



Pharmacoepia, Inc.

Ethics and Business Conduct Policy

Adopted April 6, 2004

Amended October 17, 2007

PURPOSE

Pharmacoepia, Inc. ("Pharmacoepia" or the "Company") believes that long-term, trusting business relationships are built by being honest, open and fair. For everyone at Pharmacoepia, this means following the spirit of the law and doing the right, ethical thing even when the law is not specific.

In order to assist its employees and members of its Board of Directors (the "Employees") in those areas in which Pharmacoepia has specific policies concerning the ethical conduct of its business, Pharmacoepia has established this Ethics and Business Conduct Policy (the "Policy"). Pharmacoepia expects the Employees and those with whom Pharmacoepia does business to adhere to the Policy. The Policy outlines the broad principles of legal and ethical business conduct embraced by Pharmacoepia. It is not a complete list of legal or ethical questions an Employee might face in the course of business, and therefore, this Policy must be applied using common sense and good judgment.

No one has the authority to make an Employee violate the Policy, and any attempt to direct or otherwise influence someone else to commit a violation is unacceptable.

The Policy applies to all Employees, and is a condition of employment and service as a director, as applicable.

POLICY

I. Mission Statement.

Pharmacoepia promises to maintain the highest professional standards in all of its global business functions. Pharmacoepia seeks to act in conformity with these standards within the community of its Employees; with its customers, vendors and collaborators; and in its actions as a corporate citizen. As such, Pharmacoepia adopts this Ethics and Business Conduct Policy. The foundation of the Policy is that each Employee will conduct business with integrity, in compliance with applicable laws, and in a manner that excludes considerations of personal advantage.

II. General Business Practices.

A. Equal Employment Opportunity.

1. Pharmacoepia seeks diversity in its Employees, respects their differences and encourages and recognizes contributions of individuals.
2. Pharmacoepia and its Employees must comply with all laws and regulations concerning discrimination and equal opportunity, which laws may specifically prohibit discrimination on the basis of certain attributes.
3. Pharmacoepia does not tolerate discrimination in its workplace or against its Employees. Pharmacoepia will recruit, select, train and pay based on merit, experience and other work-related criteria.

B. Industry and Civic Associations.

1. Pharmacopeia realizes the value associated with membership in industry and civic associations. Membership in and on boards of industry and civic associations generally does not present a financial conflict of interest. Pharmacopeia encourages Employees to be members of, and be active in, industry and civic associations.
2. Employees should be sensitive to possible conflicts with Pharmacopeia's business interests, if, for instance, the association takes a position adverse to Pharmacopeia's interests or the interests of key Pharmacopeia customers.
3. Employees should be aware of potentially unlawful or unethical behavior by associations and avoid taking actions that place either the Employee or Pharmacopeia at risk. Such behavior includes, without limitation, participating in action by any association or other group regarding membership restrictions; data collection; or sharing information about prices, pricing policies, marketing expansion, cut-back plans, costs, earnings, credit or billing practices, business practices of competitors, customers or suppliers or desired governmental actions. Employees present at a meeting or informal gathering when discussions of such activities start should leave and contact the Legal Department.

C. Environment, Health and Safety.

1. Pharmacopeia considers effective management of the natural and workplace environment to be of highest priority. The prevention of occupational-induced injuries and illnesses is of such consequence that it will be given precedence over normal operations whenever necessary. Pharmacopeia highly values the health and safety of our Employees, customers and communities.
2. Pharmacopeia will conduct environmental, health and safety assessments to measure compliance with environmental, health and safety laws, regulations and other requirements. To meet our high standards, each Employee should:
 - a. Conduct all work in conformance with the standards set forth in Pharmacopeia's Environmental Health and Safety Manual.
 - b. Conduct operations in a manner that meets applicable environmental, health and safety laws, regulations, permits and other requirements, such as those dealing with Employee and public safety, work conditions, pollution control and waste management.
 - c. Follow instructions on environmental, health and safety laws, regulations and hazards, and apply training to protect him- or herself, others and the environment.
 - d. Report all environmental, health and safety incidents, including significant near misses.

