

Code of Conduct



SEASIDE HEALTHCARE

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SEASIDE ETHICS AND COMPLIANCE PROGRAM

Program Structure

The Ethics and Compliance Program is intended to demonstrate in the clearest possible terms the absolute commitment of the organization to the highest standards of ethics and compliance. The elements of the program include setting standards (the Code of Conduct), communicating the standards, providing a mechanism for reporting potential exceptions, monitoring and auditing, and maintaining an organizational structure that supports the furtherance of the program. Each of these elements is detailed below:

The Senior Management of Seaside is responsible for providing direction, guidance and oversight of the Company.

The Corporate Compliance Officer for the organization is responsible for the day-to-day direction and implementation of the Compliance Program. This includes developing resources (including policies and procedures, training programs, and communication tools) for and providing support (including operating the Ethics Line, conducting program assessment, and providing advice) to Facility Directors and others.

Facility Directors are responsible for distributing standards, ensuring training is conducted, conducting monitoring and responding to audits, investigating and resolving Ethics Line cases, and otherwise administering the Ethics and Compliance Program in their facilities

All of these individuals or groups are prepared to support Seaside employees in meeting the standards set forth in this Code.

Setting Standards

With respect to our Ethics and Compliance Program, we set standards through this Code of Conduct, ethics and compliance policies and procedures. It is the responsibility of each individual to be aware of those policies and procedures that pertain to his or her work and to follow those policies and procedures.

Training and Communication

Training will be conducted and compliance literature will be explained and distributed to all employees at the time of hire and repeated annually. Completed and signed Acknowledgement forms will be filed in each employees personnel file.

Compliance literature will be distributed to all of the professional staff within thirty (30) days of providing services or being granted privileges. Completed and signed Acknowledgment forms will be filed in each professional staff file.

Resources for Guidance and Reporting Concerns

To obtain guidance on an ethics or compliance issue or to report a concern, individuals may choose from several options:

We encourage the resolution of issues, including human resources-related issues (e.g., payroll, fair treatment and disciplinary issues), at a local level. Employees should use the human resources-related problem solving procedure at their facility to resolve such issues. It is an expected good practice, when one is comfortable with it and thinks it appropriate under the circumstances, to raise concerns first with one's supervisor. If this is uncomfortable or inappropriate, the individual may discuss the situation with the designated facility Human Resources representative, or another member of management at the facility or in the organization.

Individuals are always free to use the Ethics Line or the Ethics Web Address for guidance on an ethics or compliance issue or to report a concern.

Ethics Line: 1-855-888-0129

Ethics Web Address: www.seasidehc.ethicspoint.com

You are not required, but will be asked if you wish to provide your name. Anonymous complaints will be investigated and acted upon in the same manner as reports in which the caller identifies himself/herself. No effort will be made to determine the identity of an individual making an anonymous report unless the individual admits to engaging in improper conduct.

Confidentiality

All information received through the Ethics Line or Ethics Web Address shall be kept confidential within the limits of the law and acted upon by the Company unless disclosure is required or deemed advisable in connection with any governmental investigation or report, in the interest of the Company, or in the Company's legal defense of the matter.

The Company will not permit any form of retaliation against any officer, employee or agent who uses the Ethics Line or Ethics Web address in good faith to report suspected violations of the Policy or of any state or federal law, unless the individual reporting is one of the violators. Any officer, employee or agent of the Company found to be

intimidating, harassing or exercising or threatening to exercise retaliation upon any person who uses the Ethics Line or Ethics Web Address in good faith shall be subject to disciplinary action by the Company, up to and including termination of employment.

Personal Obligation to Report

We are committed to ethical and legal conduct that is compliant with all relevant laws and regulations and to correcting wrongdoing wherever it may occur in the organization. Each employee has an individual responsibility for reporting any activity by any employee, physician, subcontractor, or vendor that appears to violate applicable laws, rules, regulations, accreditation standards, and standards of medical practice, Federal healthcare conditions of participation, or this Code. If a matter that poses serious compliance risk to the organization or that involves a serious issue of medical necessity, clinical outcomes or client safety is reported locally, and if the reporting individual doubts that the issue has been given sufficient or appropriate attention, the individual should report the matter to higher levels of management or the Ethics Line until satisfied that the full importance of the matter has been recognized.

Internal Investigations of Reports

We are committed to investigating all reported concerns promptly and confidentially to the extent possible. The Corporate Compliance Officer coordinates any findings from corporate-led investigations and immediately recommends corrective action or changes that need to be made. We expect all employees to cooperate with investigation efforts.

Corrective Action

Where an internal investigation substantiates a reported violation, it is the policy of the organization to initiate corrective action, including, as appropriate, making prompt restitution of any overpayment amounts, notifying the appropriate governmental agency, instituting whatever disciplinary action is necessary, and implementing systemic changes to prevent a similar violation from recurring in the future.

Discipline

All violators of the Code will be subject to disciplinary action. The precise discipline utilized will depend on the nature, severity, and frequency of the violation and may result in any or all of the following disciplinary actions:

- Verbal warning;
- Written warning;
- Final Written warning;
- Suspension;
- Termination;

Measuring Program Effectiveness

We are committed to assessing the effectiveness of our Ethics and Compliance Program through various efforts. Executives routinely undertake monitoring efforts in support of policies and compliance in general. Facilities conduct self-monitoring, and the Corporate Compliance Officer conducts reviews of facility ethics and compliance programs designed to assess facility implementation of the Code, policies and procedures, Ethics Line and related investigations, and monitoring efforts.

