



Code of Conduct

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Code of Conduct

The Code of Conduct reflects the position of Chordate Medical with regard to corporate sustainability issues, when interacting with employees (including workplace practices, business ethics, and communication) and customer's general society.

All employees must understand and abide by the principles of the Code of Conduct, as the Code of Conduct is fundamental to the sustainability of Chordate Medical.

Issued and approved by:

Fredrik Henckel

CEO

Kista, 31st of March 2016

Code of Conduct

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1 INTRODUCTION

Chordate Medical AB (“Chordate” or the “Company”) is a company within the medical technology device market and specific for neuromodulation. Chordate develops, produce and sell a product system enabling non-invasive treatment of non-allergic rhinitis currently. Our own and unique method is named Kinetic Oscillation Stimulation, KOS. Clinical studies have also been made for migraine.

1.1 Corporate vision

Chordate develops and manufactures product system for non-invasive treatments for chronic diseases. Based on over 10 years of experience we are now initiating sales and marketing of non-allergic rhinitis treatment. The background of the Company origins from Karolinska University Hospital were the co-founder and inventor Prof. Jan-Erik Juto worked for several decades. We are dedicated to providing our clinics and distribution partners a novel treatment method with several advantages vs. pharma and surgery.

Our vision is to become a supplier of effective and non-invasive neuromodulation treatments on the global market. Our mission is to supply clinics and distributors with high quality product systems and disposables for our KOS method.

Our employees need and shall be aware of:

- Workplace practices: health and safety, recruitment, remuneration, and employee development/talent management.
- Business ethics: conflict of interest, honest and ethical conduct, compliance with laws, rules and regulations, fraud and corruption, gifts and loans, and related party transactions.
- Communications: designated spokespersons, public reporting and communication and internal reporting on critical information.

2 PURPOSE

The Code of Conduct (the “Code”) creates the foundation for Chordate’s position in areas related to corporate matters. The content in the Code is supported by Chordate’s core values and are demonstrated in our relations with stakeholders and the way we conduct our business.

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3 SCOPE

Chordate’s Code of Conduct is applicable to all employees and other stakeholders affected by it, regardless of position and geographical location.

4 ADHERENCE TO THE CODE

Every employee has a personal responsibility to make sure that actions taken comply not only with the letter but the spirit of the Code. Management has an additional responsibility of fostering a culture in which compliance with the Code is expected. Concerns about inappropriate conduct must be promptly addressed with respect and care.

Violations of any of the Code’s principles and standards are considered serious. Violations lead to disciplinary actions. Such action may include reprimand, reimbursement of any loss or damage suffered by Chordate, termination of employment, referral for civil action or criminal prosecution, or any other disciplinary action deemed appropriate by Chordate.

5 DISTRIBUTION, CONFIRMATION AND IMPLEMENTATION OF THIS DOCUMENT

This policy is to be distributed to the following persons and must be confirmed in accordance with the matrix below.

Confirmation required for this policy	Received	Read	Implemented
Employees	X	X	
Other persons related to Chordate	X	X	
Operating units’ management team	X	X	X

- By confirming that the Chordate policy document has been RECEIVED, the recipient confirms that they are aware that the policy exists.
- By confirming that the Chordate policy document has been READ or read through by nearest manager, the recipient acknowledges having read and understood the contents of the policy.

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- Confirming that the Chordate policy document has been IMPLEMENTED means that the recipient confirms that:
 - the recipient has informed all pertinent persons within his/her respective organization of the contents of the policy,
 - the recipient has ensured compliance with the principles and minimum requirements of the policy for his/her respective organization either by:
 - establishing a process to ensure that the policy will be followed; or
 - actively and continuously promoting compliance with the policy

6 CORE VALUES

For Chordate, values play a central role in our vision of how we want to conduct the business operations. Our values are reflected in our conduct internally among employees and externally in relation to business partners as well as other stakeholders in Chordate's business environment.

Each core value is accompanied by a statement describing what we want to achieve. The accompanying principles describe how this should best be done.

6.1 Innovation

Create an environment that encourages new ideas in all aspects and a willingness to quickly evaluate and implement viable ideas.

- Decisions should be taken as soon as relevant information has been compiled
- Action should be presented positively and new opportunities emphasized
- Accept mistakes and learn from them
- Regard all ideas as good ideas
- Look beyond the horizon

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6.2 Recognition

Show continuous interest in people and their performance, both actual and potential.

- Celebrate success
- Show genuine interest in people
- Give timely and constructive comments on people's performance – both actual and potential

6.3 Growth

Commit to the development of our people to improve Chordate.

- Give and accept challenges
- Encourage learning

6.4 Communication

Commit to seek active, open and honest dialogue.

