

CODE OF CONDUCT FOR ALL COMPANIES OF THE PAION GROUP

Since its foundation, PAION has developed into a company with focus on the clinical development and marketing of drugs which address indications with a high unmet medical need that is respected throughout its sector of industry. PAION focuses on the development and outlicensing of anesthesia products. As a listed clinical drug development company, PAION bears major responsibility towards different target groups. Doctors and patients trust in PAIONs ability to provide them with safe and effective products. Business partners, shareholders and investors must be able to rely on all of PAIONs activities and relationships with business partners and authorities remaining within the framework of the principles of integrity in business relationships.

This Code of Conduct applies to all members of all boards and all members of staff within the PAION Group. A diverse number of laws, directives and industry-specific codes define the framework for correct, ethical and legally permissible conduct in the countries and areas of business in which PAION operates. These substantially form the basis for this Code of Conduct. This Code of Conduct does not replace any laws, articles of association, rules of procedure or other regulations. This Code of Conduct forms an integral part of any employment contract, together with the basis for employment at PAION.

In cases of doubt as to whether specific conduct is commensurate with this Code, the members of the executive boards and members of staff should first be guided by common sense and their own ability to judge. Any indication with respect to violations against laws, articles of association, by-laws, this code of conduct or other regulations or any doubts on their interpretation or application must be communicated to the Management Board or Compliance Officer to enable the situation to be evaluated and appropriate legal steps to be taken.

PAION has appointed an external Compliance Officer who is responsible for monitoring compliance with the Code of Conduct, any laws, articles of association, rules of procedure or other regulations by all members of the executive bodies and all members of staff throughout the Group: Stephan Wurdack, Managing Director of Reviscon GmbH, Aachen, Tel: +49 (241) 95 19 220, Fax: +49 (241) 55 18 24, E-Mail: wurdack@reviscon.de

RELATIONSHIPS WITH BUSINESS PARTNERS

Integrity in business relationships: Corruption is forbidden

PAION and its subsidiaries maintain diverse business relationships with their licence partners, service providers, suppliers, medical facilities, doctors and other important business partners. As a company that is active in development and marketing of innovative pharmaceutical products and is listed on the stock exchange, PAION is, moreover, obliged to maintain regular and close contact with authorities at home and abroad. PAION and its subsidiaries are dependent on the competent and reliable support provided by their business partners to achieve their business objectives. The executive boards and members of staff are responsible for establishing and nurturing relationships based on trust with business partners and official representatives. The correct approach to dealing with, and suitable conduct towards, business partners and official representatives are therefore crucial for PAION's business success, business integrity and reputation.

Compliance with all pertinent laws and provisions, especially those aimed at fighting corruption and bribery nationally and internationally, is mandatory. Dishonest business practices will not be tolerated. Business practices that constitute improper attempts to influence business decisions by PAION or third parties, or which might be construed as such, are forbidden.

Special significance of collaboration with doctors and medical facilities

Collaboration with doctors and medical facilities is particularly important for PAION as a biopharmaceutical company. PAIONs collaboration ranges from the development and improvement of innovative clinical drugs within the framework of our research projects and clinical studies right up to the provision of training for doctors as well as sales and marketing of own products. In addition, PAION supports not only medical science and research but also healthcare organisations through donations and sponsoring agreements.

The ramifications of this collaboration must totally exclude any suspicion of threat to the impartiality and independence of PAION, on the one side, and the doctors and medical facilities, on the other side, where the collaboration affects the junctions between science, medical research, and entrepreneurial actions. Compliance with particular rules for dealing with doctors and medical facilities therefore serves to protect both PAIONs partners in the healthcare sector and their interests when PAION collaborate with them in the interests of research and development and in the joint efforts to develop the best possible pharmaceutical products, but also to protect PAIONs own members of staff and the company itself.

Compliance with the principles of separation, transparency, equivalence and documentation is therefore absolutely mandatory when collaborating with doctors and medical facilities.

RELATIONSHIPS WITH SHAREHOLDERS

Protection of intellectual property and non-disclosure of confidential information

Intellectual property and confidential information are very valuable assets for a company that develops and markets pharmaceutical products. Patents, trademarks, domains, copyrights, expertise, business secrets, data, processes, lessons learned, technical and other knowledge constitute the primary intangible assets for PAION. All confidential information and business secrets must be treated in the strictest confidence and, wherever possible, intellectual property rights registered or acquired to protect the company's ability to compete.

When performing their assignments, the executive boards and members of staff at PAION will constantly be exposed to confidential information relating to PAION, its subsidiaries, or its business partners. Compliance with non-disclosure obligations and with statutory data protection provisions forms a fundamental basis for the trust of our business partners and is very important for PAION.

Information is deemed to be confidential if it relates to business secrets of PAION or its business partners, or if it is generally not destined for the public domain.

The careful handling of information and provision of the same in keeping with the principles of necessity and confidentiality is deemed to be the responsibility of the management. The executive boards and members of staff may only pass on confidential information that is absolutely necessary for the assignment in question ("need to know" principle). In doing so, they must comply with legal and contractual restrictions governing the provision to third parties and utilisation of information.

Financial reporting procedures

PAION is committed to issuing proper and transparent financial reports: starting with correct and complete documentation of the material business processes and transactions that are relevant for the accounting process, right up to communicating information that is relevant to the capital market.