D. Harassment in the Workplace.

1. Pharmacoepia is committed to maintaining a work environment where individuals, Employees and others, can perform their assigned duties and responsibilities without being harassed. Harassment is prohibited, and Pharmacoepia will take appropriate action if harassment occurs.
2. "Harassment" is defined as any conduct directed toward an individual or group based upon one or more of the following categories or traits: race, religion, color, national origin, ancestry, age, gender, sexual orientation, disability, marital or veteran status, or other impermissible factor, when such conduct is sufficiently severe or pervasive as to cause or create an intimidating, offensive or hostile environment. Harassment extends, without limitation, to conduct that is made as a condition of employment, is used as a basis for employment decisions, and/or has the purpose or effect of unreasonably interfering with an individual's work performance by causing or creating an intimidating, hostile or offensive working environment.
3. Employees are expected to report incidents of harassment. Employees who are being harassed or who are aware of harassment taking place should report these actions to their supervisor, a Human Resources representative or the Legal Department.
4. Reports of harassment will be promptly and thoroughly investigated in as confidential a manner as possible.

E. Supervisory Relationships with Family Members.

1. Supervisory relationships with family members present special workplace problems, including a conflict of interest, or at least the appearance of conflict, in various personnel decisions that the supervisor makes.
2. Employees must avoid a direct reporting relationship with any member of their family or others with whom they have a significant relationship. If such a relationship exists or occurs, the Employee must report it in writing to a Human Resources Representative, or the Legal Department.

F. Travel and Entertainment.

1. Pharmacoepia recognizes that operating in a global economy requires Employees to travel to visit customers, potential customers, and other Company facilities.
2. Employee travel and entertainment should be consistent with the needs of Pharmacoepia's business. The Company's intent is that Employees neither lose nor gain financially as a result of business travel and entertainment. Employees are expected to spend Pharmacoepia's money as carefully as they would their own.
3. Employees who approve travel and entertainment expense reports are responsible for the propriety and reasonableness of expenditures, for ensuring that expense reports are submitted promptly and that receipts and explanations properly support reported expenses.

G. Use of Computer Resources.

1. Pharmacoepia invests in and uses computer resources (including, without limitation, computer hardware, software, supporting infrastructure,

internet, intranet and electronic mail, network connections and telecommunications equipment) (the "Computer Resources") to advance its business strategy and objectives. The Computer Resources are the property of Pharmacoepia. Any personal use of the Computer Resources should not create additional costs for the Company, interfere with work duties or violate any Pharmacoepia policies.

2. Unless prohibited by local law, use of the Computer Resources is subject to monitoring by Pharmacoepia. Employees have no expectation of personal privacy in their use of the Computer Resources or in the information sent to, sent from, or stored in the Computer Resources.
3. Use of the Computer Resources should be in support of and to advance Pharmacoepia's business success. Communications made with the Computer Resources should not contain defamatory, offensive or threatening messages; messages which are likely to result in the loss of the recipient's work or systems; viruses; messages which defame or libel others; pornography, in violation of applicable community standards; solicitation of other Employees for any unauthorized purpose; chain letters; executable "ready to run" files; solicitations or payments for gambling; or any other information in violation of Pharmacoepia policies.
4. Computer software (computer programs, databases and related documentation) whether purchased from a supplier or developed by Pharmacoepia is protected by copyright and may also be protected by patent or as a trade secret. Employees are expected to strictly follow the terms and conditions of the license agreements, including provisions not to copy or distribute materials covered by these agreements. These protected materials may not be reproduced for personal use.

III. Conflicts of Interest. Employees should avoid any situation that involves or may involve a conflict between their personal interest and the interests of Pharmacoepia. As in all other facets of their duties, Employees dealing with customers, suppliers, contractors, competitors or any person doing or seeking to do business with Pharmacoepia are to act in the best interests of Pharmacoepia to the exclusion of considerations of personal preference or advantage. Each Employee shall make prompt and full disclosure in writing to the Legal Department of a prospective situation that might appear to dissuade the Employee from acting in the best interest of Pharmacoepia.

A. Payments By The Company.

1. Gifts, favors and entertainment (including a gift of equipment to an organization) may be given, other than in cash or cash equivalents, to others at Pharmacoepia's expense only if they meet all of the following criteria:
 - a. They are consistent with Pharmacoepia's business practices;
 - b. They are not excessive in value and cannot be construed as a bribe or payoff;
 - c. They do not violate any applicable law or ethical standard, such as state and federal procurement laws and regulations; and
 - d. Public disclosure would embarrass neither Pharmacoepia nor the Employee nor the recipient.