Acknowledgment Process

Seaside requires all employees to sign an acknowledgment confirming they have reviewed the Code, understand it represents mandatory policies of Seaside and agree to abide by it. New employees are required to sign this acknowledgment as a condition of employment. Each Seaside employee is also required to participate in annual Code of Conduct training, and records of such training must be retained by each facility. Adherence to and support of Seaside's Code of Conduct and participation in related activities and training is considered in decisions regarding hiring, promotion, and compensation for all candidates and employees. New employees must receive Code of Conduct training within 30 days of employment.

PURPOSE OF OUR CODE OF CONDUCT

Our Code of Conduct provides guidance to all Seaside Healthcare employees and assists us in carrying out our daily activities within appropriate ethical and legal standards. These obligations apply to our relationships with clients, affiliated physicians, third-party payers, independent contractors, vendors, consultants, and one another.

The Code is a critical component of our overall Ethics and Compliance Program. We have developed the Code to ensure we meet our ethical standards and comply with applicable laws and regulations.

The Code is intended to be comprehensive and easily understood. In some instances, the Code deals fully with the subject covered. In many cases, however, the subject requires additional guidance for those directly involved with the particular area to have sufficient direction. Those policies expand upon or supplement many of the principles articulated in this Code of Conduct.

The standards set forth in the Code apply to all Seaside Healthcare, Inc. subsidiaries, facilities and employees. The standards are mandatory and must be followed.

Leadership Responsibilities

While all Seaside employees are obligated to follow our Code, we expect our leaders to set the example, to be in every respect a role model. We expect everyone in the organization with supervisory responsibility to exercise that responsibility in a manner that is kind, sensitive, thoughtful, and respectful.

We also expect that they will ensure those on their team have sufficient information to comply with laws, regulations, and policies, as well as the resources to resolve ethical dilemmas. They must help to create a culture within Seaside which promotes the pursuit of business objectives while never sacrificing the highest standards of ethics and compliance. This culture must encourage everyone in the organization to share concerns and propose ideas.

Clients

Quality of Care and Client Safety

Our mission is to provide high quality, cost-effective services to all of our clients. To that end, we are committed to the delivery of safe, efficient and effective client care. We treat all clients with respect, and dignity and provide care that is both necessary and appropriate.

Assessments are offered to determine whether an individual has a clinical need for treatment and to recommend the most appropriate level of care to meet that need. The ability to pay for treatment will not affect our recommendation for assessment services.

We will use standardized clinical admission criteria to determine whether to admit an individual into an appropriate level of care. Only a licensed mental health professional can make the determination for admission as required by State law.

Clients will be discharged or transferred only by their physician or a licensed mental health professional when it is clinically appropriate to do so regardless of financial resources.

As a general principle, Seaside aspires to a standard of excellence for all caregivers within its facilities, including the entire facility team, which is committed to the delivery of safe, efficient and effective client care and services. This commitment to quality of care and client safety is an obligation of every Seaside employee.

If a Seaside employee has a question about whether the quality or client safety commitments set forth herein are being fully met, that individual is obligated to raise their concern through appropriate channels until it is satisfactorily addressed and resolved. Such channels include those established at the facility, and if necessary, beyond the facility, including the Seaside Ethics Line.

Client Rights

We make no distinction in the availability of services; the admission, transfer or discharge of clients; or in the care we provide based on age, gender, disability, race, color, religion, or national origin. We recognize and respect the diverse backgrounds and cultures of our clients and make every effort to equip our caregivers with the knowledge and resources to respect each client's cultural heritage and needs.

Upon admission, each client is provided with a written statement of client rights and a notice of privacy practices. This statement includes the rights of the clients and families to make decisions regarding medical care and a client's and families rights related to their health information maintained by the facility. Such statements conform to all applicable state and Federal laws, including but not limited to the Health Insurance Portability and Accountability Act of 1996 (hereinafter referred to as HIPAA).

Clients are treated in a manner that preserves their dignity, civil rights, and involvement in their own care. Seaside facilities maintain processes to support client rights in a collaborative manner which involves the facility leaders, clients and/or their guardians. Each facility maintains a process for prompt resolution of client and family grievances which include informing clients and families of whom to contact regarding grievances and informing clients regarding the grievance resolution.

Client Information

We collect information about the client's educational, medical condition, history, and medication in order to provide quality care. We realize the sensitive nature of this information and are committed to maintaining its confidentiality. Seaside has developed a separate HIPAA Policies and Procedures regarding the collection, care and dissemination of patient health information as well as a Notice of Privacy Practices. Consistent with HIPAA, we do not use, disclose or discuss client-specific information, including client financial information, with others unless it is necessary to serve the client or required by law.

Seaside employees must never use or disclose confidential information that violates the privacy rights of our clients. In accordance with our privacy and security policies and procedures, which reflect HIPAA requirements, no Seaside employee, affiliated physician, or other healthcare partner has a right to any client information other than that necessary to perform his or her job. All third parties who provide services to or on behalf of Seaside and who as part of their obligations to Seaside either use or create personally identifiable health information regarding Seaside patients must enter into Seaside's standard Business Associate Agreement.