In its efforts to ensure proper financial reporting procedures, PAION demands that all transactions that are relevant for the accounting process must be completely and correctly documented, and correctly entered. As such, the management of the accounting records and associated documentation must be correspondingly complete and accurate. The contents of every single piece of information that is relevant for the financial reporting procedures and possibly suitable for public disclosure must be correct and complete.

PAION strives to ensure the highest possible levels of transparency in its communications with shareholders, analysts, shareholders' associations, the media and other interested parties. Information about material business transactions at PAION is communicated promptly. Financial reporting must comply with the requirements of the German Corporate Governance Code and the German Stock Exchange (Deutsche Börse) in the General Standard segment.

PAION is committed to the principle of "Fair Disclosure" to ensure that its shareholders and other target groups receive equal treatment wherever possible. PAION therefore communicates important changes immediately. All shareholders must always be assured the same access to relevant information.

Insider trading is forbidden

The shares of PAION AG are admitted to trading in the General Standard segment on the Frankfurt Stock Exchange. As such, the company is subject to the insider regulations contained in the Securities Trading Act.

The correct handling of insider information is therefore extremely important for PAION and anyone who gains access to this information, since legislation has stipulated strict rules to govern insider information which, if ignored, could have major consequences for PAION and the individual involved.

Insider information is a specific piece of information, relating to circumstances that are not known in the public domain, that relates to PAION AG, any other listed company, or to the shares or other securities issued by PAION AG or any other listed company, and that could exert significant influence on the stock exchange or market price of the relevant securities if it were to become public knowledge.

This includes, for example, information relating to planned capital measures, acquisitions, company mergers, licensing contracts, product acquisitions or product sales, research and trial results or important contracts, legal disputes or other disputes with authorities.

The executive boards and members of staff who gain access to insider information relating to PAION or any other companies with which PAION conducts business are forbidden by law to purchase or sell securities for their own, anyone else's or any third party account on the basis of insider information. Moreover, the executive boards and members of staff are forbidden to communicate or make otherwise accessible any insider information to third parties without authorisation or to recommend or otherwise induce a third party to purchase or sell insider securities. The provision of insider information is forbidden ("unauthorised") if such provision does not occur within the normal course of performing an individual's work or in the normal execution of that individual's career or whilst performing tasks on behalf of the insider for PAION.

Conflicts of interest

The executive boards and members of staff must always be guided solely by the business interests of PAION in all decisions and activities. Each individual must make every effort to avoid the emergence of conflicts of interest between their assignments within the company and their private, family or financial interests. Even the mere suggestion of a conflict of interest must be avoided. Any business relationship or business transaction initiated between PAION and/or its subsidiaries, on the one side, and companies or private individuals, on the other side, must be based on purely objective criteria (e.g. qualification, price, quality, reliability, existence of a long-term and sustainable business relationship). Another important area that could give rise to potential conflicts of interest is investment in, or the assumption of responsibilities for, other companies with whom PAION maintains a business relationship or against whom PAION competes. Conflicts can also arise in respect of personnel-related decisions if private interests or relationships become involved.

Nevertheless, an actual or potential conflict of interest may still arise. If this is the case, the member of staff must notify the Management Board or the member of the Management Board the Supervisory Board of the conflict of interest in writing. Once the legal and factual situation has been reviewed, the individual will be notified as to how to deal with the conflict situation.

RELATIONSHIPS WITH EMPLOYEES

Members of staff are crucial for securing the success of PAION's business. The company's goals can only be achieved through an atmosphere of trust and a management style that is employee-oriented. PAION ensures that all of its members of staff are treated with dignity and respect. PAION demands and encourages the open exchange of opinions, criticism and ideas. PAION places great importance on the management of its staff on the basis of these values. In its human resource policy, PAION strives to ensure that all members of staff are given opportunities for career and personal development.

PAION and its subsidiaries do not tolerate any illegal discrimination on the grounds of gender, ethnic origins, skin colour, nationality, age, religion, sexual preference, disability or any other grounds. Any discrimination or harassment of members at staff at work will incur legal consequences and may even result in dismissal.

RELATIONSHIPS WITH AUTHORITIES AND THE GENERAL PUBLIC

Communication with external target groups

As a listed company, PAION AG attracts public attention. Its business activities are closely observed and tracked by shareholders, investors, analysts, brokers, the media and the general public. It is therefore crucial to ensure that external communication, whether written or verbal, reflects a professional attitude and awareness of the legal conditions applying on the capital market.

For this reason, only the Investor Relations/Public Relations department, the Management Board or other individuals authorised by the Management Board in specific instances may issue official statements to these external target groups. The Investor Relations/Public Relations department is responsible for coordinating and ensuring the implementation of a uniform and professional approach to communication between PAION and its external target groups.

Communication with authorities

PAION strives to ensure that its communication with supervisory authorities and other official bodies is professional, open, transparent, and pro-active. The information that is provided to authorities or the general public must be complete, accurate, prompt and understandable in all aspects.

In the event of investigations and searches by the public prosecutor's office, the police or other official bodies in connection with a possible suspicion of violations of prevailing laws, the Management Board must be notified and involved immediately. Any questions relating to proper conduct when cooperating and dealing with investigative authorities must be addressed to the Management Board.

Aachen, Nov 2013

The Management Board

Dr. Wolfgang Söhngen
CEO

Mariola Söhngen
CMO