

# CORNERSTONE HEALTHCARE GROUP

## ***CODE OF CONDUCT***

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# **Cornerstone Healthcare Group**

## ***Code of Conduct***

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### **LETTER FROM THE PRESIDENT**

Dear Employee and Contractor,

Cornerstone Healthcare Group is committed to providing quality healthcare and maintaining a high level of trust with patients, physicians and customers. This can only be accomplished if we are also committed to conducting all operating and business activities with unquestionable integrity.

Our mission statement, beliefs and values drive our Company's operating philosophy and our culture. Providing an environment that supports these principles gives us an opportunity to achieve excellence in our work place. Our Company's Code of Conduct is designed to help all employees and contractors meet this expectation. Please read it thoroughly and follow it faithfully.

If you have questions regarding this Code of Conduct, please share your concerns with your supervisor or other management personnel within the hospital. If your concern is not resolved, call the Compliance Hotline at 866-478-9319. Your call will be treated confidentially and your privacy will be protected. There will be no retaliation or retribution against any individual for raising concerns or alleging violations of the Code.

We share the responsibility for upholding our business reputation. Our business practices must demonstrate our uncompromising commitment to honesty and integrity. Use this Code of Conduct to guide you to the right decisions and the appropriate course of action.

Sincerely,

Michael Brohm  
President and Chief Executive Officer  
Cornerstone Healthcare Group

## MISSION STATEMENT, BELIEFS AND VALUES

### Mission Statement

Our mission is to provide the highest quality, patient focused healthcare and customer service to every patient, family member and physician we serve.

### Vision

Our vision is to be the most trusted long-term acute care hospital in the communities we serve by consistently exceeding the expectations of our customers.

### Shared Values

- Caring
- Compassion
- Respect
- Personal Accountability
- Teamwork

We CARE for the one you love by providing the highest quality patient care with COMPASSION and RESPECT. We embrace a strong work ethic through PERSONAL ACCOUNTABILITY and TEAMWORK in order to exceed the expectations of our patients, family members and physicians.

### MISSION STATEMENT

Cornerstone Healthcare Group Holding, Inc., and its affiliated long-term acute care hospitals doing business under the Cornerstone and Solara names (collectively, “**Cornerstone**”) require their directors, officers, employees, agents and contractors (collectively “**Responsible Person(s)**”) to adhere to all federal, state, and local laws as well as the highest standards of integrity and ethics in connection with their professional duties. Cornerstone’s Board of Directors (the “**Board**”) has adopted this Code of Conduct (“**Code of Conduct**” or the “**Code**”), which summarizes the guiding principles (“**Standards**”) that you, as a Responsible Person, must adhere to when acting on behalf of Cornerstone, in Cornerstone’s name, or using Cornerstone’s resources. The Board may update the Code of Conduct periodically, and monitors and enforces compliance through the Compliance Policies and Procedures established under the Compliance Program Charter. Adherence to the Code of Conduct is mandatory, as is the reporting of any suspected violations of the Code, and failure to comply with and report any suspected violations of the Code may result in sanctions ranging from a verbal reprimand to termination of employment or contract relationship.

## STANDARDS

### LEGAL COMPLIANCE

***We strive to follow all legal requirements.*** You must learn and satisfy all obligations imposed on you by federal, state, and local law, including requirements imposed by Medicare, Medicaid, Tricare, or other government-funded programs. You must also learn and satisfy all obligations imposed on you through Cornerstone's Compliance Policies and Procedures. You have a duty to come forward and identify any situation in which you believe Cornerstone is in violation, or is in danger of violation, of any law or regulation applicable to Cornerstone, its assets, business or operations.

### ETHICAL CONDUCT

***While we follow legal requirements, we must never lose sight of ethical considerations.*** Ethical behavior means doing the right thing, even if no one is watching us or compelling us to do the right thing. You must adhere to the highest standards of ethics, integrity, and honesty at all times. You must ensure that all statements, submissions, records, and other communications with third parties or for internal use are truthful, accurate and complete.

### QUALITY OF CARE

***We seek to furnish and facilitate the delivery of quality patient care.*** You must maintain any and all licenses, certifications, and credentials required in connection with your duties on behalf of Cornerstone. If you furnish services at healthcare facilities, you must abide by all licensure, certification, and accreditation requirements binding on such facilities. You must strive at all times to prevent errors affecting patient care and rectify any errors that do occur.

### PATIENT REFERRALS

***We do not pay or accept kickbacks or bribes.*** You are prohibited from offering or providing anything (directly or indirectly) to anyone in an effort to encourage or reward patient referrals to hospitals owned, operated, managed or administered by Cornerstone. You are prohibited from requesting or accepting anything in return for referring patients to or ordering items/services from other health care providers or suppliers.

