

## WELCH ALLYN

### Compliance Program Regarding Interactions With Healthcare Professionals

1. *General.*

The Company is committed to complying with regulations governing healthcare professionals and businesses that interact with healthcare professionals and generate revenue directly or indirectly from federal healthcare programs. The Company supports the Code of Ethics On Interactions with Healthcare Professionals, adopted by the Advanced Medical Technology Association (AdvaMed) on September 3, 2003, and the following policy implements the standards promulgated in the AdvaMed Code. Any interpretation of the provisions of this policy, as well as interactions with healthcare professionals not specifically addressed in this policy, should be made in light of the principle that the Company's personnel will encourage ethical business practices and socially responsible industry conduct and shall not use any unlawful inducement in order to sell the Company's products.

2. *Gifts To Healthcare Professionals.*

Company personnel occasionally may provide modest gifts to healthcare professionals, but only if the gifts benefit patients or serve a genuine educational function. Other than the gift of medical textbooks or anatomical models used for educational purposes, the fair market value of gifts given to a healthcare professional each year should be less than \$100. In addition, Company personnel may occasionally give healthcare professionals, branded promotional items of minimal value related to the healthcare professional's work or for the benefit of patients. Gifts may not be given in the form of cash or cash equivalents. This section is not intended to address the legitimate practice of providing appropriate sample products and opportunities for product evaluation.

3. *Engaging Healthcare Professionals As Consultants.*

The Company will engage healthcare professionals as consultants only when a legitimate need and purpose for the consulting services has been identified in advance. The following principles will be observed in establishing consulting arrangements between the Company and healthcare professionals:

- a) Consulting arrangements will be written, signed by the parties and specify all services to be provided, and when research services are covered, there will be a written research protocol.
- b) Compensation paid to consultants will be consistent with fair market value for the services provided.
- c) Selection of consultants will be made on the basis of the consultant's qualifications and expertise to address the identified purpose, and will not be on the basis of revenue generated for the Company by the consultant.
- d) The venue and circumstances for meetings with consultants will be appropriate to the subject matter of the consultation. These meetings will be conducted in clinical, educational, conference, or other settings, including hotel or other commercially available meeting facilities, conducive to the effective exchange of information.
- e) The Company may pay for reasonable and actual expenses incurred by consultants in carrying out the subject of the consulting arrangement, including reasonable and actual travel, modest meals, and lodging costs incurred by consultants attending meetings with, or on behalf of, the Company.
- f) Any Company sponsored hospitality that is provided in conjunction with a consultant meeting will be modest in value and subordinate in time and focus to the primary purpose of the meeting.

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4. *Meetings For Promotion of Sales And Training On Use Of Products.*

Company personnel may meet with healthcare professionals for the purpose of discussing product features, negotiating terms of sale, and providing training and education in the safe and effective use of the Company's products. Meetings for training may be provided to individuals or groups. All such meetings will adhere to the following criteria:

- a) Meetings should be conducted in clinical, educational, conference, or other settings, including hotel or other commercially available meeting facilities that are conducive to the effective transmission of knowledge, and programs requiring "hands on" training in medical procedures should be held at training facilities, medical institutions, laboratories, or other appropriate facilities. The training staff should have the proper qualifications and expertise to conduct such training.
- b) The Company may provide healthcare professional attendees with hospitality only in the form of modest meals and receptions in connection with these programs. Any such meals and receptions should be modest in value and subordinate in time and focus to the education or training purpose of the meeting.
- c) The Company may pay for reasonable travel and modest lodging costs incurred by healthcare professionals attending the meeting, but not for the meals, hospitality, travel, or other expenses for guests of healthcare professionals or for any other person who does not have a *bona fide* professional interest in the information being shared at the meeting.

