



Code of Business Ethics and Practices

Effective January 11, 2019

I. INTRODUCTION

The PolarityTE, Inc. (the “Company”, “we”, “us”, “our”) is committed to the goal of practicing the highest standards of business ethics in conducting its business. This Code of Business Ethics and Practices (this “Code”) reflects the practices and principles of behavior we promote in pursuit of this goal. We expect every employee, officer and director to read and understand this Code and its application to the performance of his or her business responsibilities. References in this Code to employees are intended to cover officers and, as applicable, directors.

Officers and supervisors are expected to develop in employees a sense of commitment to the spirit, as well as the letter, of this Code. Officers are also expected to ensure that all agents and contractors conform to Code standards when working for or on behalf of the Company. The compliance environment within each department will be a factor in evaluating the quality of an employee’s performance. In addition, any employee who makes an exemplary effort to implement and uphold our legal and ethical standards may be recognized for that effort in his or her performance review. Nothing in this Code alters the at-will employment policy of the Company. This Code is intended to be complementary to any code of conduct or compliance policies adopted by the Company from time to time applicable to employees.

This Code cannot possibly describe every practice or principle related to honest and ethical conduct. This Code addresses conduct that is particularly important to proper dealings with the people and entities with whom we interact, but reflects only a part of our commitment. From time to time we may adopt additional policies and procedures with which our employees, officers and directors are expected to comply. However, it is the responsibility of each employee to apply common sense, together with his or her own highest personal ethical standards, in making business decisions where there is no stated guideline in this Code.

By working at the Company or serving on the Board, you agree to comply with this Code, and to revisit and review it regularly and whenever we notify you of any material updates. Violations of this Code will not be tolerated. Any employee who violates the standards in this Code may be subject to disciplinary action, which, depending on the nature of the violation and the history of the employee, may range from a warning or reprimand up to and including termination of employment and, in appropriate cases, civil legal action or referral for regulatory or criminal prosecution.

II. PURPOSE

The Code seeks to deter wrongdoing and to promote:

- Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
- Full, fair, accurate, timely and understandable disclosure in reports and documents that the Company files with, or submits to, the Securities and Exchange Commission (the “SEC”) and in other public communications made by the Company;
- Compliance with applicable governmental laws, rules and regulations;
- The prompt internal reporting of Code violations to an appropriate person or persons identified in the Code; and
- Accountability for adherence to the Code.

III. COMPLIANCE WITH APPLICABLE LAWS, RULES AND REGULATIONS

Obeying the law, both in letter and in spirit, is the foundation of this Code. Our success depends upon each employee operating within legal guidelines and cooperating with local, national and international authorities. We expect employees to understand the legal and regulatory requirements applicable to their business units and areas of responsibility. We hold or provide access to periodic training sessions or relevant education to ensure that all employees comply with the relevant laws, rules and regulations associated with their employment. While we do not expect employees to memorize every detail of these laws, rules and regulations, we want you to be able to determine when to seek advice from others. If you do have a question in legal compliance, it is important that you not hesitate to seek answers from a superior, the Chief Legal Officer or the Chief Compliance Officer (as described in Section 17).

In addition to the foregoing is our policy that all our employees, officers and directors, wherever located, conduct all activities in accordance with the highest standards of honesty and ethics, and in compliance with the statutes, regulations and written directives of the Food and Drug Administration; Medicare, Medicaid and all other Federal health care programs (as defined in 42 U.S.C. § 1320a-7b(f)); and all laws of the country in which the employee works. We require all employees to follow ethical business practices and behavior throughout all our operations, including researching, developing, selling, promoting and advertising our products in accordance with the above-mentioned laws and regulations.

Disregard of the law will not be tolerated. Violation of domestic or foreign laws, rules, and regulations may subject an individual, as well as the Company, to civil and/or criminal penalties. You should be aware that conduct and records, including emails, are subject to internal and external audits and to discovery by third parties in the event of a government investigation or civil litigation. It is in everyone's best interests to know and comply with our legal and ethical obligations.

IV. CONFLICTS OF INTEREST

Actual or potential conflicts of interest arise when:

- Financial, professional or personal considerations compromise, or have the appearance of compromising, an employee's professional loyalty and responsibility to the Company, or professional judgment and ability to perform his or her duties and responsibilities to support the Company's best interests, or
- An employee's financial, professional or personal activities compete (or have the appearance of competing) with the Company or are of such nature that they would adversely impact the Company, its reputation or its patient care mission.
- We have adopted the "Conflicts of Interest and Disclosure Policy" applicable to our employees with an effective date of December 1, 2018 (the "Conflicts Policy"). The Conflicts Policy applies to our officers and directors; provided, that the process for review of potential conflicts of interest and related party transactions pertaining to certain executive officers and the directors is conducted by the Audit Committee of the Board pursuant to the Audit Committee Charter. A copy of the Conflicts Policy, which has been made available to every officer and director, is available on the Company's internal website. If you have any questions, please consult the Company's Chief Compliance Officer.