### BILLING FOR SERVICES

***We strive to bill for services with honesty, accuracy and fairness.*** You must make every effort to prevent the submission of false, fraudulent, inaccurate or fictitious claims for items or services. You are prohibited from submitting bills to patients, payers, or other persons for clinical services absent a good faith belief that such services were actually rendered and are fully documented in the patient's medical records. If your duties involve the furnishing of clinical services, you must accurately and contemporaneously document such services in the patient's medical record. If your duties involve the billing and/or coding of claims, you must take every reasonable precaution to ensure that your

work is accurate, timely, and in compliance with federal and state laws and regulations and Cornerstone's operational policies.

## **CLINICAL RESEARCH**

***We conduct or facilitate research with respect for the dignity of human subjects and the scientific method.*** You must ensure that clinical research involving human subjects is conducted in an objective fashion, appropriately monitored, and performed only with the informed consent of each human subject and the hospital. You must ensure that any submissions made to third parties in connection with a clinical research project or clinical research grant request are truthful and complete in all respects.

## **CONFLICTS OF INTEREST**

***We do not allow conflicts of interest to compromise our integrity.*** Employees have an obligation to conduct business within guidelines that prohibit actual or potential conflicts of interest. This policy establishes only the framework within which the Company wishes the business to operate. The purpose of these guidelines is to provide general direction so that employees can seek further clarification on issues related to the subject of acceptable standards of operation. Contact the Human Resource Director or Corporate Compliance Officer for more information or questions about conflicts of interest.

Transactions with outside firms must be conducted within the established framework and controlled by the executive level of Cornerstone. Business dealings with outside firms should not result in "unusual gains" for those firms. Unusual gain refers to bribes, product bonuses, special fringe benefits, unusual price breaks, and other windfalls designed to ultimately benefit the employer, the employee or both. Promotional plans that could be interpreted to involve unusual gain require specific executive-level approval.

An actual or potential conflict of interest occurs when an employee is in a position to influence a decision that may result in a personal gain for that employee or for a relative of that employee as a result of Cornerstone's business dealings. For the purposes of this policy, a relative is any person who is related by blood or marriage, or whose relationship with the employee is similar to that of persons who are related by blood or marriage.

No "presumption of guilt" is created by the mere existence of a relationship with outside firms. However, if employees have any influence on transactions involving purchases, contracts, or leases, it is imperative that they disclose to an officer of the Company as soon as possible the existence of any actual or potential conflict of interest so that safeguards can be established to protect all parties.

You must conduct your business and personal affairs so as to avoid creating any actual or perceived conflict between your self-interest and Cornerstone's and its patients' interests. For example, you must avoid any activity, personal relationship, financial relationship, gift, gratuity, or favor that might compromise – or appear to compromise – your judgment and cause you to favor your personal interest over the best interests of Cornerstone and its patients.

## PROTECTION OF CONFIDENTIAL INFORMATION

The protection of confidential business information and trade secrets is vital to the interests and success of Cornerstone. Such confidential information includes but is not limited to:

- Protected Health Information (PHI) in accordance with HIPAA (Health Insurance Portability and Accountability Act) Regulations
- Knowledge of pending legal issues
- Compensation data
- Customer lists
- Financial information
- Marketing strategies
- Business Transactions

Confidential information also includes patient-related information, potential or actual transactions with third parties (or the potential or actual terms of such transactions), proprietary or trade secret data, strategies, protocols, business plans and related information.

You must not access, use, or disclose confidential information except when authorized and to the extent authorized by the Company, to persons designated by the Company, and for the sole purpose of furthering Cornerstone's business interests consistent with federal, state, and local law and the highest standard of ethics.

***We respect and maintain patient confidentiality and the confidentiality of personal medical information entrusted to us.*** You must maintain confidentiality of patient health care information and access, use or disclose that information only for legitimate purposes and in compliance with federal, state or local laws. Cornerstone employees may be required to sign a non-disclosure agreement as a condition of employment. Employees who improperly use or disclose trade secrets or confidential business information will be subject to disciplinary action, up to and including termination of employment. Employees may also be subject to legal action, even if they do not actually benefit from the disclosed information.

## HIPAA PRIVACY COMPLIANCE

The Health Insurance Portability and Accountability Act of 1996 (HIPAA) implemented regulations that protect the identification of individuals who have medically related services performed or have otherwise known medical conditions. The covered entities are providers, clearinghouses and health plans.

Because of the nature of our business, many of our employees are involved with patient care and handle confidential and PHI (Patient Health Information) on a routine basis. As such, it is imperative that Cornerstone staff take precautions when accessing, using or delivering PHI either verbally or in written communications, including faxes and electronic mail. PHI is to be utilized for legitimate business reasons only and may only be shared with authorized individuals who have valid need to receive it.

