



CODE OF BUSINESS CONDUCT

OF

FX SHOULDER USA, INC.

Approved by FX Shoulder USA– 11 March 2020

**CODE OF BUSINESS CONDUCT
FX SHOULDER USA, INC.**

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I. INTRODUCTION

This Code of Business Conduct (“Code”) is part of the Corporate Compliance Program of FX Shoulder USA, Inc. (“FX Shoulder USA” or “Company”). The Code is intended to provide high-level guidance regarding a wide range of business practices and procedures. This Code is categorized into major headings to help you locate the appropriate guidance. The Code does not address every issue that may arise in the course of your work, but it sets out basic principles and standards applicable to all Company employees, officers, directors, temporary agency personnel, independent contractors, Sales Support Specialists, and product distributors (collectively, “Company Personnel and Representatives”) to avoid even the appearance of improper behavior. To support this Code, the Company maintains other policies, procedures and directives as part of its overall legal compliance efforts globally to provide specific guidance and direction.¹ In some areas, the Code includes references to specific Company policies that provide detailed information about a particular issue.

All Company Personnel and Representatives are expected to comply with all applicable national, state and local laws, regulations and rules, including the FX Shoulder USA Compliance Program and this Code. To that effect, Company Personnel and Representatives must take an active role in being knowledgeable of and ensuring compliance with all applicable laws, regulations and rules, as well as this Code and the Company’s Policies and Standard Operating Procedures.

Supervisors and managers are responsible for ensuring that employees under their supervision understand and comply with this Code and other Company Policies and Standard Operating Procedures. This Code should also be provided to and followed by the Company’s agents and representatives, including consultants and distributors.

Our Duty to Report Compliance Concerns

If you become aware of any activity that may be inconsistent with any provision of this Code or that you believe may otherwise violate any national, state or local law or regulation, you are required to report the issue to the Company’s Chief Compliance Officer (“Compliance Officer”), whether through the **Compliance Hotline at +1-860-760-4500**, the compliance email address at compliance@fxshoulder.com, or by reporting the issue to your Company manager. Individuals who violate the standards in this Code, including, without limitation, failure to report a compliance issue, will be subject to appropriate disciplinary action, which may include termination of employment or service. Compliance is everyone’s responsibility. If you have any questions about your obligations under this Code, you should ask your supervisor or manager, the Compliance Officer, or contact the Compliance Hotline.

II. COMPLIANCE RISK AREAS

¹ Please be advised that this code is not, and should not be construed as an implied or express contract of employment, or any other contract. Adherence to the standards of the Code is a condition of continued employment. This Code does not give you rights of any kind, and may be changed by the company at any time without notice. Except as otherwise expressly provided by written agreement, your relationship with FX Shoulder USA is on an “at-will” basis, and you, or FX Shoulder USA, may terminate the relationship at any time.

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An explanation of each Compliance Risk area, including the applicability and potential risk, is included at Attachment A of this Code.

- a. Health Care Professional Relationships – The following standards apply to interactions between Company Personnel and Representatives and Health Care Professionals (“HCP”)². There may be occasions when an exception applies to the standard. All exceptions must be reviewed and documented by the Compliance Officer.

Anti-kickback statute: Company Personnel and Representatives will not directly or indirectly offer or provide anything of value to a HCP or any other person in exchange for the use, order, or recommendation of Company products. This applies to ANY situation in which at least one reason to provide something that has a value or cost associated, including educational materials, is to reward, encourage, incentivize, or induce the use or purchase of Company products.

Stark Law: Company Personnel and Representatives will not enter into financial relationships, including investment interests, with physicians who use or order Company products unless the relationship is reviewed and approved in advance by the Compliance Officer.

Sunshine Act Reporting: Company Personnel and Representatives will ensure that all payments to physicians and teaching hospitals, including but not limited to consulting payments, research activities, meals, entertainment, travel, gifts, and investment interests, are approved in advance, supported by complete documentation, and reported annually on the CMS Open Payments database.