2. In connection with revenue generating activities by Pharmacopeia, commissions, rebates, discounts, credits and allowances should be in accordance with written agreements and such payments should:
 - a. Bear a reasonable relationship to the value of goods delivered or services rendered;
 - b. Be by check or bank transfer to the specific business entity with whom the agreement is made or to whom the original related sales invoice was issued - not to individual officers, Employees or agents of such an entity or to a related business entity; and
 - c. Be supported by complete documentation that clearly defines the nature and purpose of the transaction.

B. Gifts Received.

1. Employees and their family members are prohibited from seeking and/or accepting for themselves or others any gifts, favors or entertainment without a legitimate business purpose, nor seek or accept loans (other than conventional loans at market rates from lending institutions) from any person or business organization that does or seeks to do business with, or is a competitor of, Pharmacopeia. This prohibition includes a prohibition on accepting the opportunity to buy “directed shares” (also called “friends and family shares”) from a company where the Employee is now or is likely to become involved in the evaluation, recommendation, negotiation or approval of current or prospective business with that company.
2. The foregoing is not intended to preclude Employees from receiving common courtesies usually associated with customary business practices or evaluating appropriate complimentary products or services. In all cases, the receipt of such courtesies must be conducted so there is no appearance of impropriety. Receipt of such courtesies is allowed when the following conditions are met:
 - a. They are consistent with Pharmacopeia’s business practices;
 - b. They are of limited value;
 - c. They do not violate any applicable law or ethical standard, such as state and federal procurement laws and regulations; and
 - d. Public disclosure would embarrass neither Pharmacopeia nor the Employee nor the provider.
3. In rare circumstances, local customs in some countries may call for the exchange of gifts having more than nominal value as part of the business relationship. In these situations, gifts may be accepted only on behalf of Pharmacopeia (not an individual) with the approval of the Employee’s supervisor and the Pharmacopeia Legal Department.
4. Any gifts received should be turned over to Human Resources for appropriate disposition or donated to a nonprofit, charitable organization.
5. It is never permissible to accept a gift of cash or cash equivalents (e.g., stocks or other forms of marketable securities) of any amount.

C. Outside Employment.

1. Employment by a Third Party.

- a. Pharmacopeia recognizes that from time to time Employees may desire to hold second jobs with a third party while in the employ of Pharmacopeia. Employees desiring to hold a second job (including self-employment) are required, prior to acceptance thereof, to obtain the written approval of Pharmacopeia.
- b. Employment with a third party (including self-employment) while in the employ of Pharmacopeia is prohibited if such employment
 - i. Interferes with an Employee's ability to act in the best interests of Pharmacopeia; or
 - ii. Requires an Employee to use proprietary, confidential or non-public information, procedures, plans or techniques of Pharmacopeia; or
 - iii. Creates an appearance of impropriety.
- c. Pharmacopeia may at any time rescind prior approvals in order to avoid a conflict, or the appearance of a conflict, of interest for any reason. In addition, Pharmacopeia will periodically conduct an inquiry of Employees to determine the status of their employment with third parties.
- d. A director whose employment status as disclosed in Pharmacopeia's most recent proxy statement materially changes is required to promptly notify the Chairman of the Board of Directors of such change. The Chairman will then coordinate a review of the new employment status and the appropriateness of such director's continued service on the Board of Directors.

2. Membership on Third Party Boards.

- a. Pharmacopeia recognizes that its Employees will be presented with opportunities to serve in advisory capacities to other organizations (including serving on boards of directors and scientific advisory boards). It is important to Pharmacopeia that its Employees benefit from the opportunity to provide expertise and the broadening of their experience that comes with such membership, provided such membership is not contrary to the interests of Pharmacopeia.
- b. Membership on a third party board, even if no compensation is received, can present a potential for conflict of interest. Therefore any Employee serving on third party boards is expected to recuse him- or herself from any involvement in Pharmacopeia's relationship with that third party.
- c. Employees who serve on third party boards of a profit making organization are required, prior to acceptance, to obtain written approval from Pharmacopeia. Pharmacopeia may at any time rescind prior approvals in order to avoid a conflict, or the appearance of a conflict, of interest for any reason. In addition,

Pharmacopeia will periodically conduct an inquiry of Employees to determine the status of their membership on third party boards.