PHI is defined as individually identifiable health information that is transmitted by electronic media, or transmitted or maintained in any other form or medium. Information including a patient's name and social security number are two forms of identifiable information that must be protected from inappropriate use. If any employee either directly observes or is made aware of a situation that is or may be a violation of the HIPAA regulations, please report this immediately to your supervisor, Human Resources, the hospital HIPAA privacy or security officer or the Corporate Compliance Officer.

**HIPAA and PHI regulations are to be taken seriously.** Employees who have violated the HIPAA privacy rules will be subject to disciplinary action, up to and including termination.

#### **DISABILITY ACCOMMODATION**

Cornerstone is committed to complying fully with the Americans with Disabilities Act (ADA) and ensuring equal opportunity in employment for qualified persons with disabilities. All employment practices and activities are conducted on a non-discriminatory basis.

Hiring procedures have been reviewed and provide persons with disabilities meaningful employment opportunities. Pre-employment inquiries are made only regarding an applicant's ability to perform the primary duties (essential functions) of the position.

Reasonable accommodation is available to all disabled employees, where their disability affects the performance of essential job functions. All employment decisions are based on the merits of the situation in accordance with defined criteria, not the disability of the individual.

Qualified individuals with disabilities are entitled to equal pay and other forms of compensation (or changes in compensation), as well as in job assignments, classifications, organizational structures, position descriptions, lines of progression and seniority lists. Leave of all types will be available to all employees on an equal basis.

The Company is also committed to not discriminating against any qualified employee or applicant because they are related to or associated with a person with a disability. Cornerstone will follow any state or local law that provides individuals with disabilities greater protection than the ADA.

This policy is neither exhaustive nor exclusive. The Company is committed to taking all other actions necessary to ensure equal employment opportunity to persons with disabilities in accordance with the ADA and all other applicable federal, state and local laws.

#### **USE OF COMPANY ASSETS**

***We do not misappropriate Cornerstone's resources or permit such misappropriation to go unchallenged.*** You may use Cornerstone's property only when authorized by Cornerstone, to the extent authorized by Cornerstone, and for the sole purpose of furthering Cornerstone's business interests consistent with federal, state, and local law and the highest standard of ethics. You must not use Cornerstone's property for personal purposes. You are also expected to take reasonable care to protect all Cornerstone property entrusted to you and maintain such property in good order, to the best of your ability. Cornerstone property includes, for example, equipment, supplies, inventory, information, ideas, concepts, and strategies.

#### **FAIRNESS IN COMPETITION**

***We compete for business in a fair and honest manner.*** You must not consult with representatives of potential competitors regarding prices charged for items or services or the terms and conditions under which such items or services are provided. You must not seek confidential information maintained by a competitor or seek information pertaining to a competitor's pending bid on a contract. You must ensure that contracts awarded by Cornerstone are awarded on the basis of price and quality.

#### **NON-DISCRIMINATION**

***We nurture an environment of mutual respect and tolerance.*** You must treat all persons with whom you come into contact with as an employee of Cornerstone in a nondiscriminatory, respectful manner, without regard to race, color, national origin, religion, gender, age, immigration status, marital status, sexual preference, pregnancy, medical condition, or disability. You must never engage in sexual harassment, such as offensive sexual flirtation, the display of sexually suggestive objects or pictures, or make suggestion that one's submission to or rejection of sexual advances will in any way influence one's patient care or status with Cornerstone.

#### **WORKPLACE SAFETY**

***We maintain a safe workplace for others and ourselves.*** You must work diligently to preserve a safe, clean work environment and reduce or eliminate those workplace hazards of which you are aware. You must ensure proper disposal of medical and chemical waste, proper operation of hazardous equipment, and compliance with all workplace safety requirements.

#### **WORKPLACE VIOLENCE PREVENTION**



Cornerstone is committed to reducing the risk of workplace violence and to maintaining a safe work environment. Given the increasing violence in society in general, the Company has adopted the following guidelines to deal with intimidation, harassment or other threats of (or actual) violence that may occur during business hours or on its premises.

All employees, including supervisors and temporary employees, should be treated with courtesy and respect at all times. Differences between and among employees must be dealt with in a mutually respectful and professional manner. Employees are expected to refrain from fighting, “horseplay”, arguing and other conduct that may have negative and hazardous consequences. Firearms, weapons and other dangerous or hazardous devices or substances are prohibited on the premises of Cornerstone.

Conduct that threatens, intimidates or coerces another employee, a customer, vendor or a member of the public at any time, including breaks and off-duty periods, will not be tolerated. This prohibition includes all acts of harassment, including harassment that is based on an individual’s sex, race, age, or any characteristic protected by federal, state, or local law.

All threats of (or actual) violence, both direct and indirect, should be reported as soon as possible to an employee’s immediate supervisor, Human Resources Director or any other member of management. This includes threats by employees, as well as threats by customers, vendors, solicitors, or other members of the public. When reporting a threat of violence, employees should be as specific and detailed as possible.

