

Choose Trust

# Global Code of Conduct

## For All Companies of the Merz Group

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Official English Version

MERZ COMPLIANCE  
Choose Trust



# Merz Global Code of Conduct

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## Merz Global Code of Conduct

### Dear Colleagues,

Our vision and our values define how we work together here at Merz. Especially as a family-owned company with a long-term view, certain values are fundamental to how we operate our business.

Our core values unite and define the Merz way of working throughout the world. They reflect what we believe matters most in how we work together and with others outside of Merz. We bring our values to life in our business, every day, by Persisting in Innovation, Committing to Customers and Colleagues, and Delivering Trusted Results.

Our Global Code of Conduct is directly linked to our value of Delivering Trusted Results. This Code is designed to define and explain our expectations for ethical business practices within our international and continuously evolving business environment.

Specifically, the Code is intended to:

- Foster compliance with company policies and applicable laws, rules, and regulations
- Promote honesty and transparency in communications about our products
- Drive employee accountability for adherence to our values
- Protect the privacy of personal information
- Encourage internal reporting and resolution of any potential violations of the Code and policies

Perhaps most importantly, our Code of Conduct reminds each of us to **Choose Trust**, every day and in every situation. This means always choosing that path that will reinforce the trust our customers and colleagues place in us.

We know that a written Code cannot address every situation; this document is not a substitute for applying common sense and good judgment. When in doubt, seek advice. Talk to your colleagues to get their perspective, speak to your line manager or local Human Resources manager, or contact your Regional Compliance Officer or our Global Compliance Officer.

As we work together to bring our vision and values to life, it is clear that each of us has a responsibility to build Merz's reputation as the most admired, trusted and innovative company in our industry. Our Code of Conduct is intended to encourage us in this endeavor, by reminding us all to **Choose Trust** each day.



Philip Burchard, Chief Executive Officer - Merz GmbH & Co. KGaA  
Frankfurt, Germany, April 2016

## Merz Global Code of Conduct

Life sciences is one of the most heavily regulated industries in the world, because of concerns that we may exert immoderate influence on physicians, patient organizations, and public-sector entities. The industry faces complex and expanding set of laws, regulations, and industry codes. To routinely deliver trusted results, Merz must draw on specialized compliance and regulatory expertise and maintain reliable processes and systems to manage compliance operations. In the long run, only an ethically sound company can retain its credibility with customers, suppliers, and partners. Non-compliance poses significant risks including disruption of sales, criminal and monetary penalties, and reputational damage.

### Application of the Global Code of Conduct

The Global Code of Conduct is intended to act as a compass, pointing the way to what it means to be a Merz<sup>1</sup> employee and so promoting behavior in compliance with the laws and regulations that govern our industry. It is the basis for a globally applicable and harmonized approach to compliance; it provides information on key business activities and outlines our individual responsibilities. It applies to all employees regardless of home country and regardless of job title. Each geographic and operational Merz company is expected to implement and apply the Code in their daily operations.

The Code provides guidance: it is not intended to cover all situations or to provide all the rules an Employee should follow. The Code does not substitute for individual responsibility for exercising good judgment and common sense. If applicable laws are stricter than this Code, then the stricter standards will apply.

The Code applies directly to the separate companies that comprise the Merz Group. Each Region (APAC, EMEA, LATAM, North America) should have written policies and procedures that provide additional detail and practical guidance on conducting business lawfully in the countries of that Region.

The Code represents our collective and individual commitment to conducting business in all countries in accordance with our values, and relevant laws and regulations.



<sup>1</sup> "Merz" refers to all companies owned directly or indirectly by Merz GmbH & Co. KGaA.

## Merz Global Code of Conduct

### **As an Employee**

Corporate Compliance means more than adhering to external and internal rules; it means becoming an active proponent of integrity, setting an example and respecting and living the values that guide our business. Each Employee is individually responsible for compliance with the Code, as well as applicable laws, regulations, policies, and procedures. The Merz Shareholder family places its trust in each of us to act in a way that will deliver trusted results.

### **As a Leader**

If you manage other people, you are expected to be a role model for them. You must ensure that the individuals who report to you receive the guidance, resources, and training they need to enable them to do their jobs compliantly. Managers are personally accountable for creating an environment of trust in which people feel safe to ask questions, raise concerns, and report suspected violations without fear of reprisal.

### **With Vendors and Suppliers**

We expect vendors and other third parties who work with or for Merz to act in accordance with the principles of the Code. If you are involved in retaining any such third party, it is your responsibility to ensure that they are made aware of the Code.

### **Speak Up**

Your personal commitment to compliance is critical to Merz's success. If you believe that someone has done, is doing, or may be about to do something that violates the Code or applicable laws, policies, or procedures, you have an ethical responsibility to speak up. The longer you wait to address a concern, the worse it may become.



