

**CODE OF CONDUCT  
OF  
POLYPHOR AG**

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**1. General**

- 1.1. We are committed to, and expect our employees, management and members of the Board of Directors (together "Associates") to observe, the highest standards of ethical business conduct and to comply with the letter and spirit of all laws and regulations applicable in the countries or regions where we engage in business. All Associates are responsible and accountable for complying with the provisions of this Code as well as with all applicable laws and regulations.
- 1.2. Because of the complexity of our business, what constitutes ethical and lawful conduct cannot always be defined with absolute certainty. If you are faced with a difficult business decision that is not addressed in the Code, you should ask yourself the following questions:
- Is it legal and ethical?
  - Is it honest and fair?
  - Would I be comfortable explaining it to my family and friends?
  - Would I feel comfortable if an account of my actions appeared with my name on television or in a newspaper?

If you hesitate answering "yes" to these questions, you should seek additional guidance before proceeding.

**2. Conflicts of Interest**

- 2.1. A "conflict of interest" exists any time you allow the prospect of personal gain for yourself or a family member to improperly influence the way in which you conduct Polyphor's business. Family members are (i) the spouse or life partner, siblings, parents, in-laws, and children of an Associate, and any relative by blood or marriage residing in the same household as the Associate ("Immediate Family Member"); and (ii) any company or other legal entity that is directly or indirectly controlled by that Associate or by any Immediate Family Member of that Associate. Some examples of situations that create a conflict of interest or the appearance of a conflict of interest include:
- Using your position at Polyphor for outside employment with a competitor or favoritism in awarding company business;
  - Making a meaningful investment in a competitor;
  - Accepting compensation from any other person as a result of business activity or prospective business activity affecting Polyphor; or
  - Doing business on behalf of Polyphor with a person with a family member or another person with whom you have a close, personal relationship

You must avoid any activity or personal interest that creates, or reasonably appears to create, a conflict between your interests and the interests of Polyphor.

- 2.2. If you become aware of a situation where you may have a conflict of interest, or that could create the appearance of a conflict of interest, you should promptly present the situation and the nature of the possible conflict to the chief executive officer (CEO) or another designated member of the executive board for appropriate consideration. A Board member who becomes aware of a conflict of interest should bring the matter to the attention of the chair of the Finance and Audit Committee of the Board, who shall submit the matter for consideration by the committee. You must refrain from further action until written consent to the situation has been received from the appropriate executive officer or the Finance and Audit Committee.
- 2.3. The following guidelines address specific conflict of interest situations, which must be avoided or fully disclosed and approved as provided in Section 2.2 above:
  - a) No Associate or Family Member shall receive any personal gain from any purchase, sale or other transaction by Polyphor.
  - b) No Associate or Family Member shall have any meaningful personal business or financial interest in any supplier of services or materials, customer, consultant, professional advisor, lessor of space or goods, tenant, licensor, licensee or partner of Polyphor (each a "Business Partner") or competitor of Polyphor. For these purposes, holding 5% or less of the shares of a Business Partner or competitor whose shares are publicly traded shall not be deemed "meaningful."
  - c) No Associate shall hold any position with (including as a member of the board of directors or other governing body), or perform services, for a Business Partner or a competitor of Polyphor.
  - d) No Associate shall provide any services to other business enterprises or non-profit entities that reasonably could be deemed to adversely affect the proper performance of his or her work for Polyphor or that might jeopardize the interests of Polyphor, including serving as a director, officer, trustee, consultant or advisor of another business or non-profit entity.
  - e) No Associate shall direct, or seek to direct, any Polyphor business to any business enterprise in which the Associate or any of his or her Family Members has a meaningful ownership position or serves in a leadership capacity.
  - f) No Associate shall seek or accept any favors, gifts, loans or other consideration as a result of the Associate's association with a Business Partner or with Polyphor, except customary and usual hospitality gifts and entertainment. The giving and receiving of gifts are subject to a variety of laws, rules and regulations applicable to Polyphor's operations. These include, without limitation, laws covering the marketing of pharmaceutical products and bribery and kickbacks. When in doubt, seek advice from the Compliance Officer appointed by the Board.

### **3. Corporate Opportunities and Transactions with Business Partners**

- 3.1. No Associate or Family Member shall take for his or her own advantage any business opportunity for profit, which the Associate learns about as a result of his or her position with Polyphor.

- 3.2. No Associate or Family Member shall sell to, or purchase from, any Business Partner any goods or services except in the ordinary course of the Business Partner's business. No Associate or Family Member shall borrow money or other property from a person known by the Associate to be a Business Partner, unless that Business Partner is regularly engaged in the business of lending money or such other property, and the loan and the terms thereof are in the ordinary course of the Business Partner's business.

