

COVIDIEN COMPLIANCE PROGRAM

I. INTRODUCTION

Covidien is committed to establishing and maintaining an effective compliance program in accordance with the compliance program guidance published by the Office of Inspector General, U.S. Department of Health and Human Services (the “HHS-OIG Guidance”). Our comprehensive compliance program (the “Compliance Program”) is one of the key components of our commitment to the highest standards of corporate conduct.

The purpose of our Compliance Program is to seek to prevent and detect violations of law and Company policy. As the HHS-OIG Guidance recognizes, however, the implementation of such a program cannot guarantee that improper employee conduct will be entirely eliminated. Nonetheless, it is Covidien’s expectation that employees will comply with *The Covidien Guide to Business Conduct* (the “Guide”) we have adopted and with the policies established in support of this Guide. In the event that Covidien becomes aware of violations of law or Company policy, we will investigate the matter and, as appropriate, take disciplinary action and implement corrective measures designed to prevent future violations.

Covidien has described below the fundamental elements of our Compliance Program. In accordance with the voluntary standards established by the HHS-OIG Guidance and as explicitly recognized in the Guidance, we have tailored our Compliance Program to fit the unique environment and size of our Company. As a manufacturer of medical devices and pharmaceuticals, in light of the size of our Company, we will rely on existing divisions to share responsibility for implementing our Compliance Program by tailoring and adapting the program to meet the individual concerns and needs of each division.

Moreover, this document is a *description* of our Compliance Program. A Compliance Program is dynamic, involving not only multiple policies, procedures and programmatic activities, but also the commitment of senior management and the support of all employees, vendors and agents to make the program effective.

We regularly review and enhance our Compliance Program to meet our evolving compliance needs.

II. Overview of Compliance Program

1. Written Standards

- *The Covidien Guide to Business Conduct* is our statement of essential ethical and compliance principles that guide our daily operations. The Guide makes it clear that we expect management, employees, vendors and agents of the

Company to act in accordance with law and applicable Company policy. The Guide articulates our fundamental principles, values and framework for action within our organization. In addition to our *Guide to Business Conduct*, Covidien has formally adopted the Code of Ethics on Interactions with Healthcare Professionals of the Advanced Medical Technology Association (the “AdvaMed Code”) for our medical device divisions and the PhRMA Code on Interactions with Healthcare Professionals (the “PhRMA Code”) for our pharmaceutical divisions.

- The HHS-OIG Guidance has identified several potential risk areas for manufacturers, and called on companies to develop compliance policies in these risk areas. As relevant to device and pharmaceutical manufacturers, these risks include (1) data integrity pertaining to government reimbursement policies, (2) kickbacks and other illegal remuneration, and (3) for pharmaceutical manufacturers, proper administration of a program distributing drug samples to physicians. Covidien has adopted the AdvaMed Code or the PhRMA Code (as applicable by business unit) as part of its Compliance Program in these areas, as well as the compliance leadership and structure described below.

We have also established annual spending limits for certain activities directed toward medical or health professionals. These limits, which are consistent with the limitations of the AdvaMed Code or the PhRMA Code (as applicable by business unit), and which do not pertain to branded promotional items of de minimus value generally made available at trade shows and other sales or marketing events are:

\$1500 for gifts, promotional materials or items that Covidien may give or otherwise provide to an individual medical or health professional in accordance with the PhRMA Code for the following Covidien business segment: Pharmaceuticals (except Urology).

\$1500 for gifts, promotional materials or items that Covidien may give or otherwise provide to an individual medical or health professional, exclusive of training or educational expenses, in accordance with the AdvaMed Code for the following Covidien business segments: Medical Devices, Medical Supplies and Pharmaceuticals (Urology).

- 2. Leadership and Structure.** We have selected Compliance Officers at both the Covidien corporate level and at each of its manufacturing divisions to serve as focal points for compliance activities. We are committed to ensuring that our Compliance Officers have the ability to effectuate change within the organization as necessary and to exercise independent judgment. These Officers are charged with the responsibility for developing, operating and monitoring the Compliance Program.
- 3. Education and Training.** A critical element of our Compliance Program is the education and training of our employees on their legal and ethical obligations under applicable federal health care program requirements. Covidien is

committed to taking all necessary and appropriate steps to effectively communicate our standards and procedures to all affected personnel. Ongoing training programs include live meetings of attorneys from our Legal Department with top management, sales trainees, sales and marketing employees and other personnel; regular refresher courses; and mandatory on-line training modules for employees. The Compliance Program's role in this education and training is to set and enforce minimum training requirements for employees by function and to ensure that all training received by employees is adequately documented. Moreover, Covidien, through its Compliance Program, will regularly review and update its training programs, as well as identify additional areas of training on an "as needed" basis.

- 4. Internal Lines of Communication.** Covidien is committed to fostering dialogue between management and employees. Our goal is that all employees, when seeking answers to questions or reporting potential instances of fraud and abuse, should know who to turn to for a meaningful response and should be able to do so without fear of retribution. To that end, we have adopted open-door policies, as well as confidentiality and non-retaliation policies. In order to further encourage open lines of communication regarding potential violations, we have established procedures to allow individuals who want to report anonymously to do so. Employees may report matters confidentially to the Covidien Integrity Helpline or the Covidien Ombudsman's Office at telephone numbers posted at each business location of the Company, or directly to the Audit Committee of Covidien, or to an employee's divisional Compliance Officer, Human Resources Department or Legal Department.
- 5. Auditing and Monitoring.** Covidien's Compliance Program includes efforts to monitor, audit and evaluate compliance with the Company's compliance policies and procedures, including efforts to monitor the activities of sales force personnel. We note that, in accordance with the HHS-OIG Guidance, the nature of our reviews as well as the extent and frequency of our compliance monitoring and auditing varies according to a variety of factors, including new regulatory requirements, changes in business practices and other considerations. We will utilize an ongoing assessment of compliance programs to identify new and emerging risk areas and address these risks.
- 6. Responding to Past and Potential Violations.** Covidien's Compliance Program includes a policy that Covidien will not do business with persons or organizations that have been excluded, debarred, suspended, or are otherwise ineligible to participate in Federal healthcare programs. Although each situation is considered on a case by case basis, Covidien will consistently undertake appropriate disciplinary action to address inappropriate conduct and deter future violations by its employees and third parties with whom it does business.
- 7. Corrective Action Procedures.** A compliance program increases the likelihood of preventing unlawful and unethical behavior. However, HHS-OIG recognizes

that even an effective compliance program may not prevent all violations. As such, our Compliance Program requires the Company to respond promptly by investigating potential violations of law or Company policy, taking appropriate disciplinary action when necessary, and taking action to prevent future violations including assessing whether the violation is in part due to gaps in our policies, practices or internal controls, and repairing such gaps, if any.

Members of the public may request a copy or copies of this document and the Covidien business units' annual written declarations of compliance by calling the following toll-free telephone number: 1-800-673-3507.