

ETHICS AND COMPLIANCE CODE OF CONDUCT

Compliance Manual

Purpose

To provide Associates with basic guidance regarding the applicable business ethics and compliance standards that they are required to abide by to meet SMH and its Affiliates' goals of ensuring that they conduct business in compliance with applicable Laws, Rules, and Regulations.

Policy

SMH has developed, established, and implemented an "Ethics and Compliance Code of Conduct," attached hereto as Attachment A.

The Ethics and Compliance Code of Conduct contains basic principles and standards articulating the general policies of SMH and its Affiliates (as defined below) as they relate to business ethics and compliance.

Employees and contractors of SMH and its Affiliates are required to abide by the letter and spirit of the Ethics and Compliance Code of Conduct in conducting their daily business affairs. Such individuals are ultimately responsible for ensuring that their behavior and activity is consistent with the Ethics and Compliance Code of Conduct, compliance policies and procedures, the program, and the manual.

The Ethics and Compliance Code of Conduct shall be distributed annually to Associates and periodically as necessary.

The Ethics and Compliance Code of Conduct is not intended to be nor shall it be deemed or construed to provide any rights, contractual or otherwise, to any person, entity, or third party.

Procedure

Scope: This policy and procedure applies to: (1) SMH; (2) Affiliates; and (3) Associates.

Procedure

1. Dissemination of the Ethics and Compliance Code of Conduct:
 - 1.1 Upon his, her, or its initial employment or engagement with SMH or an Affiliate, each Associate and any other person or entity the Compliance Officer ("CO") or Facility Compliance Liaison ("FCL") requires will receive a copy of the Ethics and Compliance Code of Conduct.
 - 1.2 Annually, each Associate and any other person or entity the CO or FCL requires will receive a copy of the Ethics and Compliance Code of Conduct.
 - 1.3 Every individual or entity receiving the Ethics and Compliance Code of Conduct MUST execute an acknowledgement certifying receipt of the Ethics and Compliance Code of Conduct in the form

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specified in Attachment B, attached hereto.

1.3.1. Acknowledgements relating to individuals or employees MUST be maintained in the Associate personnel file or a file maintained by the CO relating to directors, officers, and managers.

1.3.2. Acknowledgements relating to entities MUST be maintained in a file with the contractor or vendor contract and be readily accessible for review upon request.

2. Individual Responsibility:

Every individual or entity receiving the Ethics and Compliance Code of Conduct is expected to conduct themselves in a manner consistent with it when they are acting on behalf of SMH or an Affiliate.

3. Questions About the Ethics and Compliance Code of Conduct:

If there are any questions about the Code or its applicability to a particular situation, the individual should contact his or her supervisor, the FCL, or the CO.

4. Reporting:

Each Associate has an individual responsibility for reporting any activity that appears to violate applicable laws, the Ethics and Compliance Code of Conduct, or any of the compliance policies or procedures.

4.1 Such reports shall be made directly to the Associate's direct supervisor, the FCL, the CO, or the confidential Compliance Hotline.

4.2 Every effort will be made to maintain the confidentiality of the identity of any individual who reports perceived or actual violations. However, confidentiality of identity cannot be guaranteed.

4.3 There will be no retribution or discipline against anyone who reports a perceived or actual violation in good faith. However, any Associate who intentionally makes a false accusation with the purpose of harming or retaliating against another Associate will be subject to discipline.

5. Discipline for a Failure to Abide by the Ethics and Compliance Code of Conduct:

Discipline for a failure to abide by applicable standards and/or compliance policies and procedures may lead to significant and severe disciplinary action depending on the nature and scope of the individual failure.

6. Changes to the Ethics and Compliance Code of Conduct:

While SMH or an Affiliate will generally attempt to communicate changes to the Ethics and Compliance Code of Conduct prior to the implementation of such changes, SMH and/or the applicable Affiliate reserve the right to modify, amend, or alter the Ethics and Compliance Code of Conduct, program, manual, and policies and procedures without prior notice to any person or Associate.

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Ethics and Compliance Code of Conduct

Attachment A

Introduction

SMH and its Affiliates and Associates are expected to constantly strive to ensure that activity by or on behalf of the organization is in compliance with applicable Laws and Regulations.