All suspicious individuals or activities should also be reported as soon as possible to management. Employees should not place themselves in peril. If an employee sees or hears a commotion or disturbance near his workstation, the employee should not try to intercede or “see what is happening”. Instead, they should report any immediate threatening or dangerous situation by dialing 911.

Cornerstone will promptly and thoroughly investigate all reports of threats of (or actual) violence and of suspicious individuals or activities. The identity of the individual making a report will be protected as much as is practical. In order to maintain workplace safety and the integrity of its investigation, the Company may suspend employees, either with or without pay, pending investigation. Law enforcement officials may also be contacted as deemed appropriate by Cornerstone management.

Anyone determined to be responsible for threats of (or actual) violence or other conduct that is in violation of these guidelines will be subject to prompt disciplinary action, up to and including termination of employment.

The Company encourages employees to bring their disputes or differences with other employees to the attention of their supervisor or the Human Resources Department before the situation escalates into potential violence. Cornerstone is eager to assist in the resolution of employee disputes, and will not discipline employees for raising such concerns in order to reach a desirable and conciliatory outcome. Failure to comply with

these violence prevention guidelines will result in disciplinary action, up to and including termination.

## **REPORTING SUSPECTED VIOLATIONS AND RETALIATION**

***We expect Responsible Persons to report suspected violations of the Code and will not tolerate retaliation for such reporting.*** You have an obligation to immediately report any conduct that you suspect or have concerns may violate the Code. You also have an obligation to report any suspected or actual retaliation for your disclosure. Any such retaliation will not be tolerated and any Responsible Person who threatens or engages in any retaliatory conduct will be subject to disciplinary proceedings that could result in termination of employment. You should first communicate your concerns to your immediate supervisor. However, if you are not satisfied that the matter has been properly addressed and resolved, or you believe that your supervisor is a part of the compliance problem or you fear retaliation by your supervisor, you should contact the compliance administrator at your hospital or the Corporate Compliance Officer. If you wish to remain anonymous, the compliance administrator and Corporate Compliance Officer will protect your anonymity to the full extent of the law. If you are concerned that your anonymity will not be sufficiently safeguarded, you should call the Compliance Hotline at (866) 478-9319 or visit [www.compliance-helpline.com](http://www.compliance-helpline.com) to file your complaint. You may also send your hospital's compliance administrator or the Corporate Compliance Officer an anonymous letter.

## **PATIENTS' RIGHTS**

All patients have a right to a dignified existence that promotes freedom of choice, self-determination, and reasonable accommodation of individual needs. The Company will not tolerate any type of discrimination, abuse or neglect, including:

- ◆ Discriminatory admissions or improper denial of access to care.
- ◆ Verbal, mental or physical abuse, corporal punishment and involuntary seclusion.
- ◆ Improper use of physical or chemical restraints.
- ◆ Failure to provide appropriate access to patient records upon request, and to ensure the privacy and confidentiality of those records are protected.
- ◆ Denial of a patient's right to participate in his or her own care and treatment.
- ◆ Failure to safeguard patients' financial affairs.
- ◆ Failure to safeguard the privacy of patients' protected health information from improper use and disclosure.

Employees and contractors are responsible for reporting any instances of observed or suspected abuse or neglect to the Chief Executive Officer or another member of Senior Management. Management will report credible allegations of patient harm to the appropriate authorities in accordance with federal or state laws.

#### **FINANCIAL PRACTICES, BILLING AND RECORD KEEPING**

All Company books, reports and records must be prepared in an accurate, reliable, timely and honest manner. Documentation should at all times be a true representation of the underlying circumstances and facts supporting the related transaction or event.

Billing and claims accurately reflecting services rendered must be supported by relevant documentation and submitted in compliance with applicable laws, rules, regulations and program requirements. Improper, false, fictitious or fraudulent claims must not be submitted to any government or private health care program, employee, department or agency. Improper or fraudulent activity may include:

- ◆ Cost report falsification
- ◆ Misrepresentation of services
- ◆ Duplicate billings
- ◆ Multiple coverage and secondary-payor fraud
- ◆ False claims and statements
- ◆ Improper coding
- ◆ Improper physician and other referrals

Employees and contractors should follow all federal Medicare and state Medicaid rules as they apply to our business. All costs reported and billings submitted to Medicare and Medicaid agencies must be accurate and proper. Before making payment for any goods or services, employees and contractors must require proper documentation and support to ensure the information contained on the bill is accurate. All patient records must be accurately maintained and safeguarded against improper access and disclosure. No unrecorded fund or asset/liability shall be established or maintained. Employees and contractors must respect all Company assets and resources, and use them only for business purposes. All required data and documentation will be maintained in accordance with the Company's "Record Retention Guideline".