Subject only to emergency exceptions, clients can expect their privacy will be protected and client specific information will be released only to persons authorized by law or by the client's written authorization.

In addition, the Federal Trade Commission has adopted rules that entities such as Seaside must implement in order to identify, mitigate and eliminate theft of an individual's identity for the purpose of fraudulently obtaining services or credit. To that end, Seaside has adopted a separate Red Flags Policies and Procedures that billing, finance and admitting personnel must review and enforce.

Physicians/Referral Sources

We require that members of our Medical/Professional Staff to be familiar with this Code of Conduct. There are many portions of this Code of Conduct that pertains to ethical or legal obligations of physicians or professionals in facilities, and this document is likely to be a helpful summary of those obligations.

Interactions with Physicians

Federal and state laws and regulations govern the relationship between facilities and physicians who may refer clients to our facilities. The applicable Federal laws include the Anti-Kickback Law and the Stark Law. It is important that those employees who interact with physicians, particularly regarding making payments to physicians for services rendered, providing space or services to physicians, recruiting physicians to the community, and arranging for physicians to serve in leadership positions in facilities, are aware of the requirements of the laws, regulations, and policies that address relationships between facilities and physicians.

Any arrangement with a physician must be structured to ensure compliance with legal requirements. Arrangements must be in writing and approved by the Chief Compliance Officer. Failure to meet all requirements of these laws and regulations can result in serious consequences for a facility, including civil and criminal penalties, and possible exclusion from participation in federally funded programs.

In order to ethically and legally meet all standards regarding referrals and admissions, we will adhere strictly to two primary rules:

We do not pay for referrals. We accept client referrals and admissions based solely on the client's clinical needs and our ability to render the needed services. We do not pay or offer to pay anyone — employees, physicians, or other persons or entities — for referral of clients.

We do not accept payments for referrals we make. No Seaside employee or any other person acting on behalf of the organization is permitted to solicit or receive anything of value, directly or indirectly, in exchange for the referral of clients. Similarly, when making client referrals to another provider, we do not take into account the volume or value of referrals that the provider has made (or may make) to us.

Entertainment and Gifts: Physician/Referral Sources

Any entertainment, gift or token of appreciation involving physicians or other persons who are in a position to refer clients to our facilities must be undertaken in accordance with corporate policies, which have been developed consistent with Federal laws, regulations, and rules regarding these practices. Pursuant to Seaside compliance policies, Seaside employees are limited to small amounts such as lunch or promotional items with the Seaside or facility logo. Providing anything beyond this limitation must be approved by the employee's supervisor and the Corporate Compliance Officer prior to extending any business courtesy or token of appreciation.

Legal and Regulatory Compliance

Seaside provides varied educational and healthcare services. These services may be provided only pursuant to appropriate Federal, State, and local laws, regulations and conditions of participation. Such laws, regulations and conditions of participation may include subjects such as certificates of need, licenses, permits, accreditation, access to treatment, consent to treatment, medical record-keeping, access to medical records and confidentiality, clients' rights, medical/professional staff membership and clinical privileges, corporate practice of medicine restrictions, CMS, Medicare and Medicaid program requirements. The organization is subject to numerous other laws in addition to these educational and healthcare regulations and conditions of participation.

We will comply with all applicable laws and regulations. All employees, medical staff members, privileged practitioners, and contract service providers must be knowledgeable about and ensure compliance with all laws, regulations and conditions of participation. If you have questions about laws, regulations, standards and the conditions of participation, or Company policies and procedures, there is a range of expertise within the organization, including the Facility Director, Clinical Director and Nursing Director who should be consulted for advice.

Anyone aware of violations or suspected violations of laws, regulations, standards and the conditions of participation, or Company policies and procedures must report them immediately to a supervisor or member of management, the Corporate Compliance Officer or the Ethics Line (1-855-888-0129).

Accreditation and Surveys

In preparation for, during and after surveys, Seaside employees must deal with all accrediting and external agency survey bodies in a direct, open and honest manner. No action should ever be taken that would mislead the accrediting or external agency survey teams, either directly or indirectly. The scope of matters related to accreditation

or external agency survey is extremely significant and broader than the scope of this Code of Conduct. The purpose of our Code of Conduct is to provide general guidance on subjects of wide interest within the organization. Accrediting bodies and external agency survey entities may address issues of both wide and somewhat more focused interest.

From time-to-time, government agencies and other entities conduct surveys in our facilities. We respond with openness and accurate information. In preparation for or during a survey or inspection, Seaside employees must never conceal, destroy, or alter any documents; lie; or make misleading statements to the agency representative. Employees also must never attempt to cause another employee to fail to provide accurate information or obstruct, mislead, or delay the communication of information or records relating to a possible violation of law.

Business and Financial Information

Accuracy, Retention, and Disposal of Documents and Records

Each Seaside employee is responsible for the integrity and accuracy of our organization's documents and records, not only to comply with regulatory and legal requirements but also to ensure records are available to support our business practices and actions. No one may alter or falsify information on any record or document.

Medical, educational and business documents and records are retained in accordance with the law and our record retention policy. Medical, educational and business documents include paper documents such as letters and memos, computer based information such as e-mail or computer files on disk or tape, and any other medium that contains information about the organization or its business activities. It is important to retain and destroy records only according to our policy. Seaside employees must not tamper with records. No one may remove or destroy records prior to the specified date without first obtaining permission as outlined in the Company records retention policy. Finally, under no circumstances may a Seaside employee use client, employee or any other individual's or entity's information to personally benefit (e.g., perpetrate identity theft).

