



Code of Business Conduct and Ethics

1. Who is responsible for Vericel's reputation and business ethics?

We are ALL responsible for Vericel's reputation. One single employee's act can have a very damaging effect on our reputation.

Vericel's reputation is based on our individual business conduct. Every interaction, both inside and outside Vericel, is an opportunity for us to demonstrate our integrity. Ethical business conduct is a part of everyone's job. We do not change our standards because competitors, suppliers, or customers behave differently, or in order to meet financial goals.

Each employee, officer, and director is responsible for the integrity of his or her own work. This Code of Conduct outlines Vericel's expected behaviors and practices. If we fail to comply with the Code, we risk being disciplined or terminated, and if we have broken a law, we may also be held personally liable for that violation.

All employees, officers, and directors will be provided a copy of the Code of Conduct, and will be asked to confirm that they have read and understand it. Subsequently, all new employees, officers and directors will be required to do the same. Following the initial provision and understanding of the Code, all employees, officers, and directors will be provided with all revisions to the Code and will be required to affirm their compliance with the Code periodically. This affirmation will be obtained from a simple form such as the one provided along with the Code.

Each manager is responsible for ensuring that their employees understand and comply with the Code, for discussing business practice situations with their employees, and for responding promptly to concerns raised by any employee. Managers and supervisors are responsible for their employees' actions, and are subject to discipline or dismissal if they participate in, direct, or approve an employee's improper actions, or are or become aware of such actions and do not act appropriately to correct them. Managers are also expected to seek to have all agents and contractors conform to Code standards when working for or on behalf of Vericel.

We all are also individually responsible for reporting wrongdoing. If a standard or law has been broken, report it promptly to your supervisor or manager, the Compliance Officer or another appropriate Vericel representative as described below. The Compliance Officer is the principal legal officer and has an integral role in compliance at Vericel. The Compliance Officer is responsible for communicating, training and monitoring overall compliance with the Code.

2. What should you do if you have a concern about business practices and the Code?

All employees, officers or directors should report any violation or suspected violation of this Code to the appropriate Vericel personnel.

Vericel's efforts to ensure observance of, and adherence to, the goals and policies outlined in this Code mandate that employees, officers, and directors bring any instance, occurrence or practice that they, in good faith, believe is inconsistent with or in violation of this Code to the attention of their supervisors, managers, or other appropriate personnel. The following is an approach to dealing with potential problem situations. At all times maintain a professional demeanor when dealing with such situations.

- In the event you believe a violation of the Code has occurred, or you have observed or become aware of conduct which appears to be contrary to the Code, immediately discuss the situation with your supervisor or department vice president. If it would be inappropriate to discuss the issue with this individual, you should contact the principal legal officer, the President, or the Chairman of the Audit Committee of the Board of Directors. These resources will promptly listen to your concerns and assess the situation.
- Every employee and manager is expected to become familiar with and to understand the requirements of the Code. If you become aware of a suspected violation, don't try to investigate it or resolve it on your own. Prompt disclosure to the appropriate parties is vital to ensuring a thorough and timely investigation and resolution. A violation of the Code is a serious matter and could have legal implications. Allegations of such behavior are not taken lightly and should not be made to embarrass someone or put him or her in a false light. Reports of suspected violations should always be made in good faith.
- No one will be punished for asking about or reporting questionable conduct. In cases in which an employee reports a suspected violation and is not engaged in the questionable conduct, Vericel will attempt to keep its discussions and actions confidential to the greatest extent possible. In the course of its investigation, Vericel may find it necessary to share information with others on a "need to know" basis. No retaliation shall be taken against employees for reporting questionable conduct or suspected violations of the Code.

3. Compliance with Laws, Rules and Regulations

Vericel seeks to comply with both the letter and spirit of all applicable laws and regulations in all countries in which it operates.

Vericel is committed to full compliance with the laws of the cities, states and countries in which it operates. This includes, for example, those relating to antitrust and promoting fair competition, preventing bribery, illicit payments and corruption, insider trading, securities laws, and labor practices, among others. Furthermore, Vericel expects employees to understand the legal and regulatory requirements applicable to their groups and areas of responsibility. Employees are expected to act proactively by asking questions, seeking guidance and reporting suspected violations of applicable laws, rules or regulations arising in the conduct of Vericel's business or occurring on Vericel's property. If an employee believes that actions have taken place, may be taking place, or may be about to take place that violate or would violate any law, rule or regulation applicable to Vericel, he or she must bring the matter to the attention of Vericel

as described in Section 18. When faced with situations that require some knowledge of the law, employees should seek advice from supervisors, managers, the Compliance Officer or other appropriate personnel.

4. Corporate Opportunities

Employees, officers, and directors owe a duty to Vericel to advance its legitimate interests when the opportunity to do so arises.

Examples of prohibited conduct by employees with respect to corporate opportunities include, but are not limited to:

- taking for themselves opportunities that are discovered through the use of corporate property, information or position;
- Using corporate property, information, or position for personal gain;
- Competing with Vericel.

If an employee has any doubt concerning his or her obligations with respect to any opportunity that presents itself to the employee, the employee should seek advice from supervisors, managers or other appropriate personnel.

5. Fair Dealing

Our goal is to be regarded as a company that does business with integrity.

Each employee, officer, and director should endeavor to deal fairly with Vericel's customers, suppliers, competitors, and employees. Under federal and state laws, Vericel is prohibited from engaging in unfair methods of competition, and unfair or deceptive acts and practices. No employee should take unfair advantage of anyone through manipulation, concealment, abuse of confidential information, misrepresentation of material facts, or any other unfair-dealing practice.