#### **4. Competition and Fair Dealing**

- 4.1. Our policy is to compete vigorously and ethically while complying with all antitrust, monopoly, competition or cartel laws in all jurisdictions in which we conduct business. Associates must avoid all actions that could reasonably be construed as being anti-competitive, monopolistic or otherwise contrary to laws governing competitive practices in the marketplace. This includes misappropriation and/or misuse of a competitor's confidential information, tampering with a competitor's products, or making false statements about the competitor's business or business practices. You should consult with the Compliance Officer if you have any questions concerning compliance with these laws.
- 4.2. All Associates should endeavor to deal fairly with fellow Associates, Business Partners and competitors. No Associate should take unfair advantage of anyone through illegal conduct, manipulation, concealment, misuse of confidential information, misrepresentation of material facts or any other unfair practice.

#### **5. Bribery and Corruption**

We do not tolerate bribery or corruption, regardless of where we do business. No funds or assets of Polyphor shall be paid, loaned, or otherwise disbursed as bribes, kickbacks or other payments designed to influence or compromise the conduct of the recipient; and no Associate shall accept any funds or other assets (including those provided as preferential treatment to the Associate for fulfilling their responsibilities) for assisting in obtaining business or for securing special concessions from Polyphor. To illustrate the ethical standards we expect Associates to maintain, the following conduct is expressly prohibited:

- Payment or receipt of money, gifts, loans, or other favors which may tend to influence business decisions or compromise independent judgment;
- Payment or receipt of rebates, if not specifically allowed under the applicable laws, or kickbacks for obtaining business for or from Polyphor;
- Payment of bribes to governmental officials to obtain a favorable ruling or other favorable treatment; or
- Any activities that constitute, or have the appearance of constituting, money laundering.

#### **6. Relationship with Authorities**

We are committed to conducting our business with all government entities and their representatives with the highest standards of business ethics and in compliance with all applicable laws and regulations, including the special requirements that apply to government contracts and government transactions. In interactions with the government, Associates should:

- Be forthright and candid at all times. No Associate should ever misstate or omit any

- material information from a written or oral communication with the government.
- Never offer or exchange any gifts, gratuities or favors with, or pay for meals, entertainment, travel or other similar expenses for, government employees.
  - Ensure that all required written submissions are made to the government and are timely, and that all written submissions, whether voluntary or required, satisfy applicable laws and regulations.

All Polyphor Associates engaged in business with governmental bodies or agencies must know and abide by the specific rules and regulations covering relations with these bodies or agencies.

## **7. Insider Trading**

Associates at all levels are prohibited from buying or selling securities on the basis of material non-public information which includes any information which Associates acquire but which is not available to ordinary investors in the marketplace. Associates are also prohibited from communicating or relating such insider information to other persons for the purpose of that person buying or selling securities themselves (for further details, please see Polyphor's Insider Trading Policy).

## **8. Company Records**

- 8.1. Company records, such as laboratory notebooks, product information, financial information, business correspondence including emails, and governmental filings, must accurately and verifiably record all activities and transactions and must be recorded and maintained in accordance with applicable laws and regulations and in accordance with Polyphor's internal guidelines. Under no circumstances may Company records be destroyed selectively or maintained outside Company premises or designated storage facilities. If there are any questions regarding the destruction of Company documents, prior approval should be obtained from the Compliance Officer before any such destruction occurs.
- 8.2. If the existence of an impending government investigation becomes known to an Associate, he or she must immediately contact the Compliance Officer. Associates must retain all records and documents that may be responsive to a subpoena or pertain to an investigation. Any questions regarding whether a record or document pertains to an investigation or may be responsive to a subpoena should be directed to the Compliance Officer before the record or document is disposed of. Associates shall adhere to the directions of the Compliance Officer in handling such records or documents.
- 8.3. All files, records, reports or any other documents or data in hard copy or electronic form acquired or created in the course of employment are the property of Polyphor. Such materials may be removed from Polyphor' offices for the sole purpose of performing the Associate's duties to Polyphor and must be returned when duties are completed, at any time upon request, or when the Associate is no longer employed at Polyphor.

## **9. Confidential Information**

- 9.1. Our inventions and the knowledge and innovative skills of our Associates are vital to our

long-term success and therefore protection of these assets is of utmost importance. It is also of vital importance that confidential information entrusted to Polyphor by third parties be kept secure. All Associates must treat the confidential information of Polyphor including its intellectual property and of the third parties with which Polyphor deals with the utmost care to ensure that it is not disseminated inappropriately to any outside individuals or organizations. Associates may not, without proper authorization, give or make available to anyone, or use for his/her own benefit, information of a confidential nature derived from his/her employment, whether this occurs during or subsequent to employment. Any disclosure of Polyphor's confidential information may qualify as a criminal act under the Swiss Penal Code and constitute a breach of the Associate's contractual confidentiality and loyalty obligations towards Polyphor.

- 9.2. Associates may have access to personal information for their work, such as information about applicants, patients or employees of Polyphor or its Business Partners. Associates must use such information only as necessary to fulfill their assigned work duties and as permitted by Polyphor policies and the law. If an Associate knows or suspects that such information has been inappropriately disclosed, he or she shall immediately inform the Compliance Officer.

