



Customer Due Diligence – Know Your Customer (KYC) Program

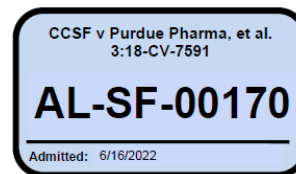
Actavis conducts due diligence reviews on all new accounts. Periodic due diligence are performed on existing accounts. Existing customer due diligence are performed on customers considered to be large volume as well as customers who have had changes in business model, or have received or are under regulatory scrutiny. The Know Your Customer Process has been established as a method for screening potential business relationships and to better know our customers, ensuring that buying patterns are aligned with proper use.

- The Know Your Customer (KYC) Program includes:
 - Collection and review of Customer Service/KYC Questionnaires and executed customer compliance acknowledgement form.
 - Review of ownership, state and federal licenses, and controlled substance and non-controlled substance utilization.
 - Review and approval of all new customers prior to the sale of controlled substance products.
 - Ongoing evaluation of purchases.
 - New Customer On-boarding

Actavis performs due diligence on all prospective accounts. Actavis determines whether proposed customers are fully licensed by federal and state authorities to handle controlled substances. Additional information including the types of products requested, forecast information, previous suppliers, controlled vs. non-controlled purchase ratio, and other suppliers, will be obtained and reviewed as part of the determination of customer acceptance. Site photographs and internet searches will also be utilized as a component of the due diligence process.

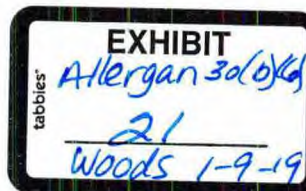
- Site visits and reviews will be conducted by Controlled Substance Compliance on all proposed controlled substances customers. Additional SOM program information and historical purchasing reports will be obtained for review. The prospective customer will provide a customer listing, by volume.

Due Diligence Process



Prior to the sale of controlled substances to a new customer, the CS Compliance team in partnership with Customer service and Product Protection will perform an assessment consisting of the following actions:

- Internet Search – Searches will be conducted of open sources to include social media and industry related sites.





- Credit History Check – In coordination with Customer Service, a thorough credit analysis will be performed.
- Review of Ownership, State and Federal Licenses – A search will be conducted of state and federal regulatory agencies ensuring proper licensure, as well as any discipline such as suspensions, revocations or fines.
- DEA Website Search - A search will be conducted on the DEA Diversion website, www.deadiversion.usdoj.gov, for administrative, criminal or civil actions taken by the DEA against the registrant or their highest volume customers.
- CLEAR (Consolidated Lead Evaluation and Reporting) Record Search- A thorough check of public and proprietary records, and integrated web searching, including social network sites, providing information not found in public records will be performed for each prospective customer.
- Pharmaceutical Security Institute Inquiry – Search of all internal PSI databases and files, including:
 - Counterfeiting Incident System (CIS)
 - Open source index on pharma crime going back to 2002
 - PSI archives (1991-2001)
 - Prior inquiries file
- Open source research checks include Lexis Nexis and PACER (US federal court records)
- Sales Data Review and Analysis – An evaluation of the prospective customer’s sales data will be completed for the controlled substance products requested. The following data will be reviewed;
 - Six months total historical sales for each product
 - Percentage of projected Actavis product sales
 - Top 50 customers for each product
 - Percentage of overall controlled v. non-controlled
 - Controlled substances purchased through other manufacturers. (Primary/Secondary)