Physician Contracts: The Company will ensure that contracts with physicians and others who are in a position to influence the use, order, or recommendation of Company products: (1) document the services to be provided, (2) have a term of at least one year, (3) pay fair market value that is set in advance, and (4) are not tied in any way to the volume or value of referrals for the use of Company products. Company Personnel and Representatives will ensure that all contracts are fully documented and executed before the commencement of any services contained in the contract.

False Claims Act – Company Personnel and Representatives will ensure that all claims submitted for payment of Company products based on communications with Company Personnel and Representatives are true and accurate and not based on either false or fictitious information, or improper relationships with HCPs.

Off-Label Promotion: Company’s advertising should always be truthful, and specific claims must be substantiated. Company’s products should not be labeled or marketed in ways that may confuse them with those of its competitors. Company’s labeling of

² Health Care Professionals include all individuals (clinical or non-clinical, including, but not limited to, physicians, physician assistants, nurses, technicians, research coordinators, and physician practice managers) and entities (such as hospitals and group purchasing organizations) that directly or indirectly purchase, lease, recommend, use, prescribe or arrange for or influence the purchase or lease of FX Shoulder USA’s medical technology products.

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products should be consistent with the use parameters that were approved by the Food & Drug Administration for the relevant Company products and must not promote off-label uses. All advertising must be approved in advance in accordance with the Quality System

Billing and Reimbursement Advice: Company Personnel and Representatives do not provide information to HCP or their staff regarding billing, coding, and reimbursement questions.

Improper Physician Relationships: Company Personnel and Representatives will ensure that all relationships with physicians and others who may submit claims for payment of Company products are appropriate and comply with Federal and state laws and regulations, including the rules listed above. Questions about any relationship should be directed to the Compliance Officer.

- b. Other Compliance Risk Areas – Company Personnel and Representatives will adhere to the following guidance in interactions with HCPs.

Physician-Owned Distributorships: Company will ensure that physicians who have an ownership interest in a distributorship, directly or indirectly, do not use, order, or influence the use or ordering of Company products unless the ownership interest has been reviewed, documented and approved by the Compliance Officer. Company will obtain written attestations from all distributors regarding physician ownership.

Foreign Corrupt Practices Act (FCPA): Company Personnel and Representatives may not offer or give anything of value, directly or indirectly, to officials of national, state, local or foreign governments or political candidates in order to obtain or retain business. It is strictly prohibited to make illegal payments to government officials of any country, including the United States.

Sales Support Specialist and Product Distributor Contracting: Sales commission rates shall be set in writing in advance and shall be based on the fair market value of the service provided and shall not be based on the value or volume of referrals from any particular HCP.

PhRMA Code/AdvaMed Code: Company Personnel and Representatives will ensure that interactions with healthcare providers are for a legitimate business purpose and comply with Company policies. Company Personnel and Representatives who do business in California and Nevada will be aware of and comply with any additional requirements or restrictions on interactions with healthcare providers. *See* Section IV, Marketing Practices.

Competition, Fair Dealing and Antitrust Law: Company seeks to outperform our competition fairly and honestly. We seek competitive advantages through superior performance, never through unethical or illegal business practices. You should not take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts, or any other intentional unfair-dealing

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practice. Company Personnel and Representatives are prohibited from collaborating with a competitor or from taking any action that could have an improper anti-competitive effect, such as price fixing, agreements to divide customers or territories, or restrict sales.

International Trade: Company will comply with all import and export control and economic sanctions laws imposed by and on those nations where Company engages in business, including laws and regulations relating to boycotts. Company Personnel and Representatives should address all questions to the Compliance Officer.

III. CONFLICTS OF INTEREST

A “conflict of interest” exists when a person’s private interests interferes – or even appears to interfere – in any way with the interests of Company. Company Personnel and Representatives will avoid situations that may raise questions as to whether company-related work may be performed objectively and effectively. Conflicts of interest may not always be clear-cut, so if you have a question, you should consult with the Compliance Officer.

