



Foreign Corrupt Practices Act Summary and Policy

I. Introductions/Overview

As an officer, director, employee or agent of CryoLife, Inc. and its subsidiaries (“CryoLife” or the “Company”) you must comply with the U.S. Foreign Corrupt Practices Act (“FCPA”) and all local anti-bribery and anti-corruption laws where the Company operates, such as the United Kingdom Bribery Act of 2010.

The FCPA prohibits the **bribery of foreign officials** and requires U.S. companies to maintain internal accounting controls and keep books and records that accurately reflect all transactions. The objective of the FCPA is to address corrupt practices between corporations and public officials, which undermine the integrity and stability of **governments** and harm relations among countries.

Every employee and agent of the Company whose duties are likely to lead to exposure to international business activities is required to read and comply with this FCPA Summary and Policy (this “Policy”).

Certain key words and phrases (in bold) are defined below.

II. Policy Summary/Statement

The FCPA makes it illegal for U.S. citizens and companies, their officers, directors, employees, agents and any stockholders acting on their behalf, as well as foreign companies and persons acting in the United States, to **bribe foreign officials**. Although the concept is simple, the law directly affects every day business relationships with foreign **governments** and **government-owned** companies in the many countries in which the Company operates.

The FCPA also requires accurate and complete books and records and the maintenance of proper internal accounting controls. All personnel are expected to conduct Company business legally and ethically. The use of Company funds or assets for any unlawful, improper or unethical purpose is absolutely prohibited. Improper gifts, **payments** or offerings of **anything of value to foreign officials** could jeopardize the Company’s growth and reputation and will not be tolerated.

This Policy extends to all of the Company’s domestic and foreign operations. This Policy also extends to all of the Company’s financial record-keeping activities and is integrated with the obligations that the Company is already subject to by virtue of the federal and state securities laws, including the U.S. Securities and Exchange Act of 1934.

III. Definitions

Anything of Value – The use of the phrase “anything of value” means that the FCPA forbids not only money **bribes** but also **bribes** constituting such things as:

1. Stock
2. Entertainment



3. Gifts and personal favors
4. Discounts on products and services not readily available to the public
5. Offer of employment
6. Assumption of forgiveness of debt
7. Payment of travel expenses

Bribe/Bribery – When one party gives or offers another party, either directly or through an intermediary, any reward, advantage or benefit of any kind, in order to influence the making or not making or implementation of a decision or act by the party concerned.

Foreign Official – Any officer or employee of a foreign **government** (i.e., other than the United States) or any department, agency or instrumentality thereof (which includes a **government-owned** or **government-controlled** state enterprise) or of a “public international organization,” any person acting in an official capacity for or on behalf of a foreign **government** or **government** entity or of a public international organization, any foreign political party or party official, or any candidate for foreign political office. Thus, **foreign officials** include not only elected officials, but also consultants who hold government positions, employees of companies owned by foreign governments, political party officials and other. **Doctors and other employees at government-owned or managed hospitals may be considered to be foreign officials under the FCPA.**

Government – An agency, instrumentality, subdivision or other body of any national, state or local government, including hospital or other health facilities that are owned or operated by a government, and including regulatory agencies or government-controlled businesses, corporations companies or societies.

Knowing – This element was introduced primarily to cover **payments** for illicit purposes to intermediaries or foreign agents who would in turn make **payment** to **foreign officials**. A person has knowledge of prohibited conduct if the person (a) is aware that the recipient of the **payment** is engaging in such conduct, that such circumstance exists, or that such result is substantially certain to occur. A person is also deemed to have knowledge of a particular circumstance if the person is “aware of a high probability of the existence of such circumstance, unless the person actually believes that such circumstance does not exist.” Thus, a U.S. corporation can be held liable if its actions indicate a conscious disregard or deliberate ignorance of circumstances that should reasonably alert the company to the high probability of illegality. The Company cannot turn a blind eye to suspicious activities of its foreign finders, agents, representatives, distributors or other business partners, hoping not to learn of prohibited activity.

Payment – Money, transfer of stock, bonds or any other property, the payment of expenses, the providing of services of any type, the assumption or forgiveness of any indebtedness, or any other transfer of goods, services, tangibles or intangibles that accrues to the benefit of the ultimate recipient or promotes his or her position or interest.

IV. Scope

All employees and/or agents representing the Company are responsible for upholding the “**knowing**” standard, which is broad and encompasses more than actual knowledge that such



corrupt practices will occur. Ignoring or disregarding circumstances that could reasonably be considered sufficient warning that illegal conduct will occur may be grounds for meeting the “**knowing**” standard.

Great care must be exercised in this area. All activities must uphold the principles set forth in the Company’s Code of Conduct and meet the highest standards of behavior, including ethical conduct, integrity, honesty and fairness in all aspects of our work.

Employees with questions about the FCPA or this Policy are encouraged to contact a member of the Company’s Legal and Compliance Department. In addition, employees who have knowledge or a suspicion of a violation of this Policy are strongly encouraged to contact the Company’s General Counsel or the Company’s compliance hotline. The Company is prohibited from engaging in any form of retaliation against a person reporting an FCPA violation.

