

## **Appendix E Code of Business Conduct**

### **I. Purpose and Scope**

This Code of Business Conduct (the “Code”) provides guidance regarding common ethical and legal issues vital to maintaining the business reputation Ortho Kinematics ( sometimes referred to herein as the “Company”). Proper conduct includes compliance with the letter and spirit of the laws, regulations, and policies that apply to our business. The Code does not provide definitive answers to all questions. Therefore, seek guidance from the Compliance Officer on the appropriate course of action when it is not clear.

The Code applies to all “Company Representatives,” which includes employees (both full-time, part-time, and temporary), executive officers, members of the Board of Directors, sales agents, and all others performing services as sales and promotional agents on behalf of the Company. Independent contractors and consultants performing specific services on behalf of the Company may be subject to certain provisions of the Code and Company policies as determined by the terms of the agreement(s) between the Company and any such Independent Contractors and Consultants.

Failure to comply with the standards contained in this Code can damage the Company's reputation and subject the individuals involved, the Company, and its officers and directors to civil liabilities and, in some cases, to fines, prosecution, and imprisonment. Company Representative are expected to know and follow the law and the Code.

The Code is available at [www.orthokinematics.com](http://www.orthokinematics.com).

### **II. Implementation of the Code**

#### **A. Compliance Officer**

Ortho Kinematics’ Compliance Officer (“CO”) has ultimate responsibility for overseeing compliance with all applicable laws and regulations, the Code, all related Company policies and procedures, and for taking appropriate action on any reported compliance concerns. Contact the CO if you have questions or concerns related to the Code or Company policies or need advice regarding the legal and/or ethical aspects of a certain course of conduct. The contact information for the CO is listed in Appendix E1.

#### **B. Compliance with the Code**

Every Company Representative bears personal responsibility for complying with all applicable laws and regulations and all provisions of the Code and the Company's related policies and procedures. Those with supervisory responsibilities have the additional responsibility of monitoring, directing, and reinforcing such compliance by their subordinates, including, but not limited to, ensuring that those who report to them have received a copy of the Code and other compliance policies and have completed Compliance training. The CO, with the assistance of appropriate Company officials, is responsible for implementing training, review, and oversight procedures designed to ensure compliance and for taking appropriate action regarding any reported compliance concerns. No one will be excused for misconduct because it was directed or requested by a supervisor or any other person.

### III. Responsibility for Reporting Violations

If, in connection with the conduct of the Company's business, you learn of or suspect a violation of the Code, the Company's related policies or procedures, or any applicable laws and regulations, you must report that information immediately. This may be accomplished by one of the following methods:

1. Contacting the Compliance Officer at the number and e-mail address outlined in Appendix E1; or
2. Completing the Compliance Report Form attached in Appendix E2. The Compliance Report Form may be used to anonymously report violations or suspected violations; however, if you are comfortable, please identify yourself when reporting violations so as to permit the Company to contact you in the event further information is needed to properly conduct a thorough investigation. Your identity will be maintained in confidence to the extent practicable; or
3. Directly report violations or suspected violations to the Board of Directors via email to [board@orthokinematics.com](mailto:board@orthokinematics.com). Please put "OKI COMPLIANCE VIOLATION REPORT TO BOD" in the subject line.

Regardless of the method used or whether a report is made anonymously, reporting persons should maintain all information related to any report in strict confidence and not discuss such information except with Company officials conducting the investigation.

There will be no retaliation for any good faith report. Any Company Representative responsible for or associated with retaliating against individuals who in good faith report known or suspected violations will be subject to disciplinary action, including termination where appropriate.

#### A. Investigations of Violations

All reported violations and suspected violations of applicable laws, regulations, the Code, or related Company policies and procedures will be promptly investigated and will be treated confidentially to the extent practicable under the circumstances and consistent with enforcing the Code. Appropriate corrective action will be initiated for any confirmed violations.

Company Representatives must not conduct their own investigations. All investigations will be coordinated by the CO and/or the Board of Directors with the assistance of other appropriate Company officials, external assistance, or legal counsel as needed. Company Representatives are expected to cooperate in the investigation of any alleged violation. If the investigation results in the need for corrective action, the Company will decide what steps, if any, should be taken to rectify the existing problem and prevent similar future violations.