Examples of prohibited conduct include, but are not limited to:

- Bribery or payments:
 - To induce business or breaches of contracts by others;
 - To influence judgment or conduct or ensure a desired outcome or action;
 - To win or retain business or influence any act or decision of a government official;
 - To gain improper advantage;
- Business being conducted with a family member or relative;

- Acquiring a competitor’s trade secrets through bribery or theft;
- Making false, deceptive or disparaging claims or comparisons about competitors or their products or services;
- Mislabeling products or services; or
- Making affirmative claims about Vericel’s products and services without having a reasonable basis for doing so.

In addition, any public statements by or on behalf of Vericel should always be accurate and have a reasonable basis in fact. Public statements may include such things as advertising, promotional activities and sales presentations.

6. Media/Public Discussions

Vericel strives to anticipate and manage crisis situations and public relations in order to reduce disruption to our employees and to maintain our reputation.

It is therefore imperative that Vericel respond to the investor and news media inquiries in a timely and professional manner through its officially designated spokespersons: the Chief Executive Officer or Chief Financial Officer or others that they may expressly authorize from time to time (collectively, the “Communications Team”). On occasion, Vericel’s outside investor relations firm may also handle investor and news media inquiries. This streamlined communications process will help ensure that Vericel delivers a consistent, appropriate message to the public, free of misinformation. For this policy to be realized, all employees should refer investor and news media inquiries to a member of the Communications Team rather than attempt to respond to such requests as an official spokesperson of Vericel.

While you should not attempt to speak on behalf of Vericel as an official spokesperson, you can refer interested persons to our website for additional information about Vericel’s business, including our press releases and documents filed with the Securities and Exchange Commission.

7. Compliance with Accounting and Disclosure Control Policy

Our goal is to maintain accurate financial reports, and to keep our investors informed about Vericel.

All employees and officers shall abide by all accounting and disclosure controls set forth in the relevant Finance policies.¹ These policies are formulated to ensure that all financial data is properly gathered, tabulated and reported in Vericel’s records and that information from all areas of Vericel that might be of interest to investors is forwarded to management for consideration for inclusion in public disclosure. A standing Disclosure Committee is established, consisting of officers and department heads, to review Vericel’s proposed disclosure, and make any additions or

¹ Vericel’s Finance policies and procedures and the related accounting can be obtained from Vericel’s Controller or on the Vericel Intranet.

modifications that each member deems to be of such potential interest. The members also certify their submissions.

The integrity of our records and public disclosure depends upon the validity, accuracy and completeness of the information supporting the entries to our books of account. Therefore, our corporate and business records should be completed accurately and honestly. The making of false or misleading entries, whether they relate to financial results or test results, is strictly prohibited. Our records serve as a basis for managing our business and are important in meeting our obligations to collaborators, suppliers, creditors, employees and others with whom we do business. As a result, it is important that our books, records and accounts accurately and fairly reflect, in reasonable detail, our assets, liabilities, revenues, costs and expenses, as well as all transactions and changes in assets and liabilities. We require that:

- no entry be made in our books and records that intentionally hides or disguises the nature of any transaction or of any of our liabilities or misclassifies any transactions as to accounts or accounting periods;
- transactions be supported by appropriate documentation;
- the terms of commercial transactions be reflected accurately in the documentation for those transactions and all such documentation be reflected accurately in our books and records;
- employees comply with our system of internal controls; and
- no cash or other assets be maintained for any purpose in any unrecorded or “off-the-books” fund.

Our accounting records are also relied upon to produce reports for our management and stockholders, as well as for governmental agencies. In particular, we rely upon our accounting and other business and corporate records in preparing the periodic and current reports that we file with the SEC. Securities laws require that these reports provide full, fair, accurate, timely and understandable disclosure and fairly present our financial condition and results of operations.

Employees who collect, provide or analyze information for or otherwise contribute in any way in preparing or verifying these reports should strive to ensure that our financial disclosure is accurate and transparent. They must be certain that our reports contain all of the information about Vericel that would be important to enable stockholders and potential investors to assess the soundness and risks of our business and finances. The quality and integrity of our accounting and disclosures is of paramount importance. In addition:

- no employee may take or authorize any action that would intentionally cause our financial records or financial disclosure to fail to comply with generally accepted accounting principles, the rules and regulations of the SEC, the FDA or other applicable laws, rules and regulations;
- all employees must cooperate fully with our Accounting and Legal Departments, as well as our independent public accountants, respond to their questions with candor and provide them with complete and accurate information to help ensure that our books and records, as well as our reports filed with the SEC or the FDA, are accurate and complete; and

- no employee should knowingly make (or cause or encourage any other person to make) any false or misleading statement in any of our reports filed with the SEC or FDA or knowingly omit (or cause or encourage any other person to omit) any information necessary to make the disclosure in any of our reports accurate in all material respects.

Any employee who becomes aware of any departure from these standards has a responsibility to report his or her knowledge promptly to authorized persons pursuant to the procedures set forth in Section 18.

8. Insider Trading

Employees, officers, and directors must never trade securities on the basis of confidential information acquired through their employment relationship.

Federal law and Vericel policy prohibit employees, officers, and directors, directly or indirectly, from purchasing or selling Vericel stock through the use of confidential information concerning Vericel. All non-public information about Vericel should be considered confidential information. No employee, officer, or director may buy or sell “options” in Vericel stock while in possession of material non-public information. The “tipping” of others who might make an investment decision on the basis of this information is also illegal.

