



# Code of Conduct and Business Ethics

Version 1.0  
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# A Letter from Our CEO and CCO

Dear PACS Team,

As we continue to revolutionize the delivery, leadership, and quality of post-acute care nationally, it is imperative that we uphold the highest standards of integrity and professionalism in all aspects of our work. Our commitment to compliance with the law and adherence to our own policies and procedures is not just a legal obligation; it is a fundamental part of our mission to provide exemplary, compassionate care to our residents and patients.

The PACS Code of Conduct and Business Ethics serves as a guiding framework for our actions and decisions. It is designed to ensure that we conduct our business in an honest, ethical, and compliant manner, meeting all applicable clinical and other standards. This Code is a reflection of our values and underscores our dedication to providing safe and effective care in an environment that nurtures the physical, social, emotional, and spiritual needs of those we serve.

We expect every member of the PACS family, including employees, contract workers, volunteers, officers, and the Board of Directors, to be familiar with the standards outlined in this Code. It is crucial that you understand how these standards apply to your role and responsibilities. Should you have any questions or require guidance, please do not hesitate to reach out to your supervisor, any member of PACS management, or the Compliance Department. Our Compliance Hotline is also available 24/7 at **pacs.ethicspoint.com**, via email at **compliance@pacs.com**, or by calling **(833) 718-4953**.

Your commitment to upholding these standards is vital to our success and to the trust placed in us by our residents, patients, and their families. Together, we can continue to build a culture of care that extends beyond our communities, ensuring dignity and respect for every individual we serve.

Thank you for your dedication and for embodying the values that make PACS a leader in post-acute care.

Sincerely,

Jason Murray  
Chief Executive Officer

Kathy Lauer  
Interim Chief Compliance Officer

## Who should I contact for questions related to the PACS Code of Conduct and Ethics or other compliance related matters?

For	Contact
Reporting Concerns	<b>PACS COMPLIANCE HOTLINE</b> <b>Website:</b> <a href="https://pacs.ethicspoint.com">pacs.ethicspoint.com</a> <b>Email:</b> <a href="mailto:compliance@pacs.com">compliance@pacs.com</a> <b>Call:</b> <b>(833) 718-4953</b>
Legal Questions	
Patient Safety Concerns	
Questions about the Compliance Program	
Discrimination or Harassment Concerns	

# PACS Standards of Conduct

Our Code of Conduct and Business Ethics (the “Code”, the “Code of Conduct” or the “Standards”) applies to *everyone* at PACS, including for all PACS-affiliated facilities and businesses and their respective employees, and contract workers, as well as all Company officers, and the Board of Directors.

The Code of Conduct is intended to be a simple, impactful summary of the standards of behavior that we expect from everyone at the Company. Because the Standards outlined below are simplified and broadly applicable to everyone at PACS, regardless of job function, every situation may not be addressed directly. However, these Standards are underscored by policies and procedures that are readily accessible on the PACS Sharepoint intranet site (in the event of an inconsistency between those policies and procedures and the Code, the Code shall prevail). Everyone at PACS should be familiar with these Standards and the guidance applicable to our business and your job responsibilities. Further, you are encouraged to ask questions and seek guidance from any member of PACS management, the Compliance Department, or through the Company’s Compliance Hotline, [pacs.ethicspoint.com](http://pacs.ethicspoint.com).



## Comply with Laws and PACS Policies

Follow PACS policies and procedures related to Compliance, Legal, IT, Human Resources, Patient Care, and Billing. Comply with all Federal health care laws and government program requirements.

## Provide Quality Care

Act in every patient’s best interest while respecting their autonomy and dignity.

## Bill Accurately

All documentation must be based on true and accurate services rendered to our patients. Prepare and submit claims consistent with Federal health care laws and government program requirements.

## Act Ethically

Adhere to moral principles and standards related to the well being of our patients and the integrity of our business.

## Protect Information

Use information only as needed to perform your job function and protect information that contains patient and company information in accordance with PACS policy.

## Speak Up

Report suspected violations of PACS policies or Federal health care laws and government program requirements to Compliance or the Compliance Hotline.

Questions? Concerns? Call or Email the Compliance Hotline 24/7

## PACS Compliance Hotline

Website: [pacs.ethicspoint.com](https://pacs.ethicspoint.com) Email: [compliance@pacs.com](mailto:compliance@pacs.com) Call: (833) 718-4953

- Fraud, Waste, or Abuse
- Billing and Coding
- Violation of Laws and Regulations
- Discrimination or Harassment
- Conflicts of Interest
- Theft, Fraud or Bribery
- Patient or Staff Safety
- Gifts or Entertainment
- Accounting or Financial Issues
- Policy Violations

## Our Mission

To revolutionize the delivery, leadership, and quality of post-acute care nationally.

## Our Values



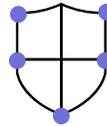
### Love.

We recognize that love is the foundation for providing care to the vulnerable. We support each other as we build a culture of care within and beyond our communities.



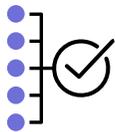
### Excellence.

We look for and act on opportunities to improve every day.



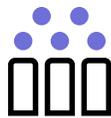
### Trust.

We act with integrity and expect the same of others.



### Accountability.

We seek responsibility for Our actions, attitudes, and mistakes.



### Mutual Respect.

We treat others the way they want to be treated.



### Commitment.

We are committed to providing exemplary, compassionate care to our residents and patients, and finding joy and satisfaction in our work as a team.