Any individual who believes any misappropriate fund, asset entry, transaction or payment exists must make full disclosure to the Chief Financial Officer and to the Corporate Compliance Officer.

## **GIFTS AND GRATUITIES**

Accepting or giving gifts or services under certain conditions can raise suspicions about unethical business relationships or illegal transactions.

When gifts or items of value are offered from someone outside of the Company, there may be concern that the donor's motivation is improper, such as expecting to receive some special treatment in exchange for the gift. Accordingly, neither employees nor facilities are permitted to accept gifts of more than nominal value from vendors and others doing business with the Company. Nominal value means a gift or service worth no more than \$300 from any one person or company in any 12-month period. Gifts or services offered exceeding nominal value should be politely refused. Examples include:

- ◆ Expensive dinners and other forms of entertainment
- ◆ Trips or other lavish gifts
- ◆ Services, supplies or physical space furnished for less than fair market value

## **POLICY AGAINST AUDIO AND VIDEO RECORDINGS**

Without the prior written authorization of the Company's Compliance Officer, no employee may openly or secretly tape or otherwise surreptitiously record or videotape, any conversation, communication, activity, or event, which in any way involves the Company or employees of the Company, or any customers or clients, or any other individual with whom the Company is doing business or intending to do business in any capacity (i.e., vendors, suppliers, consultants, attorneys, independent contractors). This policy also applies to conversations and communications with any other third-party unrelated to the Company including, but not limited to, outside legal counsel, auditors and regulatory officials.

"Taping" and "Recording" under this policy includes the recording of any conversation or communications regardless of whether the conversation or communication is taking place in person, over the telephone, or via any other communications device or equipment. This is also regardless of the method used to tape or record (e.g., as with a tape recorder, video recorder, mechanical recording, or wiretapping equipment), and regardless of whether the conversation or communication takes place on or off the Company's premises.

No employee may eavesdrop on the conversations or communications of other employees or non-employees in accordance with the same standards set forth above.

From time to time, the Company may record, videotape, or otherwise monitor conversations or other communications between employees and/or between employees and non-employees for legitimate business purposes, such as customer service training, to protect the integrity of certain business transactions. Generally, employees and non-employees will be notified when such taping or recording occurs, in accordance with

applicable laws and sound employee relation principles. Under certain circumstances, however, notice may not be given, as in the case where the Company, in conjunction with regulatory or other enforcement authorities, is conducting an investigation into alleged unlawful or unethical activities.

Violations of this policy may result in disciplinary action against the offending employee(s), up to and including an unpaid suspension or termination of employment. Where the conduct engaged in is illegal, violators may also be subject to prosecution under applicable federal, state, or local laws.

#### ***Reference and Media Contacts***

Anyone contacting a Company employee regarding a reference on a current or former employee should be referred to Human Resources.

It is Company policy to give only neutral references. Violation of this policy may subject the employee to disciplinary action.

If you are contacted by anyone from the media regarding the Company and/or its clients, you should refer such persons to the Vice President, Hospital Operations.

#### **NO SOLICITATION, NO DISTRIBUTION, NO ACCESS**

In an effort to maintain an orderly and professional work environment, employees are prohibited from soliciting financial contributions, selling merchandise or otherwise engaging in any form of solicitation during an employee's work time. In addition, employees are prohibited from distributing literature or printed material of any kind in work areas at any time, and in non-work areas during work hours. Solicitation and distribution of literature by non-employees on hospital premises is strictly prohibited. In addition, this policy prohibits solicitation via the Company's email or telephone systems. Employees are not allowed in the interior or other work areas of the hospital while off duty unless for the purpose of visiting a patient.

#### **POLICY PROHIBITING HARASSMENT**

The Company is committed to providing a work environment free of harassment. As such, the Company maintains a strict policy prohibiting sexual harassment and harassment on the basis of race, religion, color, sex, national origin, age, disability or military service and any other characteristic protected by applicable laws. This policy applies to all vendors and customers of the Company as well as to employees. No employee of the Company is expected to tolerate any conduct prohibited by this policy from anyone at work or engaged in Company business.

No supervisor shall threaten or insinuate, either explicitly or implicitly, that an employee's refusal to submit to sexual advances will adversely affect the employee's continued employment, compensation, performance evaluations, advancement, assigned duties or other conditions of employment.

Other conduct or forms of harassment which demean the dignity of an employee through insulting or degrading remarks or actions, or which creates an intimidating, hostile or offensive work environment is prohibited.

***Sexual Harassment Defined***

Sexual harassment as defined by this policy includes any unwanted sexual advances, requests for sexual favors, or visual, verbal or physical behavior of a sexual nature. Sexual harassment can occur between employees of the same sex and is as unlawful as sexual harassment against the opposite sex.

