

**SantaFe HealthCare, Inc. and its Affiliates**  
**CODE OF ETHICAL BUSINESS CONDUCT**  
**PREFACE**

The Code of Ethical Business Conduct (the "Code") is designed to promote **honest, ethical and lawful conduct** by all employees, corporate officers, board officers, members of corporate advisory boards, community advisory boards and directors of SantaFe HealthCare, Inc. ("SFHC") and its Affiliates ("Covered Persons"). The Code is intended to help Covered Persons understand SFHC and its Affiliates' standards of ethical business practices and to stimulate awareness of ethical and legal issues that you may encounter in carrying out your responsibilities to SFHC and its Affiliates.

The actions of Covered Persons affect the **reputation and integrity** of SFHC and its Affiliates. Therefore, it is essential that you take the time to review the Code and develop a working knowledge of its provisions. You are required to complete a certificate attesting to compliance with the Code upon becoming a Covered Person and, thereafter, on an annual basis.

At all times, **you are expected to:**

- Avoid conflicts between personal and professional interests where possible;
- Comply with SFHC and its Affiliates' Conflicts of Interest Policy & Procedure (attached to the Code as Exhibit A);
- Provide accurate, complete and timely information in the course of fulfilling your obligations;
- Provide full, fair, accurate, timely, and understandable disclosure in reports required to be filed by SFHC or its Affiliates with regulators and in other public communications made by SFHC and its Affiliates;
- Comply with all applicable laws, regulations and policies of SFHC and its Affiliates;
- Seek guidance where necessary from the Chief Compliance Officer;
- Promptly report any violations of the Code to the Chief Compliance Officer or, if you are a director or member of an Affiliate's corporate advisory board, to the Chairman of the SFHC Board or his designee; and
- Be accountable personally for adherence to the Code.

**WHO DO I CONTACT  
FOR GUIDANCE OR TO REPORT CONCERNS?**

If you believe a situation may involve or lead to a violation of the Code, you have an affirmative duty to seek guidance and report such concerns.

- **Seek guidance** from the SFHC Chief Compliance Officer or, in the case of directors or member of an Affiliate's corporate advisory board or community advisory board, the Chairman of the SFHC Board or the Chief Compliance Officer.
- **Disclose concerns** or violations of the Code to the Chief Compliance Officer (or, for directors or member of an Affiliate's corporate advisory board or community advisory board, the Chairman of the SFHC Board).
- **Report audit and accounting concerns** to the Audit & Compliance Committee of the Board of Directors of SFHC and its Affiliates or to the Chief Compliance Officer.

Instructions for seeking guidance or reporting concerns or violations are included in the Code at pages 13 and 14.

**Corporate Compliance Hotline**

The Corporate Compliance Hotline is available 24 hours per day by calling toll-free 1-877-AVM-DUTY (1-877-286-3889). Alternatively, the Chief Compliance Officer may be contacted by mail at the following address:

SantaFe HealthCare Corporate Compliance Program  
PO Box 749  
Gainesville, FL 32602-0749

**SFHC and Affiliates Audit & Compliance Committee**

The SFHC Audit & Compliance Committee may be contacted by mail at the following address:

SantaFe HealthCare Corporate Compliance Program  
Audit & Compliance Committee  
PO Box 749  
Gainesville, FL 32602-0749

**It is the policy of SFHC and its Affiliates to encourage the communication of bona fide concerns relating to the lawful and ethical conduct of business, and audit and accounting procedures or related matters. It is also the policy of SFHC and its Affiliates to protect those who communicate bona fide concerns from any retaliation for such reporting.**

**Confidential and anonymous mechanisms for reporting concerns are available and are described in the Code. However, anonymous reporting does not serve to satisfy a duty to disclose your own potential involvement in a conflict of interest or in unethical or illegal conduct.**

The Code is part of a broader set of policies and compliance procedures described in greater detail in SFHC and its Affiliates' employee manuals and distributed memoranda. The Code is not intended to supersede or materially alter specific policies and procedures already in place and applicable to particular employees as set forth in the employee manuals and distributed memoranda, and communicated to employees.