Coding and Billing for Services

When claiming payment for services, Seaside has an obligation to its patients, third party payors, and the state and federal governments to exercise diligence, care, and integrity. The right to bill the Medicare and Medicaid programs, conferred through the award of a provider or supplier number, carries a responsibility that may not be abused. Seaside is committed to maintaining the accuracy of every claim it processes and submits. Many people, throughout Seaside, have responsibility for entering charges and procedure codes. Each of these individuals is expected to monitor compliance

with applicable billing rules. Any false, inaccurate, or questionable claims should be reported to a supervisor, member of management, the Corporate Compliance Officer or the Ethic Line (1-855-888-0129).

False billing is a serious offense. Medicare and Medicaid rules prohibit knowingly and willfully making or causing to be made any false statement or representation of a material fact in an application for benefits or payment. It should be noted that merely “reckless” billing can expose Seaside to extremely high penalties. It is not necessary to prove that anyone at Seaside specifically intended to defraud Medicare or Medicaid for such penalties to be imposed. It is also unlawful to conceal or fail to disclose the occurrence of an event affecting the right to payment with the intent to secure payment that is not due.

Seaside employees and agents who prepare or submit claims should be alert for these and other errors. It is important to remember that outside consultants only advise Seaside. The final decision on billing questions rests with Seaside.

Civil False Claims

There are other civil and criminal laws regarding the filing of a false claim with the federal government.

Under the Civil False Claims Act a person is liable if they knowingly submit or cause to be submitted a false claim to the federal government, use a false record or statement to obtain payment on a false claim or conspire to defraud the federal government by getting a claim allowed or paid. The term “knowingly” has been defined as actual knowledge, deliberate ignorance or reckless disregard of the truth or falsity of the claim.

The damages under the Civil False Claims Act are straightforward and severe. The Civil False Claims Act punishes each transgression with a fine of no less than \$5,500 and no more than \$11,000 for each “false or fraudulent” claim submitted to the government for payment plus three times the value of the claim.

Another aspect of the Civil False Claims Act is its qui tam provision which empowers individuals (“relators”) commonly referred to as whistleblowers, to institute a false claims case by filing a civil complaint in the name of the government. These whistleblower cases, if based on solid information and credible witnesses, are the easiest method available for the government to identify potential fraud and abuse violations. In order to encourage individuals to report potential fraud and abuse claims, the government shares any financial recovery with the whistleblower. However, there are provisions in the False Claims Act that allow an organization to bring suit against a whistleblower for frivolous actions.

Medicare and Medicaid Patient and Program Protection Act (Criminal False Claims Relating to Medicare/Medicaid)

In order to establish a criminal violation of the Medicare and Medicaid Patient and Program Protection Act, the government must prove that the defendant knowingly and willfully made false statements or fraudulently concealed information about Medicare and/or Medicaid payments. This statute also imposes criminal penalties on anyone who applies for Medicare or Medicaid.

Criminal False Claims Act

The element necessary to convict a person under the criminal provisions of the False Claims Act are that the person submitted a claim that they knew to be false, fictitious or fraudulent to an agent of the United States Government. A defendant may be convicted of submitting a false claim even if the defendant himself did not submit the false claim, but rather authorized a subordinate to sign and send in the claim. If convicted under the False Claims Act, a defendant is subject to a fine or imprisonment or both.

It is illegal to make any false statement to the federal government, including statements on Medicare or Medicaid claim forms. It is illegal to use the U.S. mail in a scheme to defraud the government. Any agreement between two or more people to submit false claims may be prosecuted as a conspiracy to defraud the government.

Seaside promotes full compliance with each of the relevant laws by maintaining a strict policy of ethics, integrity, and accuracy in all its financial dealings. Each employee and professional, including outside consultants, who is involved in submitting charges, preparing claims, billing, and documenting services is expected to maintain the highest standards of personal, professional, and institutional responsibility.

Confidential Information

The term “confidential information” refers to proprietary information about our organization’s strategies and operations as well as client information and third party information. Improper use or disclosure of confidential information could violate legal and ethical obligations. Seaside employees may use confidential information only to perform their job responsibilities and shall not share such information with others unless the individuals and/or entities have a legitimate need to know the information in order to perform their specific job duties or carry out a contractual business relationship, provided disclosure is not prohibited by law or regulation. Confidential information, also referred to as “sensitive information,” covers virtually anything related to Seaside’s operations that is not publicly known, such as personnel data maintained by the organization; client lists and clinical information, including individually identifiable client information; client financial information, including credit card data and social security numbers; passwords; pricing and cost data; information pertaining to acquisitions, divestitures, affiliations and mergers; financial data; details regarding federal, state, and local tax examinations of the organization or its joint venture partners; proprietary information from a research sponsor or the data generated from the research; strategic plans; marketing strategies and techniques; supplier and

subcontractor information; and proprietary computer software. In order to maintain the confidentiality and integrity of client and confidential information, employees must protect such information in accordance with information security policies and standards when it is e-mailed outside the Company or otherwise sent through the Internet; stored on portable devices such as laptops, tablets, and mobile devices; or transferred to removable media such as a USB drive. These policies and standards require, among other things, that the individual and/or entity be validated and the information be encrypted.

