



SHOULDER

INNOVATIONS

Code of Conduct

I.	Our Standards of Conduct.....	2
II.	Compliance and Ethics Reporting Process.....	3
III.	Team Member Standards of Conduct.....	5
IV.	Legal Standards of Conduct	6
V.	Business Standards of Conduct	8
VI.	Government Investigations and Litigation Standards of Conduct	Error! Bookmark not defined.

I. Our Standards of Conduct

All team members here at Shoulder Innovations, Inc. (“**Shoulder Innovations**” or “**Company**”) share a commitment to legal, ethical and professional conduct in everything we do. It is the Company’s policy to conduct all business affairs with integrity. We support these commitments in our work each day, whether we order supplies, bill for services, maintain records, coordinate marketing or make decisions about the future of Shoulder Innovations. Success as an organization depends on each of us – our personal and professional integrity, our responsibility to act in good faith, and our obligation to do the right things for the right reasons.

The Shoulder Innovations Compliance Program was created to teach, support, and monitor these commitments and to help team members apply standards of excellence and continuous improvement in their position. The program provides principles, standards, training, and performance improvement tools to guide all members of our organization in meeting their legal, ethical, and professional responsibilities. The principles set forth in this code of conduct (“**Code of Conduct**”) are the foundation of the Shoulder Innovations Compliance Program.

This Code of Conduct has been developed to set clear expectations and guidelines to reinforce individual integrity, accountability, and to promote compliance with internal policies and procedures as well as applicable laws, orders, regulations, rules, decrees, ordinances, codes, or statutes of any governmental authority having jurisdiction over the Company’s operations (“**Applicable Law**”). It is intended to supplement the Shoulder Innovations Compliance Program, the Employee Handbook, and other specific policies and procedures that apply to your job. However, there is simply no way any single resource can answer every question or cover every situation or concern individuals may encounter at work. Team members should also be guided by their own good judgment and professional pride in embodying the Shoulder innovations Six Core Values.

All team members are expected to meet the standards set forth in this Code of Conduct and exercise good judgment regarding how best to uphold ethical behavior in daily interactions with colleagues, customers and other business associates. And when in doubt, team members are expected to report their concerns to their manager, Human Resources, or the Compliance Officer.

We are all on the same team, so ask questions and report any concerns freely– you will learn more quickly that way.

Thank you,

Robert Ball
Chief Executive Officer
Rob@shoulderinnovations.com

II. Compliance and Ethics Reporting Process

Reporting Questions and Issues of Concern

All team members are responsible for helping Shoulder Innovations ensure that it is complying with Applicable Law. If you observe, or reasonably suspect, a situation that may be unethical, illegal, unprofessional, or is a violation of this Code of Conduct, you should promptly report it. Shoulder Innovations prohibits any form of discipline, reprisal, intimidation or retaliation for reporting incidents of wrongdoing in the workplace or cooperating in related investigations. Any team member who threatens or intimidates another for reporting wrongdoing may be subject to disciplinary action, up to and including termination of employment.

A. Direct Reporting

1. **Direct Supervisor.** If you are comfortable, first, talk to your direct supervisor as they are familiar with the Applicable Law that relates to your work.
2. **Human Resources.** If you are not comfortable talking with your direct supervisor, or you are not satisfied with the response you received, submit your inquiry to the Human Resources department.
3. **Compliance Officer.** If you still have a concern, discuss it with the Compliance Officer.
4. **Important Note.** It is important to note that inquiries regarding the **Team Member Standards of Conduct** should be submitted to Human Resources. On the other hand, inquiries regarding the **Business Standards of Conduct** should be submitted to the Compliance Officer.

B. Anonymous Reporting

If you are not comfortable with reporting your concerns directly, you may use the anonymous [Compliance Reporting link](#) located through FaceUp (or then in use equivalent) (the "**Compliance Hotline**").