**B. Preservation of Records**

It is the Company's policy to comply with all applicable laws and regulations relating to records retention. Various legal and tax laws require that records be retained for varying periods of time. The Company's Record Retention and Destruction Policy is made available to all employees through SOP-IT04, a copy of which can be obtained from the CO among other ways. In addition to this Policy, Company Representatives must comply with any Document Preservation Notice provided by the Company or its legal counsel.

If you become aware of any impending government investigation or that the Company, or Company Representative, may be served or has been served with a subpoena, then you must immediately notify the CO who will involve legal counsel. Also, you must retain all records that may pertain to such investigation or that may be potentially responsive to such subpoena. If you have a question as to whether a record relates to such investigation, you must contact the CO before disposing of or altering such records.

**C. Discipline for Violations**

The Company may take disciplinary action against (1) any Company Representative who authorizes or participates directly, and in certain circumstances indirectly, in actions that are in violation of applicable laws, regulations, the Code, or the Company's related policies and procedures; (2) any Company Representative who fails to report a violation of applicable laws, regulations, the Code, or the Company's related policies and procedures or withholds information concerning a violation they either know about or should have known about; (3) any violator's supervisor(s) in circumstances that indicate inadequate supervision or lack of diligence by such supervisor(s); (4) any Company Representative who attempts to retaliate, directly or indirectly, or encourage others to do so, against someone who in good faith reports a violation of applicable laws and regulations, the Code, or the Company's related policies and procedures; (5) any Company Representative who knowingly files a false report of a violation of applicable laws and regulations, the Code, or the Company's related policies and procedures; and (6) any Company Representative who fails to cooperate in an investigation.

**VI. Compliance with Laws and Related Policies**

The activities of the Company, and of each Company Representative with regard to the Company's affairs, are conducted in a complex world of laws and regulations. It is the responsibility of each Company Representative to ensure that his or her activities comply with all applicable laws, regulations, the Code and the Company's related policies and procedures. When there is any doubt as to the lawfulness of any proposed activity, advice should be sought from the CO before such action is undertaken.

The following is a summary of certain laws, rules, and regulations and the related policies and procedures of the Company that are of particular importance to the Company's business and preservation of its good name and reputation. This summary is not an exhaustive discussion of each related matter, but rather is intended to alert Company Representatives of many of the common issues they may arise while conducting the Company's business.

A. Possible Conflicts of Interest

Each Company Representative is responsible for avoiding any financial or personal conflict of interest as well as the appearance of such conflicts. A conflict of interest arises when a Company Representative's duty to give his or her undivided commercial loyalty to Ortho Kinematics can be prejudiced by an actual or potential benefit, direct or indirect, derived from another source.

All Company Representatives must deal with suppliers, customers, and all others doing business with the Company in a manner consistent with the best interests of the Company, without granting favors or preferences based on personal considerations, and avoiding any investment or association that interferes or has the potential to interfere with the independent exercise of sound judgment in the Company's best interest. In determining whether a conflict of interest may exist, you should always consider not only your own activities and interests, but also those of your family (e.g., spouse, domestic partners, parents, siblings, children, nieces, nephews, in-laws, and those with whom you have close personal relationships). Consult with the CO whenever there is any question about a possible conflict of interest.

Although it is not feasible to describe every situation that could give rise to a conflict of interest, the following are examples of conflicts of interest should be avoided:

1. Holding a substantial financial interest in suppliers, customers, or competitors.
2. Having a financial interest in any transaction of Ortho Kinematics equipment

other than through Company approved programs.

3. Accepting cash, gifts, or other payments/services that are more than modest in value, or borrowing money from suppliers, customers, individuals, or firms with whom Ortho Kinematics does business. This policy does not prohibit participation in recognized business activities, such as exhibits, seminars, and meetings that may include hospitality suites, meals, and entertainment, provided such invitations are not solicited.

