

# Sun Biopharma, Inc.

## COMPANY COMPLAINT PROCEDURES FOR ACCOUNTING, INTERNAL CONTROLS AND AUDIT MATTERS

Adopted September 4, 2015

Sun BioPharma, Inc. (the “*Company*”) is committed to fair, accurate and transparent accounting in its financial matters, and full, fair, accurate, timely and understandable disclosure in its Securities and Exchange Commission (“*SEC*”) reports and public communications. It expects all of its employees, officers, directors and agents to act in accordance with the highest ethical standards in the performance of their responsibilities for the Company, and requires full compliance with all applicable securities laws and regulations, accounting standards, accounting controls and audit practices. In furtherance of these goals, the Company has adopted a Code of Business Conduct and Ethics (the “*Code*”).

To supplement the Code and to ensure compliance with Section 10A(m)(4) of the Securities Exchange Act of 1934, the Company’s Audit Committee has established the following procedures with respect to complaints regarding accounting, internal controls and audit matters.

- Any person who has complaints or concerns about the Company’s accounting, internal accounting controls or auditing matters, or who becomes aware of questionable accounting or auditing matters, is strongly encouraged to report such matters promptly in any manner provided in the Code.
- Employees will be clearly advised that such complaints or concerns may be reported confidentially and/or anonymously by any available method.
- Reports of complaints or concerns should be communicated (whether directly or indirectly) to the Company’s Compliance Officer and the Chair of the Audit Committee (collectively, the “*Representatives*”), who will identify those that involve accounting, internal controls and audit matters. As to those that involve such matters, the Representatives will make a preliminary assessment of the nature and materiality of the matter. Any matter deemed potentially material or involving the Chief Executive Officer, Chief Financial Officer or Controller will promptly be reported to the Audit Committee, and the Audit Committee will thereafter oversee the handling of the matter, including directing an appropriate investigation and response. The Representatives will direct an appropriate investigation and response to other matters involving accounting, internal controls and audit matters.
- Officers, supervisors and managers who receive complaints or concerns from employees or other persons involving accounting, internal controls and audit matters will be instructed to immediately report them directly to the Representatives, who will conduct a preliminary assessment and dispose of the matters as provided in the preceding paragraph.
- The Company’s Compliance Officer will provide a quarterly report to the Audit Committee regarding all accounting, internal controls and audit matters that are not immediately reported to the Chair of the Audit Committee, including the results of any investigation and the disposition of any such matter. The Audit Committee retains final responsibility and authority for the investigation and handling of any concerns or complaints relating to accounting, internal controls and auditing matters.

- In order to facilitate a complete investigation, employees will be encouraged to provide as many details as possible, including a description of the questionable practice or behavior, the names of any persons involved, the names of possible witnesses, dates, times, places, and any other available details.
- Reports of questionable accounting, internal controls or audit matters will be kept confidential to the extent possible consistent with the obligation to investigate and correct unlawful or unethical practices.
- The Company will not retaliate or take any form of reprisal against any person who makes a good faith report pursuant to these procedures or who participates in an investigation regarding a violation of the applicable securities laws, rules or regulations, or any provision of other laws regarding fraud against shareholders. Any such retaliation or reprisal by a Company employee is forbidden.
- Employees who believe they are subject to retaliation because they have made a report or participated in an investigation will be advised to report such suspected retaliation to the Representatives.