



Arthrex Global Risk Management & Compliance Program	Program Document Number:	GL-PRG-001
	Revision:	4.0
	Effective Date:	August 11, 2020
	Owner:	Risk Management & Compliance

Purpose

The purpose of this document is to set forth the elements of the Arthrex Global Risk Management & Compliance Program (the Program).

Scope

This Risk Management & Compliance Program document applies to all Arthrex employees responsible for establishing and maintaining components of the Program. This Program document and its supporting documents and records are subject to periodic auditing and monitoring.

Description of the Global Risk Management & Compliance Program

1.0 Introduction

Arthrex Inc. and all subsidiaries affiliates (collectively, “the Company” or “Arthrex”) is committed to conducting its business in accordance with all applicable laws and regulations and with the highest standards of business integrity. To achieve this, Arthrex has established the Global Risk Management & Compliance Program (the Program). The Program works to ensure that Arthrex adheres to all applicable laws and regulations and is intended to prevent and detect violations of law or Company policy. In furtherance of these important objectives, the Program:

- Establishes the governance framework for the Program.
- Establishes written standards, which set forth the manner in which Arthrex employees and third parties acting on its behalf must conduct business.
- Establishes a compliance training program to ensure a high level of awareness and understanding of applicable laws, regulations and the Program requirements.
- Establishes open lines of communication for asking questions or reporting concerns.
- Establishes a process for promptly investigating concerns or potential violations.
- Establishes corrective and disciplinary measures to address violations.
- Establishes an auditing and monitoring process to ensure compliance.

The Risk Management & Compliance Department (the Department) is responsible for implementing and executing the Program throughout Arthrex and its subsidiaries and affiliates.

The Program is informed by a variety of sources, including the United States Sentencing Guidelines, guidance from the U.S. Department of Justice (DOJ) on effective compliance programs, the hallmarks of an effective compliance program from the DOJ and Securities and Exchange Commission’s “A Resource Guide to the U.S. Foreign Corrupt Practices Act,” Compliance Program Guidance for Pharmaceutical Manufacturers published by the U.S. Department of Health and Human Services Office of Inspector General (OIG), and relevant industry association codes, such as the Code of Ethics on Interactions with Health Care Professionals published by the Advanced Medical Technology Association (AdvaMed).

Because compliance is dynamic, the Program is revised when necessary to reflect changes in Company operations, applicable guidance and resources on effective compliance programs, and relevant industry association codes.

2.0 Overview of Risk Management & Compliance Program



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2.1. Leadership and Program Governance

Global Chief Compliance Officer

2.1.1. The Program is administered by the Global Chief Compliance Officer (CCO), who is also responsible for leading the Department in its execution of the Program.

2.1.2. The CCO supervises four Regional Compliance Officers who administer the Program in each of the four regions where Arthrex conducts business (North America; Europe, Middle East and Africa; Asia Pacific; and Latin America).

2.1.3. The CCO provides regular updates to the Global Risk and Compliance Committee and Arthrex's President and Founder.

Global Risk and Compliance Committee

2.1.1. The Global Risk and Compliance Committee (the Committee) provides oversight of the Program and provides strategic direction to the Department in executing the Program.

2.1.2. The Committee supports the operation of the Program by facilitating communications and decisions to management regarding material risks to the Company.

2.2. Assessment and Management of Risk

2.2.1. Risk assessments are an essential element of the Program to identify risks that could affect the achievement of the Company's objectives and help to prioritize the risks facing the Company.

2.2.2. Risk assessments are conducted on an annual basis and inform all aspects of the Program, including training, communications, policy development, auditing and monitoring plans.

2.2.3. The Department's risk management, auditing and monitoring functions work closely with the business to develop solutions that identify and mitigate risk effectively and supports the implementation of necessary controls.

2.3. Policies and Procedures

2.3.1. The Program includes development and maintenance of policies and procedures, including the Arthrex Global Code of Conduct (the Code), and global compliance policies and procedures. These documents are intended to help Arthrex employees understand and comply with relevant laws, regulations and industry codes. The Code is a foundational document that captures the culture, values and principles that employees and third parties are expected to uphold.

2.3.2. All Arthrex personnel are required to read, fully understand and comply with the Code and applicable policies.



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2.4. Compliance Training and Communications

- 2.4.1. The training and communications program is risk-based and includes mechanisms to educate and train all Arthrex employees on compliance with applicable laws, regulations, the Code and Arthrex policies and procedures.
- 2.4.2. Training is presented using a variety of adult learning methodologies and delivery formats. The Department maintains mechanisms for documenting training completed by Arthrex employees and applicable third parties.
- 2.4.3. The Department regularly reviews and updates its training and communications to ensure effectiveness and identifies additional areas of training as needed.
- 2.4.4. The Program includes processes to identify regulatory updates and changes and uses various mechanisms to communicate to appropriate business owners relevant regulatory and legal developments. These mechanisms include memoranda or circulated copies of the pertinent regulations, laws or other documents disseminated from the CCO.

2.5. Reporting Channels

- 2.5.1. The Program includes several resources where employees can raise questions or concerns, and report known or suspected violations without fear of retaliation. These resources are promoted on the Company internet, intranet and through other channels, such as the Code and specific compliance policies.
- 2.5.2. Reporting resources are available 24 hours a day, seven days a week. Reports are confidential and can be provided anonymously where permitted by local law.
- 2.5.3. The Department maintains an open-door policy to answer employee questions, clarify policies or provide other guidance.

2.6. Monitoring and Auditing

- 2.6.1. The Program uses auditing and monitoring to verify that business practices conducted by its employees and third parties comply with the various policies and procedures in place to ensure compliance with applicable laws and regulations.
- 2.6.2. The extent and frequency of the Company's auditing and monitoring activities varies according to a number of factors, including perceived risk, new regulatory requirements, changes in business practices and other considerations.
- 2.6.3. The Committee receives regular reporting related to significant monitoring and auditing findings.

2.7. Third-Party Risk Management



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2.7.1. The Program includes a process to conduct due diligence of third-party distributors and to administer continuous monitoring across the global distributor network.

2.7.2. The Department conducts training of applicable compliance requirements as needed for third-party distributors.

2.8. Corrective Action

2.8.1 The Program includes immediate response, investigation and corrective action as a result of reported compliance issues, monitoring or audit findings. Assessments are made as to whether the noncompliance is due to gaps in policies, training and/or internal controls, and appropriate action is taken to prevent future noncompliance.

2.8.2 The CCO works with the Human Resources Department to ensure that any employee who is found to have violated the Code or Company policies and procedures is disciplined in an appropriate and consistent fashion.