This same prohibition applies to trading in the stock of other publicly held companies, such as existing or potential business partners, customers or suppliers, on the basis of confidential information. Because Vericel interacts with other companies and organizations, there may be times when you learn confidential information about other companies before that information has been made available to the public. You must treat this information in the same manner as you are required to treat Vericel’s confidential and proprietary information. There may even be times when you must treat as confidential the fact that we have an interest in, or are involved with, another company.

If you have a question concerning appropriateness or legality of a particular securities transaction, it is imperative that you consult with Vericel’s principal legal officer.²

9. Conflicts of Interest

An employee, officer, or director should avoid any situation in which his or her personal interests conflict or might appear to conflict with Vericel’s interests.

Employees, officers, and directors should avoid entering into situations in which their personal, family or financial interests may conflict with those of Vericel, unless the potential conflict situation is reviewed and expressly approved in writing, in advance, by the Compliance Officer. The following are examples of potential conflicts:

² A more complete description of Vericel’s insider trading compliance policy can be obtained from Vericel’s principal legal officer and is available on the Vericel intranet and website.

- Business is done with a family member or relative.
- An employee, officer, or director, or a member of his or her family, receives personal benefits as a result of his or her position in Vericel including receiving valuable gifts from those seeking to or doing business with Vericel;
- An employee, officer, or director takes actions or has interests that make it difficult to perform his or her Vericel work objectively and effectively;
- An employee or officer is employed simultaneously by a competitor, customer, or supplier;
- An employee or officer has a financial interest in a customer, supplier, or competitor that is significant enough to influence the individual's business conduct. Except for an open market investment in publicly traded mutual funds or security equal to less than 5% of the individual's net worth, all financial interests in a customer, supplier, or competitor, must be disclosed to the Chief Executive Officer or before becoming an employee. The Chief Executive Officer must approve subsequent proposed financial interests in a customer, supplier, or competitor greater than that amount, in advance.
- An employee, officer, or director acquires an interest in property (such as real estate, patent rights or securities) where Vericel has, or might have, an interest;
- An employee, officer, or director divulges or uses Vericel's confidential information - such as clinical data, technical data or specifications, component designs, financial data, customer information, and computer programs - for his or her own personal or business purposes.

Directors shall disclose to the Compliance Officer and the Chairman of the Audit Committee any business relationship with any competitor, customer, or supplier of Vericel, or any other potential conflict of interest. Loans to, or guarantees of obligations of, executive officers and directors by Vericel are expressly prohibited by law and shall not be permitted.

Conflicts are not always clear-cut. If an employee, officer, or director becomes aware of a conflict, potential conflict, or has a question as to a potential conflict, the employee, officer, or director should consult with higher levels of management or Vericel's principal legal officer and/or follow the procedures described in Section 18 of the Code. If an employee becomes involved in a situation that gives rise to an actual conflict, the employee must inform higher levels of management and Vericel's principal legal officer of the conflict.

10. Confidentiality

All confidential information concerning Vericel obtained by employees, officers, and directors is the property of Vericel and must be protected.

Confidential information includes all non-public information that might be of use to competitors, or harmful to Vericel, its customers, or its suppliers, if disclosed. Employees,

officers, and directors must maintain the confidentiality of such information entrusted to them by, its customers and its suppliers, except when Vericel authorizes disclosure or when required by law. The obligation to keep this information confidential applies even to communications with family members.

Examples of confidential information include, but are not limited to: Vericel's trade secrets; business trends and projections; information about financial performance; new product or marketing plans; research and development ideas or information; manufacturing processes; information about potential acquisitions, divestitures and investments; stock splits, public or private securities offerings or changes in dividend policies or amounts; and existing or potential major contracts, orders, suppliers, customers or finance sources or the loss thereof.

It is each employee's responsibility to confirm that a written nondisclosure agreement, in a form approved by the Legal Department, is in place prior to disclosing any Vericel confidential information to a third party. Never sign a form of confidentiality agreement provided by another company without the approval of the Legal Department.

You should also take care not to inadvertently disclose confidential information. Materials that contain confidential information, such as memos, lab or other notebooks, computer disks and laptop computers, should be stored securely. Unauthorized posting or discussion of any information concerning our business, information or prospects on the Internet is prohibited. You may not discuss our business, information or prospects in any "chat room," regardless of whether you use your own name or a pseudonym. Be cautious when discussing sensitive information in public places like elevators, airports, restaurants and "quasi-public" areas within Vericel's premises, such as the reception area.

The obligations of employees, officers and directors with respect to confidential information of Vericel continue even after their employment relationship with Vericel terminates.

11. Protection and Proper Use of Vericel Assets

All employees, officers, and directors should protect Vericel's assets and ensure their proper use.

Vericel assets are to be used only for legitimate business purposes of Vericel and only by authorized employees or their designees. This includes both tangible and intangible assets. Intangible assets include, but are not limited to: intellectual property such as trade secrets, patents, trademarks and copyrights; business, marketing and service plans; engineering and manufacturing ideas; designs; databases; Vericel records; salary information; and any unpublished financial data and reports. Unauthorized alteration, destruction, use, disclosure or distribution of these assets violates Vericel policy and this Code. Any such action, as well as theft or waste of, or carelessness in using these assets have a direct adverse impact on Vericel's operations and profitability and will not be tolerated.

Vericel's record management policies are designed to ensure that we maintain and store our business records in compliance with our legal, regulatory, contractual and financial obligations. Even when business records are no longer required to be maintained under the applicable record retention procedure, you may still be prevented from destroying those records as

a result of actual or anticipated litigation, regulatory inquiries or governmental investigations. In those cases, the Legal Department or Vericel's outside counsel will issue a hold order which is a written instruction that requires that the recipients stop normal course deletion and destruction of certain records and information until further notice. You should be aware that employee conduct and records, including Vericel emails, are subject to internal and external audits and to discovery by third parties in the event of a government investigation or civil litigation.