No policy can provide definitive answers to all questions. It is difficult to anticipate every decision or action that you may face or consider. **Whenever there is doubt about the right ethical or legal choice to make, or questions regarding any of the standards discussed or policies referenced in the Code, you should fully disclose the circumstances, seek guidance about the right thing to do, and keep asking until guidance is obtained.**

**Those who violate the standards in the Code shall be subject to disciplinary action. Failure to follow the Code, as well as to comply with federal, state, local and any applicable foreign laws, and the policies and procedures of SFHC and its Affiliates may result in termination of employment or termination of board service.**

## **CORPORATE POLICY**

It is the policy of SFHC and its Affiliates that Covered Persons conduct all business affairs and relationships with others with honesty, integrity and high ethical standards. In order to provide standards of appropriate conduct for Covered Persons, the Boards of Directors of SFHC and its Affiliates have adopted the Code.

## **INTRODUCTION**

The ability of SFHC and its Affiliates to function as respected members of the business community rests solely on the trust and confidence that our members, patients, residents, providers, regulators and other persons with whom we do business have in our organization. That confidence is earned, on a daily basis, when we conduct business with integrity and have a culture that encourages the highest ethical standards. SFHC and its Affiliates have established and adopted the following professional standards as a component of its Corporate

Compliance Program to reflect the requirements of federal, state and local laws and regulations. The Boards of Directors have designated the Chief Compliance Officer as the individual within the organization responsible for overall implementation and operation of the Corporate Compliance Program.

All Covered Persons are required to adhere to the standards as set forth in the Code and for ensuring their behavior and activities are consistent with the Code. SFHC and its Affiliates have prepared this Code to help Covered Persons understand what is expected of them in the workplace and as representatives of SFHC and its Affiliates. These standards apply to everyone, at every level of the organization. Covered Persons shall be asked to confirm, in writing, receipt of the Code and an understanding of its content. In addition, there are a number of more detailed and specific procedures covering particular departments or compliance subjects published in Policies and Procedures manuals of SFHC and its Affiliates. Those specific procedures shall be communicated to personnel who are particularly affected by them and who must comply with them in the normal course of business.

If you have any questions about the Code, please contact the Chief Compliance Officer or his or her designee.

## **STANDARDS OF CONDUCT**

### Legal Compliance

SFHC and its Affiliates shall strive to ensure that all activity by or on behalf of the organization is in compliance with applicable federal, state and local laws and regulations. The following standards are intended to provide guidance to Covered Persons that shall assist them in their obligation to comply with these laws and regulations. These standards are neither exclusive nor complete.

- 1) SFHC and its Affiliates are diligent in their efforts to provide frequent and comprehensive updates to Covered Persons addressing recent legislative or regulatory changes that may impact the operations of the SFHC and its Affiliates. Covered Persons are expected to stay abreast of any changes that may impact their departmental operations and to make adjustments as necessary to be in compliance with new or revised legislation.
- 2) SFHC and its Affiliates expect Covered Persons to refrain from any conduct that may violate state and federal fraud, waste and abuse laws. These laws prohibit, at a minimum:
  - a) Direct, indirect, or disguised payments in exchange for the referral of patients;
  - b) The submission of false, fraudulent or misleading claims to any government entity or third party payor, including claims for services not rendered, claims which characterize the service differently than that actually rendered, or claims which do not otherwise comply with applicable program or contractual requirements; and

- c) Making false representations to any person or entity in order to gain or retain participation in a program or to obtain payment for any service.
- 3) All Covered Persons are required to comply with all applicable laws and regulations, whether or not they have been specifically addressed by a written policy in this or any other policy manual. SFHC and its Affiliates shall vigorously enforce compliance and shall take corrective action, including termination and legal action as appropriate.
- 4) SFHC and its Affiliates shall ensure that reporting to external agencies, associations, and the public is timely, accurate, honest, and reasonably complete.

### Antitrust

While Covered Persons are encouraged to actively participate in local, state and national organizations and forums to advocate for efficient and effective health care for all citizens, it is the policy of SFHC and its Affiliates to conduct all of their activities in full compliance with federal and state antitrust laws. Accordingly, in the course of outside meetings and other industry activities, it is important that Covered Persons refrain from discussing, agreeing, or exchanging information regarding any competitively sensitive information with any person who is a representative or employee, officer or director of any competitor. Such information includes, but may not be limited to:

- 1) Prices or premiums charged for managed care or insurance products or for hospice or senior living services;
- 2) Any increase, decrease or discount in prices for managed care or insurance products or for hospice or senior living services;
- 3) What constitutes a fair price;
- 4) Allocation of customers, patients, residents or enrollees, sales territories, sales of any product, or contracts with providers;
- 5) Refusal to deal with any customer, provider or payor or class or group of customers, providers or payors;
- 6) What products or services shall be offered to members, patients or residents; and
- 7) Other competitively sensitive information, such as information about market share, profits, margins, costs, reimbursement levels or methodologies for reimbursing providers, or terms of coverage.

