" means Sunovion, as well as all Sunovion directors, officers, employees, and Third Parties.
- 2.4 "FCPA" means the United States Foreign Corrupt Practices Act.
- 2.5 "Government Official" means a(n):
 - a. Official (elected, appointed, or career) of a federal, state, local, or municipal government;
 - b. Employee of a government;

- c. Employee of a government-owned or government-controlled enterprise or company, *including, without limitation, health professionals employed by the government or a government-owned or -controlled enterprise or company*;
 - d. Employee or representative of a government-owned or controlled organization including, but not limited to, not-for-profit organizations;
 - e. Employee of a public international organization (e.g., UN, World Bank, EU, WTO);
 - f. Individual acting for or on behalf of a government or any of the organizations referred to under (c) through (e) above, even though he/she may not be an employee of the government or of any of the organizations referred to under (c) through (e) above;
 - g. Member of a political party and/or candidate for political office;
 - h. Individual who is considered a government official under applicable local law; or
 - i. Immediate family member of any person described above.
- 2.6 “OECD Convention” means the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions.
- 2.7 “Policy” means this policy.
- 2.8 “Sponsor” means a Sunovion employee who initiates a contractual relationship with a non-Sunovion entity as defined under the Contracts Policy.
- 2.9 “Third Party” or “Third Parties” 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, merger or acquisition candidate, partner, joint venture partner, representative, sub-contractor, travel agency, or vendor of the Company.

SECTION 3. APPLICABILITY AND RESPONSIBILITIES:

3.1 Applicability

3.1.1 Generally

3.1.1.1 Bribery is unethical and inconsistent with the Sunovion Code of Conduct and Ethics.

3.1.1.2 Bribery of local government officials is prohibited by every country in which Sunovion operates. In addition, many of these countries also prohibit bribery of *foreign* government officials. The most prominent examples of such laws are the U.S. Foreign Corrupt Practices Act (“FCPA”) and other countries’ laws passed pursuant to the OECD

Convention. Failure to comply with such laws could expose you and the Company to significant fines and/or criminal charges.

- 3.1.1.3 Because cultural differences and the complexity of local customs or laws may create issues, prior to engaging in any international business, you should review this Policy and discuss these issues with your supervisor and the Legal Affairs department.

3.1.2 Prohibitions

- 3.1.2.1 This Policy prohibits Sunovion from directly or indirectly giving or offering anything of value to a Government Official or political party for the purpose of inducing a Government Official to use his or her influence to assist the Company in obtaining, keeping, or directing business or to gain any improper advantage for the Company.

- 3.1.2.1.1 **It is important to be aware that many, if not most, Health Professionals outside of the United States are employees or officials of foreign government agencies** and therefore considered "Government Officials." Payments to such Health Professionals made in a manner inconsistent with Company policies may violate both this Policy and relevant national laws, rules and regulations. For interactions with Health Professionals outside of the United States, please see the Sunovion Guidelines on Interactions with Health Professionals Outside the United States.

- 3.1.2.1.2 The term "improper advantage" is typically intended to refer to something to which an individual employee or company is not properly entitled, such as preferential treatment in matters related to taxation, customs, permits, licenses, and judicial or legislative proceedings.

- 3.1.2.1.3 It is not an acceptable excuse or defense to a violation of the Policy that a prohibited payment was demanded or extorted by the recipient.

- 3.1.2.2 This Policy prohibits Third Parties from the acts prohibited in Section 3. Accordingly, Third Parties must be selected, engaged, and monitored in accordance with Section 4.1 of this Policy.

- 3.1.2.3 **No Facilitating Payments.** Covered Parties may not make facilitating or "grease" payments to Government Officials.

- 3.1.2.4 **No Inducement of Government Officials by Offering or Providing Meals, Entertainment, and Medically Relevant Items.**

- 3.1.2.4.1 Covered Parties may not provide or offer any Meals, Entertainment, or Medically Relevant Items (as those terms are defined in the Sunovion Meals, Medically Relevant and Other Items, and Entertainment Policy) to any Government Official or political party for the purpose of inducing a Government Official to use his or her influence to assist the Company in obtaining, keeping, or directing business or to gain any improper advantage for the Company.

- 3.1.2.4.2 Covered Parties may only provide or offer any Meals, Entertainment, or Medically Relevant Items to a Government Official

- (i) if there is no intent to induce a Government Official to use his or her influence to assist the Company in obtaining, keeping, or directing business or to gain any improper advantage for the Company,

- (ii) if the expense is reasonable in cost and lawful under local law; *and*
- (iii) (a) if permitted by the Sunovion Meals, Medically Relevant and Other Items, and Entertainment Policy or, (b) in the case of a Health Professional, if permitted by the Guidelines on Interactions with Health Professionals Outside of the United States, or (c) if otherwise approved in advance and in writing by the Legal Affairs department.