Vericel provides computers, voicemail, electronic mail (e-mail), and Internet access to its employees for the purpose of achieving Vericel's business objectives. As a result, Vericel has the right to access, reprint, publish, or retain any information created, sent or contained in any of Vericel's computers or e-mail systems of any Vericel machine. Employees may not use e-mail, the Internet or voice mail for any illegal purpose or in any manner that is contrary to Vericel's policies or the standards embodied in this Code.

No employee, officer, or director should make copies of, or resell or transfer (externally or internally), copyrighted publication, including software, manuals, articles, books, and databases being used in Vericel that were created by another entity and licensed to Vericel unless he or she is authorized to do so under the applicable license agreement or by the "fair use" doctrine, such as for "backup" purposes. If you should have any question as to what is permitted in this regard, please consult with Vericel's Information Systems Manager, or in his or her absence, Vericel's principal legal officer.

Vericel encourages individual participation in the political process, and employees are free to participate in such processes on their own time, but may not do so on Vericel's behalf. It is up to each employee to abide by all laws relating to political contributions. Employees cannot contribute any company money, property, time or services to any political candidate or political party, unless making such a contribution is permitted by law and approved by the Chief Executive Officer or Chief Financial Officer. No direct or indirect solicitation in any form is to be directed toward employees to make any political contribution or participate in support of a political party or the political candidacy of any individual.

12. Gifts and Gratuities

No employee, officer, or director may solicit a gratuity or gift from an associate or supplier in conjunction with negotiating business on behalf of Vericel. Honorariums given as a part of a scientific award or presentation are allowed. Expenses for meals and entertainment as part of a seminar, convention, or business relationship meeting are not within the definition of gifts for purposes of this policy; provided, however, that payment for lodging by an associate or supplier will not be permitted, and entertainment reasonably believed to be in excess of \$400 must be approved by either the Chief Executive Officer or the principal legal officer.

Gifts to government employees are strictly forbidden by both federal and state governments. All other Vericel gifts require the prior approval of the Chief Executive Officer or the principal legal officer.

13. Employment Practices

A. Drug/Alcohol-Free Workplace

Drugs

Vericel is committed to being a drug-free, healthful, and safe workplace. You are required to come to work in a mental and physical condition that will allow you to perform your job satisfactorily.

Vericel employees may not use, manufacture, possess, distribute, dispense, sell, transfer, be under the influence of or have their ability affected by controlled substances while on Vericel premises or while conducting any business-related activity away from Vericel premises. You may use legally prescribed drugs on the job only if they do not impair your ability to perform the essential functions of your job effectively and safely without endangering yourself or others, and only when taken in a manner consistent with your physician's prescription.

Contractual obligations may require employees to undergo drug testing as a condition of performing their work duties. In addition, Vericel reserves the right to require employees to undergo drug testing in circumstances when such testing may be legally required or permitted. Vericel will not require drug testing if it is not permissible under applicable law. In addition, employees are required to notify Vericel of any criminal drug status conviction for a violation occurring on Vericel's premises within five days of such conviction.

If you violate any aspect of this policy, it may lead to disciplinary action, up to and including immediate termination of your employment. We may also require that you participate in a substance abuse rehabilitation or treatment program. If you violate this policy, there could also be legal consequences.

If you have questions about this policy or issues related to drug use that may impact your work, you can raise your concerns with your supervisor or the Human Resources Department without fear of reprisal. Vericel encourages employees to voluntarily seek professional help for drug or alcohol problems.

Alcohol

While alcohol is a legal substance, it is recognized that the use of alcohol can have the same effect as drugs. It is for this reason that Vericel will treat the misuse of alcohol as a drug under this policy and will deal with the misuse of alcohol in the same manner as it deals with the unauthorized use of controlled substances, including testing.

Employees are prohibited from working or reporting to work when their ability to work is affected by the consumption of alcohol.

Except when attending company-sponsored functions, or when conducting business-related activities on behalf of Vericel, no employee is to consume or possess open containers of alcoholic beverages (a) on the premises of Vericel, (b) in any Vericel vehicle, or (c) during working hours regardless of location.

When alcohol consumption is permitted under the policy, employees are expected to conduct themselves in a responsible and professional manner at all times. Under no circumstances should an employee operate a vehicle under the influence of alcohol.

B. Equality of Opportunity

Consistent with the policies set forth in the Vericel Employee Handbook, Vericel is committed to providing equal employment opportunity throughout Vericel without regard to sex (including pregnancy, childbirth, breastfeeding or related medical conditions), race, religion (including religious dress and grooming practices), color, gender (including gender identity and gender expression), national origin, ancestry, physical or mental disability, medical condition, genetic information, marital status, registered domestic partner status, age, sexual orientation, military and veteran status or any other basis protected by federal, state or local law or ordinance or regulation.

Our Equal Employment Opportunity policy covers all employment practices, including selection, job assignment, compensation, discipline, termination, and access to benefits and training. This policy addresses the issue of disability accommodation in more detail.

If you have a question or concern about, or believe you have been subjected to any type of discrimination at work, talk with your immediate supervisor, the Human Resources Department or any other member of management. You will not be punished or retaliated against for asking questions or for bringing forward concerns or complaints about possible discrimination. Anyone engaging in illegal discrimination will be subject to disciplinary action, up to and including termination of employment.