These same standards of conduct are to be observed at all informal or social discussions at the sites of any public or private meetings or gatherings.

## Confidentiality

Covered Persons are in possession of and have access to a wealth of confidential, sensitive and proprietary information regarding the businesses of SFHC and its Affiliates. The inappropriate release of such information could be detrimental to SFHC and its Affiliates, as well as its members, patients, residents, providers, and/or vendors. Every Covered Person has an obligation to actively protect and safeguard confidential, sensitive and proprietary information in a manner designed to prevent its unauthorized disclosure.

- 1) Covered Persons have an obligation to maintain the confidentiality of member, patient and resident information in accordance with all applicable laws and regulations. Information requiring protection exists in many formats, such as paper, electronic, audio, and video. All copies, formats and versions of confidential information must be maintained in accordance with applicable laws and the policies and procedures of SFHC and its Affiliates. SFHC and its Affiliates assign access to confidential information through a role-based security approach to ensure that only those persons whose positions require it and who have a legitimate need-to-know, have the ability to access confidential information. Covered Persons shall not share passwords or other system access rights with any other person(s), whether or not such persons are affiliated with SFHC or its Affiliates. Covered Persons are instructed to always make sure that any access or use of confidential data is carried out using only the minimum amount necessary. Additionally, Covered Persons shall refrain from revealing any personal or confidential information to third persons unless supported by legitimate business or member, patient or resident care purposes. If the disclosure of information is so supported, Covered Persons shall use or disclose on a need-to-know basis, only the minimum amount necessary to accomplish the task. If questions arise regarding an obligation to maintain the confidentiality of information or the appropriate release of information, Covered Persons should seek assistance from the Chief Compliance Officer or his or her designee.
- 2) Information, ideas and intellectual property assets of SFHC and its Affiliates are important to their success. Information pertaining to competitive position, business strategy, payment and reimbursement information, and information relating to negotiations with third parties or other employees should be protected and shared only with those individuals having a need to know such information in order to perform the responsibilities of their positions with SFHC and its Affiliates.
- 3) Salary, benefit and other personal information relating to Covered Persons shall be treated as confidential. Personnel files, payroll information, disciplinary matters and similar information shall be maintained in a manner designed to ensure confidentiality in accordance with applicable laws.
- 4) Covered Persons shall exercise due care to prevent the unauthorized release or sharing of information. Covered Persons are required to sign a Statement of Confidentiality at the time of hire and on an annual basis thereafter.

## Conflict of Interest

“Conflicts of interest” may arise when personal or financial relationships or interests interfere, or have the potential to interfere, with professional roles, responsibilities, or independent judgment. A conflict of interest occurs when there is a divergence between an individual’s private interests and his or her professional obligations to SFHC and its Affiliates, such that an independent observer might reasonably question whether the individual’s professional actions or decisions are determined by considerations of personal gain, financial or otherwise. A conflict of interest depends on the situation, and not on the character or actions of the individual.

SFHC and its Affiliates have adopted a Conflicts of Interest Policy & Procedure (“Conflicts of Interest Policy”) attached as Exhibit A to the Code and incorporated within the Code. Covered Persons are expected to comply with the provisions of the Conflicts of Interest Policy.

## Receipt of Gifts

“Gifts” to Covered Persons from firms or individuals who are conducting, would like to conduct business with, or who are direct competitors of SFHC and its Affiliates raise the potential of conflicts of interest. Gifts to Covered Persons from members, patients or residents raise the potential for improprieties. Gifts include tangible personal property, as well as services, entertainment, promotional premiums on personal purchases of goods or services, advertising or promotional materials, gratuities or any other personal benefit or favor of any kind.

The Conflicts of Interest Policy describes the policies of SFHC and its Affiliates with respect to the receipt of gifts by Covered Persons. Covered Persons are expected to comply with the provisions of the Conflicts of Interest Policy regarding gifts.