Use of due care and due diligence is required to maintain the confidentiality, availability and integrity of information assets the Company owns or of which it is the custodian. Because so much of our clinical and business information is generated and contained within our computer systems, it is essential that each Seaside employee protect our computer systems and the information contained in them by not sharing passwords and by reviewing and adhering to our information security policies and standards.

Any Seaside employee who knows or suspects confidential information to have been compromised must report the potential security breach to the Facility Administration, the Corporate Compliance Officer or the Ethic Line (1-855-888-0129).

If an individual's employment or contractual relationship with Seaside ends for any reason, the individual is still bound to maintain the confidentiality of information viewed, received or used during the employment or contractual business relationship with Seaside. This provision does not restrict the right of an employee to disclose, if he or she wishes, information about his or her own compensation, benefits, or terms and conditions of employment. Copies of confidential information in an employee's or contractor's possession shall be left with Seaside at the end of the employment or contractual relationship.

Cost Reports

In some programs, we are required to submit certain reports of our costs of operation. We will comply with all applicable Federal and state laws, regulations, and guidelines relating to all cost reports. These laws and regulations define what costs are allowable and outline the appropriate methodologies to claim reimbursement for the cost of services provided to program beneficiaries.

Given their complexity, all issues related to the preparation, submission and settlement of cost reports must be performed by or coordinated with our Chief Financial Officer.

Electronic Media and Security Requirements

All communications systems, including but not limited to computers, tablets, cellular phones, electronic mail, Intranet, Internet access, telephones, and voice mail, are the property of Seaside and are to be used primarily for business purposes. Limited

reasonable personal use of Seaside communications systems is permitted; however, users should assume these communications are not private. Users of computer, company paid cellular phone, and telephonic systems should presume no expectation of privacy in anything they create, store, send, or receive on the computer and telephonic systems, and Seaside reserves the right to monitor and/or access communications usage and content. Access or disclosure of employee communication may only be done with the approval of the Corporate Compliance Officer.

Employees may not use internal communication channels or access to the Internet at work to view, post, store, transmit, download, or distribute any threatening materials; knowingly, recklessly, or maliciously false materials; obscene materials; or anything constituting or encouraging a criminal offense, giving rise to civil liability, or otherwise violating any laws. Also, these channels of communication may not be used to send chain letters, personal broadcast messages, or copyrighted documents that are not authorized for reproduction.

Employees who abuse our communications systems or use them excessively for non-business purposes may lose these privileges and be subject to disciplinary action.

Employees shall comply with Seaside's information security policies and standards governing the use of information systems. Individuals may only use officially assigned User IDs and passwords and are not permitted to share or disclose any password that is used to access Seaside systems or information. Portable devices and removable media, such as laptop computers, USB drives and external hard drives, must be physically secured at all times. Employees shall only transmit patient information over secure connections. Employees shall never use tools or techniques to break or exploit Seaside information security measures or those used by other companies or individuals.

Financial Reporting and Records

We have established and maintain a high standard of accuracy and completeness in documenting, maintaining, and reporting financial information. This information serves as a basis for managing our business and is important in meeting our obligations to clients, employees, shareholders, suppliers, and others. It is also necessary for compliance with tax and financial reporting requirements.

All financial information must reflect actual transactions and conform to generally accepted accounting principles. No undisclosed or unrecorded funds or assets may be established. No false or artificial entries shall be made in the records of the Company for any reason, and no payment on behalf of the Company shall be approved or made with the intention or understanding that any part of such payment is to be used for any purpose other than that described by the documents supporting the payment.

Anyone having concerns regarding questionable accounting or auditing matters should report such matters to the Facility Administration, Corporate CFO, the Corporate Compliance Officer or the Seaside Ethics Line (1-855-888-0129).

Intellectual Property Rights and Obligations

Any work of authorship, invention, or other creation (“Development”) created by an employee during the scope of the employee’s employment with Seaside shall be considered the property of Seaside, including any patent, trademark, copyright, trade secret or other intellectual property right in the Development. Whether something is developed during the scope of an employee’s employment depends on a number of factors, including: the nature of the employee’s work, whether the Development is related to Seaside’s business, whether the employee was directed to produce the Development as part of the employee’s work, whether the employee utilized Seaside intellectual property or resources at least in part to make the Development, and whether the employee created the Development while being paid by Seaside. If any Development created is copyrightable or patentable, then it will be considered a “Work for Hire” under the United States Copyright Act, with Seaside being considered to be the author and owner of such work.

When creating Developments for Seaside, employees shall respect the intellectual property rights of others. Any works or inventions created by employees prior to employment by Seaside shall be disclosed to Seaside upon commencement of employment, and management approval shall be obtained prior to any use of these works or inventions in a Development for Seaside.

By signing the acknowledgment card at the end of this Code of Conduct, an employee specifically agrees to be bound by these provisions of the Code of Conduct. As such, the acknowledgment card serves as an assignment by the named employee to Seaside of all right, title, and interest in all Developments created by the employee within the scope of his or her employment, as well as an appointment of the Secretary for Seaside as the employee’s attorney-in-fact to execute documents on his or her behalf for the foregoing purposes. Employees shall assist Seaside in obtaining and enforcing intellectual property rights in their Developments, while employed by Seaside and after termination of employment.