4. Misusing information to which you have access by reason of your position or disclosing confidential or proprietary information to competitors, to any other person or entity outside Ortho Kinematics, or to others within the Company having no legitimate business need to know.

5. Serving another organization or individual in any capacity, such as an employee, director, or consultant without prior written approval of the Chief Executive Officer ("CEO") and the CO of Ortho Kinematics.

6. Appropriation of business opportunity for your direct or indirect personal benefit without the prior written approval of the CEO and CO.

B. Bribery, Corruption, and Political Contributions

1. Improper Payments and Gifts. Neither Ortho Kinematics nor any of its Company Representatives may use the Company's corporate funds, assets, or corporate facilities or any Company Representative's personal funds for any purpose that is improper or unlawful under the laws of any governing jurisdiction, domestic or foreign. Making, receiving, or aiding another party to make or receive an improper payment of any kind in connection with the conduct of the

Company's business, directly or indirectly, is strictly prohibited. Improper payments are not limited to money and may also include gifts or services. For example:

a. **Foreign Officials:** Neither Ortho Kinematics nor any of its Company Representatives may pay or offer to pay anything of value, directly or indirectly, to any foreign official or candidate, to any foreign political party, or to any person acting in an official capacity on behalf of a foreign government (or any department, agency, or instrumentality thereof), for the purpose of improperly influencing official action, inaction, or decision or to obtain any business. Individuals (including doctors) working in government-run medical facilities are considered to be foreign officials. See "International Transactions - Foreign Corrupt Practices Act (FCPA)," below.

b. **U.S. Officials:** Neither Ortho Kinematics nor any of its Company Representatives may pay or offer to pay, directly or indirectly, anything of value in an attempt to influence the action of any U.S., state or local government or regulatory official or employee. This prohibition also applies to payments to any person where the payor knows or has reason to know that all or a portion of the payment will be used as a bribe or otherwise to influence government action; and

c. **Suppliers and Vendors:** Neither Ortho Kinematics nor any of its Company Representatives may pay or offer to pay, directly or indirectly, bribes, kickbacks, payoffs or other similar payments and benefits to any suppliers of Ortho Kinematics or their agents or employees. This prohibition also applies to payments where the payor knows or has reason to know that all or a portion of the payment will be used as a bribe, kickback, payoff, or other similar payment. This prohibition includes unusually large gifts or entertainment, since such gifts or entertainment may be construed as constituting an improper inducement to such persons.

2. **Accepting Gifts:** Similarly, you should not accept or receive any payment or other thing of value (except for the nominal gifts and entertainment described in Paragraph A(3) (above) from anyone having a direct or indirect business relationship with Ortho Kinematics (whether intended by the payor to be for Ortho Kinematics or for your personal benefit).

3. **Political Contributions.** Ortho Kinematics supports your right to participate in the political process; however, none of Ortho Kinematics 's funds, facilities, properties, or resources may be used to support, directly or indirectly, any foreign, federal, state, or local political party or candidate. All political activities must take place on your own time, not during working hours, and at your own expense.

C. **Integrity of Books, Records, Invoices, Payments, and Submissions to Regulatory Authorities**

All transactions involving corporate funds, whether cash, stock, facilities, inventory, other assets, or otherwise, must be properly recorded on Ortho Kinematics' books and records in such a manner that the true nature of the transaction is evident. All transactions must be in accordance with all applicable foreign and/or domestic laws and be recorded appropriately to permit the preparation of financial statements in conformity with generally accepted accounting principles and other applicable rules and regulations. All entries should be posted in the proper account and should accurately and fairly describe the underlying transaction or disposition of assets. No false, artificial, incomplete, or misleading entries should be made in any books, accounts, or records for any reason, and no one should participate in any arrangement that results in the making of such entries. For example, all invoices or purchase orders should be correctly reflect the actual transaction. No payment on behalf of Ortho Kinematics should be approved or made with the intention or understanding that any part or all of such payment will be used for a purpose other than that described by the document supporting such payment.