## Political Activities

Tax exempt organizations, such as SFHC and its Affiliates, are subject to legal limitations on political campaigning and lobbying activities. All such activities on behalf of SFHC and its Affiliates must be conducted in compliance with applicable laws. Accordingly, Covered Persons should not use assets of SFHC or any of its Affiliates to engage in any political activities without prior review by and approval from the Chief Compliance Officer.

Under the Internal Revenue Code, all section 501(c)(3) organizations are absolutely prohibited from directly or indirectly participating in, or intervening in, any political campaign on behalf of (or in opposition to) any candidate for elective public office. Certain activities or expenditures may be permitted depending on the facts and circumstances. For example, certain voter education activities (including presenting public forums and publishing voter education guides) conducted in a non-partisan manner do not constitute prohibited political campaign activity. No SFHC Affiliate which has received recognition under Section 501(c)(3) of the Internal Revenue Code should engage in any type of political activity without first obtaining written approval from the Chief Compliance Officer.

AvMed is a section 501(c)(4) social welfare organization, and is permitted to engage in some political activities, so long as that is not its primary activity. Notwithstanding AvMed’s ability to engage in political activities, AvMed funds cannot be used to make any political

campaign contribution related to a federal election (whether to a candidate, political party or political action committee) since it is against the law. AvMed is permitted by law to use its funds to support the administration of the AHIP political action committee (AHIP PAC). Any use of AvMed funds for the AHIP PAC or any state or local political activity must be processed through the Chief Compliance Officer.

Your personal political activity is totally voluntary and contributions to candidates or campaigns should only be made if you freely choose to do so. You should not bundle contributions, violate any provision of federal, state or local campaign finance laws or otherwise suggest that SFHC, AvMed or any other Affiliate endorses your political activity.

### Government Contracts

Always remember that the government is a unique customer. While we always conduct our business with the highest degree of integrity and honesty, there are unique rules applicable to government contractors.

When we act as a government contractor, we have a special obligation to the government (along with the public at large) to ensure that we perform that work with the highest degree of integrity. Accordingly, we must all be committed to compliance with not only the letter but also the spirit of the laws and regulations that apply to our government contracting business.

Although all of the standards discussed in this Code are applicable whether the customer is the government or a private entity, particular statutes and regulations apply to government business dealings. For example, under Title 18 of the United States Code, it is a crime to knowingly make a false claim for payment to the government or to knowingly make a false statement to the government. If you falsify data that is submitted to the government, you have committed a crime. This is true even if you are not doing so in an attempt to obtain payment. Both you and the organization could be subject to criminal prosecution for your violation and could be subject to large penalties and fines. In addition, both you, as an individual, and our company, as an organization, could be prohibited, through suspension and debarment or exclusion, from working on government projects in the future.

### Relationships with Elected Officials

Special restrictions may apply to recruiting former government personnel and the activities of former government employees retained as employees or consultants. Approval must be obtained from the Chief Compliance Officer before even mentioning possible employment to a current government employee and before retaining any former government employee. Specific procedures dealing with such relationships have been approved by the SFHC and its Affiliates' Boards of Directors and are applicable to SFHC, its Affiliates and employees.

### Equal Employment Opportunities/Sexual Harassment/Workplace Safety

At SFHC and its Affiliates, we value diversity in our workforce. We are committed to the principles and practice of equal opportunity and affirmative action. We are committed to continuing to develop and maintain a highly qualified, culturally diverse workforce which is able to meet the cultural and linguistic needs of our diverse members, patients, and residents.



Furthermore, it is the policy of SFHC and its Affiliates to operate under sound and legal employment practices. The objective is to be fair and equitable in the treatment of all employees and in all situations. This includes at least the following:

- 1) Selection and placement of any employee is based on that employee's qualifications, without regard to race, religion, national origin, gender, age, disability or veteran status;
- 2) Compensation is in accordance with the employee's contribution to SFHC and its Affiliates and compensation decisions shall be made entirely independent of the considerations listed above; and
- 3) SFHC and its Affiliates shall provide a safe and healthy work environment for all employees. SFHC and its Affiliates shall not tolerate any type of harassment – including sexual harassment – in the workplace and shall take appropriate disciplinary action should any instance of harassment be discovered.

SFHC and its Affiliates are committed to a workplace that is free from sexual, racial, or other unlawful harassment, and from threats or acts of violence or physical intimidation. Abusive, harassing or other offensive conduct is unacceptable, whether verbal, physical or visual. If you believe that you have been harassed or threatened with or subjected to physical violence in or related to the workplace, you should report the incident to an appropriate supervisor or Human Resources, who shall arrange for it to be investigated. All efforts shall be made to handle the investigation confidentially.