- d. Generally, Employees may not accept or maintain a board membership of any third party that is currently, or likely to become, a competitor of Pharmacopeia.
- e. In the absence of an overriding benefit to Pharmacopeia and a procedure to avoid any financial conflict (such as refusal of compensation and recusal from involvement in the third party's relationship with Pharmacopeia), approval is likely to be denied where the Employee either directly or indirectly has responsibility to affect or implement Pharmacopeia's business relationship with the third party.
- f. Employees may keep compensation earned from Pharmacopeia approved third party board memberships, unless the terms of Pharmacopeia's approval state otherwise. Generally, however, Employees may not receive any form of compensation (including stock options, IPO stock or cash) for board membership if the service is in connection with Pharmacopeia's investment in, or a significant relationship exists with, the third party, and the directorship is as a consequence of, or in connection with, that relationship. When an Employee serves on boards to represent Pharmacopeia, such Employee cannot make an investments in that company.

3. Honoraria.

- a. Speaking at events, when it is determined to be in Pharmacopeia's best interests, is considered part of an Employee's normal job responsibilities. An Employee must secure the approval of Pharmacopeia management prior to accepting any such speaking engagements.
- b. Because Employees will be compensated by Pharmacopeia for most or all of their time spent preparing for, attending, and delivering presentations approved by management, Employees should not request or negotiate a fee or receive any form of compensation (except as set forth in Section III.B.2) from the organization that requested the speech, unless the Employee first receives express authorization from Pharmacopeia management.
- c. Employees are allowed to accept travel expenses from the organization, provided such expenses are not in excess of those incurred by the Employee.

D. Outside Investments.

1. Business Dealings With Third Parties in Which an Employee Has an Interest.

- a. Employees must avoid conducting Pharmacopeia business with members of their families--or others with whom they have a significant personal relationship--unless they have prior written permission from the Legal Department.

- b. Pharmacopeia approval is needed for Pharmacopeia to do business with a company in which an Employee, or an Employee's family member, owns, directly or indirectly, an interest that is greater than 5 percent in such company, in the following instances:
 - i. The company does more than \$1,000 in annual sales of goods or services to Pharmacopeia; or
 - ii. The Employee helps make Pharmacopeia purchasing decisions or has a part in payment for the goods and services.
- c. Pharmacopeia may at any time rescind prior approvals in order to avoid a conflict, or the appearance of a conflict, of interest for any reason.

2. Investments in Public Companies.

- a. Passive investments of not more than one percent of total outstanding shares of companies listed on a national or international securities exchange, or quoted daily by NASDAQ or any other board, are permitted without Pharmacopeia's approval--provided the investment is not so large financially either in absolute dollars or percentage of the individual's total investment portfolio that it creates the appearance of a conflict of interest.
- b. Any such investment must not involve the use of confidential "inside" or proprietary information, such as confidential information that might have been learned about the other company on account of Pharmacopeia's relationship with the other company.
- c. As investors in diversified publicly traded mutual funds do not control the timing of fund investments or dispositions, such investments are not subject to these conflict of interest guidelines, provided confidentiality requirements are observed.
- d. Pharmacopeia may at any time rescind prior approvals in order to avoid a conflict, or the appearance of a conflict, of interest for any reason.

3. Investments in Private Companies.

- a. Employees may not invest in privately held companies that are Pharmacopeia competitors, likely competitors, customers, partners or suppliers without disclosure to Pharmacopeia's management.
- b. Where the Employee either directly or through people in his/her chain of command has responsibility to affect or implement Pharmacopeia's relationship with the other company, approval of Pharmacopeia management is required. Such situations may put the Pharmacopeia Employee in a conflict of interest between furthering their personal interests versus the interests of Pharmacopeia. Employees in those circumstances should not invest in the company in question.