5. *Provision of Reimbursement and Other Economic Information.*

The Company may support accurate and responsible billing to Medicare and other payors by providing reimbursement information to healthcare professionals regarding the Company's products, including identifying appropriate coverage, coding, or billing of procedures using those products. The Company may also provide to healthcare professionals: i) information designed to offer technical or other support intended to aid in the appropriate and efficient use or installation of the Company's products, and ii) information relating to estimated costs, savings, and revenues associated with use of the Company's products (Economic Information) to assist healthcare professionals in evaluating whether it is economically effective to purchase those products. All reimbursement and Economic Information will be accurate to the best knowledge of Company personnel and will not omit any material information nor contain false or misleading information for the purpose of unlawfully inducing healthcare providers to purchase the Company's products, or to seek unjustified reimbursement for procedures performed using the Company's products.

6. *Payments Supporting Conferences For Healthcare Professionals Sponsored By Third Parties.*

*Bona fide* independent, education, scientific, or policymaking conferences promote scientific knowledge, medial advancement and the delivery of effective health care. These typically include conferences sponsored by national, regional, or specialty medical associations; conferences sponsored by accredited continuing medical education providers; and grand rounds. The Company may support these conferences in the following ways:

- a) The Company may provide a grant either directly to the conference sponsor to reduce conference costs, or to a training institution or the conference sponsor to allow attendance by medical students, residents, fellows, and others who are healthcare professionals in training. The Company may provide educational grants when: (1) the gathering is primarily dedicated to promoting objective scientific and educational activities and discourse; and (2) the training institution or the conference sponsor selects the attending healthcare professionals who are in training. Such grants should be paid only to organizations with a genuine educational purpose or function, and may be used only to reimburse the legitimate expenses for *bona fide* educational activities. Such grants also should be consistent with relevant guidelines established

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by professional societies or organizations. The conference sponsor should be responsible for and control the selection of program content, faculty, educational methods, and materials.

- b) The Company may provide funding to the conference sponsor to support the conference's meals and hospitality. The Company also may provide meals and receptions for all healthcare professional attendees, but only if it is provided in a manner that is also consistent with the sponsor's guidelines. Any meals, receptions, and hospitality should be modest in value and should be subordinate in time and focus to the purpose of the conference.
- c) The Company may make grants to conference sponsors for reasonable honoraria, travel, lodging, and meals for healthcare professionals who are *bona fide* conference faculty members.
- d) The Company may purchase advertisements and lease booth space for Company displays at conferences.

#### 7. *Charitable Donations.*

The Company may make donations for a charitable purpose, such as supporting genuine independent medical research for the advancement of medical science or education, indigent care, patient education, public education, or the sponsorship of events where proceeds are intended for charitable purposes. Donations should be made only to charitable organizations or, in rare instances, to individuals engaged in genuine charitable missions for the support of that mission. The Company will not make such donations for the purpose of unlawfully inducing healthcare professionals to purchase the Company's products. All donations will be appropriately documented.

#### 8. *Price Concessions On Company Products Provided To Healthcare Professionals.*

The Company will grant price concessions on sales of its products to healthcare professionals only as permitted by the Company's pricing policy. Price concessions will not be granted as consideration for a healthcare professional's endorsement or marketing of the Company's product, nor for the purpose of unlawfully inducing healthcare providers to purchase the Company's products or to seek unjustified reimbursement for procedures performed using the Company's products. The Company also will not grant a price concession or make any payment to a healthcare professional that is: i) conditioned on the denial of any claims for reimbursement based on use of the Company's product, or ii) a means of funding a co-payment required to be paid by the patient with respect to any claim for reimbursement based on use of the Company's products.

#### 9. *Implementation of This Policy.*

The Corporate Compliance Officer will implement this policy in accordance with this section.

- a) The Company will provide to all personnel who interact with healthcare professionals, periodic training on the substantive provisions of this policy.
- b) The Company will endeavor to communicate its commitment to conform to the standards set forth in this policy to its distributors and sales representatives that comprise the indirect channel through which the Company's products are sold to healthcare professionals.
- c) Suspected violations of this policy will be reported and investigated, and the training referenced in item 1 of this section will include information about the procedure for reporting suspected violations or complaints based on this policy. Violations of this policy will subject Company personnel to disciplinary action in accordance with Company's policies on employee conduct.

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The Company will take all action necessary to assure that no retaliation is taken against any employee who in good faith reports a suspected violation or complaint under this policy.

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