SFHC and its Affiliates shall not tolerate the possession, use or distribution of pornography or racially or sexually offensive materials on in the workplace, or the use of SFHC's and its Affiliates' personal computers or other equipment to obtain or view such materials. All employees and officers must promptly contact an appropriate supervisor or Human Resources about the existence of offensive materials, especially child pornography, on SFHC's and its Affiliates' systems or premises so that appropriate action may be taken, including notifying the proper authorities if necessary.

SFHC and its Affiliates are committed to providing a drug-free work environment. The illegal possession, distribution, or use of any controlled substances on its premises or at employment-related functions is strictly prohibited. Similarly, reporting to work under the influence of any illegal drug or alcohol and the abuse of alcohol or medications in the workplace is strictly prohibited.

All accidents, injuries, or concerns about unsafe equipment, practices, conditions or other potential hazards should be immediately reported to an appropriate supervisor.

#### Protection of Assets

You have a personal responsibility to protect the assets of SFHC and its Affiliates from misuse or misappropriation. The assets of the SFHC and its Affiliates include tangible assets, such as products, equipment and facilities, as well as intangible assets, such as intellectual property, trade secrets, reputation and business information (including any non-public information learned as a Covered Person).

### *Theft/Misuse of Assets*

Assets of SFHC and its Affiliates may only be used for business purposes and such other purposes as are approved by SFHC and its Affiliates. You must not take, make use of, or knowingly misappropriate the assets of SFHC and its Affiliates for personal use, for use by another, or for an improper or illegal purpose. You are not permitted to remove, dispose of, or destroy anything of value belonging to SFHC and its Affiliates without SFHC or its Affiliates' express prior written consent, including both physical items and electronic information.

### *Confidential Information/Privacy*

You must not use or disclose any confidential information to any person or entity outside of SFHC and its Affiliates, either during or after termination of your status as a Covered Person, except with written authorization of SFHC and its Affiliates or as may be otherwise required by law or regulation. You may not use confidential information for your own personal benefit or the benefit of persons or entities outside SFHC and its Affiliates.

Confidential information includes all non-public information learned as a Covered Person. It includes, but is not limited to:

- 1) Non-public information that might be (i) of use to suppliers, vendors, joint venture partners or others, (ii) of interest to the press, or (iii) harmful to SFHC and its Affiliates or any of its constituents, if disclosed;
- 2) Non-public information relating to SFHC and its Affiliates' operations, including financial information, minutes, reports and materials of the Board of Directors and its committees, and other documents identified as confidential;
- 3) Non-public information about discussions and deliberations, relating to business issues and decisions, between and among employees, officers and directors; and
- 4) Non-public information about Covered Persons, volunteers, or any other individuals about whom SFHC and its Affiliates may hold information from time to time.

### *Outside Communication*

SFHC and its Affiliates is committed to providing full, fair and accurate disclosure in all public communications and in compliance with all applicable law, regulations and rules. Consistent with this commitment, employees may not answer questions from the media, or any other members of the public unless specifically authorized to do so. If you should receive such an inquiry, you should obtain the name of the person and their contact information if possible and immediately notify the Public Relations Manager.

As individuals we all have rights to speak out on issues including in a public forum, whether at your town hall or on a social networking media application or website. However, when you speak as an individual it is critical that you do not give the appearance of speaking or acting on behalf of SFHC and its Affiliates, and that you do not speak about the SFHC and its Affiliates. You should be especially aware of the broad reach of social networking media

applications and websites, and that such media is increasingly being monitored by customers, competitors, regulators and colleagues. Your comments may be attributed to SFHC and its Affiliates, even though you did not intend for your comments to be attributed that way.

Whether or not you identify yourself as an employee of SFHC and its Affiliates, you may not comment on or provide information relating to SFHC and its Affiliates' business (even if such information is not confidential) in an internet chat room, newsgroup, guest book, bulletin board, blog, social or business networking site or similar forum unless you are specifically authorized to do so. You should not comment in such a forum on any subject matter as to which you have knowledge or expertise by virtue of your duties with SFHC and its Affiliates. Finally, you should not post in such a forum your opinions about SFHC and its Affiliates unless you are specifically authorized to do so.