- Talk with people rather than about them
- Seek and listen to the opinions of others
- Speak your mind in a constructive way
- Ensure that the decision-making process is visible
- Seek fairness, openness and respect in all relations

6.5 Teamwork

Develop better solutions by working together, using collective experience.

- Utilize Chordate's network
- Utilize the power of teams

6.6 Trust

Have confidence in people to say and to do what is in the best interest of Chordate.

- Delegate authority to the appropriate level
- Retain responsibility for delegated work
- Meet the expectations of your role
- Honor agreements

7 POLICIES

The Code of Conduct consists of a number of policies related to workplace practices, business ethics and communication. Some of the policies are only included in this document while some of the policies are presented in brief format in this document with a reference to the complete policy document after each section.

7.1 Employees

7.1.1 Workplace Practices

7.1.1.1 Health and safety

A good work environment fosters well-being and effective job performance and thereby supports the business targets of Chordate. A good work environment is not only safe and secure; ideally, it should also lead to personal enhancement and job satisfaction. Chordate will not tolerate working conditions or treatment of employees that are in conflict with international laws and practices.

7.1.1.2 Recruitment

Chordate is committed to equality of opportunity in all of its employment practices, policies and procedures.

- All positions in Chordate shall be filled with skilled and competent personnel irrespective of race, color, nationality, ethnic origin, age, religion, political orientation, gender, sexual orientation, marital status, disability or other status
- The skills of all employees shall be optimally utilized, and whenever appropriate, vacant positions are filled through recruitment within Chordate
- All employees shall, whenever possible, be given rewarding career opportunities by means of internal job rotation throughout Chordate.
- All vacant positions shall, when appropriate, be advertised on Chordate intranets.

7.1.1.3 Remuneration

Chordate will strive to pay fair compensation and remuneration packages are based solely on objective criteria, i.e. qualifications, competence and experience.

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Race, color, nationality, ethnic origin, age, religion, political orientation, gender, sexual orientation, marital status, disability or other status must not affect remuneration.

Remuneration packages shall reflect local market levels as well as the remuneration structure of the local business unit.

Any decision concerning remuneration should be approved by two organizational levels above the employee concerned, i.e. the “grandfather principle”.

7.1.1.4 Employee development and talent management

Significant for successful companies is their ability to adapt a performance culture in order to select, motivate and retain high performing individuals. Chordate focuses on strengthening the overall performance culture by expanding and intensifying the development of efficient leadership and highly skilled employees. Consequently, the development of management and employees is a key priority to meet the needs of tomorrow. Chordate maintains guidelines for employee development which focus on follow-up activities on how responsibilities are allocated.

7.1.2 Business ethics

Chordate’s employees have an obligation to observe good business practices and behave in accordance with the high ethical standards and expectations that apply within Chordate.

7.1.2.1 Conflict of interest

All employees are expected to avoid any outside activity, financial interest or relationship that may present a possible conflict of interest or the appearance of a conflict.

A conflict of interest exists when a person’s private interest interferes in any way, or appears to interfere, with the interests of Chordate.

7.1.2.2 Honest and ethical conduct

Chordate is strongly committed to high standards of ethical behavior in all its business activities. All employees, regardless of position, are required to act honestly and ethically in the conduct of all business activities for Chordate. All employees are expected to:

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- behave honestly and with integrity
- act with care and diligence
- treat everyone with respect and courtesy, and without harassment
- provide accurate information both for internal and external purpose
- treat confidential or proprietary information with care
- at all times behave in a way that upholds Chordate's values and the integrity and good reputation of Chordate

7.1.2.3 Compliance with laws, rules and regulations

Chordate expects that all business units comply with all current laws, rules and regulations. All employees are required to comply with the national laws, rules and regulations of the country in which they operate as well as with Chordate's policies governing the business activities.

7.1.2.4 Fraud and corruption

Chordate employees are required to maintain a culture of honesty and opposition to fraud and corruption.

To support the employee and to facilitate the reporting of any possible irregularities, the Company undertakes to protect the employee and his/her identity as far as possible, and will not tolerate harassment or victimization.

Reporting of irregularities/Whistle blowing

Chordate strongly believes that fraud and corruption have no place in the business ethics and ensures a safe process to "blow the whistle" and enables staff to raise any serious concerns they may have. When an employee is faced with a tough ethical decision or whenever they have any doubts as to the right thing to do, they should talk to someone else such as their manager, another manager, or a Director of the Board.

Employees are required to report concerns about suspected fraud, corruption or violation of laws, rules and regulations to an appropriate manager. Fraud or violation may also be reported, anonymously, to the Chairman of the Board.

7.1.2.5 Gifts and Loans

All employees, regardless of position, are required to not accept any cash gifts and loans from business associates.

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Chordate's employees must be very careful to avoid accepting anything from a business associate that could be construed as bribe or interfere with the employee's duty of loyalty to Chordate. Any agreement or understanding regarding favors or benefits in exchange for the gifts must be avoided. Chordate and its employees will not pay or offer to pay bribes in order to obtain or retain business.