- c. Examples of Employees having the responsibility to affect or implement Pharmacopeia's relationship with the other company include:
 - i. Employees in a position to select a product or service and owning shares in a vendor of the product or service;
 - ii. Employees in a position to recommend a particular vendor partner to a customer while owning shares in that vendor partner; or
 - iii. Employees whose responsibilities include sales of Pharmacopeia products to a customer or reseller while owning shares in the customer or reseller.
- d. If an investment is made and/or approval is granted, and the Employee subsequently finds him- or herself in a potentially conflicted position due to his or her job responsibilities or those of others in his or her chain of command, the Pharmacopeia Employee is expected to recuse him- or herself from any involvement in Pharmacopeia's relationship with that company. (If the conflict is so fundamental as to undermine the Employee's ability to undertake an important job activity, a discussion of possible divestiture may be required).
- e. Pharmacopeia may at any time rescind prior approvals in order to avoid a conflict, or the appearance of a conflict, of interest for any reason.

4. Investments in Venture Funds.

- a. Just as investments in publicly traded mutual funds are not deemed to pose a conflict of interest, there is no general restriction on Employees investing in private venture funds that invest in start-ups, provided the general conflict of interest rules outlined above apply to the Employee's relationship with known portfolio companies of such private venture capital funds.
- b. Employees should not invest in funds where it is likely that the Employee will be responsible for recommending, reviewing or transacting business with a known portfolio company of the fund. Employees will be expected to not participate in Pharmacopeia's relationship with that company if such a situation arises after the investment commitment has been made.

E. Political Action.

- 1. Pharmacopeia strongly supports Employee involvement in the political process, including individual activities supporting a party, candidate or issue. As part of this commitment, the Company may, from time to time, provide information and share its viewpoint with Employees, customers and the general public. At the same time, Pharmacopeia respects anyone's right to disagree with official Company positions regarding political preferences. Employees may participate in any political activities of their choice on an individual basis, with their own money and on their own time.

- a. Employees expressing their individual political views must make it clear that these views are personal and not those of Pharmacopeia.
 - b. Employees must notify the president of their business unit of plans to run for office or seek public appointment.
 - c. Employees campaigning for or serving in public office must avoid conflicts of interest and excuse themselves from any political matters involving the company.
2. No Pharmacopeia assets--including Employees' work time, use of Pharmacopeia premises, use of Pharmacopeia equipment, or direct monetary payments--may be contributed to any political candidate, political action committee (PAC), party or ballot measure without the permission of the Legal Department.
 3. Corporate contributions to political candidates are not permitted unless approved by the General Counsel.

IV. Protection and Use of Assets.

A. General Asset Protection.

1. Proper protection and use of company assets, including proprietary information, is fundamental to the business interests of Pharmacopeia and is a key responsibility of each Employee. Employees must comply with security programs to safeguard assets against unauthorized use or removal of Pharmacopeia assets, including any loss by criminal act or breach of trust.
2. Company data transmitted and/or stored electronically are assets requiring unique protection. These information resources must be safeguarded to protect Pharmacopeia from loss due to misuse, disclosure, fraud or destruction and to protect individuals from invasion of their privacy. Each data user throughout Pharmacopeia is responsible for taking appropriate action to ensure the integrity and confidentiality of Company data.

B. Corporate Opportunities.

1. Employees owe a duty to Pharmacopeia to advance the Company's legitimate interests when the opportunity to do so arises. Therefore, Employees must not take for themselves personally, opportunities that are discovered through the use of Pharmacopeia's assets, information or position without first obtaining the consent of the Company.

C. Confidentiality.

1. As a scientific company and a publicly traded corporation, it is paramount to the business interests of Pharmacopeia that certain business and scientific information of Pharmacopeia and its customers and collaborators remain confidential. Information is a valuable asset and Employees are expected to protect it from unauthorized disclosure.
2. All information -- including electronic information -- that is created or used in support of company business activities is the property of Pharmacopeia. This applies to company, customer, supplier, business

partner and Employee data. Laws which protect company assets and contractual arrangements between Pharmacopeia and its customers, suppliers or business partners may restrict the use of such information and impose both corporate and personal liabilities for impermissible use or disclosure.

3. Employees shall not:
 - a. Give or release, without proper authority, to anyone not employed or authorized by Pharmacopeia, or to another Employee who has no need for information, data or information of a confidential nature obtained while in Pharmacopeia's employment, or
 - b. Use nonpublic information obtained while in Company employment (including information about customers, suppliers, competitors, business strategies, pending contracts, unannounced products, research results and financial projections) for the personal profit of the Employee or anyone else, or for any purpose not authorized by Pharmacopeia.