C. Disability Accommodation

Vericel is committed to complying with all applicable provisions of the Americans with Disabilities Act (“ADA”) and Section 503 of the Rehabilitation Act, as well as similar state and local laws. It is Vericel’s policy not to discriminate against any qualified employee or applicant with regard to any terms or conditions of employment because of such individual’s disability so long as the employee can perform the essential functions of the job with or without reasonable accommodation. Consistent with this policy, Vericel will provide reasonable accommodations to a qualified individual with a disability, who has made Vericel aware of his or her disability, provided that such accommodation does not constitute an undue hardship on Vericel.

Upon receipt of an accommodation request, a member of management will meet with you to discuss and identify the limitations resulting from the disability and the potential accommodation that Vericel might make to help you perform the essential functions of your position. Vericel will determine the feasibility of the requested accommodation considering various factors as required by law, and a member of management will inform you of Vericel’s decision as soon as possible. In some situations, the specific request may not be granted but Vericel will discuss with you whether an alternative reasonable accommodation is available. Vericel is under no obligation to provide personal use items to employees such as eyeglasses, hearing aids, or wheelchairs.

An employee who has questions regarding this policy or believes that he or she has been discriminated against or not reasonably accommodated based on a disability should notify Human Resources. If reporting to Human Resources would be inappropriate, the employee should notify the principal legal officer. All such inquiries or complaints will be treated confidentially to the extent consistent with conducting an adequate investigation and taking appropriate corrective action.

Michigan Employees Only

Under state law, any individual who has a disability and believes that he or she needs a reasonable accommodation to perform the essential functions of his or her job should contact Human Resources and request such an accommodation in writing within 182 days of the date the individual knew or reasonably should have known that an accommodation was needed.

D. Sexual and Other Unlawful Harassment

Consistent with the policies set forth in the Vericel Employee Handbook, Vericel is committed to providing a work environment that is free from all forms of discrimination and conduct that can be considered harassing, coercive, or disruptive, including sexual harassment. Vericel will not tolerate any actions, words, jokes, or comments based on a person's sex (including pregnancy, childbirth, breastfeeding or related medical conditions), race, religion (including religious dress and grooming practices), color, gender (including gender identity and gender expression), national origin, ancestry, physical or mental disability, medical condition, genetic information, marital status, registered domestic partner status, age, sexual orientation, military and veteran status or any other basis protected by federal, state or local law or ordinance or regulation. Vericel provides ongoing harassment training to ensure you the opportunity to work in an environment free of sexual and other unlawful harassment.

Sexual Harassment

Vericel's policy against sexual harassment prohibits sexual advances or requests for sexual favors or other physical or verbal conduct of a sexual nature, when: (1) submission to such conduct is made an express or implicit condition of employment; (2) submission to or rejection of such conduct is used as a basis for employment decisions affecting the individual who submits to or rejects such conduct; or (3) such conduct has the purpose or effect of unreasonably interfering with an employee's work performance or creating an intimidating, hostile, humiliating, or offensive working environment. Under these definitions, direct or implied requests by a supervisor for sexual favors in exchange for actual or promised job benefits such as favorable reviews, salary increases, promotions, increased benefits, or continued employment constitutes sexual harassment.

Depending on the circumstances, the following conduct may also constitute sexual harassment:

- Unwelcome sexual advances – whether they involve physical touching or not.
- Use of sexual epithets, jokes, written or oral references to sexual conduct, gossip regarding one's sex life.

- Dissemination of sexually explicit voicemail, email, graphics, downloaded material or websites in the workplace.
- Sexually oriented comment on an individual's body, comment about an individual's sexual activity, deficiencies, or prowess.
- Displaying sexually suggestive objects, pictures, cartoons.
- Unwelcome leering, whistling, touching or deliberate brushing against the body in a suggestive manner.
- Sexual gestures, suggestive or insulting comments.
- Inquiries into one's sexual experiences.
- Discussion of one's sexual activities.

While such behavior, depending on the circumstances, may not be severe or pervasive enough to create a sexually hostile work environment, it can nonetheless make coworkers uncomfortable. Accordingly, Vericel considers such behavior to be inappropriate and may result in disciplinary action regardless of whether it is unlawful.

Other Discriminatory Harassment

It is also against Vericel policy to engage in verbal or physical conduct that denigrates or shows hostility or aversion toward an individual because of his or her sex (including pregnancy, childbirth, breastfeeding or related medical conditions), race, religion (including religious dress and grooming practices), color, gender (including gender identity and gender expression), national origin, ancestry, physical or mental disability, medical condition, genetic information, marital status, registered domestic partner status, age, sexual orientation, military and veteran status or any other basis protected by federal, state or local law or ordinance or regulation (or that of the individual's relatives, friends, or associates) that: (1) has the purpose or effect of creating an intimidating, hostile, humiliating, or offensive working environment; (2) has the purpose or effect of unreasonably interfering with an individual's work performance; or (3) otherwise adversely affects an individual's employment opportunities.

Depending on the circumstances, the following conduct may constitute discriminatory harassment:

- epithets, slurs, negative stereotyping, jokes, or threatening, intimidating, or hostile acts that relate to sex (including pregnancy, childbirth, breastfeeding or related medical conditions), race, religion (including religious dress and grooming practices), color, gender (including gender identity and gender expression), national origin, ancestry, physical or mental disability, medical condition, genetic information, marital status, registered domestic partner status, age, sexual orientation, military and veteran status or any other basis protected by federal, state or local law or ordinance or regulation; and

- written or graphic material that denigrates or shows hostility toward an individual or group because of sex (including pregnancy, childbirth, breastfeeding or related medical conditions), race, religion (including religious dress and grooming practices), color, gender (including gender identity and gender expression), national origin, ancestry, physical or mental disability, medical condition, genetic information, marital status, registered domestic partner status, age, sexual orientation, military and veteran status or any other basis protected by federal, state or local law or ordinance or regulation and that is circulated in the workplace, or placed anywhere in Vericel's premises such as on an employee's desk or workspace or on Vericel equipment or bulletin boards.