Submitting a report through the Compliance Hotline ensures that the individual reporting the compliance issue will remain anonymous. However, if you choose to submit a report anonymously, you must provide enough information to start the investigation process. If you choose to provide your contact information, we will follow up with you regarding the reported issue.

C. Confidential Internal Review

Shoulder Innovations is committed to providing timely responses to team member reports. When a supervisor or manager receives a complaint from a team member, the manager should:

1. **Ask Questions.** Ask the team member to describe what happened and follow up with clarifying questions as necessary.
2. **Write it Down.** Document the conversation in detail.
3. **Trust the Process.** Explain the need for the Company to conduct an investigation.
4. **Make a Report.** Report the complaint to Human Resources or to the Compliance Officer as applicable. Maintain confidentiality of the complaint by limiting disclosure on a need-to-know basis.

Managers should not investigate complaints or allegations themselves. Their responsibility is to become familiar with the Shoulder Innovations Employee Handbook, Code of Conduct, the Compliance Program, and applicable policies and procedures, and report any complaints they may receive

pursuant to these policies and procedures so that the Company can promptly begin an investigation.

D. Violations of this Code of Conduct

It is Company policy that any team member who violates the Code of Conduct will be subject to appropriate discipline, including possible termination of employment. This determination will be based upon the facts and circumstances of each particular situation. Any team member who is thought to have possibly violated the Code of Conduct will be given an opportunity to present their version of the events at issue before any determination of appropriate discipline is made.

Team members who violate Applicable Law or the Code of Conduct may also expose themselves to substantial civil damages, criminal fines and prison terms. Shoulder Innovations may also face substantial fines and penalties and may incur damage to its reputation and standing in the community due to team member misconduct. Any person's conduct as a representative of Shoulder Innovations, if it does not comply with Applicable Law or with the standards set forth in this Code of Conduct, can result in serious consequences for both the person and the Company.

Team members must cooperate in internal or external investigations of misconduct and must maintain the confidentiality of any investigation and related documentation, unless specifically authorized by the Compliance Officer. Knowingly making false accusations of misconduct will subject any team member to disciplinary action.

All questions and reports of known or suspected violations of Applicable Law or this Code of Conduct will be treated with sensitivity and discretion. An officer, the immediate manager, the Compliance Officer, and the Company will protect a reporting person's confidentiality to the extent possible and consistent with Applicable Law and the Company's need to investigate any reported concern. Shoulder Innovations strictly prohibits retaliation against any person who, in good faith, seeks help or reports known or suspected violations. Any reprisal or retaliation against a person because they, in good faith, sought help or filed a report, will be subject to disciplinary action, up to and including termination of employment or removal from office.

III. Team Member Standards of Conduct

These team member standards provide an abridged version of the key expectations for our team members. For more information, refer to the associated policies and procedures or the Shoulder Innovations Employee Handbook, or contact Human Resources.

Conduct of Team Members

We expect all our team members to conduct themselves with dignity and respect for fellow employees, visitors to the workplace, the public and others. We also expect team members to follow rules of conduct that will protect the interests and safety of all other team members and our customers. It is the responsibility of all team members to be familiar with our policies, guidelines, and standards of conduct contained in this Code of Conduct including all published Employee Handbooks and legal, regulatory and compliance documents.

Confidential Information

Confidential Information is information that is not generally known to the public, and includes without limitation: customer and prospect lists, pricing data, trade secrets, patents, employee data, software, legal documents and correspondence, social security numbers, credit references, etc. Responsible use of all confidential information is critical to maintain its confidential nature. Confidential information may only be used to perform job responsibilities and cannot be shared with others except as detailed in the Employee Handbook. Nothing in this Code of Conduct waives any additional obligations as agreed upon in existing Employee Proprietary Information, Inventions Assignment, and Non-Competition Agreements.

Conflicts of Interest

Simply put, if it appears that there could be a conflict of interest between what you do for us as an employee and some other interest, there is a conflict of interest. Conflicts of interest also arise when a team member or a member of his or her immediate family receives improper personal benefits as a result of his or her position with Shoulder Innovations. Team members must avoid situations that create, or give the appearance of creating, conflicts that may make it difficult for the person to perform work objectively and effectively. Team Members must report all actual or potential conflicts of interests using the conflict of interest policy, as amended from time to time..