## **10. Employment and Work Environment**

- 10.1. We are committed to comply with all applicable employment and labor laws in the conduct of its business and maintain an open, fair, and honest relationship with its Associates. All employment related decisions will be made without regard to race, color, religion, gender, sexual orientation, national origin, age, disability, marital status, or other classification protected by applicable law.
- 10.2. We will not tolerate harassment of any kind on the basis of person's race, color, religion, gender, sexual orientation, national origin, age, disability, marital status or other classifications protected by applicable law. Malicious harassment, even if not forbidden under law, will not be tolerated.

## **11. Health, Safety, and Environmental Protection**

We are committed to operate our facilities in a manner that is environmentally responsible and that ensures the protection of the health and safety of Associates and the public. We conduct our business in accordance with applicable health and safety requirements and strive for continuous improvement in this regard. Associates are responsible for conducting their work activities in a safe and environmentally responsible manner and for bringing to management's attention any actually or potentially dangerous workplace condition that is within their knowledge.

## **12. Scientific Integrity**

Our research and development activities must be conducted in a professional manner and in accordance with applicable laws and regulations and the general applicable ethical and scientific standards followed by the scientific community. Misconduct is prohibited, including but not limited to: falsification or plagiarism in proposing, conducting or reporting research

results; disregarding the intellectual contributions or property of others; impeding the progress of research; and corruption of scientific reports.

### **13. Condition of Employment or Service**

All Associates shall conduct themselves at all times in the best interests of Polyphor. Conduct not in accordance with this Code shall constitute grounds for disciplinary action, including termination of employment. In addition, violations of the Code may be reported to the competent authorities for investigation and prosecution.

### **14. Implementation and Enforcement**

- 14.1. Each Associate is individually responsible for compliance with the Code. The Board shall appoint a compliance officer (the "Compliance Officer") who shall be responsible for monitoring and advising Associates on compliance with the Code. If no specific person is designated as Compliance Officer, then the person acting as CFO shall also be the Compliance Officer. The Compliance Officer is authorized to consult with outside counsel, at his or her discretion, to perform the obligations assigned to him/her in the Code. The Compliance Officer shall report periodically to Polyphor' Chief Executive Officer and the Finance and Audit Committee of the Board regarding all aspects of administering and enforcing the Code.
- 14.2 If an Associate knows of or suspects a violation of this Code, any of Polyphor's other policies, or any applicable laws, rules or regulations, he or she must immediately report that information to the Compliance Officer, or, in the event of a report concerning the Compliance Officer, to the Chief Executive Officer. If a member of the Board knows of or suspects a violation of this Code, any of Polyphor's other policies, or any applicable laws, rules or regulations, he or she should report that information to the chairperson of the Finance and Audit Committee of the Board. Reporting a known or suspected violation of this Code by others should not be considered an act of disloyalty, but an action to safeguard the reputation and integrity of Polyphor and its Associates. Any Associate who reports an actual or suspected violation in good faith will not be subject to retaliation by Polyphor. Any act or threat of retaliation will itself be considered a violation of the Code.
- 14.3. Reported violations will be promptly investigated by the Compliance Officer and treated confidentially to the extent possible and in compliance with applicable laws. It is imperative that the person reporting the violation not conduct a preliminary investigation of his or her own. Investigations of alleged violations may involve complex legal issues. Persons who act on their own may compromise the integrity of an investigation and adversely affect both themselves and Polyphor. The Compliance Officer or the chairperson of the Finance and Audit Committee, as appropriate, will present a report of any violation of the Code to the Chief Executive Officer and the Chair of the Board for their consideration and such action as they deem warranted. Records of all investigations, reports and actions taken hereunder will be maintained in such manner and for such periods as are required under applicable federal and state law. If a reported actual or suspected violation of the Code, implicates a person designated to conduct the investigation or to be informed thereof, such person shall be excluded from receiving the report, participating in the investigation, and shall be treated like any other Associate who is the subject of an investigation. Great care must be taken in

the investigation of suspected improprieties or wrongdoings so as to avoid mistaken accusations or alerting suspected individuals that an investigation is under way. No information concerning the status of an investigation will be disclosed to individuals other than the members of the Finance and Audit Committee, the members of the executive management team, and, on a need to know basis, to the personnel involved in the investigation of the reported impropriety. The proper response to any inquiries by other persons is: "I am not at liberty to discuss this matter."

## **15. Interpretation and Amendment of the Code**

- 15.1 The Board has the exclusive responsibility for the final interpretation of the Code, and may revise, change, or amend the Code at any time in its sole discretion.
- 15.2 The Code is not it intended to be an all-inclusive policy statement on the part of Polyphor, and Polyphor may establish additional policies pertaining to matters addressed in the Code and other matters relating to ethical conduct and compliance with applicable laws.

April 5, 2018

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