

Introduction

INSYS is committed to conducting its business ethically and in compliance with all applicable laws, regulations, guidelines, and policies. In keeping with that commitment, the Company has implemented a comprehensive Compliance Program which governs its entire business operations.

Elements of the Compliance Program

A. Compliance Officer

The Company's Chief Compliance Officer is responsible for overseeing the implementation and administration of the Compliance Program and reports at least quarterly on Compliance Program operations to the Company's Compliance Committee. The Chief Compliance Officer's core responsibility is to direct and implement compliance-related changes in the organization and exercise independent judgment in assessing and implementing compliance-related matters. The Chief Compliance Officer is also charged with reporting compliance-related issues directly to the organization's senior management.

B. Compliance Committee

The Company has established a Compliance Committee which meets at least quarterly. The mission of the Compliance Committee includes, among other things:

- Ensure the implementation and effectiveness of all components of the Compliance Program;
- Development and implementation of compliance-related policies, standards, and procedures in the organization;
- Development and implementation of corrective and disciplinary action to address and prevent recurrence of non-compliance; and
- Provide advice, counsel and support to the Chief Compliance Officer.

C. Compliance-Related Policies

The Company has implemented compliance-related policies that are consistent with the evolving business and strict regulatory environment. INSYS enforces compliance-related policies and expects its employees to fully comply with its Compliance Program. Any employee who violates these standards is subject to appropriate disciplinary action, up to and including termination. The Company's compliance policy expressly prohibits retaliation or retribution against any employee who reports or makes a good faith effort to report a suspected misconduct or improper behavior.

The organization's compliance policies and procedures are designed to ensure that interactions with Healthcare Professionals are appropriate, ethical, and consistent with all applicable laws, regulations, guidelines, policies and standards. The Compliance program is designed following the framework laid

out by the U.S. Department of Health and Human Services Office of Inspector General's April 2003 publication "Compliance Program Guidance for Pharmaceutical Manufacturers" ("OIG Compliance Guidance") developed by the United States Department of Health and Human Services Office of Inspector General ("OIG"), and the Pharmaceutical Research and Manufacturers of America (PhRMA) "Code on Interactions with Healthcare Professionals," revised effective January 2009 ("PhRMA Code"). For a statement regarding compliance with California Health & Safety Code § 119402, [click here](#).

D. Training and Educational Programs

The Company's Compliance Program includes training and educating employees regarding their general ethical obligations and their specific obligations to comply with Company policies and procedures and with all applicable laws and regulations. The training programs also involve educating employees on new and existing Corporate Policies, and on the standards and procedures applicable to their job functions. New employees receive compliance training as part of their initial training. Also, employees whose job functions involve interactions with Health Care Professionals receive on-going compliance training on a routine and periodic basis. Regularly scheduled update-training and tests are scheduled after the initial training to provide necessary reinforcement on compliance.

To ensure that the Company's culture remains compliance-focused, management is involved in training and assessment in order to assure a consistent understanding of compliance throughout the organization. High-level personnel in the Compliance and Regulatory Affairs departments are constantly assessing and re-assessing the training programs to ensure that any updates in the applicable laws/regulations are included and also to address any real or perceived short-comings in order to strengthen the overall effectiveness of the training programs.

E. Communicating Compliance Issues and Concerns

INSYS is committed to fostering an environment where open communication regarding the Company's Compliance Program's policies and procedures is encouraged. This includes, in particular, the airing of concerns and reporting of suspected improper practices. Any employee who has concerns about a particular activity that the employee feels may violate policies or the law is required to report such concerns. The Company is committed to open communication regarding compliance issues and employees are encouraged to ask questions about compliance matters. Employees may either report their concerns to their managers or to any member of either Compliance, Legal or Human Resource Departments, including the Organization's Chief Compliance Officer or any member of the Special Compliance Committee of the Board of Directors. The Company has also established a toll free number 1(855) 433-9921 available 24 hours a day and 7 days a week which allows confidential anonymous reporting of suspected compliance violations. Employees may also email or call the Chief Compliance Officer directly.

F. Monitoring, Auditing, and Investigations

The Compliance Program includes activities designed to monitor, audit and ensure compliance with the Company's policies and procedures. The Chief Compliance Officer oversees and/or coordinates periodic monitoring and auditing to ensure adherence to applicable policies. The Chief Compliance Officer (or designee) is charged with developing an annual audit and monitoring plan which is subject to re-assessment and refinement in the course of the year to address unforeseen issues. A variety of internal and external auditing & monitoring resources are used to conduct those activities periodically. The Chief Compliance Officer (or designee) works with relevant internal and external experts and management to evaluate auditing and monitoring findings and ensure the implementation of any corrective action deemed necessary as a result of audits or routine monitoring activities.

The Chief Compliance Officer (or designee) reviews and evaluates concerns communicated to the Compliance Department to determine whether further investigation is required of activities that may be inconsistent with the policies and procedures of the Compliance Program or applicable law(s). The Chief Compliance Officer may, as necessary, request assistance from the members of the Compliance Committee or outside experts to conduct an investigation, depending on the nature of the alleged misconduct. Investigations are and shall be conducted confidentially to the greatest extent possible and with every effort to respect the rights of all concerned.

G. Corrective Action and Discipline

If after investigation it is determined that noncompliant conduct occurred, the matter is forwarded to the appropriate parties for corrective and/or disciplinary action. Such response and disciplinary action may include (but is not limited to): terminating or otherwise disciplining the employee(s) involved; disciplining supervisors in accordance with the facts for failure to supervise adequately and control the behavior of the employee(s); revising guidelines, policies, and procedures or any function of the Compliance Program to prevent the reoccurrence of misconduct in the area; increasing auditing and monitoring procedures; or retraining.

H. Updating the Compliance Program

The Company evaluates and amends its Compliance Program periodically to reflect changes in regulations and the overall regulatory environment. The Chief Compliance Officer reviews all changes suggested for implementation. The Chief Compliance Officer is responsible for communicating changes in the Compliance Program to Company employees in a timely manner.

For a written copy of the Compliance Program description,

Email Compliance@insysrx.com