

Skeletal Dynamics Declaration for California Compliance

I. Introduction

Skeletal Dynamics is committed to ensuring that our employees and distributors conduct themselves ethically and in compliance with all applicable laws, regulations, industry codes, and company policies, including strict prohibitions on bribery, kickbacks or other corruption-related activities. Skeletal Dynamics also follows the AdvaMed Code of Ethics.

II. Overview of Compliance Program

a. Compliance Officer

Skeletal Dynamics has appointed a Compliance Officer who is responsible for oversight of the company's Compliance Program.

b. Written Policies and Procedures

Skeletal Dynamics has disseminated and implemented written policies and procedures relating to its Compliance Program and interactions with Healthcare Professionals and Healthcare Organizations.

i. Business Courtesy Meals

Skeletal Dynamics will occasionally provide reasonable and modest meals to Healthcare Professionals in conjunction with an educational or business discussion. Skeletal Dynamics will only provide such meals to guests with a bona fide interest in the information being provided. Business courtesy meals will only take place in a venue which is appropriate for a business or educational meeting.

ii. No Gifts or Entertainment

Skeletal Dynamics will never provide gifts, entertainment or any other inappropriate items of value to Healthcare Professionals. Occasionally, Skeletal Dynamics may provide Healthcare Professionals with educational items such as anatomical models, textbooks or other items that may benefit patients or that serve a genuine educational function.

iii. Educational & Research Grants

Skeletal Dynamics will review and occasionally approve requests for educational grants that promote scientific knowledge and that fall within areas of legitimate interest to the company. The company will also review and occasionally approve research grants that will provide valuable scientific knowledge or that have the potential to otherwise benefit patients.

iv. Donations

Skeletal Dynamics may provide donations to charitable entities in the form of monetary or in-kind support of genuine charitable activities.

v. Product Training & Education

Skeletal Dynamics provides product training to ensure the safe and effective use of its devices. Any such training will be conducted in accordance with FDA requirements on product promotion. Skeletal Dynamics may reimburse attendees of its product training events for expenses associated with their attendance such as reasonable and modest accommodation, travel and meals.

vi. Total Annual Dollar Limit for Meals and Educational or Practice-related Items

Skeletal Dynamics has established an annual limit of \$2,000 per business segment for meals and educational items as the aggregate value of the items or activities that may be provided to California Healthcare Professionals pursuant to the requirements of Cal. Health & Safety Code § 119402 (S.B. 1765), which

excludes the value of travel expenses for attendance at company medical education and product training meetings; samples; patient education materials; evaluation units; items used for the provision of charity care; and fair market value payments made in exchange for bona fide healthcare services provided by a Healthcare Professional.

- c. **Communication**
Skeletal Dynamics endeavors to maintain a culture of compliance and to this end, encourages open discussion between employees and management regarding any compliance issues. Employees who have compliance questions or concerns are encouraged and empowered to raise them to their manager, to legal counsel or to the Compliance Officer.
 - d. **Training**
Skeletal Dynamics has put in place a mandatory annual training program for all employees which includes training on its Compliance Program and the associated policies and procedures.
 - e. **Auditing & Monitoring**
Skeletal Dynamics periodically audits compliance with the policies and processes that it has implemented as part of its Compliance Program.
 - f. **Investigations & Responses to Compliance Issues**
If compliance issues are raised, Skeletal Dynamics will address them swiftly and fairly through a documented investigation.
 - g. **Corrective Action**
Should the outcome of the investigation indicate that corrective action is required, the company will take appropriate steps which may include remedial training, changes to its policies or procedures or disciplinary action.
- III. **Declaration for California Compliance Law**
Skeletal Dynamics is committed to building and maintaining a culture of compliance. As part of this continued commitment to ethics and compliance, Skeletal Dynamics has implemented a comprehensive Corporate Compliance Program (“CCP”) which is in line with industry standards for the marketing and promotion of its products and is also designed to comply with applicable federal and state laws. Skeletal Dynamics expects all its employees to act with integrity and adhere to its policies and procedures as outlined in the CPP. To the best of its knowledge, as of the date of this notice, Skeletal Dynamics is in compliance with its CCP, as described here, and with California Health & Safety Code sections 119400 – 119402. For a copy of our Corporate Compliance Program, and this written declaration of compliance, please call 1-800-299-8428.