Workplace Conduct and Employment Practices

Conflict of Interest

A conflict of interest may occur if a Seaside employee’s outside activities, personal financial interests, or other personal interests influence or appear to influence his or her

ability to make objective decisions in the course of their job responsibilities. A conflict of interest may also exist if the demands of any outside activities hinder or distract an employee from the performance of his or her job or cause the individual to use Seaside resources for other than Seaside purposes. Seaside employees are obligated to ensure they remain free of conflicts of interest in the performance of their responsibilities at Seaside.

Therefore, Seaside employees may not be employed by, act as a consultant to, or have an independent business relationship with any of the Seaside's service providers, competitors, or third party payors. Nor may employees invest in any payor, provider, supplier, or competitor (other than through mutual funds or through direct holdings of less than 0.5 percent of the outstanding shares of publicly traded securities) unless they first obtain written consent from the Corporate Compliance Officer. Employees should not have other outside employment or business interests that place them in the position of (i) appearing to represent Seaside, (ii) providing goods or services substantially similar to those Seaside provides or is considering making available.

If employees have any question about whether an outside activity or personal interest might constitute a conflict of interest, they must obtain the written approval of the Facility Director before pursuing the activity or obtaining or retaining the interest. Clinical decisions will be made without regard to compensation or financial risk to Seaside leaders, managers, clinical staff, or licensed, independent practitioners.

In order for Seaside to comply with requirements of the Medicare program, every employee must notify the Facility Director or the Corporate Compliance Officer if he or she was at any time during the year preceding his or her employment employed by the Medicare intermediary or carrier. An employee's failure to make this disclosure at the time of employment could cause Seaside to lose its right to participate in Medicare.

Because Seaside participates in state programs such as Medicaid, Seaside employees must inform the Facility Director or the Corporate Compliance Officer if they have previously been employed by any state government in which Seaside renders services or has a contractual relationship with in the past five years.

Controlled Substances

Some of our employees routinely have access to prescription drugs, controlled substances, and other medical supplies. Many of these substances are governed and monitored by specific regulatory organizations and must be administered by physician order only. Prescription and controlled medications and supplies must be handled properly and only by authorized individuals to minimize risks to us and to clients. If one becomes aware of inadequate security of drugs or controlled substances or the diversion of drugs from the organization, the incident must be reported immediately.

Copyrights

Seaside employees may only copy and/or use copyrighted materials (e.g. original works of authorship, movies, songs, computer software, etc.) pursuant to the organization's policy on such matters.

Diversity and Equal Employment Opportunity

Seaside actively promotes diversity in its workforce at all levels of the organization. We are committed to providing an inclusive work environment where everyone is treated with fairness, dignity, and respect. We will comply with all laws, regulations, and policies related to non-discrimination in all of our personnel actions. Such actions include hiring, staff reductions, transfers, terminations, evaluations, recruiting, compensation, corrective action, discipline, and promotions.

Seaside is an equal opportunity workforce and no one shall discriminate against any individual with regard to race, color, religion or creed, sex (includes pregnancy or related medical conditions), national origin, citizenship, age, handicap, disability, veteran status or other protected characteristics as required by state and federal law with respect to any offer, or term or condition, of employment. We will make reasonable accommodations to the known physical and mental limitations of qualified individuals with disabilities.

Government Officials

U.S. Federal and state governments have strict rules and laws regarding gifts, meals, and other business courtesies for their employees. Seaside does not provide any gifts, entertainment, meals, or anything else of value to any employee of the Executive Branch of any state or the Federal government or any fiscal intermediary of any state or the Federal government, except for minor refreshments in connection with business discussions or promotional items with the Seaside or facility logo. With regard to gifts, meals, and other business courtesies involving any other category of government official or employee, employees must determine the particular rules applying to any such person and carefully follow them.

Harassment and Workplace Violence

Each Seaside employee has the right to work in an environment free of harassment and disruptive behavior. We do not tolerate harassment by anyone based on the diverse characteristics or cultural backgrounds of those who work with us. Degrading or humiliating jokes, slurs, intimidation, or other harassing conduct is not acceptable in our workplace.

Sexual harassment is prohibited. This prohibition includes unwelcome sexual advances or requests for sexual favors in conjunction with employment decisions. Moreover, verbal or physical conduct of a sexual nature that interferes with an individual's work performance or creates an intimidating, hostile, or offensive work environment has no place at Seaside.

Harassment also includes incidents of workplace violence. Workplace violence includes robbery and other commercial crimes, stalking, violence directed at the employer, terrorism, and hate crimes committed by current or former employees. Employees who observe or experience any form of harassment or violence should report the incident to their supervisor, a member of management, the Facility Director, or the Ethics Line.

Health and Safety

All Seaside facilities comply with all government regulations and rules, Seaside policies, and required facility practices that promote the protection of workplace health and safety. Our policies have been developed to protect our employees from potential workplace hazards. Employees must become familiar with and understand how these policies apply to their specific job responsibilities and seek advice from their supervisor whenever they have a question or concern. It is important that each employee immediately advise his or her supervisor of any serious workplace injury or any situation presenting a danger of injury so timely corrective action may be taken to resolve the issue.

Hiring of Former and Current Government and Fiscal Intermediary/Medicare Administrative Contractor Employees

The recruitment and employment of former or current U.S. government employees may be impacted by regulations concerning conflicts of interest. Hiring employees directly from a fiscal intermediary or Medicare Administrative Contractor requires certain regulatory notifications. Employees should consult with the Corporate Human Resources Department regarding such recruitment and hiring.

