

# ARTHREX BUSINESS MEAL POLICY

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The Arthrex Compliance and Code of Ethics Policy govern the limited circumstances of employee spending regarding meals for Health Care Providers (HCPs). Those employees approved to entertain these customers must abide by certain rules.

Arthrex may occasionally offer a modest meal as part of an educational presentation or a business discussion. The focus of these activities is directed to an informational presentation or discussion. Venues that feature entertainment or recreation, and attendance by spouses or guests, are not permitted.

The cost of a meal must be "modest" in expense. Modesty is to be judged by local standards, but in general, Arthrex has defined "modest" as at or below \$125 per person for an evening dinner event. Breakfast and Lunch meals should be below \$40 per person. Gross violations of this guideline, without prior written approval of the President or CFO, will be denied reimbursement.

Meals must also have the appropriate ratio of Arthrex employee to guest. Any meal with a ratio beyond 2 to 1 must have the prior written approval of the President or Vice President of Finance.

Meals in Naples at which the attendees are solely Arthrex employees are not allowable expenses. Only the President and Vice Presidents have the authority to expense meals at which only Arthrex employees attend. A Team Leader, Director, or Manager may expense a meal at which the attendees are solely Arthrex employees to celebrate a milestone event or an accomplishment with the prior approval of the President.

## Business Meals

As a Compliance and Code of Ethics reminder, following is the Arthrex Business Meal Policy. This Policy applies not only to Arthrex Employees, but also to distributorships, consultants and any other agents of Arthrex.

When paying for HCPs' business meals, this cannot include their staff or administrators:

- The meal must be modest.** Arthrex has determined a modest dinner would not exceed \$125 per person, regardless of location. This includes all drinks before and after the meal, tax, and gratuities. When a meal is included as part of an event/program agenda, no other meal spend will be provided or reimbursed.
- Schemes** to pay for more expensive meals by bill splitting with an Arthrex Employee or agent may be perceived as deceitful and/or fraudulent. Personal funds, etc. are easily discovered to violate our policy and the law. Those types of activities could be used as evidence by a governmental prosecutor to support criminal charges against individuals.
- Personal payments** by you or any Arthrex representative, outside of the accounting record keeping of your business, for any of these prohibited expenses are still violations of our policy

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and most likely the law. The government will not allow the explanation “but Dr. X and his wife are my friends.” If a purchase or sale of product is anywhere intended, the payment barrier should never be breached.

- **Spouses** or others unrelated to the HCP are not appropriate guests at meals. If they attend, they must pay their portion. As uncomfortable as these situations may appear, the best course of action is to inform the doctor that you are truly concerned about their liability and would not want to see his name in print next to the phrase “under investigation by the Federal Government.”
- Your actions, including actions of independent contractor reps, may be viewed as actions on behalf of Arthrex **and** your distributorship. We may all be liable for the actions of any representatives. The government has made it clear that companies such as Arthrex are liable for actions of independent distributors.

Exclusive of the business meal, payment for **any** entertainment of HCPs is strictly prohibited. The cost of golf greens fees, fishing, tennis, sporting events, concerts, etc. should **never** be paid on behalf of an HCP. This includes, as stated above, personal payments. A governmental investigation can include an investigation of your **personal expenses**, outside of the business structure.

Your compliance with this policy, and all of Arthrex policies, are included in your contractual arrangements with Arthrex.