V. Legal and Compliance Department Responsibilities

For the purposes of providing legal advice and advising Company management of potential legal liability regarding the FCPA, the Company’s Chief Compliance Officer and Legal Department – together with Human Resources – has the following responsibilities:

1. Communicate this Policy to all Company employees, including business managers, executives and board members;
2. Develop and implement FCPA training programs for Company employees and agents whose duties are likely to lead to exposure to international business activities;
3. Distribute, collect and review FCPA compliance questionnaires;
4. Investigate possible violations or material legal issues;
5. Inform the CEO of possible violations or material legal issues;
6. Ensure appropriate action is taken to address possible violations; and
7. Review recent material developments and changes to the FCPA, and incorporate such developments and changes into this Policy and the FCPA training programs, as appropriate.

VI. Anti-Bribery Provision

Consistent with the terms of the FCPA, the Company prohibits any of its employees, consultants, agents distributors or representatives (collectively, “Representatives”) from paying or offering to pay money or **anything of value** to a **foreign official** for the purposes of:

1. Influencing any act or decision of such **foreign official** in his/her official capacity; or
2. Inducing such **foreign official** to do or omit to do any act in violation of his/her official duty; or
3. Inducing such **foreign official** to use his/her influence with a foreign **government** (or instrumentality thereof) to affect or influence a governmental act or decision; or
4. Securing an improper advantage in order to obtain or retain business for the Company.



VII. Permissible Payments Provision

Facilitating payments are generally permissible under the FCPA. These are **payments** made solely to expedite or secure the performance of the following routine **government** actions only:

1. Obtaining licenses, permits or other official documents to qualify to do business in a foreign country;
2. Processing governmental papers, such as visas and work orders;
3. Providing police protection, mail services or inspection of goods or of contract performance;
4. Providing telephone service, utilities, loading or unloading cargo or protecting perishable goods from deterioration; or
5. Actions of a similar nature.

However, facilitating **payments** may be made only if:

1. The assistance requested and for which the **payment** or gift is made is clearly an action which the person receiving the **payment** is legally required to provide, and the **payment** is only to facilitate such action;
2. Such **payment** is legal and customary in the foreign country in question;
3. No reasonable alternative to making the **payment** exists;
4. The duties of the person receiving the **payment** are essentially ministerial or clerical; and
5. The **payment** has been approved in advance by the Company's General Counsel or, if unavailable, another attorney or executive officer of the Company.

Approval will be given only after it has been determined that such **payment** is consistent with the criteria set forth above and with all other applicable laws, rules and regulations. For example, facilitation **payments** are prohibited under the United Kingdom Bribery Act of 2010. In any event, every effort should be made to eliminate or minimize such **payments**.

VIII. Record Keeping/Accounting Provision

All transactions involving Company funds or assets must be recorded in reasonable detail and accurately and completely reflect the transactions and asset dispositions of the Company regardless of the country in which the transaction takes place.

IX. Due Diligence

- A. The Company is dedicated to the expansion of its operations worldwide. The Company will compete for all business opportunities vigorously, fairly, ethically and legally and will negotiate contracts in a fair and open manner. Regardless of any pressure exerted by **foreign officials**, the Company will conduct business using only legal and ethical means and maintaining the highest level of integrity.



- B. This practice of fairness and professionalism must extend to the activities of the Company's representatives, and business partners. The Company should be careful to avoid situations involving third parties that might lead to a violation of the FCPA (or any other applicable anti-bribery, anti-corruption or anti-kickback law, rule or regulation). It is better not to hire an agent, consultant or distributor for example, than to conduct business through the use of a third party's questionable payments. Therefore, prior to entering into an agreement with any other agent, distributor, consultant, or other representative who acts on behalf of the Company with regard to foreign governments on international business development or retention, the Company will perform proper and appropriate FCPA-related due diligence and obtain from the third party assurances of compliance.

X. Punishment

Penalties for violating the FCPA can be severe. Corporations are subject to criminal fines of up to \$2,000,000 and civil fines up to \$10,000 per violation. Individuals are subject to criminal fines up to \$100,000, imprisonment for up to five (5) years, or both. Individuals are also subject to civil fines up to \$10,000. Violations of the FCPA may not be covered by Directors and Officers Insurance, and individuals will not be indemnified by their employer for such violations. The Company takes its obligations to comply with the FCPA seriously. Accordingly, employees who fail to follow the Company's FCPA policy and procedures, whether expressly stated in this Policy or otherwise, may be subject to adverse employment action, including, where warranted, dismissal.

XI. Miscellaneous

Things to remember:

- There is no exception under the law or under CryoLife's policy for illicit payments simply because they are customary or even expected under local business or social conventions. In some countries, complying with the FCPA may place U.S. companies at a competitive disadvantage. Nonetheless, Company policy is that in every instance we must comply with the FCPA and other applicable anti-corruption and anti-bribery laws.
- Even if a payment is acceptable under the FCPA or the United Kingdom Anti-Bribery Act, it may nonetheless be prohibited by local anti-bribery laws. In some countries, such laws may not be enforced, but CryoLife requires that in every instance we comply with the law as written.
- Deliberate ignorance and willful blindness do not protect the Company or our Representatives from criminal prosecution for violating the FCPA and other anti-bribery laws. CryoLife Representatives must never ignore suspicious activities, but must report same to CryoLife's Compliance Officer or General Counsel immediately.
- Failure to report is a violation of this Policy. If you know or suspect a violation or potential violation of this Policy has occurred or may occur and you do not notify CryoLife's Chief



Compliance Officer or General Counsel, you have violated this Policy and may be terminated.

- If you are uncertain about taking an action and whether it may violate this Policy, ask.

This Policy is in addition to and supplements the Company's general ethics and anti-bribery policies.

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