



ADVANCED BIOHEALING, INC. COMPREHENSIVE COMPLIANCE PROGRAM

I. INTRODUCTION

Advanced BioHealing, Inc. (“ABH”) is committed to establishing and maintaining an effective compliance program in accordance with the Compliance Program Guidance published by the Office of Inspector General, U.S Department of Health and Human Services (the “HHS-OIG Guidance”). Our Compliance Program is one of the key components of our commitment to the highest standards of ethical practice.

The purpose of our Compliance Program is to prevent and detect violations of law or company policy. As the HHS-OIG Guidance recognizes, however, the implementation of such a program cannot guarantee that improper employee conduct will be entirely eliminated. Nonetheless, it is ABH’s expectation that employees will comply with our Code of Compliance and Ethics and Conduct (“the Code”), Customer Interactions Policy (the “Policy”) and the policies established in support of the Code and Policy. In the event that ABH becomes aware of potential violations of law or company policy, the company will, where appropriate, investigate the matter and take disciplinary action and implement corrective measures to prevent future violations.

ABH has described below the fundamental elements of our Compliance Program. In accordance with the voluntary standards established by the HHS-OIG Guidance and as explicitly recognized in the Guidance, we have tailored our Compliance Program to fit the unique environment and size of ABH.

This document is a description of our Compliance Program. A Compliance Program is dynamic, involving not only multiple policies, procedures, and programmatic activities, but also the commitment of senior management, and the support of all employees, contractors, and agents to make the program effective.

We regularly review and enhance our Compliance Program to meet our evolving compliance needs.



II. OVERVIEW OF COMPLIANCE PROGRAM

1. Written standards.

- ABH's Code is our statement of ethical and compliance principles that guide our daily operations. The Code articulates our fundamental principles, values and framework for action within our organization.
- The HHS-OIG Guidance has identified several potential risk areas for manufacturers, and called on companies to develop compliance policies in these risk areas. ABH's Customer Interactions Policy speaks to key-risk areas. A specific annual dollar limit of \$2,500 per recipient has been imposed on gifts, promotional materials, items or activities provided by an ABH employee to covered recipients in California.

2. Leadership and Structure.

- **Compliance Officer.** ABH has designated Bill Benvenuto as its Compliance Officer. Bill Benvenuto serves as the focal point for compliance activities. We are committed to ensuring that Bill Benvenuto, as Compliance Officer, has the ability to effectuate change within the organization as necessary and to exercise independent judgment. The Compliance Officer is charged with the responsibility for developing, operating and monitoring the Compliance Program.
- **Compliance Committee.** ABH has established a Compliance Committee to advise the Compliance Officer and assist in the implementation of the Corporate Compliance Program.

- ### 3. Education and Training.
- A critical element of our Compliance Program is the education and training of relevant personnel on their legal and ethical compliance-related obligations. ABH will regularly review and update its training programs, as well as identify additional areas of training on an "as-needed" basis.

- ### 4. Internal Lines of Communication.
- ABH is committed to fostering dialogue between management and employees. ABH has adopted open-door and non-retaliation policies.

- ### 5. Auditing and Monitoring.
- ABH's Compliance Program includes efforts to monitor, audit, and evaluate compliance with the company's compliance policies and procedures, including efforts to monitor the activities of sales force personnel.



We will utilize ongoing assessment of compliance programs to identify new and emerging risk areas and address these risks.

6. **Responding to Past and Potential Violations.** ABH's Compliance Program includes disciplinary and other policies for violation of the law or company policy. Although each situation is considered on a case-by-case basis, we will consistently undertake appropriate disciplinary action to address inappropriate conduct and deter future violations.

7. **Corrective Action Procedures.** A compliance program increases the likelihood of preventing, or at least identifying unlawful and unethical behavior. However, HHS-OIG recognizes that even an effective compliance program may not prevent all violations. As such, ABH is committed to responding promptly to potential violations of law or company policy, taking appropriate disciplinary action, assessing whether the violation is in part due to gaps in our policies, practices, or internal controls, and taking action to prevent future violations.



ADVANCED BIOHEALING INC. 2011 DECLARATION OF COMPLIANCE

As part of our continued efforts in the area of compliance, we have developed a Comprehensive Compliance Program that is reasonably designed to prevent and detect violations. Consistent with the HHS-OIG Compliance Program Guidance for Pharmaceutical Manufacturers, we have tailored our Comprehensive Compliance Program to the nature of our business as a medical device manufacturer. The medical device industry has established, and ABH's Comprehensive Compliance Program is designed in accordance with, a voluntary ethical code called the AdvaMed Code of Ethics on Interactions with Health Care Professionals (AdvaMed Code). The AdvaMed Code is substantially equivalent to the Pharmaceutical Research and Manufacturers of America Code on Interactions with Healthcare Professionals (PhRMA Code), but reflects the unique interactions between medical technology companies and health care professionals.

Government standards on compliance programs recognize that no program can completely prevent individual employees from improper conduct. Recognizing that compliance is a dynamic concept, ABH continuously reviews and updates its Comprehensive Compliance Program to improve it. As a result, the Comprehensive Compliance Program periodically incorporates changes in policy and approach that require the subsequent development of new and upgraded systems and processes.

ABH has developed a Comprehensive Compliance Program that we believe meets the compliance goals set forth by the State of California. The description of our Comprehensive Compliance Program, provided above, reflects the plan we have implemented. To our knowledge, we are, in all material respects, in compliance with our Comprehensive Compliance Program and applicable law.

A copy of this document may be obtained by calling 1-800-897-1443.

Last updated: **March 31, 2011**