D. Relationships with Health Care Professionals, Customers, and Consultants

Ortho Kinematics is committed to complying with all laws and regulations governing its interactions with Health Care Professionals. Company Representatives may not engage in any conduct that unlawfully induces (or appears to unlawfully induce) anyone to purchase, lease, recommend, use, or arrange for the purchase, lease, or use of Ortho Kinematics products. To further its commitment, Ortho Kinematics has adopted The AdvaMed Code of Ethics on Interactions with Health Care Professionals.

Health Care Professionals ("HCPs") are individuals and entities that are (1) involved in providing health care services and/or items to patients and (2) in a position to prescribe, purchase, lease, recommend, use, or arrange for the prescription, purchase, lease, or use of Ortho Kinematics 's products in the United States. The phrase Health Care Professional is to be interpreted broadly and includes both persons providing services (such as physicians, physician assistants, nurses, operating room staff, and consultants) and persons who do not provide services directly (such as administrative hospital and office staff), but who may be involved in the decision to purchase, lease, or recommend Ortho Kinematics products. Health Care Professionals also include purchasing agents, physician's practice managers and management within group purchasing organizations.

For more information on this topic, please refer to the Policy on Interactions with HCPs which is available from the Compliance Officer.

E. Public Filings and Communications

All submissions to regulatory authorities and all public communications should be complete, fair, accurate, timely, and understandable. Never make any false, misleading, or incomplete statements, or omit any relevant facts necessary to ensure that any statements made are not misleading to any person, including any accountant (including Ortho Kinematics 's independent accountants or its internal auditors), lawyer, or government official in connection with any audit or examination of the financial statements of Ortho Kinematics, the preparation of, or filing of, any document or report required to be filed with any federal, state, local, or foreign governmental agency, or the preparation or dissemination of any public communication. Any Company Representative having information or knowledge of any of the foregoing prohibited acts must promptly report the CO.

#### F. Lawsuits and Government Investigations

All governmental (federal, state, and local) inquiries, request for information, investigations, and notices and all civil or criminal summonses, complaints, subpoenas and other court papers should be forwarded immediately to the CO who will involve legal counsel for appropriate handling. All Company Representatives are expected to deal honestly and straightforwardly with governmental representatives. All legal papers addressed to the corporation (but not legal papers directed to individual employees in their personal affairs) should be served on the CO.

All media inquiries should be directed to the CEO, or his designee. All other Company Representatives should refrain from commenting to the media, either on or off the record, regarding Company business

#### H. Antitrust Laws

Business activities must be conducted in a fair and equitable manner in strict accordance with the letter and spirit of all applicable antitrust, competition, and trade practice laws and regulations (collectively, the "antitrust laws"). Antitrust laws are designed to ensure fair competition in the free market system, free of unreasonable restraints. Antitrust statutes, which exist at the federal, state, and some international levels, prohibit unfair trade practices, monopolization or attempts to monopolize, and joint activity in restraint of trade. Compliance with all applicable antitrust laws is the policy of Ortho Kinematics and the responsibility of each Company Representative.

These laws are complex and violations may result in serious criminal and civil penalties for both for Ortho Kinematics and individual Corporate Representatives. Therefore, Company Representatives may not take any collaborative action with a competitor or take any action that could have an improper anticompetitive effect without prior advice from legal counsel. If you have any doubt as to whether a certain discussion or activity might violate the antitrust laws, you should immediately stop and consult the CO or legal counsel.

Activities under these laws are broadly defined to include oral and written agreements and may even be inferred from a course of conduct or circumstantial evidence. The following activities are examples of activity prohibited by the antitrust laws:

1. Agreements with competitors to fix prices, restrict sales, or divide territories, markets or customers;
2. Exchange of pricing information with competitors;
3. Boycotts or refusal to deal; or
4. Arrangements under which a seller forces or induces a customer to take a product it might not otherwise wish to buy from the seller as a condition of a license, loan or sale of a different product that the buyer does wish to obtain, if the seller is dominant or has economic leverage with respect to the tying license, loan, or product, or if a substantial amount of sales of the tied product are made.