Depending on the circumstances, such behavior may not be severe or pervasive enough to create an unlawfully hostile working environment. Nevertheless, Vericel considers the behavior inappropriate and will take necessary disciplinary action even when the behavior is not unlawful.

Complaint Procedure

If you believe that you have experienced or witnessed sexual harassment or other discriminatory harassment by any employee of Vericel, you should report the incident immediately to a member of your senior management team, or to the Human Resources Department. Possible harassment by others with whom Vericel has a business relationship, including business partners and vendors, should also be reported as soon as possible so that appropriate action can be taken. Although reports may be made verbally, employees are strongly encouraged to make any reports of sexual harassment or other discriminatory harassment in writing. Doing so can assist in the investigation process.

Vericel will promptly and thoroughly investigate all reports of harassment as discreetly and confidentially as practicable. The investigation would generally include a private interview with the person making a report of harassment. It would also generally be necessary to discuss allegations of harassment with the accused individual or with other employees. Vericel's goal is to conduct a thorough investigation, to determine whether harassment occurred, and to determine what action to take against an offending individual. To the extent feasible, only individuals who Vericel determines have a need to know will be informed of the allegations and they will be requested to treat the matter confidentially.

If Vericel determines that a violation of this policy has occurred, it will take appropriate disciplinary action against the offending party, which can include counseling, warnings, transfers, suspensions, and termination.

Other information regarding reporting of harassment can be found in the Vericel Employee Handbook.

Retaliation is Prohibited

Vericel prohibits retaliation against any individual who reports discrimination or harassment or participates in an investigation of such reports. Retaliation against an individual for reporting harassment or discrimination or for participating in an investigation of a claim of harassment or discrimination is a serious violation of this policy and, like harassment or

discrimination itself, will be subject to disciplinary action, including but not limited to immediate termination.

Any supervisor or manager who becomes aware of possible sexual or other unlawful harassment must immediately advise the Human Resources Department or any member of management so it can be investigated in a timely and confidential manner. Any employee who engages in sexual or other unlawful harassment or discrimination will be subject to disciplinary action, up to and including termination of employment.

E. Safety of the Workplace

You have an obligation to work in a safe manner so that you do not cause harm to yourself or to others. Similarly, you must see that work conducted under your supervision is performed safely. Vericel requires full compliance with applicable workplace safety laws and regulations. Every employee is responsible for maintaining a safe and healthy working environment for all employees at Vericel, following safety and health rules and practices and reporting accidents, injuries, and unsafe equipment, practices, or conditions.

14. Quality and Regulatory Compliance

Vericel is subject to numerous international, federal and state laws concerning the design, clinical development, manufacture, distribution and promotion of its products. The Federal Food, Drug, and Cosmetic Act (“FDC Act”) is the primary regulatory statute governing Vericel’s activities. The FDC Act is implemented by the Food and Drug Administration (“FDA”) through the promulgation of regulations and by the issuance of guidelines and other informal notices regarding compliance requirements. FDA regulations applicable to medical devices, biologics and pharmaceuticals encompass a wide variety of activities including: product clearance; labeling, advertising, and promotion; reporting requirements; establishment registration and product listing; current good manufacturing practices; preclinical studies, and clinical studies. Other federal agencies also have applicable laws, regulations and guidelines, as do individual state governments. Vericel has established policies and procedures to ensure that our activities are conducted in compliance with the federal and state laws and regulations pertaining to FDA-regulated products.³

A. Anti-Kickback Laws

In the United States and in many other countries, the offering of anything of value as an inducement to purchase a pharmaceutical product may be a violation of law. Such laws prohibit offering or giving anything of value to healthcare professionals or other persons, with the intent to, directly or indirectly, implicitly or explicitly, influence or encourage the recipient to purchase, prescribe, refer, sell, or arrange for the purchase or sale of any Vericel product. Such conduct may be a violation of the U.S. federal health care programs’ Anti-Kickback Law and can lead to severe penalties, including criminal and/or civil fines for Vericel and individual employees, imprisonment of individuals, and possible exclusion of Vericel products from reimbursement under Medicare, Medicaid and other government programs. Many states also have Anti-Kickback

³ A complete set of these policies and procedures can be obtained from the Compliance Officer and is available on the Vericel intranet.

Laws that apply to items and services reimbursed under Medicaid and other state programs, and several states have Anti-Kickback Laws that apply to all items and services, even those not reimbursed under a government program.

Vericel is committed to complying with these laws. Many elements of your interactions with physicians or other customers and the programs Vericel offers need to be reviewed to ensure compliance with these complex laws. If you are involved in the marketing or sale of Vericel products in the United States, you should become familiar with Vericel rules and policies in this area, including, without limitation, the Interactions with Healthcare Professionals and related policies. Sales of Vericel products and services, and purchases of products and services of suppliers, may only be made on the basis of quality, price, and service, and never on the basis of giving or receiving payments, gifts, entertainment, or favors. No payment shall be approved or made with the agreement or understanding that any part of such payment is to be used for any purpose other than that described by documents supporting the payment.

