

2016 ANNUAL DESCRIPTION OF COMPREHENSIVE COMPLIANCE PROGRAM PURSUANT TO CALIFORNIA HEALTH AND SAFETY CODES §§ 119400 – 119402

A. INTRODUCTION:

Valeant Pharmaceuticals International, Inc. ("Valeant") is a multi-national specialty pharmaceutical company that has a diverse product portfolio with focus on branded pharmaceuticals, branded generics and over-the counter products that make a meaningful difference in patients' lives. Valeant specializes in dermatology, eye health, gastrointestinal, neurology and consumer health primarily in North America, Europe, the Middle East, Latin America and Asia Pacific.

With our commitment to the development and marketing of pharmaceutical products, Valeant has established and oversees an effective and comprehensive compliance program in accordance with federal, state, and industry guidelines including the "Compliance Program Guidance for Pharmaceutical Manufacturers," published by the Office of Inspector General ("OIG"), U.S. Department of Health and Human Services, the Pharmaceutical Research and Manufacturers of America's ("PhRMA") "Code of Interactions with Healthcare Professionals" and the Advanced Medical Technology Association ("AdvaMed") "Code of Ethics on Interactions with Health Care Professionals".

There has been a significant amount of effort and resources that have been dedicated to implementing a comprehensive compliance program at Valeant including checks and balances to prevent and detect violations of law or Company policy.

Key elements of the Valeant Compliance Program include:

- Establishment of a Corporate Compliance Officer.
- A fully functioning Audit and Risk Committee.
- Standards of Business Conduct that promotes the highest ethical standards and behaviors for business practices.
- Extensive guidelines and procedures contained in the Healthcare Compliance Policy Manual.
- A variety of training and educational activities offered through many mediums.
- Targeted auditing and monitoring of business activities.
- Anonymous reporting along with other communication mechanisms to raise compliance concerns.
- Well publicized disciplinary guidelines.

B. OVERVIEW OF THE VALEANT CORPORATE COMPLIANCE PROGRAM

1. Leadership and Structure

- A. Chief Compliance Officer – Valeant has a Chief Compliance Officer ("CCO") who has oversight of the Company's promotional and educational activities both in the U.S. and worldwide. The CCO has appropriate authority to exercise independent judgment and has free and unencumbered access to the CEO and the Audit and Risk Committee of Valeant's Board of Directors. The CCO oversees Valeant's Compliance Departments both in the U.S. and globally and reports directly to the Chairman of the Board and Chief Executive Officer of Valeant.

The CCO provides reports, on a quarterly basis, at minimum, to the Audit and Risk Committee of Valeant's Board of Directors. The Chief Compliance Officer will take action

respective to any investigation related to non-compliance with or potential violation of the Standards of Business Conduct.

- B. Audit and Risk Committee – This Committee is appointed by the Board of Directors (the “Board”) to assist Board oversight of processes in place to identify, assess, monitor and control critical risks facing Valeant including regulatory risks, and in the identification of the materials risks of Valeant’s business.

In addition, the Committee shall, subject to Board approval, establish, review and update annually Valeant’s Standards of Business Conduct (the “Standards”) and the Code of Professional Conduct for the Senior Finance Executives (the “Professional Code”) with a view to complying with all applicable rules and regulations and satisfy itself that management has established a system to enforce such Conduct Standards and the Professional Code.

- C. Compliance Committee – This Committee is made up of key members of the U.S. Senior Management representing Marketing, Sales, Regulatory Affairs, Medical Affairs, Compliance, Finance, Research and Development, Human Resources and IT. The Committee reviews and approves all Compliance policies and training related activities.

2. Written Standards

Valeant has developed and distributed written policies and guidelines to guide our employees in their day-to-day commercial activities. These policies and guidelines have been developed by the Valeant Healthcare Compliance Department with input and approval from the Chief Compliance Officer, the Audit and Risk Committee, the Compliance Committee, Valeant Senior Management and Legal. Input was solicited from the various commercial departments to ensure that the policies are applicable to the day-to-day compliance issues that may arise.