## Merz Global Code of Conduct

### **Commitment to Fair Competition**

We are committed to obtaining competitive advantages only through lawful means. Many countries have laws to protect and promote free and fair competition around the world. These laws regulate how we deal with competitors, customers, distributors, and other third parties. They are complex, and global in reach, and can operate differently in any particular situation. They require a different analysis for each product or country, and a different analysis where Merz is the market leader.

The laws around free and fair competition apply in all aspects of our activity involving competitors, whether it is membership in a trade association, gathering competitive information, or working with mutual customers. Trade associations must never be used as a forum to agree on a common approach to a customer or devise an “industry solution” to a commercial issue.

In gathering competitive information, always comply with applicable laws. Do not seek or accept confidential information from competitors. Do not use deception, misrepresentation, or inducement to encourage customers, suppliers, or former employees of competitors to provide information that they should keep confidential.

### **Freedom from Corruption and Bribery**

It is never appropriate to try to obtain favorable regulatory treatment for Merz or to try to advance Merz’s commercial interests by doing (or attempting to do) things that might improperly influence a person in Merz’s favor. Many countries have specific laws against the improper influence or corruption of government officials. In many countries, the government operates the healthcare systems, and so healthcare providers (e.g., physicians and hospital personnel) in those countries are government employees. Be particularly sensitive to this situation, where a country’s government regulates our products and is also a customer.

“Bribes” are anything intended to create a feeling of obligation in the recipient: money, gifts, free product, entertainment, services, or offers of employment can all be bribes. It can be hard to distinguish between a genuine gift and a bribe. It is critical that you do not offer, or accept, anything that could be perceived to be a bribe. Even gifts that are exchanged out of pure motives of friendship can be misunderstood and perceived as an improper advantage to create influence if they are given to a person or company that is in a position to help Merz.



## Merz Global Code of Conduct

It is not acceptable to breach the Code by arguing that it is a “normal” or “accepted” practice in a particular country to accept or give gifts or money to finalize a deal. If you have any doubt about whether a payment or transfer of anything of value is appropriate, contact your Regional Compliance Officer before acting.

### **Commitment to Customers**

We commit that the commercialization of Merz’s products will comply with all applicable medical, legal, and regulatory standards. To ensure high standards of integrity in our interactions with healthcare professionals, you should always coordinate with Compliance when arranging cross-border interactions with healthcare professionals.

### **Commitment to Patients**

Merz is focused on enabling better patient outcomes and providing innovative solutions to patient needs around the world. Compromising patient safety is not an option. In all our research activities we strive to ensure the rights, safety, and well-being of all participants. We will use alternatives to animal research whenever possible. We collect and review information from around the world about product-related side effects and technical defects experienced by people taking our approved or investigational products, and the healthcare professionals who use those products. All Employees, regardless of title or role, must report product-related side effects and technical defects that come to their attention.

### **Insider Dealings**

Although Merz is privately held, we often have business dealings with public companies (companies that sell stock on public exchanges). If you receive information during the course of your work that is not accessible to the public and that could influence the share price of the other company, you must not use that information for your benefit, and you must not disclose the information to third parties or persons who are not involved in the project.

### **Copyrights, Intellectual Property, and Trade Secrets**

Never infringe the copyrights or intellectual property of third parties. Employees that previously worked for a company that competes with Merz must take extra precautions with regard to the protection of their previous employer’s business and trade secrets. Never use business or trade secrets of a former employer to conduct business for Merz.

## Merz Global Code of Conduct

### **Quality**

Innovation and quality are fundamental pillars of our vision and our values. We provide high-quality and science-backed products and services. We deliver products that are well-thought-out, and we are known around the world for stability and quality. To remain successful, Merz must be responsive to changing market situations and strive for distinctively outstanding and excellent products through efficient business processes. One objective of quality management is the continuous improvement of business processes and products.

### **Fair and Respectful Work Conditions**

We are committed to fair and ethical working conditions, and we respect the right of each individual to be treated fairly, politely, and respectfully. We do not tolerate harassment or discrimination based on ethnic origin, race, age, gender, sexual orientation, religious beliefs or conviction, disability, or any other legally protected characteristic subject to compliance with applicable law. Employment decisions should always be made in cooperation with the local Human Resources department.

### **Health, Safety, Security, and Environment**

Health, safety, security, and the environment are integral parts of our global operations. We have standards and policies designed to reduce the potential for exposure to hazards in the workplace. We conduct our operations in compliance with applicable health, security, safety, and environmental laws and regulations, company standards, and best practices. We take all reasonable and practical steps to ensure that we provide a safe, secure, healthy, and clean working environment. We strive for continuous improvement wherever possible and economically viable. We regularly monitor our performance to ensure compliance with our standards and objectives, to ensure our processes, and equipment are state-of-the-art, and to prevent accidents in the future.