B. False Claims

Numerous federal and state laws prohibit anyone from knowingly and willfully making or causing to be made any false statement or representation for the purpose of obtaining benefits or payments by government programs, commercial insurers, and other health care plans. A document can be false if it omits material information. These laws typically require that the person has actual knowledge that the information is false or is provided in deliberate ignorance or reckless disregard as to the truth or falsity of the information and no proof of specific intent to defraud is required. These laws also prohibit anyone from conspiring with another person to submit false claims. Thus, companies can be liable even if the false claims actually are submitted by another person. Violations of these laws can lead to fines, imprisonment, or exclusion from health care programs.

C. International Business Laws

In conducting our business, our employees are expected to comply with the applicable laws in all countries to which they travel, in which they operate and where we otherwise do business, including laws prohibiting bribery, corruption or the conduct of business with specified individuals, companies or countries. The fact that, in some countries, certain laws are not enforced or that violation of those laws is not subject to public criticism will not be accepted as an excuse for noncompliance. In addition, we expect employees to comply with U.S. laws, rules and regulations governing the conduct of business by its citizens and corporations outside the U.S. These U.S. laws, rules and regulations, which extend to all our activities outside the U.S., include:

- The Foreign Corrupt Practices Act, which prohibits directly or indirectly giving anything of value to a government official to obtain or retain business or favorable treatment and requires the maintenance of accurate books of account, with all company transactions being properly recorded;
- U.S. Embargoes, which restrict or, in some cases, prohibit companies, their subsidiaries and their employees from doing business with certain other

countries identified on a list that changes periodically or specific companies or individuals;

- Export Controls, which restrict travel to designated countries or prohibit or restrict the export of goods, services and technology to designated countries, denied persons or denied entities from the U.S. or the re-export of U.S. origin goods from the country of original destination to such designated countries, denied companies or denied entities; and
- Anti-boycott Compliance, which prohibits U.S. companies from taking any action that has the effect of furthering or supporting a restrictive trade practice or boycott that is fostered or imposed by a foreign country against a country friendly to the U.S. or against any U.S. person.

If you have a question as to whether an activity is restricted or prohibited, seek assistance pursuant to the procedures set forth in Section 18 before taking any action, including giving any verbal assurances that might be regulated by international laws.

D. FDA Regulations

In addition to legal compliance, Vericel is committed to maintaining the highest ethical and scientific standards in researching and developing its products. Vericel will be scrupulously accurate in data submitted to FDA, publications, or any other party. Vericel will adhere to all standards and procedures necessary to ensure rigorous scientific inquiry and will interact with federal and state agencies in a forthright manner designed to ensure the safe and effective use of its products. Additionally, it is Vericel's objective to manufacture its products in a manner designed to ensure their safety, integrity, and suitability for patients, and to market and sell its products in an honest and balanced manner that provides health professionals with the information necessary to use its products appropriately. Clinical studies will be conducted in such a fashion as to safeguard the welfare of subjects and ensure the scientific integrity of the research.

Compliance with FDA regulations requires that we maintain accurate and complete records of all data related to FDA-regulated products. This work includes research and development, preclinical and clinical studies, manufacturing, marketing, quality control and quality assurance, regulatory and other activities as determined by our Quality and Regulatory Affairs departments. As part of Vericel's quality system, maintenance of reliable documentation is expected and will be monitored. Each employee is responsible for the complete and accurate preparation of documents related to compliance with FDA regulations and the filing of those documents in accordance with Vericel policies and procedures. The accuracy of data in our records, including full disclosure, lack of material omission, and integrity of the data is a priority of every employee of Vericel.

Any employee who alters or falsifies data, destroys or fails to maintain product related data, or omits data from records that are needed to provide full information regarding a commercial or development stage product is acting in violation of this Code of Ethics. Any employee aware of or who suspects a violation of data integrity in the accuracy and completeness of records should report this concern.

E. Environmental Compliance

Federal, state and local law imposes criminal liability on any person or company that contaminates the environment with any hazardous substance that could cause injury to the community or environment. Violation of environmental laws can involve monetary fines and imprisonment. Vericel expects employees to comply with all applicable environmental laws.

F. General

No adverse action shall be taken or permitted against anyone for communicating legitimate concerns through the reporting process specified in Section 18. If you have questions related to quality and regulatory compliance, you should consult with your supervisor, the Compliance Officer or the management of the Regulatory Affairs or Quality departments.

15. Sales and Marketing Practices

We must preserve Vericel's reputation as a responsible supplier whose products and services are desired for their features, innovation, quality and value and whose people are respected for performance and integrity. Our long-term success depends on building trusting relationships with our customers. We must conduct our business responsibly, fairly, honestly, and in accordance with applicable laws and regulations.

A. Advertising, Sales, and Labeling

We must honestly describe Vericel's products and service features. All advertising, labeling, literature, and public statements must be true. We must not misstate facts or create misleading impressions. We must not unfairly criticize a competitor's products or services. Some countries prohibit all comments about competitors as well as their products and services. If unsure about a particular instance, consult the principal legal officer to learn about any applicable laws, before making comments.

We must not promote a product before it is approved or for a use other than that specified in official product literature. When describing products or services, consider the message's total impression. Omitting important facts or wrongly emphasizing material may be misleading.

B. Clinical Consultants, Grants, Honoraria, and Sponsored Trips

Marketing increases knowledge of products, services or facilities, and enhances the level of medical practice. Marketing practices may include:

- Engaging clinical consultants
- Awarding grants
- Paying honoraria or speaker fees
- Sponsoring medical seminars

- Sponsoring trips to medical meetings or Vericel's facilities for professionals or customers

Clinical Consultants

Clinical consultants are used to help customers and business partners effectively use our products. Clinical consultants also assist Vericel in understanding the marketplace and the current state of medical and scientific research. Sometimes the consultants help Vericel understand how our customers and patients use our products.