Disciplinary Procedure

Our disciplinary processes are fair and may range from a simple coaching conversation, a written warning, up to and including termination of employment. The type of disciplinary action taken will be aligned with each situation and are not “steps” of a process as further detailed in the Employee Handbook.

Drug and Alcohol Free Workplace

We strive to provide a safe, healthy, and productive work environment. Shoulder Innovations maintains a drug and alcohol-free workplace. Being under the influence of alcohol or illegal controlled substances while on the job, poses serious health and safety risks to team members, the public, and others. Any team members found in violation of this policy will be subject to disciplinary action, up to, and including, termination.

Equal Employment Opportunity Employer

It is our policy to grant equal employment opportunity to all qualified persons based on merit and qualifications, without regard to sexual orientation, gender identity, race, color, religion, national origin, age, marital status, pregnancy, disability, veteran status, genetic information, or any other classification or characteristic protected by federal, state, and local laws.

Statement Against Harassment and Discrimination

Shoulder Innovations is committed to providing a work environment that is free from unlawful harassment and discrimination in any form, from any source. Shoulder Innovations does not exclude, deny benefits to, or otherwise discriminate against any person on any basis prohibited by Applicable Law (including, without limitation, race, color, religion, sex, sexual orientation, national origin, or age). Conduct that can be considered harassing, coercive, or disruptive, including sexual or racial harassment, will not be tolerated.

Use of Company Property

Our facilities and equipment are an extension of who we are. However, Company assets, including but not limited to, team member time, supplies, equipment, and information, must be used in a responsible manner and only for legitimate business purposes. Company assets should not be used for personal purposes without the prior approval of a supervisor. The occasional use of telephones, copying machines, the computer (including e-mail), where the costs are insignificant, are permitted. However, any use of Company assets for personal financial gain is strictly prohibited. Use of any Company asset for any charitable or political purpose must be in compliance with Company policy.

Vendor Relationships

Shoulder Innovations has pre-approved purchasing arrangements with vendors, suppliers, manufacturers, distributors, consultants, advisors, and service providers to ensure quality and cost-effective services. Proposals for items or services to be obtained outside these arrangements, or any questions or concerns about Shoulder Innovations' existing arrangements, should be discussed with the Compliance Committee.

Workplace Safety

We are committed to preventing workplace violence and to maintaining a safe work environment. Keeping our workplace free from weapons and threats of violence is a responsibility that we all share. Workplace violence includes physical assaults, actions, and statements that reasonably cause a person to believe their personal safety, or the safety of others is at risk. Shoulder Innovations strictly prohibits bringing any type of weapon to the workplace by any team member, customer, or others with whom we interact. All reports of weapons or threats will be fully investigated, and any violation of this standard may lead to immediate termination.

IV. Legal Standards of Conduct

It is our policy to provide information to team members about Applicable Law. These legal standards are not intended as legal advice or as a complete restatement of the law. These standards provide an abridged version of key laws and regulations that govern and inform our business standards. For more information, please refer to the associated policies and procedures, the Shoulder Innovations Employee Handbook, or contact the Compliance Officer.

Compliance with Laws

Shoulder Innovations operates in a highly regulated industry and is committed to compliance with all applicable laws. Since our products are reimbursable by the federal government (e.g., Medicare, Medicaid and Tri Care), any payments to any person or entity who purchases or otherwise uses our products in the provision of health services are severely restricted by several Federal laws, including: the Anti-Kickback Statute ("AKS") codified at 42 U.S.C. § 1320(a)-7b(b), , and the Civil Monetary Penalties Law ("CMPL"), codified at 42 U.S.C. § 1320a-7a(a)(5). Compliance with these laws and this Code of Conduct is mandatory for all team members.

