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## **PROFOUND MEDICAL CORP.**

### **CODE OF BUSINESS CONDUCT AND ETHICS**

#### **PURPOSE AND SCOPE**

The Code of Business Conduct and Ethics referred to here as (the “**Code**”) of Profound Medical Corp. (the “**Company**”) requires that all employees, consultant, contractor, officers and directors of the Company and all its subsidiaries observe high standards of business and personal conduct and ethics as they carry out their duties and responsibilities.


Regulations for acceptable business conduct and ethical behavior are necessary for the orderly operation of the business, for the benefit and protection of the rights and safety of employees and the protection of the Company’s assets. The Company expects all employees, consultants, contractors, officers, and directors of the Company to adhere to the “**Code**” and all of the Company’s published statements, policies, practices and procedures.

#### **WORKPLACE ENVIRONMENT CONDUCT AND BEHAVIOUR**

The Company is committed to maintaining a workplace free from harassment, discrimination, or violence including all forms of sexual, physical and psychological abuse, or other inappropriate conduct. All employees, consultants, contractors, officers and directors of the Company are directed to the Company’s Human Resources policies which have been designed to encourage consistency throughout the Company, reduce the risk of inappropriate conduct or behavior, while providing fair, ethical practices and maintaining a safe, positive, and productive work environment. Appropriate conduct and behaviour also includes competent performance of all job duties and responsibilities assigned; courtesy to and respect for co-workers, customers, suppliers or any other person who deals with the Company in the conduct of its business. Any employee, officer or director who experiences or becomes aware of inappropriate conduct should consult with the specific policies and guidelines the Company has in place and has a responsibility to bring the matter to the attention of their manager, or Corporate Human Resources.

#### **COMPLYING WITH LAW**


All employees, consultants, contractors, officers and directors must comply with all of the applicable laws, rules and regulations of the countries and jurisdictions in which the Company conducts its business. Such legal compliance should include, without limitation, compliance with the “insider trading” prohibitions applicable to the Company and its employees, officers and directors.

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Generally, employees, consultants, contractors, officers and directors who have access to or knowledge of material confidential or non-public information from or about the Company are not permitted to buy, sell or otherwise trade in the Company’s securities, whether or not they are using or relying upon that information. This restriction extends to sharing or tipping others about such information, especially since the individuals receiving such information might utilize such information to trade in the Company’s securities. In addition, the Company has implemented trading restrictions to reduce the risk, or appearance, of insider trading. Company employees, officers and directors are directed to the Company’s Insider Trading Policy or to the Company’s Chief Financial Officer if they have questions regarding the applicability of such insider trading prohibitions. This Code of Business Conduct and Ethics does not summarize all the laws, rules and regulations applicable to the Company and its employees, officers and directors. Please consult with Corporate Human Resources, the Company’s Chief Financial Officer and the various guidelines which the Company has prepared on specific laws, rules and regulations.

## **CONFLICTS OF INTEREST**

All employees, consultants, contractors, officers and directors of the Company should be scrupulous in avoiding a conflict of interest with regard to the Company’s interests. A “conflict of interest” exists whenever an individual’s private interests interfere or conflict in any way (or even appear to interfere or conflict) with the interests of the Company. A conflict situation can arise when an employee, consultant, contractor, officer or director takes actions or has interests that may make it difficult to perform his or her Company work objectively and effectively. Conflicts of interest may also arise when an employee, officer or director, or members of his or her family, receives improper personal benefits as a result of his or her position in the Company, whether received from the Company or a third party. Loans to employees, consultant, contractors, officers and directors and their respective family members are prohibited. Conflicts of interest are prohibited as a matter of Company policy, except under guidelines approved by the Board of Directors or committees of the Board. Conflicts of interest may not always be clear-cut, so if you have a question, you should consult with higher levels of management or the Company’s Chief Financial Officer. Any employee, consultant, contractor, officer or director who becomes aware of a conflict or potential conflict should bring it to the attention of their supervisor, manager, or other appropriate personnel or consult the procedures described in this Code. The purpose of business entertainment and gifts in a commercial setting is to create goodwill and sound working relationships, not to gain unfair advantage with customers. No gift or entertainment should be offered, given, provided or accepted by any Company employee, family member of an employee, consultant, contractor or agent unless it: (1) is not a cash gift, (2) is consistent with customary business practices, (3) is not excessive in value, (4) cannot be construed as a bribe or payoff and (5) does not violate any laws or regulations, including, without limitation, anti-kickback laws. Please discuss with your supervisor or manager any gifts or proposed gifts which you are not certain are appropriate. An especially strict standard applies when suppliers, physicians, clinical

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investigators or investigative sites are involved. See, “Health Care Regulations” below for additional information.

## **HEALTH CARE REGULATIONS**


The Company is committed to full compliance with applicable health care laws, including laws prohibiting health care fraud and abuse such as anti-kickback and false claims laws, and federal and state laws that require disclosure or limit payments to health care providers.

