

**Verus Pharmaceuticals, Inc.**  
**Comprehensive Compliance Program for Sales and Marketing Activities**

**1. Purpose and Scope**

This Comprehensive Compliance Program for Sales and Marketing Activities (the “**Compliance Program**”) of Verus Pharmaceuticals, Inc. (“**Verus**”) has been adopted by the Board of Directors of Verus, effective as of the date set forth below. The purpose of this Compliance Program is to promote compliance with applicable laws, rules, and regulations and to promote ethical and responsible decision making in the sale and marketing of pharmaceutical products.

Verus will review and update this Compliance Program from time to time, as it reasonably deems appropriate.

This Compliance Program is adopted in accordance with Verus’ Code of Business Conduct and Ethics (“**Code of Conduct**”), which contains general guidance for conducting Verus business consistent with applicable laws, rules, and regulations, and with the highest standards of business ethics.

**2. Compliance Officer and Compliance Committee**

Verus has designated a Compliance Officer to ensure the integrity of Verus’ Compliance Program and to implement Verus’ compliance policies and procedures. In addition, Verus has designated a Compliance Committee, consisting of senior management personnel from various Verus departments and functions, to provide compliance oversight to Verus and to support the Compliance Officer.

**3. Written Standards of Conduct, Policies, and Procedures**

Verus has adopted policies and procedures addressing compliance issues in connection with interactions with healthcare professionals and related activities. These policies and procedures are designed to ensure compliance with the recommendations set forth in the “Compliance Program Guidance for Pharmaceutical Manufacturers” of the United States Department of Health and Human Services Office of the Inspector General (“**OIG**”) (the “**OIG Guidance**”), and in the Pharmaceutical Research and Manufacturers of America Code on Interactions with Healthcare Professionals (the “**PhRMA Code**”). Key policies include the following:

- Policy on Promotional Activity
- Policy on Gifts, Meals and Entertainment
- Policy on Scientific or Educational Grants
- Policy on Research Grants
- Policy on Promotional Speaker Programs

- Policy on Consulting Arrangements with Healthcare Professionals
- Policy on Professional Information Requests

**a. Promotional Activity**

Verus will provide truthful non-misleading information to healthcare professionals in accordance with applicable laws, regulations and Verus' policies. The promotional, educational, and scientific activities of Verus are intended to facilitate the safe, effective and knowledgeable use of Verus' products in the practice of medicine and pharmacy, in a manner consistent with the approved prescribing information and appropriate patient care. All promotional materials disseminated by or on behalf of Verus must be reviewed and approved prior to use by Verus' Promotional Review Committee.

**b. Gifts, Meals and Entertainment**

Verus' sales and promotion interactions with healthcare professionals are intended to inform healthcare professionals about Verus' products and provide relevant scientific and educational information to support patient care and the practice of medicine. Informational meals and medically relevant gifts of modest value can help educate and support healthcare professionals. Gifts, meals, entertainment and other items or activities of value may not otherwise be used to seek to influence healthcare professionals to prescribe, use, purchase, recommend or make favorable formulary recommendations concerning Verus products. Permitted gifts or meals may not be conditioned expressly or implicitly on an agreement by the healthcare professional to purchase, prescribe or recommend any Verus products, or be used to reward a healthcare professional for purchasing, prescribing or recommending any Verus products.

As required by, and in accordance with the definitions set forth in, California Health and Safety Code §§ 119400-119402, Verus has established an annual dollar limit on gifts, promotional materials, and items or activities that it may give or otherwise provide to an individual healthcare professional in California equal to \$1,000 per professional.

**c. Scientific or Educational Grants**

Verus may provide grants to support bona fide scientific and educational programs. The programs may be aimed at healthcare professionals or patients. The programs must be independent of Verus in that the third-party recipient of the grant retains control over the program content, faculty and attendees. Grants may not be used to influence or reward an organization's or individual's purchasing, prescribing, treatment or formulary decisions in favor of any Verus product. Grants also will not be awarded to support an institution's normal business expenses.

**d. Research Grants**

Physicians or institutions periodically request assistance from Verus in the form of free product or funding for clinical or basic research. Verus is not the sponsor of these

studies, and they are ancillary to Verus' own clinical developments programs. Investigator-initiated research can nonetheless produce important contributions regarding Verus' products or therapeutic areas of interest to Verus. Verus thus may provide support for such studies within certain parameters.