Federal Anti-Kickback Statute

The AKS makes it a criminal offense to knowingly and willfully offer, pay, solicit, or receive any remuneration to induce, or in return for, the referral of an individual to a person for the furnishing of, or arranging for the furnishing of, any item or service reimbursable under a Federal health care program. The statute's prohibition also extends to remuneration to induce, or in return for, the purchasing, leasing, or ordering of, or arranging for or recommending the purchasing, leasing, or ordering of, any good, facility, service, or item reimbursable by a Federal health care program. For purposes of the AKS, "remuneration" includes the transfer of anything of value, directly or indirectly, overtly or covertly, in cash or in kind. The statute has been interpreted to cover any arrangement where one purpose of the remuneration is to induce referrals for items or services reimbursable by a Federal health care program.

¹ Violation of the statute constitutes a felony punishable by a maximum fine of \$100,000, imprisonment up to 10 years, or both. A conviction also will lead to exclusion from Federal health care programs, including Medicare and Medicaid. When a person commits an act described in section 1128B(b) of the AKS, the Office of Inspector General (the "OIG") may initiate administrative proceedings to impose civil monetary penalties on such person under section 1128A(a)(7) of the Act. The OIG also may initiate administrative proceedings to exclude such person from Federal health care programs under section 1128(b)(7) of AKS. Violations of the AKS will cause penalties under the False Claims Act, and is subject to treble damages plus a per claim penalty ranging from \$13,508 to \$27,018.²

Congress has developed several statutory exceptions to the Federal anti-kickback statute. In addition, the U.S. Department of Health and Human Services has promulgated safe harbor regulations that specify certain practices that are not treated as an offense under the Federal Anti-Kickback statute and do not serve as a basis for exclusion. Safe harbor protection, however, is afforded only to those arrangements that precisely meet all of the conditions set forth in the safe harbor. Compliance with a safe harbor is voluntary. Arrangements that do not comply with a safe harbor are evaluated on a case-by-case basis.

Open Payments Act (Physician Payments Sunshine Act)

The Physician Payments Sunshine Act, commonly called the Open Payments Act (the Open Payments Act) imposes annual obligations on medical device manufacturers and distributors to provide reports about ownership and investment interests as well as payments or transfers of value to health care providers as part of a national disclosure program (the Open Payments Program) to create transparency in health care and life sciences industry relationships with providers by making details about those relationships available to the public. Applicable manufacturers and distributors are not required to report certain payments which come within one of the following exceptions: wages paid to bona fide HCP employees; or, single payments or transfers of value less than \$10 or such payments less than \$100 in aggregate.

The Open Payments Act authorizes Civil Monetary Penalties for failure to comply with Open Payments requirements of up to \$10,000 per payment unknowingly not reported and up to \$100,000 per payment knowingly not reported.

¹ E.g., *United States v. Nagelvoort*, 856 F.3d 1117 (7th Cir. 2017); *United States v. McClatchey*, 217 F.3d 823 (10th Cir. 2000); *United States v. Davis*, 132 F.3d 1092 (5th Cir. 1998); *United States v. Kats*, 871 F.2d 105 (9th Cir. 1989); *United States v. Greber*, 760 F.2d 68 (3d Cir. 1985).

² Last updated in January 2023.

Civil Monetary Penalties Law

The Beneficiary Inducements CMP provides for the imposition of civil monetary penalties against any person who offers or transfers remuneration to a Medicare or State health care program beneficiary that the person knows or should know is likely to influence the beneficiary's selection of a particular provider, practitioner, or supplier for the order or receipt of any item or service for which payment may be made, in whole or in part, by Medicare or a State health care program. The OIG also may initiate administrative proceedings to exclude such person from Federal health care programs. Section 1128A(j)(6) of the Act defines "remuneration" for purposes of the Beneficiary Inducements CMP as including "transfers of items or services for free or for other than fair market value."

V. Business Standards of Conduct

These business standards of conduct provide an abridged version of the key expectations for our team members. For more information, please refer to the associated policies and procedures, the Shoulder Innovations Employee Handbook, or contact the Compliance Officer.