The following are examples of conduct that would be considered sexual harassment:

- ◆ Unwanted sexual advances.
- ◆ Behavior that has the purpose or effect of unreasonably interfering with another employee's work performance or creating an intimidating, hostile, or offensive working environment.
- ◆ Offering employment benefits in exchange for sexual benefits.
- ◆ Threats or demands to submit to sexual requests in order to keep your job or avoid some other loss.
- ◆ Making sexual gestures, displaying sexually suggestive objects or pictures cartoons, calendars or posters.
- ◆ Verbal conduct such as making or using derogatory comments, epithets, slurs, sexually explicit jokes, or comments about an employee's body or dress.
- ◆ Written communications of a sexual nature distributed in hard copy or via a computer network.
- ◆ Verbal sexual advances or propositions.
- ◆ Verbal abuse of a sexual nature, graphic verbal commentary about an individual's body, sexually degrading words to describe an individual, suggestive or obscene letters, notes, or invitations.
- ◆ Physical conduct such as touching, assaulting impeding, or blocking movements.
- ◆ Retaliation for making harassment reports or for threatening to report harassment.

### ***Other Types of Harassment***

The Company prohibits all other forms of harassment protected by applicable laws. Such prohibited harassment includes but is not limited to the following examples:

- ◆ Verbal conduct such as threats, epithets, derogatory comments or slurs.
- ◆ Visual conduct such as derogatory posters, photographs, cartoons, drawings, or gestures.
- ◆ Written communications containing statements which may be offensive to individuals in a particular group, such as racial or ethnic stereotypes or caricatures.
- ◆ Physical conduct such as assault, unwanted touching, or blocking normal movement.
- ◆ Retaliation for making or threatening to make harassment reports to the Company, or for participating in an investigation into harassment allegations.

All allegations of harassment will be promptly investigated. Any employee found to be in violation of this policy will be subject to disciplinary action, up to and including termination.

### ***Complaint Procedure for Harassment***

The Company encourages all employees to report all incidents of harassment that may violate this policy immediately so that such complaints can be quickly investigated and resolved.

Any employee who is being, or has been, harassed on the job has the option of telling the harasser to stop his/her unwanted behavior. Oftentimes, this will stop the unwanted behavior. However, if the employee feels uncomfortable telling the offender to stop the harassing behavior, or if the behavior continues after the employee has made request that the behavior stop, then he/she should immediately report the behavior to a supervisor, Senior Staff Member, Human Resource Representative or the Corporate Human Resources Department, or they may call the Compliance Hotline at (866) 478-9319

If an employee becomes aware of harassing conduct engaged in or suffered by a Company employee, regardless of whether such harassment directly affects that employee, the employee should immediately report such behavior to one of the entities listed above.

Whenever the Company is made aware of a situation that may violate this policy, the Company will conduct an immediate, thorough and objective investigation. If the Company determines that prohibited harassment has occurred, appropriate action will be taken against the person found to have engaged in prohibited harassment to ensure that the conduct will not reoccur. A determination regarding the alleged harassment will be

made and communicated to the person claiming harassment as soon as is practicable. The type of discipline administered will be dependent upon the severity of the conduct, as well as any other factors presented. Employees violating this policy are subject to disciplinary action, up to and including termination. While every attempt will be made to keep such investigations confidential, other witnesses may be called upon to give testimony and/or corroborate the allegation.

#### **NO RETALIATION**

The Company strictly prohibits retaliation against any person by an employee or by the Company for using the complaint procedure, reporting harassment or for filing or participating in any manner in an investigation, proceeding or hearing conducted by the Company or government enforcement agency.

#### **COMPANY INVESTIGATIONS**

Occasionally it will be necessary for the Company to conduct internal investigations or audits to ensure that Company policies and procedures are being followed. Each employee is expected to cooperate fully in Company investigations. This includes the disclosure of any facts known to an employee which are relevant to the investigation. Depending upon the circumstances of a particular investigation, you may be requested and expected not to disclose any confidential information which could compromise an ongoing investigation, including not only the scope and content of the investigation, but also the fact that an investigation is being conducted.

#### **REPORTING PATIENT ABUSE AND NEGLECT**

Cornerstone strongly supports patient's rights. The Company will not tolerate the physical, verbal or emotional/psychological abuse of a patient or neglect of patient-care duties related to the safety, health, and/or physical comfort of the patient.

Most states have very specific laws that require employees to report any situation where they believe that a patient has been or may have been verbally, physically or mentally abused or neglected. Failure to do so can result in disciplinary action and criminal prosecution.

In caring for patients, be careful that none of your actions can be misinterpreted by other patients, employees, family members or visitors. Even when you have proper intentions, it may be difficult to defend yourself against a charge of abuse or neglect.