3.1.2.5 No Inducement of Government Officials by Offering or Providing Gifts.

3.1.2.5.1 Covered Parties may not provide or offer any gifts to any Government Official or political party for the purpose of inducing a Government Official to use his or her influence to assist the Company in obtaining, keeping, or directing business or to gain any improper advantage for the Company.

3.1.2.5.2 Covered Parties may only provide or offer any gift to a Government Official

- (i) if there is no intent to induce a Government Official to use his or her influence to assist the Company in obtaining, keeping, or directing business or to gain any improper advantage for the Company,
- (ii) if the expense is reasonable in cost and lawful under local law; *and*
- (iii) (a) in the case of a Health Professional, if permitted by the Guidelines on Interactions with Health Professionals Outside of the United States, or (b) if approved in advance and in writing by the Legal Affairs department.

3.1.2.6 No Inducement of Government Officials by Offering or Providing Travel.

3.1.2.6.1 Covered Parties may not provide or offer any travel to any Government Official or political party for the purpose of inducing a Government Official to use his or her influence to assist the Company in obtaining, keeping, or directing business or to gain any improper advantage for the Company.

3.1.2.6.2 Covered Parties may only provide or offer any travel to a Government Official

- (i) if there is no intent to induce a Government Official to use his or her influence to assist the Company in obtaining, keeping, or directing business or to gain any improper advantage for the Company,
- (ii) if the expense is reasonable in cost and lawful under local law; *and*
- (iii) (a) if permitted by the Travel/Meeting & Entertainment Reimbursement Policy or, (b) in the case of a Health Professional, if permitted by the Guidelines on Interactions with Health Professionals Outside of the United States or, (c) in the case of a Healthcare Professional Consultant (as defined in the Sunovion Health Professional Consultant Policy), if permitted by the Sunovion Health Professional Consultant Policy, or (d) if otherwise

approved in advance and in writing by the Legal Affairs department.

3.1.2.7 No Inducement of Government Officials by Offering or Providing Political Donations, Charitable Donations, or Educational Grants.

3.1.2.7.1 Covered Parties may not provide or offer any political donations, charitable donations, or educational grants to any Government Official (or at the direction of any Government Official) or political party for the purpose of inducing a Government Official to use his or her influence to assist the Company in obtaining, keeping, or directing business or to gain any improper advantage for the Company.

3.1.2.7.2 Any political donation or charitable donation by Sunovion must only be made in compliance with the Charitable and Political Contributions Policy, and any educational grant must only be made in compliance with the Sunovion Grant Policy.

3.1.3 Accounting and Book-Keeping Requirements

3.1.3.1 All business transactions must be properly authorized, as well as completely and accurately recorded on the Company's books, records and accounts.

3.1.3.2 Sunovion directors, officers, and employees are expressly forbidden—for any purpose whatsoever—from making false or misleading entries in the Company's books (e.g., entries that are falsified to disguise improper transactions and/or entries that fail to reflect improper transactions, including kickbacks and bribes).

3.1.3.3 No undisclosed or unrecorded fund or asset may be established or maintained for any purpose. No funds or transactions may be labeled only as "miscellaneous" and all cash transactions must be individually and accurately recorded.

3.1.3.4 Sunovion directors, officers, and employees must be proactive in managing and responding to accounting issues by ensuring complete and accurate records and informing appropriate supervisors or departments of questions, concerns, or suspicious accounting practices. Directors, officers, and employees must also respond fully and truthfully to any questions from Sunovion's internal or independent auditors.

3.1.3.5 The Company must make every effort to ensure that any company (including a joint venture) in which the Company or one of its subsidiaries holds an ownership interest devises and maintains a system of internal accounting controls consistent with this Section 3. For joint ventures where the Company holds fifty (50) percent or less of the voting power, the Company must do its best to ensure such controls are in place.

3.2 Responsibilities

3.2.1 All employees are responsible for familiarizing themselves and complying with this Policy, and reporting any suspected violations of this Policy of which they become aware.

3.2.2 Employees found to have violated this Policy (including by failing to report a violation of this Policy) will be subject to discipline up to, and including, termination of employment.

3.2.3 Specific guidance regarding reporting concerns and Sunovion's no-retaliation policy is discussed in Section 4.5.

- 3.3 The Legal Affairs department is responsible for maintenance of this Policy.
- 3.4 The Sponsor of any Third Party with which the Company contracts is responsible for conducting a due diligence review of such party to determine the Third Party's willingness to comply, and history of compliance with the FCPA and relevant local laws, as well as their continued conduct, as required under this and related policies.
- 3.5 The Finance Department is responsible for maintaining the books and records as required in conformity with this Policy.

SECTION 4. GENERAL:

4.1 Obligations in Respect of Third Parties

4.1.1 Contracting with Third Parties

4.1.1.1 The Company and individual employees can be held liable for antibribery violations of Third Parties. Therefore, it is important to only contract with Third Parties of good repute and for legitimate business purposes.