Company-Sponsored Education and Training Programs and Meetings with Health Care Professionals

Shoulder Innovations medical products and technologies are complex. We have an obligation to educate and train HCPs on the proper or intended use of the technology. To provide valuable scientific and educational information regarding our products HCPs, Shoulder Innovations hosts various educational and training programs throughout the year and located in the United States and Europe. All proposals and planning documents for educational events hosted or sponsored by Shoulder Innovations must be presented to the Compliance Officer and approved by the Compliance Committee. Any request to host or sponsor an educational event must include:

1. A statement describing the substantive educational purpose for the event;
2. A proposed list of attendees. The event must be directly related to the specialty and/or medical practice of the attendees, or be sufficiently relevant to a legitimate business reason for their attendance;
3. Copy of the proposed agenda, which must be scientific and/or educational in nature. This means that the content presented at the event must include current scientific information of a nature and quality that is appropriate for the attendees;
4. List of any speakers or trainers including such speaker's credentials as well as the proposed fair-market compensation. Speakers and trainers must have the appropriate expertise and be qualified to provide the education or training. Compensation for any speaker or trainer may not take into account the volume or value of past business generated or potential future business generated; and
5. The proposed venue and location, which must be reasonable, modest, and not associated with entertainment, luxury, or tourism. Appropriate venues include clinical, educational, conference, or other settings such as hotels or commercially available meeting facilities.

"Health Care Professional" or **"HCP"** means any person or entity (a) authorized or licensed in the United States to provide health care services or

items to patients or (b) who is involved in the decision to purchase, prescribe, order, or recommend a medical device in the United States including physicians, nurses, hospitals and surgical centers, and administrative personnel at such companies. This term does not include Health Care Professionals who are bona fide employees of the Company, while acting in that capacity.

Consulting Arrangements with Healthcare Professionals

Shoulder Innovations engages HCPs to provide a wide range of services including education and training, speaking engagements, participation on advisory boards, clinical studies, and product research and development. We will only enter consulting arrangements with HCPs to provide legitimate services. All consulting arrangements must be in writing with compensation that is consistent with fair market value for the services being provided and approved by the Compliance Committee. Any questions or concerns about proposed or existing consulting arrangements should be discussed with the Compliance Committee.

Excluded Individuals and Entities

Shoulder Innovations does not knowingly employ, engage or delegate authority to (i) individuals who are listed by a federal or state agency as debarred, suspended or otherwise ineligible to participate in federal health care programs, or (ii) individuals who have been convicted of a criminal offense that falls within the realm of 42 U.S.C. § 1320(a)-7(a), but have not yet been excluded, debarred or otherwise declared ineligible.

In furtherance of this policy, Shoulder Innovations will review the Department of Health and Human Services Office of the Inspector General's List of Excluded Individuals and Entities (<https://exclusions.oig.hhs.gov>) and the General Accounting Office's List of Parties Debarred from Federal Programs (<https://www.sam.gov/portal/SAM>) periodically (with a goal of each quarter) for the name of any individual or entity that is applying for employment, affiliation or contract with Shoulder Innovations.

If any Shoulder Innovations employee or contractor becomes aware that he or she or another employee or contractor is excluded or proposed for exclusion from any federal health care program, such employee or contractor must promptly notify the Compliance Officer in accordance with the reporting procedures in the Code of Conduct so that appropriate action can be taken.

Educational Items

The provision of approved Educational Items to HCPs should be infrequent, and consistent with Shoulder Innovations' Educational Items, Donations and Expense Policy. Any exceptions to these standards require approval by the Compliance Committee, or as otherwise contained in such Policy.

Meals and Refreshments

Shoulder Innovations may provide HCPs with modest meals and refreshments subject to Shoulder Innovations' meal limits set forth in the Travel and Expense Policy. Meals and refreshments should be provided in a setting that is consistent with the legitimate educational or business purpose for the meeting. The provision of meals and refreshments should be infrequent, which, generally, means no more than quarterly. The cost associated with such meals must be reasonable and appropriate. Any exceptions to these standards require approval by the Compliance Committee, or as otherwise contained in such Policy.