### *Network Use, Integrity & Security*

SFHC and its Affiliates reserve the right to monitor or review any and all data and information contained on any computer or other electronic device issued by SFHC and its Affiliates. In addition, SFHC and its Affiliates reserves the right to monitor or review use of the Internet through SFHC resources, SFHC and its Affiliates' Intranet and SFHC and its Affiliates' e-mail or any other electronic communications without prior notice.

Access to SFHC and its Affiliates systems shall be revoked and disciplinary action may be taken in the event that such systems are used to commit illegal acts, or to violate the nondiscrimination, harassment, pornography, solicitation or proprietary information terms of the Code, or any other terms of the Code.

In order to maintain systems integrity and protect SFHC's and its Affiliates' network, no Covered Person should divulge any passwords used to access any SFHC and its Affiliates computer or database. Any suspected breach of the SFHC and its Affiliates network security systems should be reported to a responsible supervisor or appropriate internal authority immediately.

All Covered Persons should refrain from using or distributing software that may damage or disrupt SFHC's and its Affiliates' work environment by transmitting a virus or conflicting with SFHC's and its Affiliates' systems.

No Covered Person should engage in the unauthorized use, copying, distribution or alteration of computer software whether obtained from outside sources or developed internally. All software, including "shareware," contains terms of use that must be adhered to.

### *Accounting Practices, Books And Records And Record Retention*

Honest and accurate recording and reporting of information is critical to our ability to make responsible business decisions. You have a strict obligation to provide accurate information in the records of SFHC and its Affiliates.

You are expected to support our efforts in fully and fairly disclosing the financial condition of SFHC and its Affiliates in compliance with applicable accounting principles, laws, rules and regulations and making full, fair, accurate timely and understandable disclosure in our

reports filed with regulatory agencies and other communications. Our financial statements and the books and records on which they are based must accurately reflect all transactions and conform to all legal and accounting requirements and our system of internal controls.

All Covered Persons have a responsibility to ensure that our accounting records do not contain any false or misleading entries. We do not tolerate any misclassification of transactions as to accounts, departments or accounting periods and, in particular:

- 1) All accounting records, as well as reports produced from those records, are to be kept and presented in accordance with law and are to comply with generally accepted accounting principles;
- 2) All records are to fairly and accurately reflect the transactions or occurrences to which they relate;
- 3) All records are to fairly and accurately reflect in reasonable detail the assets, liabilities, revenues and expenses of SFHC or the Affiliate to which the records relate;
- 4) No accounting records are to contain any false or misleading entries;
- 5) All transactions are to be supported by accurate documentation in reasonable detail and recorded in the proper account and in the proper accounting period; and
- 6) The system of internal accounting controls of SFHC and its Affiliates, including compensation controls, is required to be followed at all times.

Always record data in a timely and accurate manner. This protects our resources and meets the expectations of the people who rely on the accuracy of our records to perform their jobs. Falsifying business records is a serious offense, which may result in criminal prosecution, civil action and/or disciplinary action up to and including termination of employment. If you are authorized to make expenditures or enter into transactions on behalf of SFHC or any of its Affiliates, you must ensure that the applicable records comply with our accounting and purchasing policies and that all transactions are recorded properly.

Consistent with the reporting and recordkeeping commitments discussed above, you should accurately and truthfully complete all records used to determine compensation or expense reimbursement. This includes, among other items, reporting of hours worked (including overtime) and reimbursable expenses (including travel and meals).

Compliance with our Records Retention Policy and Procedures is mandatory. Destroying or altering a document with the intent to impair the document's integrity or availability for use in any potential official proceeding is a crime. Destruction of records may only take place in compliance with our Records Retention Policy and Procedures. Documents relevant to any pending, threatened, or anticipated litigation, investigation, or audit shall not be destroyed for any reason. If you believe that our records are being improperly altered or destroyed, you should report it to a responsible supervisor, the appropriate internal authority, the Chief Compliance Officer or SFHC's legal counsel.

## REPORTING OF VIOLATIONS

Illegal acts or improper conduct may subject SFHC and its Affiliates to severe civil or criminal penalties, including large fines or sanctions and being barred from certain types of business. It is, therefore, very important that any illegal or unethical activity or violation of the Code be reported promptly.