7.1.2.6 Related party transactions

All employees within Chordate are expected to avoid any outside activity, financial interest or relationship that may present a possible conflict of interest. Every employee is required to disclose any information of such conflict of interest to an appropriate manager within Chordate.

Prior approval by the appropriate manager, and in some cases by the Board of Directors, is required for transactions between Chordate and a related party.

7.1.3 Communications

7.1.3.1 Designated spokespersons

Chordate has designated spokespersons that are permitted to issue statements on behalf of Chordate.

The Chairman of the Board may issue statements on pertinent issues arising from the Board's ownership issues, strategies, nominations, appointments, compensation and corporate governance of Chordate.

The Chief Executive Officer, CEO, is the main spokesperson in contacts with the financial market including media.

The CEO is the principal spokesperson for Chordate on Chordate-wide matters such as Chordate's financial position, business strategies, market assessments and competition analyses.

7.1.3.2 Public reporting of critical information

Any employee involved in the preparation of Chordate's financial statements, public reports or communications, are responsible for ensuring that financial statements, public reports or communications contain disclosure that is full, fair, accurate, timely and comprehensible. In that regard, operating units within Chordate are responsible for establishing and maintaining effective procedures for internal controls, disclosures and financial reporting.

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Critical information includes but is not limited to:

- Information that may have a significant impact on Chordate's operations
- Information that may have a significant impact on the valuation of Chordate's assets and liabilities
- Information that may have a significant impact on Chordate's share price
- Information that can develop into a crisis that could seriously threaten Chordate's reputation and/or relation with customers, personnel or shareholders

If you are in doubt about the seriousness of your concern or information received consult your superior or contact the CEO or Chairman for advice and guidance.

7.2 Social Responsibility

7.2.1 Human rights

Chordate's policy on human rights is based on accepted international laws and practices. Chordate will respect and promote human rights including that

- We do not tolerate any kind of harassment or discrimination based on race, color, nationality, ethnic origin, age, religion, gender, sexual orientation, marital status, disability or other status
- We promote freedom of opinion and expression
- We believe that every employee should be free to join or form (nonviolent) assembly or associations

8 MEDICAL DEVICE LAWS & REGULATIONS

Chordates products are subject to a variety of laws and regulations that govern medical devices. Some of Chordate's products are subject to the strict level of such laws and regulations.

Each employee must be familiar with those laws and regulations that affect his or her responsibilities and the obligation to promptly report adverse events and complaints. In addition, such employees must be familiar with and comply with the limitations on the promotion of Chordate's products.

Chordate is committed to be compliant with all such laws and regulations.

9 RELATIONSHIP WITH CUSTOMERS & PHYSICIANS

For most countries in which Chordate does business today or in the future, there are laws and regulations that prohibit certain payments and donations to customers and physicians. For example the Medicare/Medicaid Antifraud Statute in the United States. Chordate's policy is to be compliant with all such laws and regulations. These are too complicated to be summarized in the Code. Sales and marketing employees and agents are expected to be familiar with the laws and regulations that govern them.

In addition to be compliant with the pertinent laws and regulations, Chordate will not:

- A. Make any payment or donation to a customer or physician in exchange for the customer purchasing Chordate's products or for the physician to prescribe such products.
- B. Provide gifts or entertainment to a customer or physician that are extravagant or beyond for what can be consider customary.
- C. Pay for a customer or physician to take a side trip in connection with a trip which Chordate is otherwise permitted to pay for.
- D. Pay for a friend or relative of a customer or a physician to accompany a customer or a physician on a trip.

In many countries, various associations have created codes of ethics that govern these types of relationships. Chordate adheres to the MedTech Europe Code of Ethical Business Practice.

Chordate often has legitimate reasons to enter into agreements with customers or physicians. Examples of such agreements are clinical studies, consulting and patent license. All such agreements must be in writing and provide that payments will be made upon receipt of the work to be performed, or when the other party becomes liable to another person for an expense related to the agreement.

10 WAIVERS OF THE CODE

Any waiver of the Code may only be made by Chordate's CEO or Chairman, and only if truly necessary and warranted.

11 PROCEDURES FOR MONITORING AND REVIEWING CODE OF CONDUCT

There are different processes for monitoring and reviewing the policies in the Code of Conduct. The intention with the review processes is to ensure that employees, and other stakeholders affected by this Code of Conduct, are aware of, understand, accept and comply with its content. The CEO is responsible for reviewing and updating the Code of Conduct.

The following policies are monitored and reviewed through internal control processes:

- Workplace practices, including recruitment and remuneration
- Business ethics
- Communications

12 INFORMATION AND COMMUNICATION

For additional general information regarding Chordate's Code of Conduct, please contact the CEO.