

Code of Conduct on Corruption and Bribery

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1. Code of Conduct

Coloplast does not accept or solicit bribery of any kind. We commit ourselves to a high standard of integrity and will work against corruption and bribery in any form by implementing and monitoring integrity programmes.

1.1. Definition of corruption and bribery

Corruption is: The misuse of entrusted power for private gain.

Bribery is the offering, giving or accepting of any undue pecuniary or other advantage to or by:

- a public official, at national, local or international level;
- a political party, party official or candidate; and
- a director, officer, employee or agent of a private enterprise

in order to obtain or retain a business or other improper advantage, e.g., in connection with regulatory permits, taxation, customs, judicial and legislative proceedings (ICC Rules of Conduct and Recommendations 2005).

1.2. Roles and responsibilities

Every entity in Coloplast must conform to the relevant laws and regulations of the country they operate in and must observe both the letter and the spirit of these rules.

It is every employee's responsibility to prevent bribery and corruption in Coloplast. The responsibility for the program implementation, monitoring and questions regarding policy and principles rests with Group Management who has appointed CEO Sten Scheiby, as overall responsible.

A special challenge exists where Coloplast uses intermediaries. We will not channel improper payments through intermediaries and business partners and we will act with due care before appointing intermediaries or selecting business partners.

1.3. Intermediaries

1.3.1. Subsidiaries and business partners

We act with due care before engaging with a business partner and ensure that subsidiaries and business partners adopt our code of conduct.

1.3.2. Distributors and agents

Compensation paid to distributors and agents must be appropriate and justifiable remuneration for legitimate services rendered. The relationship must be documented and the agent or distributor must contractually agree to comply with our code of conduct. We will monitor the conduct of our agents and distributors and reserve the right to termination in the event that they pay or solicit bribes.

1.3.3. Contractors and suppliers

We conduct our procurement practices in a fair and transparent manner and we act with due care when evaluating major prospective contractors and suppliers. We will make our anti-bribery policies known to our contractors and suppliers. We monitor the conduct of major contractors and suppliers and have a right of termination in the event that they pay or solicit bribes. We will avoid dealing with prospective contractors and suppliers known to be paying bribes.

1.3.4. Sanctions

No employee will be penalised, or be subject to other adverse consequences for refusing to pay bribes even if it may result in Coloplast losing business.

Failure to observe this code is a cause for disciplinary action, which could involve dismissal.

2. Facilitation payments

2.1. Definition of facilitation payments (FPs)

Facilitation payments (FPs) are made with the purpose of expediting or facilitating the performance by a public official for a routine governmental action and not to obtain or retain business or any other improper advantage. FPs are typically made to low-level officials to obtain routine levels of service, which we are legally entitled to. It is a common practice in a broad range of countries that low-level officials demand small payments for example when:

- Obtaining permits, licenses, or other official documents to qualify a person to do business in a foreign country;
- Processing governmental paper (e.g., visas, work orders);
- Providing police protection, mail pickup, and delivery;
- Scheduling inspections associated with contract performance or related to cross-country transit of goods;
- Providing phone service, power, and water supply;
- Loading and unloading cargo, or protecting perishable products or commodities from deterioration.

In some countries FPs are not prohibited under local law and are subsequently, in many instances considered common practice.

2.2. Coloplast's position on facilitation payments

Despite the fact that FP's are not necessarily unlawful, Coloplast discourages FPs and will work at eliminating them.

Faced with a demand for a facilitation payment, the following steps must be taken by the local organisation, i.e. the person faced with the demand:

1. Actively resist the payment
2. Keep any amount to a minimum
3. Create a record concerning the payment
4. Inform your manager. The manager must report on FPs to the general manager of the respective subsidiary.

Where FPs occurs, the GM is responsible for establishing a local procedure for record keeping of the payments. These payments shall be reported quarterly to the Finance Department, in accordance with the established procedure.

Where the facilitation payment poses a business risk or can jeopardise Coloplast's image, the GM is furthermore responsible for developing a strategy and setting achievable targets in order to minimise the payments.

3. Gifts, hospitality and expenses – all relations

The purpose of section 3, 4 and 5 in this code, is to establish the minimum requirements in relation to gifts, hospitality and expenses as well as interaction with health care professionals and with donations. It does not supersede national law or industry regulations and guidelines (e.g. AdvaMed Code of Ethics On Interactions with Health Care Professionals, Eucomed Guidelines On Interactions with Health Care Professionals etc.) except where our code is stricter. Therefore it is imperative always to comply with relevant laws and regulations.

Every General Manager have an independent obligation to secure that any interaction with public officials and health care professionals comply with all relevant laws and regulations, as well as this code.

The occasional exchange of business gifts, meals and entertainment is considered a common practice meant to create goodwill and establish trust in business relationships.

Our general guideline is to act with moderation and in consistency with the local legal requirements, business customs and practices of the place where courtesies are offered or received. We will not give or accept anything that may present the appearance of a conflict of interest, including any gifts of more than token value and never in the form of cash or cash equivalents. Our gifts must generally be imprinted with our company logo.