- 1) Any employee who has questions about the interpretation or application of the Code to particular acts or conduct is encouraged to seek the guidance of the Chief Compliance Officer. Directors and members of corporate advisory boards or community advisory boards having questions about the application of the Code are encouraged to seek guidance from the Chairman of the SFHC Board or the Chief Compliance Officer.
- 2) Any Covered Person who believes a violation of the Code or any other illegal activity has occurred, shall promptly report the violation in person, by phone or in writing as follows:
  - a) If the Covered Person is a director or member of a corporate advisory board or community advisory board, report the violation to the Chairman of the Board of his or her designee.
  - b) If the Covered Person is not a director or member of a corporate advisory board community advisory board, report the violation to the Chief Compliance Officer or his or her designee;
- 3) It is a violation of the Code for any Covered Person who believes in good faith a violation of the Code or other illegal activity has occurred not to report a violation or other illegal/unethical activity.
- 4) It is the policy of SFHC and its Affiliates to promptly and thoroughly investigate all reports of illegal or unethical activity or violations of the Code. Covered Persons are required to cooperate with these investigations. It is a violation of the Code for any Covered Person to prevent, hinder or delay discovery and full investigation of such reports.
- 5) Covered Persons may report such activity or violation anonymously. SFHC shall take reasonable precautions to maintain the confidentiality of those individuals who report such activity and of those involved in the alleged improper activity.
- 6) No reprimands or disciplinary action shall be taken or permitted against Covered Persons for good faith reporting of, or cooperating in the investigation of, activities or violations of the Code.
- 7) Covered Persons who violate the Code or commit illegal or unethical acts are subject to discipline up to and including dismissal. Covered Persons who report their own misconduct, however, will have such self-reporting taken into account in determining the appropriate disciplinary action.

## **ADMINISTRATION AND APPLICATION OF THIS CODE OF ETHICAL BUSINESS CONDUCT**

SFHC and its Affiliates expect each Covered Person to abide by the standards set forth herein and to conduct the business and affairs of SFHC and its Affiliates in a manner consistent with these principles.

Failure to abide by the Code may result in disciplinary action. To determine the appropriate disciplinary action for a violation of the Code or a failure to report such a violation, the Chief Compliance Officer and members of senior management may take into account the following factors:

- 1) The nature of the violation and the ramifications to SFHC and its Affiliates, its members, patients, residents, and other stakeholders;
- 2) Whether the Covered Person's involvement was direct or indirect;
- 3) Whether the violation was willful or unintentional;
- 4) Whether the violation represented an isolated occurrence or a pattern of conduct;
- 5) Whether the Covered Person withheld relevant or material information and the degree to which the Covered Person cooperated with the investigation;
- 6) Any action previously imposed for similar violations and/or the Covered Person's past violations; and
- 7) Whether the violation constituted a fraudulent act (or involved intentional deception).

Nothing in the Code is intended to nor shall be construed as providing any additional employment or contract rights to Covered Persons. While SFHC and its Affiliates shall generally attempt to communicate changes concurrent with or prior to the implementation of such changes, SFHC and its Affiliates reserve the right to modify, amend or alter the Code without notice to Covered Persons.

### **SANTAFE HEALTHCARE CORPORATE COMPLIANCE HOTLINE**

To request information about the SantaFe HealthCare Corporate Compliance Program or to report possible misconduct, please contact a member of the compliance staff. The Compliance Hotline is available 24 hours per day by calling toll-free 1-877-286-3889. Alternatively, the compliance staff may be contacted by mail at the following address:

SantaFe HealthCare Corporate Compliance Program  
PO Box 749  
Gainesville, FL 32602-0749

It is the policy of SFHC and its Affiliates to encourage the communication of bona fide concerns relating to the lawful and ethical conduct of business, and audit and accounting

procedures or related matters. It is also the policy of SFHC and its Affiliates to protect those who communicate bona fide concerns from any retaliation for such reporting. No retribution against any individual who reports violations of the Code in good faith shall be permitted. Confidential and anonymous mechanisms for reporting concerns are available and are described in the Code. However, anonymous reporting does not serve to satisfy a duty to disclose your potential involvement in a conflict of interest or in unethical or illegal conduct. Every effort shall be made to investigate confidential and anonymous reports within the confines of the limits on information or disclosure such reports entail. While self-reporting a violation shall not excuse the violation itself, the extent and promptness of such reporting shall be considered in determining any appropriate sanction, including dismissal. SFHC and its Affiliates shall investigate any matter which is reported and shall take any appropriate corrective action.