4.1.1.2 A Sunovion employee who is sponsoring an engagement of a Third Party must conduct due diligence of any such candidate Third Parties and monitor their subsequent performance or actions taken on behalf of the Company. In addition, the Company has specific processes and disclosures necessary in order to obtain a written contract with such Third Parties.

4.1.1.2.1 A Third Party who is a potential or current Healthcare Professional Consultant (as defined in the Sunovion Health Professional Consultant Policy) must be engaged and monitored according to the Sunovion Health Professional Consultant Policy.

4.1.1.2.2 A Third Party who is not a potential or current Healthcare Professional Consultant but is

- (i) a Government Official, owned by a Government Official, or affiliated with a Government Official,
- (ii) interacts with Government Officials in the course of Sunovion business, or
- (iii) has special knowledge of Government Officials and is retained by Sunovion to use such special knowledge to help Sunovion to transact business, develop business, or obtain government approvals,

is subject to anticorruption due diligence, mandatory contract provisions, and monitoring as specified by the Legal Affairs department.

4.1.2 Joint Ventures, Mergers, and Acquisitions

4.1.2.1 Any time the Company is contemplating a joint venture, merger, acquisition, license, asset-purchase or other acquisition of a property interest of another company, it must complete due diligence as required by the Legal Affairs department relative to that entity's compliance with the relevant antibribery laws.

4.2 Training

4.2.1 Sunovion will provide mandatory training concerning this Policy to all directors and officers.

4.2.2 The Chief Compliance Officer, in consultation with department managers, shall identify for mandatory training selected employees in the sales, marketing, supply chain, regulatory, research, accounting, finance, and audit departments, employees who interact with Government Officials, and employees who interact with Third Parties as described in Sections 4.1.1.2.1 or 4.1.1.2.2.

4.2.3 Mandatory training of persons identified in Sections 4.2.1 and 4.2.2 shall occur as directed by the Chief Compliance Officer and the Legal Affairs department.

4.2.4 The Chief Compliance Officer or Legal Affairs department may require that certain personnel receive additional, specialized training because of the nature of their role and responsibilities on behalf of the Company.

4.2.5 The Chief Compliance Officer may suggest that certain Third Parties receive anticorruption training.

4.3 Audits

4.3.1 The provisions of this Policy will be the subject of targeted reviews conducted by the Executive Director for Internal Audits and Compliance. The reviews will assess the effectiveness of this Policy and propose enhancements as needed. In addition, the Executive Director for Internal Audits and Compliance will consider corruption risks as part of its regular audits of Sunovion's books and records.

4.4 Compliance and Annual Certifications

4.4.1 Compliance with this Policy, including timely completion of training requirements, is a component of evaluation of directors, officers, and employees. Adherence to this Policy will be credited in the consideration of rewards and future opportunities within Sunovion.

4.4.2 Specially designated directors, officers, employees, and Third Parties may be asked to certify annually that they have read the Policy and are in compliance with its provisions.

4.5 Getting Further Assistance and Reporting Concerns

4.5.1 If you have questions about these principles, or are not sure how they apply in a particular situation, you should ask your supervisor. You or your supervisor can also contact the Legal Affairs department or the Chief Compliance Officer for questions on specific issues. See Open Door and Fair Investigation Policy.

4.5.2 Company employees have a duty to report suspected violations of this Policy to appropriate managers and/or to the relevant functional departments (HR, Legal Affairs,

Compliance or through the Compliance Hotline) if the matter is not adequately addressed.

4.5.3 The Compliance Hotline

4.5.3.1 In most instances, the first person to whom you should go with questions and concerns about business integrity and compliance issues is your supervisor. Your supervisor can contact the Company's compliance specialists, HR representatives and lawyers to help clarify issues and resolve concerns.

4.5.3.2 Some circumstances, however, may be too sensitive for you to take to your supervisor. In certain situations, you may want to report an incident anonymously. You can call the Compliance Hotline at (866) 886-1348. You can access the Compliance Hotline online at <http://www.ethicspoint.com/>.

4.5.3.3 You can also use the Compliance Hotline to ask a question, raise a concern or report questionable activities or misconduct. Your issue will be investigated and treated with sensitivity, and confidentiality, except to the extent necessary to investigate and resolve the complaint.

4.5.4 No Retaliation For Reporting Concerns

4.5.4.1 You can report concerns without fear of retribution. Sunovion will not tolerate retaliation against an employee who has asked a question, raised a concern, or reported questionable activities or the misconduct of others. Employees found to have engaged in retaliation will be subject to discipline up to, and including, termination of employment.

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

5.4 Cross-References to other Corporate Policies

Code of Conduct and Ethics;
Contract Review and Signing Authority Policy and implementing procedures;
Guidelines on Interactions with Health Professionals;
Guidelines on Interactions with Health Professionals Outside the United States;
Business Courtesies Policy;
Grant Policy;
Business Travel Policy;
HealthCare Professional Consultant Policy;
Open Door and Fair Investigation Policy; and
Contract Review and Signing Authority Policy.