Some patients may be abusive or abrasive toward you. A patient's actions may be the result of the aging process, certain illnesses or because the patient is unhappy with his or her current situation. Sometimes the patient may direct hostility toward you, but never let a patient's insults cause you to react unprofessionally. Report such incidents at once to your supervisor or department manager for your own protection.

If you believe that a patient's physical, mental, or general well-being has been or may be compromised as a result of abuse or neglect, you have an obligation to make a report



immediately to your Chief Executive Officer, Human Resource Representative, or other Senior Staff Member. Make a written report of the situation for your Manager or your Human Resources Representative within 24 hours of the observed or suspected abuse or neglect.

If your state has other requirements, your location will explain them to you. You may be required to sign a statement stating that you acknowledge, understand and accept your legal obligations in such matters.

### **HOSPITAL IN-SERVICE/TOWN HALL/STAFF MEETINGS`**

Staff meetings are a means of sharing ideas, concerns, general announcements and suggestions. Employees are encouraged to attend all staff meetings.

### **DRESS CODES, UNIFORMS, AND NAME BADGES**

The healthcare industry is considered a traditional, conservative industry and the Company's dress code reflects this point of view.

Employees are expected to dress in a professional manner, paying particular attention to personal hygiene. This includes the proper grooming of hair and nails and the absence of body odors, including the use of strong perfumes and colognes. Jewelry and make-up should be modest, in good taste and kept to a minimum. No open-toe or high-heeled shoes will be permitted in the patient care area. Other items to avoid are jeans, spiked heels, shorts, short skirts, visible body piercings, and extreme hair colors or styles. Violators of the dress code will be addressed immediately and may be subject to disciplinary action. Repeated violations can lead to termination. If you have questions about the dress code, please consult with your hospital's Human Resources department or executive management team.

Name badges are a required part of the employee uniform. The hospital will supply each employee with one (1) name badge at the time of employment. Badges purchased thereafter are the responsibility of the employee. The uniform dress code is defined and varies by hospital and department. Please consult your Human Resource department for your hospital's specific uniform guidelines.

### **SMOKING/TOBACCO USAGE**

Cornerstone's hospitals are smoke-free facilities. Designated smoking areas have been established outside the confines of the hospital and smoking is allowed only in these designated areas. Any violation of this policy can result in disciplinary action, up to and including termination.

### **POLICY ON EMPLOYEE SEARCHES**

Anything carried on or off the hospital's premises may be subject to security search by appropriate hospital representatives. Examples of such items include but are not limited to: handbags, purses, shopping bags, sacks, boxes, backpacks and pockets.

In the event you are found removing goods, services or equipment belonging to the hospital without permission, you will be subject to disciplinary action or termination in accordance with existing policies of the hospital.

### **E-mail and Internet Use Policy**

This policy is applicable to all employees and others granted use of Internet and E-mail resources through the Company. It applies to all computers and Internet access facilitated through a medium owned, leased, operated, or contracted by the Company.

The Company e-mail and Internet connection is a service provided by the Company's Information Services Department. The system administrators are employees of Cornerstone and reserve the right to monitor all activity on the network.

#### ***USER Responsibility***

Access to e-mail and the Internet resource infrastructure both within and beyond the organization; sharing of information; and security of the intellectual products of the community, require that each and every user accept the responsibility of protecting the rights of the Company.

#### ***E-mail and Internet Policies***

A user of the Company's e-mail or Internet resources who is found to have violated any of the following policies will be subject to disciplinary and/or legal action, up to and including immediate termination.

- a) **Copyrights** — Computer users must respect copyrights and licensures to software and other online information.
  - i. **Copying** — All software protected by copyright must not be copied except as specifically stipulated by the owner of the copyright or otherwise permitted by copyright law. Protected software may not be copied to, from, or by any employee or hospital, except pursuant to a valid license or as otherwise permitted by copyright law.
  - ii. **Copyrights** — In addition to software, all other copyright-written information (text, images, icons, programs, etc.) retrieved from computer or network resources must be used in conformity with applicable copyright and other laws. Copied material must be properly attributed. Plagiarism of computer information is subject to the same sanctions as plagiarism of any other media.
- b) **Integrity of Information Resources** — Computer users must respect the integrity of computer-based information resources.