V. PUBLIC DISCLOSURE OF INFORMATION

The federal securities laws require the Company to disclose certain information in various reports that the Company must file with or submit to the SEC. In addition, from time to time, the Company makes other public communications, such as issuing press releases.

We expect all employees, officers and directors who are involved in the preparation of SEC reports or other public documents to ensure that the information disclosed in those documents is full, fair, accurate, timely and understandable.

To the extent that you reasonably believe that questionable accounting or auditing conduct or practices have occurred or are occurring, report those concerns to the Company's General Counsel, or in accordance with the Company's Whistleblower Policy. A copy of that policy, which has been distributed to every employee, is available on the Company's internal website.

VI. INSIDER TRADING

Employees are not permitted to use or share confidential information for stock trading purposes or for any other purpose, except the conduct of the Company's business. All non-public information about the Company should be considered confidential information. To use "material non-public information" about the Company or the market for the Company's securities for personal financial benefit or to "tip" others who might make an investment decision based on this information is not only unethical, but also illegal, and could result in criminal prosecution in addition to the termination of employment. "Material non-public information" includes information that is not available to the public at large that could affect the market price of the Company's or another company's securities and that a reasonable investor would consider important in deciding whether to buy, sell or hold the securities. To assist with compliance with laws against insider trading, the Company has adopted an Insider Trading Policy. A copy of that policy, which has been made available to every employee, is available on the Company's internal website. If you have any questions, please consult the Company's Chief Legal Officer.

VII. CORPORATE OPPORTUNITIES

Employees are prohibited from taking for themselves opportunities that are discovered through use of corporate property, information or position without the informed prior consent of the Board. You may not use corporate property or information obtained through your position with the Company for improper personal gain, and you may not compete with the Company directly or indirectly. Furthermore, you owe a duty to the Company to advance its legitimate interests when such an opportunity arises.

VIII. COMPETITION AND FAIR DEALING

We seek to outperform our competition fairly and honestly. Using or disclosing, or encouraging others to use or disclose, other companies' proprietary, confidential or trade secret information, without the owner's prior consent, and any theft or misappropriation of such information is strictly prohibited. Employees should endeavor to respect the rights of, and deal fairly with, our customers, suppliers, competitors and employees.

IX. GIFTS AND ENTERTAINMENT

Business gifts and entertainment are meant to create goodwill and sound working relationships and not to gain improper advantage with current or potential suppliers, vendors or partners or facilitate approvals from government officials. The exchange, as a normal business courtesy, of meals or other small items of value is a common and acceptable practice if it is not extravagant. Unless express permission is received from a supervisor, the Chief Compliance Officer or the Audit Committee, gifts and entertainment cannot be offered, provided or accepted by any employee unless consistent with customary business practices and not excessive in value. This principle applies to our transactions everywhere in the world, even where the practice is widely considered "a way of doing business." Employees should not accept gifts or entertainment that may reasonably be deemed to affect their judgment or actions in the performance of their duties.

Under some statutes, such as the U.S. Foreign Corrupt Practices Act or the UK Bribery Act, giving anything of value to a government official to obtain or retain business or favorable treatment is illegal and subject to civil or criminal prosecution. Other statutes prohibit bribes and kickbacks in a variety of commercial transactions and relationships. Interactions between the Company and health care providers who may deal with our products in any capacity are highly regulated, globally. To assist with compliance with these laws, the Company has adopted an Anti-Bribery and Anti-Corruption Policy and an Interactions with Health care Providers Policy. Copies of these policies, which have been distributed to every employee, are available on the Company's internal website. If you have any questions, please consult the Company's Chief Compliance Officer.

X. DISCRIMINATION, HARASSMENT AND RETALIATION

The diversity of our employees is a tremendous asset. We are firmly committed to providing equal opportunity in all aspects of employment and will not tolerate any illegal discrimination, harassment or retaliation of any kind. Examples of such behavior include derogatory comments based on racial or ethnic characteristics and unwelcome sexual advances. Please consult the Company's employee handbook for more information on the Company's policy against such conduct.

XI. HEALTH AND SAFETY

We strive to provide our employees with a safe and healthy work environment. Employees are responsible for helping to maintain a safe and healthy workplace for all employees by following safety and health rules and immediately reporting accidents, injuries and unsafe equipment, practices or conditions.

Violence and threatening behavior are not permitted. Employees must report to work in condition to perform their duties, free from the influence of illegal drugs or alcohol. The abuse of alcohol or illegal drugs in the workplace will not be tolerated and may result in the termination of your employment.