D. Intellectual Property.

1. Pharmacopeia's inventions, processes, innovations know-how, data, trade secrets, name, logo, trademarks, service marks and works of authorship are all core business assets of Pharmacopeia and are part of its brand management efforts. These assets are referred to generally as "intellectual property," and their protection is vital to the success of Pharmacopeia's business.
2. Employees are obligated to report any intellectual property created using Pharmacopeia assets or on Pharmacopeia time to Pharmacopeia. Employees are obligated to assign such intellectual property to Pharmacopeia, in accordance with Pharmacopeia's intellectual property policy. Employees must receive written permission from the Legal Department before developing, outside of Pharmacopeia, any intellectual property that is or may be related to Pharmacopeia's current or potential business.
3. If you observe practices that are inconsistent with this policy, contact the Legal Department.

V. Legal Compliance.

- A. Pharmacopeia is committed to maintaining high standards of business conduct in the U.S. and abroad. Pharmacopeia and its Employees must comply with all local laws of the countries in which the company conducts business, applicable international and inter-governmental regulations and all U.S. laws that apply to international activities. If you conduct business for Pharmacopeia outside of the U.S., be sure you are familiar with the laws and regulations of each country in which you work. Violations of these laws can result in substantial fines, imprisonment and severe restrictions on Pharmacopeia's ability to do business.

B. Insider Trading.

1. Pharmacopeia recognizes that insider trading is a crime that can carry severe penalties and that can have severe effects on the confidence of investors in Pharmacopeia and other publicly traded corporations.

2. To eliminate insider trading, Pharmacoepia has established an insider trading policy concerning Employees trading while in possession of inside information. This policy forbids Employees from trading not only in the stock of Pharmacoepia but also in those of its suppliers, customers or other companies with whom Pharmacoepia has a business relationship while in possession of material inside information learned in the course of your employment at Pharmacoepia.
3. Compliance with the Insider Trading Policy is a condition of employment for all Employees.

C. Public Company Reporting.

1. As a public company, it is of critical importance that Pharmacoepia's filings with the United States Securities and Exchange Commission contain full, fair, accurate, timely and understandable disclosure. To that end, an Employee may be called upon to provide necessary information to assure that the Company's public reports are complete, fair and understandable. Should an Employee be called on to do so, Pharmacoepia expects that such Employee will take this responsibility very seriously and to provide prompt and accurate answers to inquiries related to Pharmacoepia's public disclosure requirements.

D. Antitrust Laws.

1. The purpose of fair competition standards is to ensure full, effective and fair competition and, in particular, to protect consumers from unfair or anti-competitive behavior. It is Pharmacoepia's policy not only to adhere strictly to the fair competition standards that are a matter of law in virtually every country in which it operates, but also to conduct company affairs with the highest moral, legal and ethical principles consistent with the spirit of these laws. Employees are expected to act in accordance with these principles.
2. Employees should avoid taking actions that place either the Employee or Pharmacoepia at risk of breaching antitrust laws or regulations. These actions may include:
 - a. Limiting where, to, or by whom something can be sold or marketed;
 - b. Taking advantage of market power to eliminate or threaten a competitor or potential competitor in that or another market; or
 - c. Entering into discussions or agreements with competitors (even informal ones) regarding prices, terms or conditions of sales; credit or billing practices; costs; profits (or profit margins); market shares; bids; requests for proposals; intent to bid (or not bid) for a particular customer's business; intent to do business (or not) with particular suppliers or customers; dividing or restricting customers or territories; or plans to build or expand existing capacity.

E. Foreign Corrupt Practices Act and the Organization for Economic Cooperation and Development.

1. The Foreign Corrupt Practices Act ("FCPA"), the Organization for Economic Cooperation and Development's ("OECD") Convention on

Combating Bribery of Foreign Public Officials in International Business Transactions (the “OECD Convention”) and ratifying legislation enacted by the signatories to the OECD Convention (collectively the “Laws”) make it a crime to promise or give anything of value to a government official or political party in order to influence that official or party or to obtain or keep business or to obtain any improper advantage. Signatories to the OECD Convention include many countries in which Pharmacoepia currently has operations. The Laws make it a crime to make payments to agents, sales representatives or other third parties if the person making such payments has reason to believe the payment will be used for any of the illegal purposes outlined above.