- a. Interest in Other Companies – Company directors, officers, employees and members of their families³ may not acquire, own or have a significant financial, non-financial, or other interest⁴ in any business organization if such interest could appear to affect a Company business transaction, unless such interest has been communicated to and reviewed by the Board of Directors, and/or referred to Company Legal Counsel as appropriate.
- b. Employment by Other Companies – Company directors, officers and employees may not serve or accept an offer to serve as a director, partner, consultant of, or in a managerial position or any other form of employment or affiliation with, any business organization that does significant business with or is a competitor of the Company, unless (a) such position, employment or affiliation has been fully disclosed in writing to AND (b) approved by the Company Chief Executive Officer, the Compliance Officer and referred to the Company Legal Counsel.
- c. Fees and Honoraria – With prior approval, Company officers and employees, and other Company Personnel and Representatives acting in their capacity as an agent of Company, may give lectures, conduct seminars, publish articles in books or engage in any other similar activity for which he or she may be paid a fee or honorarium. However, any fees, honoraria or reimbursements must be transferred to Company unless written approval is given to retain them.

³ These include spouse, children, stepchildren, grandchildren, parents, stepparents, siblings, grandparents, in-laws, and any person living in the same household as the director, officer or employee.

⁴ As a minimum standard, a significant financial interest is an aggregate interest of a director, officer or employee and his or her family members with a fully diluted ownership interest of more than 10% of a company. A significant, non-financial interest, includes any relationship through which significant influence may be exerted or have the appearance of significant influence such as, voting rights, board membership, close family relationships, or other similar relationship.

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- d. Gifts, Entertainment, and Payments Received by Company Personnel and Representatives – You may not seek or accept any gifts, gratuities, payments, fees, services, privileges, vacations or pleasure trips (even with an apparent business purpose), loans (other than conventional loans on customary terms from lending institutions) or other favors from any person or business organization that does or seeks to do business with, or is a competitor of, the Company. Common business courtesies or ordinary social amenities (for example, a business lunch or the equivalent, or reasonable, business-related entertainment) generally associated with accepted business practices may be accepted. It is never permissible to accept cash or cash equivalents (savings bonds, stock, etc.) of any amount.
- e. Political Contributions – Company Personnel and Representatives may not use Company funds for contributions of any kind to any political party or committee or to any candidate for, or holder of, any office of any government – national, state or local. This policy is not intended to restrict in any manner the use of personal funds by Company personnel and Representatives for bona fide political contributions. No use of personal funds for political contributions will be reimbursed by the Company under any circumstances.

IV. MARKETING PRACTICES

Company products must be sold solely on the basis of price, quality and service and should not be influenced by inappropriate or improper marketing practices. All marketing activities that include HCPs must be documented, approved in advance by Company management, and reported to Company Accounts Payable.

- a. Providing or Sponsoring Product Training and Education – Company will ensure that all surgeons who use Company products are properly trained on the safe and effective use of its products. Training shall be conducted at a location conducive to proper teaching. All meals, travel, and other expenses related to surgeon training shall be documented, modest and shall not include entertainment or other expenses not directly related or necessary for product training.
- b. Supporting Third-Party Educational Conferences – Company may support third-party educational conferences that serve a legitimate scientific or educational purpose. Support may be in the form of sponsorship, conference meals and refreshments, faculty expenses, or advertisements. All third-party educational conference support must be reviewed and approved by the CEO or designee before Company makes a commitment of support. *See FX Shoulder USA COM-PL-4 Policy on Charitable Donations and FX Shoulder USA COM-PL-5 Fellowship Grant Policy.*
- c. Sales and Promotional Meetings – Company Personnel and Representatives may provide reasonable and modest meals, refreshments, travel and/or lodging expenses for HCPs in connection with sales, promotional and other meetings to discuss Company products. Sales and promotional meetings with HCPs in California should only be conducted in the HCPs office or hospital. All payments must be documented and reported as part of the annual FX Shoulder USA Open Payments submission to CMS.