The general principles articulated in this Ethics and Compliance Code of Conduct are intended to provide guidance to individuals in their obligation to comply with applicable Laws and Regulations. However, the general principles contained herein are neither exclusive nor complete. Affiliates and Associates are expected to refer to the organization's compliance standards, policies, and procedures as well as other relevant Laws and Regulations for further guidance. It is important for the Affiliates and Associates to recognize that they are required to comply with applicable Laws and Regulations, as well as the organization's standards, policies, and procedures whether or not specifically addressed in this Ethics and Compliance Code of Conduct. If questions regarding the existence of, interpretation or application of any standard, policy, procedure, and/or Laws and Regulations arise, they should be directed to the immediate supervisor, the FCL, or the CO.

Administration and Application of this Ethics and Compliance Code of Conduct

The organization expects each individual to whom this Ethics and Compliance Code of Conduct applies to abide by the principles set forth herein and to conduct the business and affairs of the organization in a manner consistent with the general policies set forth herein.

Failure to abide by this Ethics and Compliance Code of Conduct and/or the organization's compliance standards, policies, and procedures may lead to significant and severe disciplinary action depending on the nature and scope of the individual failure.

Nothing in this Ethics and Compliance Code of Conduct is intended to, nor shall be construed as, providing any additional employment or contractual rights to Associates or other persons.

Ethics and Compliance Code of Conduct

Affiliates and Associates:

- Shall perform their duties in good faith and to the best of their ability;
- Shall refrain from any illegal conduct. When an Associate is uncertain of the meaning or application of Laws and Regulations, he or she shall seek guidance from his or her immediate supervisor, the FCL, or the CO;
- Shall not obtain any improper personal benefit by virtue of their employment or contract with the organization;
- Shall not destroy or alter the organization's information or documents in anticipation of, or in

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response to, a request for documents by any applicable government agency or from a court of competent jurisdiction;

- Shall not engage in any business practice intended to unlawfully obtain favorable treatment or business from any government entity, physician, resident, vendor, or any other party in a position to provide such treatment or business;
- Shall comply with the organization's policy regarding the receipt, acceptance, offering, or giving of gifts in connection with an Associate's role or status as an employee or contractor of the organization;
- Shall disclose to their immediate supervisor any financial interest, ownership interest, or any other relationship they (or a member of their immediate family) have with the organization's residents, customers, vendors, or competitors;
- Shall not participate in any false billing of residents, government entities, or other party;
- Shall not use confidential or proprietary information of the organization for their own personal benefit or for the benefit of any other person or entity, except the organization, during or after being employed or contracted by the organization;
- Shall not disclose confidential medical or personal information pertaining to the organization's residents without the express written consent of the resident or appropriate legal representative and in accordance with applicable law and the organization's policies and procedures;
- Shall not participate in any agreement or understanding with a competitor of the organization to illegally fix prices, agree to labor costs, allocate markets, or engage in group boycotts. Before considering any agreements or entering into discussions with a competitor concerning any of these issues, Associates shall first speak with the FCL or the CO concerning antitrust issues;
- Shall participate in scheduled educational sessions regarding the organization's compliance program and applicable state and federal laws and standards;
- Shall comply with the organization's policies governing the workplace. These include, among others, the organization's policies governing:
 - Fraud and Abuse in Federal and State Health Care Programs
 - Kickbacks, Inducements and Self-Referrals
 - Receiving or Extending Business Courtesies
 - Relationships with Referral Sources
 - Relationships with Government Employees
 - Conflicts of Interest
 - Government Billing and Reimbursement
 - The False Claims Act
- Shall promptly report violations or suspected violations of this Ethics and Compliance Code of Conduct or any other part of the compliance program by other Associates to the FCL, the CO, or the Confidential Compliance Hotline at 888-225-7363.

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Associate Acknowledgement

Attachment B

I certify by my signature below that I have received, read, and understand the Ethics and Compliance Code of Conduct. I understand I have an obligation to help SMH (or its Affiliate _____) prevent and detect fraud, waste, and abuse and to comply with all Laws and Regulations.

I hereby certify my intention to act in complete accordance with the compliance program. I agree to report all suspected fraud, waste, and abuse to either my immediate supervisor, the FCL, the CO, or to the Compliance Hotline.

I understand that my continued employment, engagement, or continued business relationship with SMH or its Affiliate depends on my full compliance with the Ethics and Compliance Code of Conduct and the overall compliance program. Failure to report known or suspected fraud, waste, or abuse may lead to discipline, up to and including discharge or termination of any contractual arrangement with SMH or its Affiliate.

I understand that I can make good faith reports to the immediate supervisor, the FCL, the CO, or the Compliance Hotline without fear of retribution.

Associate Name (printed)

Associate Name (signature)

Position

Date