Verus will provide grants for research only where the research is intended to address a *bona fide* scientific question in an area of interest to Verus, and the proposed research plan appears to be an appropriate approach for the topic under inquiry. Research grants may not be used to influence or reward an organization's or individual's purchasing, prescribing, treatment or formulary decisions in favor of any Verus product. Grants will only be paid to institutions in accordance with a written agreement, and will not be paid to individual investigators.

**e. Promotional Speaker Programs**

Verus may engage healthcare professionals to serve as promotional speakers with respect to Verus' products, provided that (1) the healthcare professionals perform genuine services for Verus, (2) speakers are selected based on their skill and expertise, (3) compensation for the speakers is based on the fair market value of the speaking services, (4) the content of the speaker programs complies with Verus' policies for product promotion, (5) the speaking arrangements are documented in written agreements, and (6) documentation is maintained of the services actually performed.

**f. Consulting Arrangements with Healthcare Professionals**

Verus may enter into consulting arrangements with healthcare professionals for *bona fide* services provided to Verus. Consulting arrangements include participation in focus groups or advisory boards, other forms of group consultant meetings and individual consultancies. Consulting arrangements are only permitted where Verus has determined that it has a genuine need for feedback or input from external sources, the consulting arrangements are tailored to that need, the number of consultants retained is not greater than the number reasonably necessary to achieve the identified purpose and the consulting arrangements are not duplicative with other or prior consulting arrangements unless there is a legitimate need for additional feedback. The feedback for a consulting arrangement may be related to clinical development, other medical or scientific issues, marketing planning, managed markets planning, or other commercial issues.

Consulting agreements must require the performance of genuine services for Verus, the compensation paid to the consultants must be consistent with the fair market value of the services being rendered and must not be related to prescribing or purchasing volume or formulary treatment, and the performance of the services must be documented. In addition, Verus may reimburse consultants for their time and travel expenses when attending meetings conducted by Verus. Every consultant must sign a written consulting agreement.

#### **g. Professional Information Requests**

Verus defines a professional information request (“*PIR*”) as an unsolicited request for information about a Verus product by a healthcare professional, the response to which is beyond the scope of the approved prescribing information, approved reprints and other approved promotional materials, or beyond the understanding of field personnel. A PIR may only be submitted in response to a truly unsolicited response from a physician, pharmacist or other healthcare professional. If any sales and marketing personnel prompt the request for information, the request will not be considered unsolicited, and no information may be provided in response to the request that is beyond the scope of the approved prescribing information.

Responses to PIRs will consist of materials and information that are directly relevant to the request that has been made. If an unsolicited request is overly broad in scope, Verus will seek clarification from the requestor to narrow the scope of the inquiry. The response to the PIR will reference and include a copy of the approved prescribing information for the product at issue, and, if appropriate, clearly disclose that the response contains information on the use of a Verus product that has not been approved by the FDA and that may not be eligible for reimbursement under public or private health care programs. All responses to unsolicited requests must be non-promotional in tone and content, balanced, non-misleading and scientifically sound.

#### **4. Training**

Verus’ Code of Conduct and compliance policies and procedures are distributed to all employees. All Verus personnel are required to participate in training as a condition of their employment. New hires receive training to ensure compliance with all laws and regulations, as well as Verus policies and procedures applicable to their job functions. After this initial training, employees are required to undergo additional periodic training as established by the Compliance Committee. The content for all training is evaluated and updated periodically to ensure that it remains relevant and current.

#### **5. Routine Monitoring of Sales and Marketing Programs**

From time to time, Verus will select certain sales and marketing programs to review to confirm that the selected programs are being carried out in accordance with the relevant Verus policies and procedures, as well as all applicable laws, regulations and rules. Each such review is documented and reported to the Compliance Committee.

#### **6. Procedures for Reporting Violations**

Verus employees are encouraged to report any known or suspected compliance violations to their supervisor or to the Legal Department. Verus has also established an Ethics Helpline that is available 24 hours a day, seven days a week at 1-877-470-8329. Employees may submit anonymous reports through the Ethics Helpline. All reports will be documented and reported to the Compliance Committee and the Chairman of the Audit Committee.

**7. Investigations, Corrective Actions and Disciplinary Policies**

In the event that Verus becomes aware of any known or suspected compliance violations, through either the routine monitoring of its sales and marketing programs or a reported violation, designees of the Compliance Committee will investigate the circumstances surrounding the known or suspected violation and will take appropriate corrective action, which may involve disciplinary action, up to and including termination.

**8. Copies of Compliance Program and Annual Declaration**

Copies of this Compliance Program and Verus' Annual Declaration of Compliance can be obtained by calling 1-877-470-8329.

Effective Date: November 3, 2006