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- d. Arrangements With Consultants – Company may engage HCPs to provide services pursuant to a consulting agreement where the service provided by the HCP is reasonably necessary to the advancement of a Company legitimate business function. All agreements, consulting, royalty, or otherwise, must be in writing, signed by the parties, for a term of at least one year, set forth the specific services to be provided by the HCP, with compensation set in advance based on fair market value for the services provided, and not be tied to the volume or value of any referrals for Company products. *See FX Shoulder USA COM-PR-1 Surgeon Consultant Management Procedure.*
- e. Gifts – Consistent with FX Shoulder USA Policy, the Company will not provide gifts to HCPs except for educational items that benefit patients or serve a genuine educational function unless an exception is approved and documented in advance by the CEO or designee or the Compliance Officer. Modest meals provided in conjunction with legitimate Company business are not considered gifts.
- f. Providing Reimbursement and Other Economic Information – Company is not permitted to provide coverage, reimbursement and health economic information related to its products to HCPs, patients, and other related organizations
- g. Grants and Other Charitable Donations – Company may provide research and educational grants and charitable donations where such grant or donation complies with Company procedures and where the decision or amount of the grant or donation is not tied in any way to the volume or value of referrals from the recipient. Requests for grants and charitable contributions shall be made in compliance with FX Shoulder USA *COM-PL-4 Policy on Charitable Donations* and FX Shoulder USA *COM-PL-5 Fellowship Grant Policy*.

V. PROTECTION OF COMPANY ASSETS

All Company Personnel and Representatives should endeavor to protect Company's assets and ensure their efficient use. Theft, carelessness, and waste have a direct impact on Company's profitability. Company assets should be used for Company business, including, but not limited to use of electronic mail, voice mail and Internet services.

- a. Disclosure of Proprietary Information – Company Personnel and Representatives will ensure that Company proprietary information or intellectual property, such as trade secrets, patents, trademarks, and copyrights, as well as business, marketing and service plans, engineering and manufacturing ideas, designs, databases, records, salary information and any unpublished financial data and reports, are protected from inappropriate or unauthorized disclosure outside of Company. Disclosure is permitted when authorized by Company, legally mandated by applicable laws or regulations, or as part of the ordinary course of business. Company Personnel and Representatives are prohibited from using any proprietary or confidential information of the Company or its customers for their personal benefit.
- b. Trademark Usage – All uses of Company's trademarks, and marketing collateral usage should conform to Company's policies on trademark usage.

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- c. Corporate Opportunities – Company Personnel and Representatives are prohibited from taking for themselves, personally, business opportunities that are discovered through the use of corporate property, information or position without the consent of a Company Officer.
- d. Record-keeping – All of Company’s books, records, accounts and financial statements must be maintained in reasonable detail, must appropriately reflect Company’s transactions and must conform to applicable legal requirements. Unrecorded or “off the books” funds or assets must not be maintained. Company Personnel and Representatives must ensure that all records accurately reflect transactions and do not include any false or misleading information.
- e. Discrimination and Harassment – The diversity of Company's workforce is a tremendous asset. Company is firmly committed to providing equal opportunity in all aspects of employment and will not tolerate any illegal discrimination or harassment of any kind. Company will offer opportunities for employment, training, development and promotion to qualified individuals without regard to race, religion, national origin, color, sex, sexual orientation, age, military status, citizenship, disability, or any other characteristic protected by law.
- f. Environmental Protection – Company strives to conduct its activities in an environmentally sustainable manner. To accomplish this, Company is committed to maintaining management systems, programs and procedures for the environmentally responsible management of research and product development; manufacturing operations; packaging; transportation and distribution; marketing and sales; and contracted goods and services. Company Personnel and Representatives must support this policy by maintaining compliance with applicable laws and regulations. Facility management shall encourage Company Personnel and Representatives to consider environmental protection and health and safety as inseparable parts of their everyday responsibilities.
- g. Health and Safety – All Company Personnel and Representatives are responsible for maintaining a safe and healthy workplace by following safety and health rules and practices and reporting accidents, injuries and unsafe equipment, practices or conditions. *See* FX Shoulder USA Employee Handbook.
- h. Copyright Law Compliance and Computer Software – Company Personnel and Representatives are required to comply with copyright law with respect to the reproduction of copyrighted materials and computer software. A person generally may make a single photocopy of a copyrighted article for his or her own use, however photocopying or creating an electronic reproduction of whole works or substantial portions of works, such as newsletter issues, is not allowed even if the work does not include a copyright notice. Company will only use or duplicate licensed software strictly in accordance with individual software license agreements.