Standards of Business Conduct – The Valeant Standards of Business Conduct is the codification of Valeant’s commitment to conducting all business activities wherever they may occur, ethically, with integrity and in compliance with all applicable laws and regulations.

U.S. Healthcare Compliance Policies – Valeant’s U.S. Healthcare Compliance Policies are designed to provide guidance to Valeant employees, agents and contractors on the legal and ethical standards relating to the most common marketing and sales activities as well as other usual financial arrangements with U.S. healthcare professionals.

In regards to the California Health and Safety Codes §§ 119400 – 119402, it is important to note that Valeant’s business activities in the state of California are intended to benefit patients and to enhance the practice of medicine. Interactions between Company representatives and others speaking on behalf of Valeant are focused on providing valuable scientific and educational information. Related to such presentations and in accordance with the PhRMA Code and the AdvaMed Code on Interactions with Healthcare Professionals, Valeant may offer occasional modest meals and items designed primarily for the benefit of patients and healthcare professionals.

Valeant has established a specific annual dollar limit on educational items and promotional activities provided to a medical or healthcare professional, in accordance to the California Health and Safety Code. The annual dollar limit is \$2500. It is important to note that this dollar limit is an upper limit and does not represent the average value that is spent on a medical or healthcare professional, that number would be significantly lower. Based on past historical spend data, Valeant does not anticipate any medical or healthcare professional will reach that annual dollar

limit. Valeant is also committed to reviewing this limit on a yearly basis and make any required changes consistent with any operational issues that arise related to compliance with this statute.

3. Education and Training

Valeant has an annual U.S. Healthcare Compliance training program that includes testing and certification of appropriate employees. The training encompasses the relevant U.S. healthcare laws, industry codes, and Valeant's Policies. Employees are also trained on the consequences of failing to comply with the requirements of Valeant's compliance program, which may include potential job termination.

4. Internal Lines of Communication

Valeant has established a variety of communication streams that an employee can access to report a potential violation of Valeant's Policies or U.S. laws and regulation. Valeant employees are obligated to report any suspected violation of Valeant's Policies to his or her supervisor, the Vice President, Chief Compliance Officer, Human Resources or the Legal Department. Supervisors must in turn report any suspected violation of the U.S. healthcare laws or Valeant's Policies to a member of the Executive Management Team and the Vice President, Chief Compliance Officer.

Alternatively, employees may report violations using the Business Ethics hotline which is managed by a third party who provides a confidential, anonymous means of submitting concerns. Employees can contact The Business Ethics Hotline 24 hours a day, 7 days a week at 1-888-451-4510.

5. Auditing and Monitoring

Valeant self-assesses and periodically audits its employees to ensure compliance with its policies and procedures. All policies are periodically reviewed as well as undergoing an annual review.

Valeant also audits and monitors a variety of activities that may be sensitive to compliance violations. The results of such auditing and monitoring activities may be used as a basis for the development of new policies and procedures along with creating new training and education programs.

6. Responding to Potential Violations

When Valeant believes there is a potential violation of its Policies and/or laws or regulations, it diligently and effectively investigates the situation and takes appropriate disciplinary action in order to address the violation and prevent the repeat of such violations in the future. The consequences for the violation of company policies, outlined in the Corporate Compliance Program, include disciplinary action up to and including termination of employment.

7. Corrective Action

Valeant is committed to conducting its business in a manner fully consistent with the requirements set forth in the Standards of Business Conduct and the U.S. Healthcare Compliance Policies. Failure to comply with these standards can have serious consequences, both criminal

and civil, for Valeant as well as for individual employees. Appropriate disciplinary action, up to and including termination, may be taken against any employee whose conduct violates Valeant's Standards of Business Conduct, the U.S. Healthcare Compliance Policies and applicable state and federal laws and regulations.

C. CLOSING

Valeant is committed to the maintenance and on-going assessment necessary to ensure an effective Compliance Program. In addition to the monitoring and management of its compliance program, Valeant will establish and annually assess its spend limit and will identify and alter the Compliance Program to comply with the California requirement as well as any new legislative requirements. The current spend limit will be in effect from the period of January 1, 2016 through December 31, 2016.