Anti-kickback statutes (“AKS”) prohibit the knowing and willful payment of “remuneration” to a physician, hospital or other source with the intent to induce the physician, hospital or other source to refer patients or order or recommend any items or services paid for by a government health care program. For example, compensation for consulting services, employment arrangements, free or reduced cost entertainment or meals, and complimentary items are all “remuneration” that could implicate an AKS, depending on the circumstances. AKS violations can result in severe penalties, including criminal conviction, fines and exclusion from government programs.

False claims laws prohibit knowing and willful false statements or representations made in connection with a claim submitted for reimbursement to a government health care program. The vast majority of AKS enforcement actions involve conduct constituting false claims. A violation of a false claims statute can result in severe consequences including civil penalties and criminal conviction.

As the application of AKS and false claims laws is very complicated and nuanced, it is imperative that any employee or associate with questions about the application of these laws, or gifts-giving, entertainment, consulting arrangements or other activities that could implicate these laws, contact the Chief Financial Officer for guidance in advance of taking any action where any such law may be applicable.

The Company’s interactions with health care providers may also be subject to laws that require the disclosure of payments and transfers of value made to health care providers. For example, the U.S. federal Open Payments reporting requirements, otherwise known as the Sunshine Act, require manufacturers of drugs and devices covered by certain federal health care programs to track and report annually to the Centers for Medicare & Medicaid Services certain payments or transfers of value made to physicians, teaching hospitals, and certain midlevel providers. The information that must be reported include dates, amounts, forms of payment, and names of the health care provider recipients, all of which is published on a publicly available database online. Payments and transfers of value that require disclosure include consulting fees, compensation for services, honoraria, gifts, entertainment, food, travel, grants, and other consideration.

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Other jurisdictions in which the Company conducts business have passed similar laws requiring manufacturers either to disclose payments to health care providers or limiting the value or types of payments that can be made.

The Company is committed to ensuring that its practices are consistent with all applicable health care regulations. Any employee or associate with questions should seek additional guidance from the Chief Financial Officer as needed.

### **CORPORATE OPPORTUNITY**


Employees, consultants, contractors, officers, and directors are prohibited from (a) taking for themselves personally opportunities that properly belong to the Company or are discovered through the use of corporate property, information or position; (b) using corporate property, information or position for personal gain; and (c) competing with the Company. Employees, consultants, contractors, officers and directors owe a duty to the Company to advance its legitimate interests when the opportunity to do so arises.

### **CONFIDENTIALITY**

Employees, consultants, contractors, officers, and directors of the Company must maintain the confidentiality of confidential information entrusted to them by the Company or its suppliers or customers, except when disclosure is authorized by the Chief Financial Officer of the Company or required by laws, regulations, or legal proceedings. Company confidential information includes, by way of example only, unannounced or otherwise nonpublic Company plans and business strategy, inventions, discoveries, clinical and nonclinical data, results, protocols or other similar information; products, product candidates, intellectual property, regulatory, corporate partnering or M&A information, developments, prospects, contracts, sales data, significant projects, customer and supplier lists, trade secrets, manufacturing techniques and sensitive financial information, in each case, whether in electronic, paper or other format. Whenever feasible, employees, consultants, contractors, officers and directors should consult with Corporate Human Resources, if they believe they have a legal obligation to disclose confidential information. Confidential information includes all non-public information that might be of use to competitors of the Company, or harmful to the Company or its customers if disclosed. We seek to outperform our competition fairly and honestly. We seek competitive advantages through superior performance, never through unethical or illegal business practices. Stealing proprietary information, possessing trade secret information that was obtained without the owner's consent, or inducing such disclosures by past or present employees of other companies is prohibited.

### **FAIR DEALING**

Each employee, consultant, contractor, officer and director should endeavor to deal fairly with the Company's customers, suppliers, competitors, officers and employees, consultants, contractors. None should take unfair advantage of anyone through manipulation, concealment,

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abuse of privileged information, misrepresentation of material facts or any other unfair dealing practice.

## **PROTECTION AND PROPER USE OF COMPANY ASSETS**

All employees, consultants, contractors, officers and directors should protect the Company's assets and ensure their efficient use. Theft, carelessness, and waste have a direct impact on the Company's profitability. All Company assets should be used for legitimate business purposes.

## **ACCOUNTING COMPLAINTS**


The Company's policy is to comply with all applicable financial reporting and accounting regulations applicable to the Company. If any employee, consultants, contractors, officer or director of the Company has concerns or complaints regarding questionable accounting or auditing matters of the Company, then he or she is encouraged to refer to the Company's Whistleblower policy and submit those concerns or complaints (anonymously, confidentially or otherwise) to the Audit Committee of the Board of Directors, which will, subject to its duties arising under applicable law, regulations and legal proceedings, treat such submissions confidentially. Such submissions may be directed to the attention of the Audit Committee, or any director who is a member of the Audit Committee, at the principal executive offices of the Company.