Many countries have laws restricting payments to medical practitioners, including payments through consulting arrangements. Before establishing any relationship with a clinical consultant, you must confer with the principal legal officer to ensure that the relationship complies with all applicable laws, regulations and rules and is properly documented.

If you have a question related to sales and marketing procedures, you should consult with the principal legal officer.

Giving Grants or Honoraria or Sponsoring Trips

Giving grants or honoraria or sponsoring trips are marketing activities that can be used to build awareness of Vericel and its products and services if all of the following conditions are met:

- The activity's primary purpose is educational. It must relate to products, services or medical procedures, or other information concerning Vericel's business.
- Any payment must be reasonable in amount and nature. Payments must be made according to Vericel's policies and procedures.
- Activities and payments must be accurately documented and pre-approved by the principal legal officer.
- No payments are made for a travel companion's expenses.

Accepting Speaking Invitations, Consulting Engagements, Honoraria, or Sponsored Trips

Participation in sponsored events helps our company build positive working relationships. It also enhances Vericel's reputation. Employees may accept invitations to speak at meetings or seminars, consulting engagements, honoraria, or sponsored trips if all of the following conditions are met:

- The activity's primary purpose is educational. It must relate to products, services or medical procedures, or other information concerning Vericel's business.
- Activities and payments are evaluated in advance with the principal legal officer to determine whether they are legal and ethical.
- Any reasonable payment should be evaluated using the guidelines in Section 12.

- Costs related to these events are business expenses that either Vericel or the sponsoring agency will pay. If Vericel pays for the expenses, all appropriate Vericel policies must be followed.

16. Publication of the Code of Business Conduct and Ethics

A copy of the most current version of Vericel's Code of Business Conduct and Ethics will be maintained on Vericel's website. From time to time, Vericel will sponsor employee-training programs in which the Code and other company policies and procedures will be discussed.

17. Waivers of the Code of Business Conduct and Ethics

Any waiver of this Code may be made only by the Board and will be promptly disclosed to shareholders.

18. Compliance, Reporting and Complaint Procedures

Vericel has established this Code of Business Conduct and Ethics as part of its overall policies and procedures. The Code applies to all Vericel employees in all locations, and to all officers and directors. The Code is based on Vericel's core values, good business practices and applicable law. The existence of a Code, however, does not ensure that directors, officers and employees will comply with it or act in a legal and ethical manner. To achieve optimal legal and ethical behavior, the individuals subject to the Code must know and understand the Code as it applies to them and as it applies to others. All employees must champion the Code and assist others in knowing and understanding it.

- The Compliance Officer will, with the assistance and cooperation of Vericel's executives and managers, foster an atmosphere where employees are comfortable in communicating and/or reporting concerns and possible Code violations.
- If any employee, officer, or Director believes that a violation of the Code has occurred, has observed or become aware of conduct which appears contrary to the Code, the employee, officer or director shall immediately discuss the situation with a supervisor, officer, the Compliance Officer, the Chief Executive Officer, the Chairman of the Audit Committee, or report to the Code of Conduct Voice Mail Box at (734) 418-4444.
- Any concerns or questions regarding potential violations of the Code, any other Vericel policy or procedure or applicable law, rules or regulations that involves accounting, securities, internal accounting controls or auditing matters should be directed to the Audit Committee or a designee of the Audit Committee, in writing to Kevin McLaughlin at our corporate headquarters: 64 Sidney Street, Cambridge MA 02139 or by reporting to the Code of Conduct Voice Mail Box at (734) 418-4444.
- When an alleged violation of the Code is reported, Vericel shall take prompt and appropriate action in accordance with the law and good business practices. If the suspected violation appears to involve either a potentially criminal act or an issue of significant corporate interest, then the manager or investigator should immediately

notify his or her Vice President (or other senior person) and any other relevant corporate officer, who, in turn, shall notify the Compliance Officer. If a suspected violation involves any executive officer or any Senior Financial Officer as defined in the Code for Senior Financial Officers, or if the suspected violation concerns any fraud, whether or not material, involving management or other employees who have a significant role in Vericel's internal controls, the manager or investigator should immediately report the alleged violation to the Chief Executive Officer, the principal legal officer or the Chairman of the Audit Committee. The Chief Executive Officer, the principal legal officer or Chairman of the Audit Committee, as applicable, shall assess the situation and determine the appropriate course of investigation. Investigations shall be documented, as appropriate.

- **Disciplinary Actions** - A manager, after consultation with the Officer responsible for Human Resources, shall be responsible for implementing the appropriate disciplinary action in accordance with Vericel's policies and procedures for any employee who is found to have violated the Code. If a violation has been reported to the Audit Committee, that Committee shall be responsible for determining appropriate disciplinary action, also in accordance with Vericel's policies and procedures. Such disciplinary action may include the termination of the employee's employment. Disciplinary action shall be documented, as appropriate.
- **Required Government Reporting** - Whenever conduct occurs that requires a report to the government, the principal legal officer shall be responsible for complying with such reporting requirements.
- **Corrective Actions** - In the event of a breach of the Code, the manager and the principal legal officer should assess the situation to determine whether the breach is a problem that can be resolved by corrective action. If a violation has been reported to the Audit Committee, that Committee shall be responsible for determining appropriate corrective actions. Such corrective action shall be documented, as appropriate.

This Code of Business Conduct and Ethics is intended for internal use only. The Code does not grant or confer any rights to any third party.

The Code of Business Conduct and Ethics does not alter your status as an at-will employee. At-will employment means that either you or Vericel can terminate the employment relationship at any time, with or without cause or notice.