We prohibit the offer or receipt of gifts, hospitality or expenses whenever such arrangements could affect the outcome of business transactions and are not reasonable and bona fide expenditures. We will always make certain that our offers are in our mutual professional interest, in compliance with regulations and consistent with the business customs and practices of the country in question. Hospitality in the form of travel, meals, receptions, sightseeing, gifts or other expenses may be offered to persons with a professional interest in the relationship only but not to spouses and relatives.

To avoid that gifts, hospitality and entertainment have undue influence on business decisions, the maximum amount for gifts, hospitality and entertainment must be defined by local management in accordance with local professional and industry standards.

4. Interaction with healthcare professionals

Due to the specific nature of our business we have a special relation with health care professionals and must set a high ethical standard.

Apart from knowing and complying with local legislation, Coloplast's commitment to a high ethical standard means that the following principles must be complied with at all times:

- Any interaction between Coloplast employees and health care professionals must have a professional purpose.
- If interaction includes non-professional activities, these activities must be modest in value and subordinate in time and focus to the professional purpose of the interaction. Non-professional activities often include but are not limited to: travel, meals, receptions, sightseeing and gifts.
- Financial inducements may not be offered in any form to health care professionals.
- Training or educational programs must be conducted in a modest setting. It may be a clinical, educational, conference or other setting, including hotel or other commercially available meeting facilities conducive to the effective transmission of knowledge.
- Symposia are useful for disseminating information. At symposia and congresses, the key focus must be on informing health care professionals about products, providing scientific and educational information, and supporting medical research and education. Disclosure of financial support should be made available in conference material to all participants. Compensation should not be offered or provided to healthcare professionals for any time spent simply attending symposia and congresses.

- It is appropriate to meet with healthcare professionals to discuss product features, contract negotiations and sales terms. It is also appropriate to pay for reasonable travel costs of attendees when necessary (e.g. for factory tours).
- Gifts may be provided to healthcare professionals, but only if the gift either benefits patients or serve an educational function, is a branded promotional items of minimal value or a gift of token value. Gifts may not be accepted or given in the form of cash or cash equivalents.
- Gifts of equipment above token value or the like to medical institutions must be based on written agreements or requests from the institution fulfilling a need and describing the potential benefits to patients. The GM is responsible for keeping all records.
- Clinical trials should be conducted to gain additional clinical experience and not be misused as a disguised form of promotion. Coloplast prefers that fees for clinical trials be paid to the department and not to individual healthcare professionals. Coloplast demands that the management of the clinic be informed that clinical trials are conducted.
- It is appropriate for healthcare professionals who provide services to be offered a fee for those services. The fee must be directly linked to and proportional with the services delivered and be consistent with the local reasonable and customary rates for such services. The service and the fee must be documented in a written agreement and the management responsible for the healthcare professional's activities must be informed about the service. Meals can be provided, but a Coloplast representative must participate in the dinner.
- Free product samples may be supplied to healthcare professionals for the sole purpose of familiarising them with the products or for the benefit of the patients, or upon a written request. Free product samples cannot be used for other purposes, and it is the responsibility of local management to ensure that samples are only used for the intended purpose.

Whenever a gift or entertainment or anything of value is provided to a business partner, this must always be recorded in the local business unit's books. The recorded entry must expressly state the nature and purpose of the expenditure, and records must be preserved.

5. Donations

Community support and donations are acceptable, be it in-kind services, knowledge, services exchange, or direct financial contributions. However, managers and employees must be careful to ensure that charitable contributions and sponsorships are not used as a subterfuge for and do not constitute bribery. In relation to donations and community support, Coloplast should consult local stakeholders to unveil relevant needs.

The General Manager is responsible for establishing a local procedure for record keeping of donations. The recorded entry must expressly state the nature and purpose of the donation, and records must be preserved.

Coloplast does not grant financial or other support to political parties or political campaign efforts, as this can be perceived as an attempt to gain an improper business advantage.

6. Implementation

To facilitate the implementation of this code of conduct, the following actions will be taken.

6.1. Procedure

A procedure will be developed with regards to managing our business integrity. The procedure will be integrated in our quality system including our internal quality audits, and will be available on InSite.

6.2. Training

Relevant training will be offered to employees/units with the aim of helping them understand and deal with dilemmas regarding corruption and bribery. Relevant tools (FAQ's, dilemmas etc.) will be developed in line with the demand being clarified.

6.3. Advisory function

Corporate Ethics will take the role of advisory function. The advisory function will assist in dealing with dilemmas and developing strategies towards eliminating facilitation payments as well as monitoring the systems performance. We will use the normal channels of auditing such as external audit and internal quality audits.

6.4. Clear responsibility

It is every employee's responsibility to comply with this code. It is the responsibility of every manager to communicate this code and ensure that all relevant employees and external parties working on behalf of Coloplast, within their area of responsibility, understand and comply with the procedure.

Failure to observe our code of conduct is a cause for disciplinary action, which could involve dismissal.



Lars Rasmussen,
CEO Coloplast A/S