### **Sustainability**

“Sustainable development” is a globally-accepted approach to sustaining economic growth without harming our planet or exhausting its resources, while at the same time improving the quality of life for its current and future inhabitants. Our success in a rapidly evolving and complex healthcare environment hinges on our ability to develop strategies where both industry and society benefit.

This means delivering innovative solutions, providing a rewarding workplace, being a trustworthy partner, and supporting the communities in which we operate. For over 100 years, Merz has been committed to improving lives. This vision shapes the way we make a difference to the lives of millions of patients around the world. Ultimately, delivering innovation to patients will be our greatest gift to society.

### **Commitment to Human Rights**

Merz recognizes its role in using influence to promote and protect human rights and to ensure that our business operations do not contribute directly or indirectly to human rights abuses. Accordingly, whether or not a third party demonstrates respect for the Merz Code of Conduct will have a direct influence on whether Merz decides to continue or renew the commercial relationship with those third parties. In brief, we adhere to the following expectations based on internationally accepted ethical standards:

- Wages are fair and competitive and based on performance and ethical conduct
- Employees are free from unfair or unethical working conditions, including all forms of forced and compulsory labor, or child labor.
- Labor standards comply with the laws of the jurisdictions in which we operate.
- All of our operations provide a safe and healthy work environment. Workers are not expected to endure unsafe working conditions.
- We respect our employees’ right to join or not to join trade unions, and generally to join together for the purpose of promoting common goals.
- We do not discriminate in employment, contracting, wages, promotion, working conditions or in any other opportunity based on ethnic origin, race, age, gender, sexual orientation, religious beliefs or conviction, disability, or any other legally protected characteristic, subject to compliance with applicable law.

### **Working with Government Agencies**

Merz employees are often required to deal with governmental agencies and authorities who are in charge of monitoring compliance with their laws and regulations. Only employees who are authorized to interact with governmental authorities should respond to direct inquiries. Each company of the Merz Group is expected to adopt procedures related to requests from regulatory or government authorities consistent with Merz's global policies.

### **Privacy and Data Security**

We protect the personal information that we handle in our business activities. We respect the privacy rights of our employees, customers, patients, and other third parties. We collect and process data for specific and legitimate business purposes only and secure such data against unauthorized access. Whenever possible, we will use anonymized or aggregated data so that individuals are not identifiable. Each company of the Merz Group and third party that collects and/or processes personal data on Merz's behalf must comply with our policies on data privacy and enact policies and procedures to ensure compliance with applicable privacy laws, policies, and procedures.

### **Third Party Relationships**

We expect our vendors, distributors, suppliers, service providers, and contractors to adhere to fundamental human rights that are compatible with our own, and to conduct their business in accordance with high ethical standards consistent with the principles that Merz embraces. Merz's relationships with third parties are based on lawful, efficient, and fair practices. We expect third parties that we work with to obey the laws that require them to treat workers fairly, provide a safe and healthy work environment, and protect environmental quality.

### **Financial Integrity**

Each company of the Merz Group maintains its respective company books, records, and accounts within the framework of an internal control system. All circumstances relevant to accounting must be documented and recorded completely and accurately in accordance with the governing accounting standards and the specified Merz guidelines. Each company of the Merz Group should have and enforce a document retention policy that applies to the period of safekeeping and retention of financial books, records, and accounts. Each company of the Merz Group should also put in place safeguards against the risk that our company might be used by third parties for money “laundering.” Most countries do not tolerate money laundering, which is the criminal practice of filtering money that comes from illegal activities through a series of legal transactions in order to “clean” it and give it the appearance of being from legitimate sources.

### **Separating Company and Personal Interests**

Personal interests must not influence your business judgment or decisions. You should avoid any situation where your personal interests are inconsistent with those of Merz and create conflicting loyalties. You have a conflict of interest when you place your personal, social, financial, or political interests before Merz’s interests, or if your outside interests can affect your objectivity, motivation, or performance as an Employee. Activities of relatives and close associates can also cause conflicts of interest. Even the appearance of a conflict can damage your reputation or that of Merz. You should always follow Merz’s due diligence and sourcing procedures when selecting persons or companies to represent Merz, and you must disclose any potential conflicts.



### **Political Activity**

There are legal restrictions on when Merz is permitted as a company to support political candidates or engage in political activities. In some cases, the fact that you are a Merz employee might be interpreted to be a contribution or activity by Merz itself, and Merz might be required to report the contributions or in some cases the law would prohibit them. Also, some countries require corporate contributors to register with the government as lobbyists. For all these reasons, if you are engaged in personal political activity, you must be careful that you do not use company time or company resources, and that you do not engage in any lobbying or political activities using Merz's corporate name.