Ineligible Persons

We do not contract with, employ, or bill for services rendered by an individual or entity that is excluded or ineligible to participate in Federal healthcare programs; suspended or debarred from Federal government contracts and has not been reinstated in a Federal healthcare program after a period of exclusion, suspension, debarment, or ineligibility.

Employees, vendors, and privileged practitioners at any Seaside facility are required to report to us if they become excluded, debarred, or ineligible to participate in Federal healthcare programs.

License and Certification Renewals

Employees, individuals retained as independent contractors, and privileged practitioners in positions which require professional licenses, certifications, or other credentials are responsible for maintaining the current status of their credentials and shall comply at all times with Federal and state requirements applicable to their respective disciplines. To assure compliance, Seaside may require evidence of the individual having a current license or credential status. Seaside does not allow any employee, independent contractor or privileged practitioner to work without valid, current licenses or credentials.

Each employee must have evidence of current and valid licensure, certification, registration, accreditation or credential as required by their position description. Each facility must have appropriate processes and procedures to assure documentation of compliance with each position description requirement.

Personal Use of Seaside Resources

It is the responsibility of each Seaside employee to preserve our organization's assets including time, materials, supplies, equipment, and information. Organization assets are to be maintained for business-related purposes. As a general rule, the personal use of any Seaside asset without prior supervisory approval is prohibited. The occasional use of items, such as copying facilities or telephones, where the cost to Seaside is insignificant, is permissible. Any community or charitable use of organization resources must be approved in advance by the Facility Director. Any use of organization resources for personal financial gain unrelated to the organization's business is prohibited.

Gift and Charitable Giving

No one should ever feel compelled to give a gift to anyone, and any gifts offered or received should be appropriate to the circumstances. A lavish gift to anyone in a supervisory role would clearly violate organization policy. No one should ever be compelled to participate in a fund-raising or similar effort undertaken by individual employees. Similarly, when the Company or a facility determines to support charitable organizations, no employee should be compelled to contribute to the charitable organization, nor should there be any workplace consequences of such non-participation.

Relationships with Subcontractors and Suppliers

We must manage our consulting, subcontractor, and supplier relationships in a fair and reasonable manner, free from conflicts of interest and consistent with all applicable laws and good business practices. We promote competitive procurement to the maximum extent practicable. Our selection of consultants, subcontractors, suppliers, and vendors

will be made on the basis of objective criteria including quality, technical excellence, price, delivery, adherence to schedules, service, and maintenance of adequate sources of supply. Our purchasing decisions will be made on the supplier's ability to meet our needs, and not on personal relationships and friendships.

Substance Abuse and Mental Acuity

To protect the interests of our employees and clients, we are committed to an alcohol and drug-free work environment. All employees must report for work free of the influence of alcohol and illegal drugs. Reporting to work under the influence of any illegal drug or alcohol; having an illegal drug in an employee's system; or using, possessing, or selling illegal drugs while on Seaside work time or property may result in immediate termination. We may use drug testing as a means of enforcing this policy.

It is also recognized individuals may be taking prescription or over-the-counter drugs, which could impair judgment or other skills required in job performance. Employees with questions about the effect of such medication on their performance or who observe an individual who appears to be impaired in the performance of his or her job must immediately consult with their supervisor.

Competitive Activities and Marketing Practices

We operate in a highly competitive environment. Our competitive activities must conform to the high standards of integrity and fairness reflected in this Code of Conduct. The Company requires compliance with antitrust and other laws governing competitive activities.

Antitrust and Unfair Competition

Discussions With Competitors

Seaside policy requires that the rates it charges for care and related items and services, and the terms of its third party payor contracts, must be determined solely by the Seaside. In independently determining prices and terms, we may take into account all relevant factors, including costs, market conditions, widely used reimbursement schedules, and prevailing competitive prices, to the extent these can be determined in the marketplace. There can be, however, no oral or written understanding with any competitor concerning prices, pricing policies, pricing formulas, bids, or bid formulas, or concerning discounts, credit arrangements, or related terms of sale or service. To avoid the possibility of misunderstanding or misinterpretation, Seaside policy prohibits any consultation or discussion with competitors relating to prices or terms which the Seaside or any competitor charges or intends to charge. Joint ventures and affiliations that may

require pricing discussions must be individually reviewed for antitrust compliance. Discussions with competitors concerning rationalization of markets, down-sizing, or elimination of duplication ordinarily implicate market division and must be avoided

Seaside facilities are often asked to share information concerning employee compensation. Seaside policy prohibits the sharing with competing hospitals of current information or future plans regarding individual salaries or salary levels. The Seaside may participate in and receive the results of general surveys, but these must conform to the guidelines for participation in surveys provided under Trade Associations below.

Similarly, Seaside policy prohibits consultation or discussion with competitors with respect to its services, selection of markets, territories, bids, or customers. Any agreement or understanding with a competitor to divide markets is prohibited. This includes an agreement allocating shares of a market among competitors, dividing territories, or dividing product lines or customers.

Trade Associations

Seaside and its health care providers are involved in a number of trade and professional associations. These organizations promote quality patient care by allowing Seaside and providers to learn new skills, develop policies and, where appropriate, speak with one voice on public issues. However, it is not always appropriate to share business information with trade associations and their members. Sharing information is appropriate if it is used to better inform consumers or to promote efficiency and competition.