I. International Transactions

1. U.S. Economic Sanctions Laws and Prohibited Parties

Under the economic sanctions programs administered by the Department of Treasury's Office of Foreign Assets Control ("OFAC"), the Company is prohibited from doing business with certain designated countries and persons. Sanctions vary in scope and severity depending on the target country. Depending on the country, the types of activities prohibited can include exports and re-exports, imports, travel, investment, banking or financial transactions, services, and facilitation or approval of such transactions by third parties. Transactions with any of the restricted countries are prohibited unless authorization is obtained from the CO. In certain cases, transactions involving medical devices may be permitted under a license from OFAC. Sanctions and export restrictions are in place against those countries listed may be found at the following website: <http://www.treasury.gov/resource-center/sanctions/Programs/Pages/Programs.aspx>.

The U.S. Government also prohibits or substantially restricts dealings between U.S. companies and designated individuals and organizations, including those identified on OFAC's Specially Designated Nationals List; the U.S. Commerce Department's Entity List, Denied Person's List, and Unverified List; and the State Department's Debarred List and list of entities sanctioned under U.S. non-proliferation laws. A consolidated list of these parties may be found at the following website:

[http://www.export.gov/ecr/eg\\_main\\_023148.asp](http://www.export.gov/ecr/eg_main_023148.asp).



In any international transaction, the Company Representative must verify that the parties to the transaction are not located in a sanctioned country and are named on any of the above lists. Immediately suspend dealings and notify the CO if you become aware that any such countries or parties are involved.

## 2. Export Control and Anti-boycott Laws

Ortho Kinematics must comply with the export control and economic sanctions laws of the U.S. and other countries in which it does business. Export control laws restrict the export, re-export, and transfer of specified controlled commodities, materials, software, and technology to certain countries for national security and foreign policy reasons. They also restrict other financial dealings or business with certain governments, countries and parties. These laws are complicated. Therefore, Company Representatives should contact the CO whenever questions arise regarding export laws.

Anti-boycott laws prohibit U.S. companies and their subsidiaries from participating in boycotts that the U.S. government does not support and require certain boycott related requests received by the Company to be reported to the U.S. Government. The term “boycott-related request” is very broadly construed. It includes contract clauses agreeing to a boycott as well as requests to supply information, to take action, or to refrain from action. Examples are: inquiries regarding the national origin, nationality, or religious affiliation of the Company’s customers or personnel; inquiries regarding where the Company or its customers do business; contract clauses confirming that no goods or services used in a project will originate from the boycotted country; and contract clauses requiring us to “abide by all laws” of a particular country. The anti-boycott laws primarily prohibit activities supporting the Arab League boycott of Israel.

Company representative cannot cooperate with any prohibited boycotts must promptly report all boycott related requests to the CO.

## 3. The Foreign Corrupt Practices Act (FCPA): Anti-bribery Provisions

The FCPA prohibits any representative of a U.S. business from offering, paying, or giving any “thing of value” to any government official (or other person, knowing that some or all of the thing of value will be offered paid or given to a government official) to improperly influence him/her in the performance of official functions in order to obtain or retain business, to direct business to a certain person, or to gain an improper advantage. Examples of violations include (i) payments, offers, or promises of a thing of value made to induce a government official to purchase, use, or endorse the Company’s products, (ii) payments made to obtain a favorable regulatory decision for early approval, clearance, or registration (e.g., for sales, marketing, or reimbursement), and (iii) payments made to overlook deficiencies in an application for approval, clearance, or registration.

“Thing of value” can be just about anything: cash; stock; securities; payments under “consulting” agreements; gifts (no matter how small); travel/meals/lodging/entertainment; educational and research grants; donations of medical equipment, sports equipment, and college scholarships; loans; promises of future employment; and charitable donations. There is no exception for payments that are (or are believed to be) “customary” or “typical” or “part of the culture” in any given country.

For the purposes of this Code, the term “government official” includes (i) employees of state-owned hospitals or other medical facilities, (ii) Health Care Professionals paid in whole or in part by the government (including those who, even if employed by a private entity, are providing state-funded medical care), (iii) persons serving on regulatory agencies, (iv) manufacturing site inspectors, (v) regulatory agency employees who approve devices for sale or marketing or reimbursement, (vi) consultants/agents retained by any government official or regulatory agency, and (vii) elected officials and candidates for political office.