XII. RECORD-KEEPING

The Company requires honest and accurate recording and reporting of information to make responsible business decisions and to comply with the law. All the Company's books, records, accounts and financial statements must be maintained in reasonable detail, must appropriately reflect the Company's transactions and must conform both to applicable legal requirements and to the Company's system of internal controls. Unrecorded or "off the books" funds or assets should not be maintained unless permitted by applicable law or regulation.

Business records and communications often become public. Employees should avoid exaggeration, derogatory remarks, guesswork, or inappropriate characterizations of people and companies that can be misunderstood. This policy applies equally to e-mail, social media, internal memos and formal reports. Records should always be retained or destroyed according to the Company's record retention policies. In accordance with those policies, in the event of litigation or governmental investigation, please consult the Company's General Counsel.

XIII. CONFIDENTIALITY

Employees must maintain the confidentiality of confidential information entrusted to them by the Company, its customers, its suppliers or other persons the Company does business with, except when disclosure is authorized by the Company's established written policies or its General Counsel or required by laws or regulations. Confidential information includes all non-public information that might be of use to competitors, or harmful to the Company or its customers, if disclosed, and information that suppliers, customers and other business partners have entrusted to us. The obligation to preserve confidential information continues even after employment ends.

XIV. PROTECTION AND PROPER USE OF THE COMPANY'S ASSETS

Employees should endeavor to protect the Company's assets and ensure their efficient use. Any suspected incident of fraud or theft must immediately be reported for investigation. The Company's equipment may not be used for non-Company business, though limited incidental personal use is permitted if such use does not interfere with an employee's job duties or performance and it does not put the Company or its property at risk.

Your obligation to protect the Company's assets includes protecting its proprietary information. Proprietary information includes 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. Unauthorized use or distribution of such information would violate the Company's policy and could also be illegal and result in civil or even criminal penalties.

XV. WAIVERS OF THIS CODE

Waivers of this Code may only be granted by the Company's Chief Executive Officer; provided, however, that any waiver of this Code for executive officers or directors may be granted only by the Board or a Board committee. Any such waiver of this Code for executive officers or directors, and the reasons for such waiver, will be disclosed in the Company's public filings, as required by law or securities market regulations.

XVI. REPORTING ILLEGAL OR UNETHICAL BEHAVIOR

Employees are encouraged to talk to supervisors, the Chief Legal Officer or Chief Compliance Officer about observed illegal or unethical behavior or when in doubt about the best course of action in a particular situation. It is our policy not to allow retaliation for reports of misconduct by others made in good faith by employees. Employees are expected to cooperate in internal investigations of misconduct.

Employees may, on an anonymous basis, submit a good-faith concern regarding observed illegal or unethical behavior or questionable accounting or auditing matters without fear of dismissal or retaliation of any kind by calling 844-256-2306 or emailing: PolarityTE.EthicsPoint.com. The Company has adopted a Whistleblowing Policy to encourage and support reporting of illegal or unethical behavior. A copy of that policy, which has been made available to every employee, is available on the Company's internal website. If you have any questions, please consult the Company's Chief Compliance Officer

XVII. COMPLIANCE PROCEDURES

Employees are expected to ensure prompt and consistent action against violations of this Code. However, in some situations it is difficult to know if a violation has occurred. Since it is not possible to anticipate every situation that will arise, it is important that employees have a way to approach a new question or problem. These are the steps to keep in mind:

- Make sure you have all the facts. To reach the right solutions, we must be as fully informed as possible.
- Ask yourself: What specifically am I being asked to do? Does it seem unethical or improper? These questions will enable you to focus on the specific question you are faced with and the alternatives you have. Use your judgment and common sense; if something seems unethical or improper, it probably is.
- Clarify your responsibility and role. In most situations, there is shared responsibility. Are your colleagues informed? It may help to get others involved and discuss the problem.
- Discuss the problem with your supervisor. This is the basic guidance for all situations. In many cases, your supervisor will be more knowledgeable about the question and will appreciate being brought into the decision-making process. Remember that it is your supervisor's responsibility to help solve problems.
- Seek help from the Company's resources. In the rare case where it may not be appropriate to discuss an issue with your supervisor or where



you do not feel comfortable approaching your supervisor with your question, discuss it with the Company's Chief Legal Officer or Chief Compliance Officer or, for employment related matters, the head of Human Resources.

- You may report ethical violations in confidence and without fear of retaliation. If your situation requires that your identity be kept secret, your anonymity will be protected to the greatest extent possible. We do not permit retaliation of any kind against employees for good-faith reports of ethical violations.
- Always ask first, act later. If you are unsure of what to do in any situation, seek guidance.

As adopted by the Board of Directors on January 11, 2019.