Seaside may participate in surveys of price, cost, and wage information if the survey is conducted by a third party and involves at least five comparably sized facilities. Any price, cost, or wage information released by the facility must be at least three months old. If an employee is asked to provide a trade association with information about the Hospital's charges, costs, salaries, or other business matters, he or she should consult the Corporate Compliance Officer. Joint purchasing through a trade association may be acceptable, but any joint purchasing plan should be reviewed in advance by the Corporate Compliance Officer. If an employee or professional staff member has any question or concern about an activity of a trade association, he or she may ask the Corporate Compliance Officer to seek guidance from counsel.

Boycotts

Seaside policy prohibits any agreement with competitors to boycott or refuse to deal with a particular person or persons, such as a vendor, payor, or other provider. These agreements need not be written to be illegal; any understanding reached with a competitor (directly or indirectly) on such matters is prohibited. All negotiations by Seaside agents and employees must be conducted in good faith. Exclusive arrangements with payors, vendors, and providers must be approved by a Seaside officer or by the Corporate Compliance Officer based on an analysis of the relevant market.

Physician Services

Seaside credentialing and peer review activities also may carry antitrust implications. Because of the special training and experience of physicians, their skills may best be evaluated by other physicians. It is appropriate for physicians to review the work of their peers. Because the physicians reviewing a particular physician may, by virtue of their medical specialties, be the physician's competitors, special care must be taken to ensure that free and open competition is maintained. As a result, credentialing, peer review and physician discipline at the Seaside are conducted only through properly constituted committees. Physicians participating in these activities are expected to use objective medical judgment.

If any Seaside employee is involved in negotiating a contract of employment or a personal services contract with a physician or other health care provider, it is important to review with care any non-competition provisions incorporated in the agreement. All physician agreements must be reviewed and approved by compliance officer before being signed. The appropriate geographic scope and duration of a non-competition agreement may vary from case to case. Questions about the appropriateness of a non-competition provision should be directed to the Corporate Compliance Officer for review with legal counsel.

Marketing and Advertising

Consistent with laws and regulations that may govern such activities, we may use marketing and advertising activities to educate the public, provide information to the community, increase awareness of our services, and to recruit employees. We strive to present only truthful, fully informative, and non-deceptive information in these materials and announcements.

While it is permissible to compare and contrast our services and prices, it is against Company policy to intentionally disparage other persons or businesses based on information that is untrue, or not known to be true, or to intentionally interfere with another business's contractual and business relationships through wrongful means. This does not prevent fair, non-deceptive competition for business from those who may also have business relationships with a competitor.

Entertainment and Gifts: Seaside Employees

Seaside recognizes there will be times when a current or potential business associate may extend an invitation to attend a social event in order to further develop your business relationship. You may accept such invitations, provided: (1) the cost associated with such an event is reasonable and appropriate, which, as a general rule, means the cost will not exceed \$100.00 per person; (2) no expense is incurred for any travel costs (other than in a vehicle owned privately or by the host company) or overnight lodging; and (3) such events are infrequent. The limitations of this section do not apply to business meetings at which food (including meals) may be provided.

There may be time when a business associate will extend training and educational opportunities that include travel and overnight accommodations to Seaside employees at no cost to the employee or Seaside or where a Seaside employee may be invited to an event at a vendor's expense to receive information about new products or services. Prior to accepting any such invitation, you must receive written approval to do so by the Corporate Compliance Officer.

Government Relations and Political Activities

The organization and its representatives will comply with all Federal, state and local laws governing participation in government relations and political activities. Additionally, Seaside funds or resources will not be contributed directly to individual political campaigns, political parties or other organizations which intend to use the funds primarily for political campaign objectives without the written approval of the Chief Executive Officer,

Organization resources include financial and non-financial donations such as using work time and telephone to solicit for a political cause or candidate or the loaning of Seaside property for use in the political campaign.

The organization will engage in public policy debate only in a limited number of instances where it has special expertise that can inform the public policy formulation process. When the organization is directly impacted by public policy decisions, it may provide relevant, factual information about the impact of such decisions on the private sector. In articulating positions, the organization will only take positions that it believes can be shown to be in the larger public interest. The organization will encourage trade associations with which it is associated to do the same.

It is important to separate personal and corporate political activities in order to comply with the appropriate rules and regulations relating to lobbying or attempting to influence government officials. No use of corporate resources, including e-mail, is appropriate for personally engaging in political activity. You may, of course, participate in the political process on your own time and at your own expense. While you are doing so, it is important not to give the impression you are speaking on behalf of or representing Seaside in these activities. You cannot seek to be reimbursed by Seaside for any personal contributions for such purposes.

At times, Seaside may ask employees to make personal contact with government officials or to write letters to present our position on specific issues. In addition, it is a part of the role of some Seaside management to interface on a regular basis with government officials. If you are making these communications on behalf of the organization, be certain that you are familiar with any regulatory constraints and observe them.



SEASIDE HEALTHCARE

Code of Conduct Acknowledgement

I certify that I have received and reviewed the Seaside Code of Conduct and understand it represents mandatory policies of the organization. I agree to abide by the Code.

Signature

Printed Name

Facility/Location

Date



SEASIDE HEALTHCARE

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