VI. CORPORATE COMMUNICATIONS

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In the course of doing business, Company Personnel and Representatives communicate regularly with many important constituencies, including customers, physicians, government officials, financial analysts, the press and others. Communicating with these various audiences in a thoughtful, careful and appropriate manner is vital to growing our business and to expressing our commitment to compliance.

- a. External Communications – Requests for information about the Company or its business should be directed to the appropriate departments for response. All written and oral communications geared toward external audiences that discuss Company business matters, including speeches, press releases, presentations, internet postings, forums, chat rooms, message boards, and other such materials, must be cleared by the Company’s CEO or designee prior to release. Any inquiry about a pending legal matter or other sensitive issue should be referred to the Company Legal Counsel.
- b. Business Records – Business records and communications such as electronic mail, internal memoranda, and formal reports, often become public. For that reason, Company Personnel and Representatives should avoid exaggeration, derogatory remarks, guesswork, or inappropriate characterizations of people and companies that could be misunderstood. Company records will be maintained, at a minimum, for the period required by applicable law or longer if required by Company policies.
- c. Electronic mail – Electronic mail systems and Internet services are provided to assist you with your work for Company. Incidental and occasional personal use is permitted, but never for personal gain or any improper purpose.

VII. COMPLIANCE OPERATIONS

- a. Government Investigations/Inquiries – It is the policy of Company to cooperate with governmental investigations or inquiries under the direction of the Company Legal Counsel. Company Personnel and Representatives must notify the department manager the Compliance Officer to the extent permitted by law if any inquiry is made by a government entity or official that is not part of the normal course of business.
- b. Complaint reporting (Medical Device Laws and Regulations) – Company is committed to producing products of the highest quality that are safe and effective. All Company Personnel and Representatives should be aware of and obey applicable laws and regulations that apply to the manufacture, sale and distribution of medical devices, including, but not limited to, those under the jurisdiction of the United States Food and Drug Administration, Environmental Protection Agency, and all other similar national laws and regulations relating to Company’s businesses worldwide. Company Personnel and Representatives shall ensure that all complaints related to a Company product are timely reported to the Quality/Regulatory department. Company has defined a complaint as: *Any expression of dissatisfaction by a customer (e.g., doctors, nurses, patients, distributors) with an FX Shoulder USA product, a product that a FX Shoulder USA distributes or a service is a complaint. See FX Shoulder USA QMS-PR-5 Produce Experience Report.*

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- c. Compliance and Reporting – Company Personnel and Representatives are required to report all known or suspected violations of law or regulation, or Company Policies and Standard Operating Procedures to the Compliance Officer. If you observe a situation that you reasonably and in good faith believe is described by this Code or Company Policies or Standard Operating Procedures, or may otherwise constitute unlawful conduct, you must notify your manager or the Compliance Officer by phone, in person, or by using the Compliance Hotline. If you withhold information that you know to be related to an actual or suspected compliance issue, you may be subject to disciplinary action, including possible termination. It is Company policy that after becoming aware of and confirming certain material unlawful activity involving Company Personnel and Representatives related to Company operations, as determined by the Company Legal Counsel, Company will, without unreasonable delay, take steps to report the offense to the appropriate government authorities.
- d. Compliance Hotline – The FX Shoulder USA Compliance Hotline has been established to make it easier to ask questions, raise concerns and make reports regarding known or suspected violations of this Code, Company Policies or Standard Operating Procedures, or laws and regulations. The Compliance Hotline also is intended for use by Company Personnel and Representatives to report complaints or voice concerns with respect to auditing or financial internal control matters. The FX Shoulder USA Compliance Hotline is operated by a third-party service provider. The **Compliance Hotline** number is:

+1-860-760-4500

Compliance concerns may also be reported to compliance@fxshoulder.com.

- e. Non-Retaliation – An individual may make an anonymous compliance report if he or she desires. Company has adopted a non-retaliation policy that prohibits retaliation against any individual who makes a good faith report of a known or suspected compliance issue.