2. Any action in violation of the Laws is prohibited. Pharmacoepia requires full compliance with the Foreign Corrupt Practices Act (FCPA) by all of its Employees, consultants, agents, distributors, and resellers.
3. Employees and agents of Pharmacoepia must keep records that reflect all transactions and dispositions of Company assets for domestic and foreign business activities.
4. Employees must report any FCPA and OECD Convention concerns or violations to their business unit management or the Legal Department.
5. Employees are encouraged to seek advice from the Legal Department on interpretation of the Laws.

F. Anti-Boycott Laws.

1. As a U.S.-based company, all Pharmacoepia operations, including foreign subsidiaries, must comply with U.S. laws pertaining to foreign boycotts. It is against the law to cooperate in any boycotts between foreign countries not sanctioned by U.S. law.
2. Pharmacoepia and its Employees must not:
 - a. Refuse to do business with any country, company or person as a condition of the sale of goods or services to the boycotting country; or
 - b. Respond to requests from boycotting countries for information about our business relationships with boycotted countries or blacklisted companies or individuals. All requests for boycott support or boycott-related information must be reported to the U.S. government. These requests may be oral or may appear among terms and conditions of anything from bid requests to shipping instructions. It is not enough to simply ignore or delete the request.
3. Report all requests for boycott support or boycott-related information to the Legal Department.

G. Treasury Embargo Sanctions.

1. The United States Treasury Department’s Office of Foreign Assets Control prohibits U.S. companies and their foreign subsidiaries from doing business with certain countries and agencies, and certain individuals. The

regulations vary depending on the country and the type of transaction, and often change as U.S. foreign policy changes.

2. Employees should report any potential or actual violations of these regulations, as well as any sensitive political issues with a country in which Pharmacoepia is doing or considering doing business, to the Legal Department.

H. Export Control Restrictions.

1. The United States Department of Commerce's Bureau of Industry Security prohibits U.S. companies and their foreign subsidiaries from exporting goods and/or technology to certain countries, agencies, and/or individuals. The regulations vary depending on the country and the type of transaction, and often change as U.S. foreign policy changes.
2. Employees should report any potential or actual violations of these regulations, as well as any sensitive political issues with a country in which Pharmacoepia is doing or considering doing business, to the Legal Department.

I. Intellectual Property Rights of Others.

1. It is the policy of Pharmacoepia to not knowingly infringe the intellectual property rights of third parties. Violation of others' intellectual property rights may subject both an Employee and the Company to substantial liability, including criminal penalties.
2. Absent a license or other authorization from the holder of the intellectual property rights, Employees are prohibited from doing the following:
 - a. Making, using or selling the patented inventions of a third party; and
 - b. Using a trademark or service mark of a third party in a manner that would be likely to cause confusion in the marketplace concerning the goods or services marketed in connection with such trademarks or service marks; and
 - c. Reproducing, distributing, publishing, publicly performing, publicly displaying, or making derivative works of a third party's copyrighted materials.
3. Employees shall maintain the trade secrets of customers and collaborators in confidence and shall not use such trade secret for any unauthorized purpose.
4. Pharmacoepia does not gather market information through misrepresentation, theft or invasion of privacy or coercion. Additional rules regarding information gathering may apply to government bids.
5. Employees are encouraged to inquire with the Legal Department concerning what uses of third party intellectual property are licensed or authorized by the third party.

VI. Ethics in Research.

A. Ethical Research.

1. Pharmacopeia recognizes that it is of paramount importance that all measures are taken to ensure the integrity of the research results reported by Pharmacopeia. Pharmacopeia prohibits research misconduct.
2. Research misconduct is defined as fabrication, falsification, or plagiarism in proposing, performing, or reviewing research, or in reporting research results.
3. A finding of research misconduct requires that:
 - a. There be a significant departure from accepted practices of the relevant research community; and
 - b. The misconduct be committed intentionally, or knowingly, or recklessly; and
 - c. The allegation be proven by a preponderance of evidence.
4. Pharmacopeia will use fair and objective procedures for the examination and resolution of allegations of research misconduct.
5. These procedures give individuals the confidence that their rights are protected and that the mere filing of an allegation of research misconduct against them will not bring their research to a halt or be the basis for other disciplinary or adverse action absent other compelling reasons. Safeguards include timely written notification of subjects regarding substantive allegations made against them; a description of all such allegations; reasonable access to the data and other evidence supporting the allegations; and the opportunity to respond to allegations, the supporting evidence and the proposed findings of research misconduct (if any).
6. Administrative actions available include, but are not limited to, appropriate steps to correct the research record; letters of reprimand; the imposition of special certification or assurance requirements to ensure compliance with applicable regulations or terms of an award; suspension or termination of an active award; or suspension and debarment in accordance with applicable government-wide rules on suspension and debarment.
7. Pharmacopeia will act with diligence in protecting the positions and reputations of those persons who make allegations of research misconduct in good faith.