## **REPORTING ANY ILLEGAL OR UNETHICAL BEHAVIOUR**

Employees, consultants, contractors, and directors are encouraged to refer to the Company's Whistleblower Policy and talk to supervisors, managers or other appropriate personnel about observed illegal or unethical behavior and conduct and, when in doubt, about the best course of action in a particular situation. Employees, consultants, contractors, officers and directors who are concerned that violations of this Code or that other illegal or unethical conduct by employees, consultants, contractors, officers or directors of the Company have occurred or may occur should either contact their supervisor or superiors. If they do not believe it appropriate or are not comfortable approaching their supervisors or superiors about their concerns or complaints, then they may contact either the Corporate Human Resources, Chief Financial Officer of the Company, or the Audit Committee or Human Resources & Governance Committee of the Board of Directors of the Company. If their concerns or complaints require confidentiality, including keeping their identity anonymous, then this confidentiality will be protected, subject to applicable law, regulation or legal proceedings.

## **NO RETALIATION**

The Company will not permit retaliation of any kind (including, without limitation, discharge, demotion, suspension, threats, harassment, or any other form of discrimination) by or on behalf of the Company or its employees, consultants, contractors, officers or directors against any

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employee or other representative who, truthfully and in good faith reports or complains of violations of this Code or other illegal or unethical conduct, or breach of Company policies, except to the extent that the reporting employee, consultant, contractor or other representative is involved in the illegal or unethical conduct or breach of Company policies at issue.

## **PUBLIC COMPANY REPORTING**

As a public company, it is of critical importance that the Company’s public filings be accurate and timely. Depending on their position with the Company, an employee, consultant, contractor, officer or director may be called upon to provide necessary information to assure that the Company’s public reports are complete, fair and understandable. The Company expects employees, consultants, contractors, officers and directors to take this responsibility very seriously and to provide prompt accurate answers to inquiries related to the Company’s public disclosure requirements. All of the Company’s books, records, accounts, and financial statements must be maintained in reasonable detail, must appropriately reflect the Company’s transactions and must conform both to applicable legal requirements and to the Company’s system of internal controls. Unrecorded or “off the books” funds or assets should not be maintained unless permitted by applicable law or regulation.

## **MEDIA AND PUBLIC DISCUSSIONS**

It is Company’s policy to disclose material information concerning the Company to the public only through specific limited channels to avoid inappropriate publicity and to ensure that all those with an interest in the Company will have equal access to information. All inquiries or calls from the press and financial analysts should be referred to the CEO. Unless a specific exception has been made by the CEO, the CEO and CFO are the only persons who may communicate with the press on behalf of the Company.

Employees, consultants, contractors should not post or announce any news related to the Company or its pipeline on their social media accounts unless such external dissemination has been approved by the CEO.

## **AMENDMENT, MODIFICATION AND WAIVER**


This Code may be amended, modified, or waived by the Board of Directors, subject to the disclosure and other provisions of applicable securities laws and the applicable rules of any and all securities exchange(s) on which the securities of the Company are listed and posted for trading.

## **OTHER RELEVANT POLICIES**

HR-SP-POLICY0019 – Corporate Disclosure, Confidentiality and Trading in Securities

HR-SP-POLICY0016 - Whistleblower Policy



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HR-SP-POLICY0020 - Anti-Harassment, Anti-Discrimination and Anti-Violence Policy

HR-SP-POLICY0029 - Social Media Policy

## CODE COMPLIANCE

Any employee, consultant, contractor, officer or director who fails to comply with the Code may be subject to disciplinary action, up to and including termination of employment or other relationship with the Company or, potentially, legal action. Disciplinary actions will be determined on the basis of the facts of each case and the extent of harm to the Company's interests and business goals. Any employee, officer or director who violates the Code may simultaneously violate applicable laws and regulations. Such persons may be subject to prosecution, imprisonment and fines, and may be required to make reimbursement to the Company, the government or any other person for losses resulting from the violation.

## WAIVER PROCEDURES

If any situation should arise where a course of action would likely result in a violation of the Code but for which you think a valid reason for the course of action exists, you should contact the Chief Financial Officer to obtain a waiver prior to the time the action is taken.

Waiver requests by an executive officer or director shall be referred by the Chief Financial Officer to the Board or a committee of the Board for consideration. If either (i) a majority of the independent directors on the Board or (ii) a committee comprised solely of independent directors agrees that the waiver should be granted, it will be granted and, to the extent required by the rules of the Securities and Exchange Commission, The Nasdaq Stock Market, or other applicable regulatory authority, disclosed publicly. If the Board denies the request for a waiver, the waiver will not be granted, and the person shall not pursue the intended course of action.

**Waivers from the Code will be granted only in limited and extraordinary circumstances.**

## ANNUAL REVIEW AND POLICY ADMINISTRATION

The **Company** expressly reserves the right to change, modify or delete the provisions of this Code of Business Conduct and Ethics without notice. As with all Profound policies Corporate Human Resources are responsible for the administration and annual review of the policy.