Payments to Government Officials

Shoulder Innovations may not make a payment to any government official to influence the decision to purchase, lease, recommend, use, arrange for the purchase or lease, or prescribe a medical device sold or distributed by the

Company. This prohibition applies to any payments that are made either directly by a team member or indirectly through an agent, distributor, consultant, partner, broker, representative, or other party.

Receiving Business Courtesies and Other Payments

Team members may not solicit or accept improper payment directly or indirectly from anyone doing or seeking to do business with Shoulder Innovations. This includes transportation, travel, hotel lodging, tickets (e.g., sporting events or theatrical shows), entertainment, services, or other related activities. However, team members may accept the following:

- Modest and occasional meals and refreshments;
- Modest gifts for a significant life event (e.g., baby, wedding, death);
- Modest seasonal gift baskets if the items in the gift basket are shared with the employee's department or work group and/or donated to a charitable organization (e.g., food pantry or shelter);
- Modest and occasional branded promotional items (e.g., calendar, clothing, cup, pen, water bottle);
- Occasional educational items that serve a genuine educational function (e.g., textbook); and
- An educational course or event with prior approval of the Compliance Committee. In attending that educational course or event, an employee may accept modest meals (included with the event) but must not accept travel and hotel lodging if he or she is not participating as a speaker or faculty member.

Representative Support

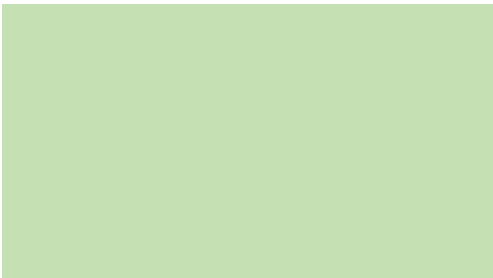
Due to the complexity of our products, Shoulder Innovations often provides representatives to support physicians utilizing our products to ensure the effective installation of the products into patients. Representatives may attend the implant procedure or provide assistance with the product prior to the procedure.

Representatives may only provide support relevant to the installation of the product, such as organizing the medical device parts or helping with putting together the purchased medical device or programming the device. Representatives should not provide medical support services such as being a nurse, physician assistant, medical technician, or other auxiliary service nor provide medical advice in any way even if the representative has the necessary training and education to provide such support.

Royalty Payments

To assist in the practical and scientific development of our intellectual property and medical products, Shoulder Innovations engages Health Care Professionals through consulting arrangements.

A consulting HCP may only be paid a fair market value royalty payment on products where the HCP provided bona fide product development services. Under no circumstances, should a HCP be compensated with a royalty payment for products which the HCP did not provide consulting services or aid in the development of the product. Likewise, the consulting HCP may not be paid royalties on any products that were ordered, recommended, or referred for use by the HCP or any other HCP in the consultant's practice or any practice with which the consultant has a financial relationship.



The consultant's participation in the development of a product must be fully documented specifying the terms and time spent providing consulting services and on what products.

Shoulder Innovations expressly prohibits the payment of royalties to any physician, physician's practice, or immediate family member based on the volume or value of referrals or orders of our products.

***Shoulder Innovations Code of Conduct
Team Member Acknowledgement***

I acknowledge that I have received a copy of the Shoulder Innovations Code of Conduct. I have read the Code of Conduct, had the opportunity to ask questions and understand my obligation to comply with its requirements. If I have more questions, I will ask my supervisor, another member of management, Human Resources or the Compliance Officer.

I further acknowledge that the Company may modify or amend this Code of Conduct from time to time. A copy of the Code of Conduct will be available upon request. I agree to report violations of which I become aware of in accordance with the **Reporting Process** set forth therein.

Print Name

Workplace Location: Please Print

Signature

Date