B. Animal Research.

1. Pharmacopeia will ensure that Pharmacopeia and its collaborators follow all current applicable laws and regulatory policy, as well as generally accepted ethical principles, involving the use of animals in research.
2. Any research using animals performed by Pharmacopeia and its collaborators will observe the following guidelines:
 - a. That scientific reliance on live animals is minimized, and

- b. That pain, distress, and other harm to laboratory animals should be reduced to the minimum necessary to obtain valid scientific data.

VII. Accounting Standards and Documentation.

- A. Ensuring that Pharmacopeia's financial results fairly reflect the results of our operations is of paramount importance to this company and our investors. Pharmacopeia has always been, and will continue to be, diligent in maintaining compliance with established financial accounting policies, which are consistent with requirements of Generally Accepted Accounting Principles (GAAP), and for reporting results with objectivity and the highest degree of integrity. Pharmacopeia is committed to providing financial information that is transparent, timely, complete, relevant and accurate.
- B. To achieve this goal, Employees responsible for accounting and reporting financial information will:
 - 1. Maintain books, accounts and records according to generally accepted accounting principles, using enough detail to reflect accurately and fairly company transactions; and
 - 2. Record transactions in a timely manner, so that no misleading financial information is created.
 - 3. Provide information that is accurate, complete, objective, relevant, and understandable to ensure full, fair, accurate, timely, and understandable disclosure in reports and documents that Pharmacopeia files with, or submits to, government agencies and in other public communications;
 - 4. Carry out his or her employments objectives in good faith, with due care and responsibility and diligence, without misrepresenting material facts;
 - 5. Promptly report to the Chief Financial Officer or Legal Department any conduct that the Employee believes to be a violation of law or business ethics or this Policy;
- C. All accounts and records shall be documented in a manner that:
 - 1. Clearly describes and identifies the true nature of business transactions, assets, liabilities or equity, and
 - 2. Properly and timely classifies and records entries on the books of account in conformity with generally accepted accounting principles.
- D. No record, entry or document shall be false, distorted, misleading, misdirected, deliberately incomplete or suppressed.

VIII. Compliance.

- A. As a condition of employment, Employees are expected to comply with the Policy. When in doubt, Employees have the responsibility to seek clarification from their line management, or if necessary, from Pharmacopeia's Chief Financial Officer. Violation of the Policy is grounds for disciplinary action up to and including discharge and legal prosecution.
- B. Pharmacopeia will not tolerate retaliation for reports made in good faith. Further, Pharmacopeia will not retaliate against any Employee for reporting suspected violations of laws, regulations or company policies. This means Pharmacopeia

will not terminate, demote, transfer to an undesirable assignment, or otherwise discriminate against an Employee for calling attention to suspected illegal or unethical acts. This protection extends to anyone giving information in relation to an investigation. However, Pharmacopeia reserves the right to discipline anyone who knowingly makes a false accusation, provides false information to Pharmacopeia or has acted improperly.

- C. All Employees benefit from an atmosphere of good ethical conduct. Employees who are aware of suspected misconduct, fraud, abuse of Company assets or other violations of Pharmacopeia's business conduct standards are responsible for reporting such matters to their supervisor, Human Resources or the Legal Department.
- D. All information disclosed to management as required by this policy shall be treated confidentially, except to the extent necessary to protect Pharmacopeia's interests.

IX. Responsibility.

- A. The General Counsel is responsible for the Policy.
- B. Strict adherence to the Policy will protect Pharmacopeia and its Employees from criticism, litigation or embarrassment that might result from alleged or real conflicts of interest or unethical practices. Employees should report apparent violations of the Policy through their line organization or, if they prefer, directly to the General Counsel.