- i. Encroaching on Others' Access and Use — Computer users must not encroach on others' access and use of the Company's Internet access.

c) **Unauthorized Access**

- i. Reporting Problems – Any defects discovered in system accounting or system security must be reported to the appropriate system administrator so steps can be taken to investigate and solve the problem.
- ii. Password Protection – A computer user who has been authorized to use a password-protected Internet or network account should not make the account available to others without permission of the system administrator.
- iii. Prohibited Messages – Transmitting offensive or inappropriate messages containing profanity, pornography or other material of a sexual nature, racial slurs or comments that offensively address a person's age, sexual orientation, religious or political beliefs, national origin, or disability is not permitted, and is grounds for disciplinary action, including termination.
- iv. Mailing Lists – Users must respect the purpose and charters of computer mailing lists (including local or network news groups and bulletin boards). The user of an electronic mailing list is responsible for determining the purpose of the list before sending messages to or receiving messages from the list. Subscribers to an electronic mailing list will be viewed as having solicited any material delivered by the list as long as that material is consistent with the list's purpose. Persons sending to a mailing list any materials, which are not consistent with the list's purpose, will be viewed as having sent unsolicited material.
- v. Advertisement – The Company's electronic communication devices should not be used to transmit commercial or personal advertisements, solicitations, or promotions.
- vi. Personal Use – The Company's e-mail and Internet resources should not be used for personal activities not related to company functions, except in an incidental manner. Excessive personal use is grounds for disciplinary action, including termination.

***Internet Terms and Conditions:***

The Company requires all users interested in obtaining accounts on machines having Internet connectivity to adhere to the following guidelines:

- ◆ All account requests must be presented through the Information Systems Department.
- ◆ All users must demonstrate a sufficient business need for Internet access before accounts will be granted.
- ◆ The Company reserves the right to monitor all Internet activities and transactions.
- ◆ Evaluation of account usage will be performed on a regular on-going basis. Users who have not utilized their account for 60 days may have their account deactivated without warning.
- ◆ The Company may revoke Internet privileges at any time for abuse of resources or direct conflict with any stated policy.

***Electronic Mail Guidelines:***

- ◆ Check e-mail daily and delete unwanted messages.
- ◆ Never post a hard copy of other's e-mail without permission.
- ◆ Use discretion when forwarding mail to group addresses or distribution lists.
- ◆ Respect all copyrights and licensing agreements.
- ◆ Credit all informational sources.
- ◆ Be professional at all times — think before you write.
- ◆ Ensure subject line is clear and relevant to the email topic.
- ◆ Limit mailing list subscriptions to a reasonable, manageable number.
- ◆ Use discretion when using auto-replies.
- ◆ Always use an account number when referencing a patient.
- ◆ The Company reserves the right to monitor all emails incoming and outgoing to any account on the Company's systems.

***World Wide Web (www.) Guidelines:***

- ◆ Use bookmarks to mark frequent accessed sites.
- ◆ Accessing or viewing pornographic sites or material is strictly prohibited.
- ◆ Do not submit any confidential information.
- ◆ Internet use is to be limited to work related activities only.

***Policy Violators:***

Employees who violate the E-mail and Internet Use Policy will be subject to disciplinary action, up to and including termination.

**Social Media**

Employees are strictly prohibited and are not authorized to make any statements on behalf of the Company, or appear to be making any statements on behalf of the Company, on the Internet or in any social media, including, but not limited to, social networking sites (Facebook, LinkedIn, Twitter, etc.), personal blogs, message boards,

e-mail groups, and any other communications on the Internet (“Social Media”) relating to the Company, whether on Company or personal time.

If you identify yourself as a Cornerstone employee, discuss Cornerstone in Social Media, or discuss any of our services, you must include the following disclaimer:

***“The opinions expressed here are strictly personal opinions authored by [your name], an employee of Cornerstone Healthcare Group. Any reference to, discussion of, or content regarding Cornerstone Healthcare Group has not been reviewed, approved, or authorized by Cornerstone Healthcare Group before such content is posted and does not represent Cornerstone Healthcare Group or its views and opinions in any way.”***

Although employees are free to communicate their own personal information, when posting information on Social Media on your own time, you are particularly cautioned against:

- Disclosing the Company’s intellectual property, including trade secrets and confidential and proprietary information;
- Disclosing information about patients, directly or indirectly, whether or not the information constitutes Patient Health Information (PHI);
- Misappropriating the Company’s trademarks or trade name;
- Defaming, misrepresenting, or casting the Company in a negative light, or doing so to any of the Company’s employees (including management) or patients;
- Invading the privacy of third parties, including the Company’s employees (including management) or patients;
- Violating Company policy by engaging in discrimination or harassment;
- Violating your duty of loyalty to the Company.

The Company will take the necessary steps to protect its confidential information and reputation, protect its patients’ privacy and dignity, prevent harassment or discrimination from occurring, and enforce this policy, which may include the monitoring of Social Media. Employees may be held accountable for material in Social Media that violates this policy and may be subject to disciplinary action, up to and including termination.

## **RECEIPT AND ACKNOWLEDGEMENT**

I certify receipt of the Cornerstone Code of Conduct.

I have read this document, and understand that I am responsible for knowing and adhering to the principles and standards of the Code.

Signature: \_\_\_\_\_

Print  
Name: \_\_\_\_\_

Location/Hospital/Company: \_\_\_\_\_

Date: \_\_\_\_\_