Any decision by a company of the Merz Group to support applicants for public office, or specific political parties or political initiatives, must be approved in advance by the Regional Head, or by the spokesperson or other designated representative for the Merz Management Board.

### **Charitable Contributions and Donations**

Merz's business activities directly affect the lives of millions of people around the world, and we want the countries and communities in which we operate to benefit from our presence. Making corporate charitable donations is one way in which Merz seeks to make a difference. But those contributions may also require tax reporting, and must be careful not to seem to be an attempt to improperly influence a government official or another person to obtain business or a business advantage for Merz. Even a genuine charitable contribution may be perceived as a bribe. Never make individual contributions "on behalf of" Merz, and be certain to follow Merz's established approval process for contributions, including recording them in the relevant Merz accounting systems and records.

## Merz Global Code of Conduct

### No Retaliation

**Retaliation violates Merz policy.** Merz absolutely prohibits retaliation against anyone for raising a compliance concern in good faith or for helping to address a compliance concern. Retaliation is grounds for discipline up to and including dismissal.



### Protecting Merz Property

Merz's assets are valuable and must be protected from loss, damage, theft, and misuse. Generally, company assets such as equipment, facilities, and documents must only be used for authorized activities.

Intellectual property is an important Merz asset. Our technology, software, and technical data contain large amounts of intellectual property, which is safeguarded by legal protections including patents, trademarks, copyrights, and trade secrets. If it is necessary to disclose confidential information to third parties, the disclosure should be preceded by steps to protect the data, such as signed Confidential Disclosure Agreements.

### IT Security

We each have a responsibility to use Merz's network, computer, and communications systems ethically and legally. While occasional personal use of these systems is permitted, usage must be appropriate and not interfere with daily work. To the extent permitted by applicable law, Merz reserves the right to monitor your access and use of all company systems. Therefore, you should not expect any privacy or confidentiality when accessing or using company systems.

### Social Media

We respect the legal rights of our employees to use social media. However, Corporate Communications governs official Merz-sponsored social media activities. The same principles that apply to all Merz communications also apply to social media content and channels. Consult and follow Merz Social Media Guidelines, Merz business policies and local laws and regulations, all of which support ethical behavior and good judgment in the use of social media.

## Merz Global Code of Conduct

### **Getting Help and Advice**

None of us knows the answer to every question or what to do in every situation. You are responsible for learning about and conducting your work in accordance with Merz's vision and values, the Code, policies and procedures, and all applicable laws. But it is not always simple to determine what the "right answer" is. When you are unsure about something in this Code or other policies and procedures, ask questions and seek advice, whether it is to confirm that an action is aligned with Merz's vision, or to raise a matter you believe to be in breach of the Code or even illegal.

### **Contact Persons**

The Global Compliance Officer and the Regional Compliance Officers are committed to ensuring that the Code of Conduct is consistently complied with throughout Merz. The Compliance Officers also serve as a contact for employees, business partners, and customers on issues relating to the implementation of and compliance with the Code of Conduct. Each company of the Merz Group is also asked to identify a local compliance liaison, who will work with the Compliance team to coordinate local compliance endeavors, initiatives, and training programs.

There may be occasions where you would prefer to speak to someone other than your line manager. In such instances, you can contact your local Human Resources manager, the Regional Compliance or Legal teams, or the Global Compliance office. At the corporate level, you can also contact Corporate Legal and/or the Corporate Internal Audit department.

### **Which Law Applies?**

Merz conducts business globally, and our employees are citizens of many different countries. An important challenge for all of us is to understand how the laws of those countries may apply to our operations. In some instances, there may be a conflict between the applicable laws of two or more countries. When you encounter such a conflict, it is especially important to consult Merz Legal counsel to understand how to resolve that conflict properly.

## Merz Global Code of Conduct

### Compliance Hotline

The Compliance Hotline is a confidential service for employees to raise concerns about our business conduct, compliance, and ethics matters. If you feel more comfortable doing so, you can make a report anonymously.<sup>2</sup> If you give your name, it will be kept confidential unless we are required to disclose it as a result of legal proceedings or a government investigation.

The Compliance Hotline is managed by an external company, independent from Merz, with staff who are trained to deal with your call, and translators who can be available to assist if required.

When you contact the Compliance Hotline, the external company will send a confidential report to the Global Compliance Officer. You will be given a unique reference number which you can use to check on the action being taken in response to your report. Depending on the nature of the issue, a formal investigation may be initiated.



<sup>2</sup> Different local laws govern the hotline, and some countries do not permit anonymous reporting. Nevertheless, as long as the report is made in good faith, Merz will not tolerate any retaliatory action against a person making such a report.



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