FCPA also prohibits payments made to third parties (such as agents and distributors) if the company knows the payment will be used to bribe a government official. “Knowledge” does not have to be actual, concrete knowledge. When selecting agents or distributors to assist with Company business, due diligence procedures must be followed, which include investigating all known sources of information regarding business performance and ethics record.

Any solicitation or suspected solicitation of improper payments and any evidence of improper payments by our foreign or domestic competitors must be promptly reported to the CO.

#### I. Environment, Safety and Health

Ortho Kinematics is committed to carry out all of its activities in ways to preserve and promote a clean, safe, and healthy environment. Company Representatives must ensure that Company business is conducted in compliance with all applicable environmental standards.

Ortho Kinematics is committed to a healthy and safe work environment in compliance with all applicable laws and regulations. Any significant fire, accident, or environmental incident should be reported immediately to the CEO.

#### L. Product Regulatory and Quality Compliance

The Company will conduct its business in compliance with all applicable laws and regulations governing the manufacture, labeling, and distribution of the Company's products. Any intentional or accidental deviations from the Company's established quality standards and procedures or applicable law must be immediately reported to the CO.

**M. Intellectual Property**

The Company has invested substantial resources in developing proprietary and confidential information. To protect the Company's rights, the use of all such intellectual property by Company Representatives must be in accordance with all applicable laws and Company policies. The Company is also committed to not infringing on the legal rights of others with respect to trademarks, patents, copyrighted works, and trade secrets owned by them.

**N. Advertising and Promotion**

Advertising is regulated by U.S. and foreign laws enacted in various jurisdictions in which the Company does business. Generally, these laws prohibit false, misleading, or deceptive advertising and related activities in the promotion and sale of the Company's products. All advertising claims about the Company's products (including claims on packaging) must be truthful and have a reasonable basis in fact. No Company Representative, Consultant or Independent Contractor is to create, approve, disseminate, or permit anyone else to create, approve, or disseminate any advertising materials for the Company's products that are false, misleading, or deceptive or not in compliance with the Federal Trade Commission rules and regulations and other applicable laws. Furthermore, all promotions must be consistent with FDA approved indications and the Company's Sales and Marketing Procedure. A copy of the Company Sales and Marketing Procedure may be obtained from the CO.

**O. Use and Protection of Protected Health Information**

Company Representatives must always strictly adhere to laws and rules relating to protecting confidential patient information. Company Representatives may be present in patient-care areas only at a physician's request and only to (1) provide requested support and guidance regarding the appropriate use of Ortho Kinematics' products and (2) to provide consultation, advice, or assistance where the physician, in his or her professional judgment, believes that it will assist with a patient's treatment. Company Representatives must limit their use of confidential patient information to the minimum amount necessary to perform these functions. Such information must never be used, recorded, stored, removed, or disclosed. In the event that confidential patient information is inadvertently removed from a customer site, the Compliance Officer must be notified immediately and the information returned or destroyed.

Company Representatives perform these functions on behalf of Ortho Kinematics as an independent provider of products and services, and not as a business associate of a hospital or physician. Requests from hospitals or others to enter into a business associate agreement should be referred to the CO.

VII. AMENDMENT, WAIVER AND PUBLIC DISCLOSURE

A. Amendment

The Board of Directors, upon the recommendation of the CO, may amend the Code as it deems appropriate.

B. Waiver

Ortho Kinematics expects Company Representatives to adhere to the Code at all times. Under limited and appropriate circumstances, however, Ortho Kinematics may, but is not obligated to, waive provisions of the Code. Anyone seeking a waiver should contact the CO. A waiver of the Code for any member of the Company's Board of Directors or Executive Officer may be made only by the Board of Directors upon the recommendation of the CO. A waiver of the Code for any person who is not also a Member of the Board of Directors or an Executive Officer may be made either by the Board of Directors upon the recommendation of the CO, or by the CEO upon recommendation of the CO.

Adopted: June 2013

APPENDIX E1

Contact Information

Compliance Officer: Dax Mezell  
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