# Our Commitment to Patients

## Providing Quality Care

We're dedicated to providing quality care and other services to each resident, patient, or other individual we serve. Each person we serve is an individual entitled to dignity and respect. We believe in providing safe and effective care in an environment that nurtures each individual's physical, social, emotional, and spiritual needs. Abuse or neglect is never acceptable or tolerated.

We respect the rights of each individual we serve and their families to participate in healthcare decisions and must inform them of their rights as required by law. This includes the right to participate in decisions on whether to consent to or refuse treatment. In certain instances, a person's decision regarding their care may conflict with our standard policies and procedures. These kinds of ethical issues should be reviewed under our policies and procedures and applicable state and federal laws and discussed with the affected individuals and their family members. We should involve our Compliance and Legal Departments in such discussions as appropriate and necessary to ensure compliance with applicable laws and regulations.

## Protecting Information

We are committed to ensuring the privacy and security of all protected health information (PHI) and personal information (PI) of individuals in our care and our employees. Federal and state laws, such as the Health Insurance Portability and Accountability Act (HIPAA) and the California Confidentiality of Medical Information Act (CMIA) protect and define the permitted use of the covered information that we maintain. We have developed policies and procedures to ensure that the information is maintained confidentially and shared only under permitted circumstances.

All employees and contractors are required to maintain the confidentiality of resident and patient information. All such information, including names, social security numbers, diagnoses, medical record number, treatment information and other information related to residents and patients, constitutes PHI regardless of whether the information is verbal, written, or electronic. You should treat information entrusted to you as you would treat your own private information, and always in accordance with applicable law and regulations.

To ensure information security, we have implemented a number of safeguards, including:

- Encrypting laptops and other mobile devices that contain PHI
- Requiring passwords to log in to our computer systems
- Limited access to information to the minimum necessary to fulfill an employee's job
- Prohibiting unauthorized software on our computers
- Prohibiting texting PHI except in compliance with HIPAA

# Legal and Regulatory Compliance

Our Compliance Program represents a comprehensive effort to promote ethical and legal behavior. While detecting and preventing fraud, waste, abuse, and policy violations are key components of our Compliance Program, we also aim to provide employees with resources to help guide your conduct and answer your questions.

To promote our compliance efforts, we established processes and procedures aimed at ensuring we provide care to residents and patients, and otherwise conduct our business, in an honest and ethical manner, meeting all applicable clinical and other standards. We also have an Executive Compliance Committee that oversees our Compliance Program and supports our Chief Compliance Officer who reports to our Board of Directors. This Code is in addition to and provides an over-arching framework for our Employee Handbook and our other Policies and Procedures, all of which are part of our Compliance Program (in the event of an inconsistency between those policies and procedures and the Code, the Code shall prevail).

Our Compliance Program is based on the seven elements of an effective compliance program identified by the U.S. Department of Health & Human Services' Office of Inspector General (HHS OIG) which are:

1. Written Policies and Procedures
2. Compliance Leadership and Oversight
3. Training and Education
4. Effective Lines of Communication with the Compliance Officer and Disclosure Programs
5. Enforcing Standards
6. Risk Assessments, Auditing, and Monitoring
7. Responding to Detected Offenses and Developing Corrective Action Initiatives

We have designed and implemented our Compliance Program to align with HHS OIG's Nursing Facility Industry Segment-Specific Compliance Program Guidance, as well as guidance on effective compliance programs issued by the U.S. Department of Justice.

## Compliance with the Law

We are reimbursed for many services rendered to our residents and patients under various federal and state programs and, as such, are subject to a variety of regulations and requirements imposed by federal and state legislation designed to prevent and address fraud and abuse, and recover losses resulting from fraudulent activity. We are committed to complying with all health, safety, environmental and employment laws. Our Policies and Procedures are written in accordance with these laws, and never supersede legal requirements.

## Preventing Fraud, Waste and Abuse

We are committed to detecting and preventing fraud, waste and abuse. We have developed and implemented Policies and Procedures designed to ensure compliance with the laws that govern our operations as a healthcare provider. In addition to written Policies and Procedures, we provide education and training to employees, agents and contractors on fraud, waste and abuse, including applicable false claims laws, such as the federal False Claims Act and similar state laws.

The federal False Claims Act applies to Medicare and Medicaid program reimbursement and prohibits, among other things: billing for services not rendered; billing for undocumented services; falsifying cost reports; billing for medically unnecessary services; assigning improper codes to secure reimbursement or higher reimbursement; participating in kickback arrangements; and not refunding known overpayments.

Violating the federal False Claims Act may result in significant civil and administrative penalties. The submission of false or fraudulent claims may also result in monetary penalties, imprisonment, exclusion from participation in federal healthcare programs and loss of licensure.

### What Are Fraud, Waste and Abuse, and How Can I Identify Them?

**Fraud** generally refers to a false statement made or submitted by an individual or entity that knows the statement is false, and knows or should know that the false statement could result in some otherwise unauthorized benefit to the individual or entity. False statements can be verbal or written.

**Waste** generally means overuse of services or other practices that result in unnecessary costs. In most cases, waste is not considered to be caused by reckless actions but rather misuse of resources.

**Abuse** generally refers to provider, contractor or member practices that are inconsistent with sound business, financial or medical practices, and that cause unnecessary costs to the healthcare system.

Federal law and state laws prohibiting fraud, waste and abuse protect individuals who report it. Such individuals cannot be retaliated or discriminated against because of their initiation of, or participation in, a lawful false claims investigation, report, claim or proceeding. If you have reason to believe that someone associated with our PACS affiliated facilities is engaging in false or fraudulent business practices or false or improper billing practices, you should immediately report it to the Compliance Dept through the Compliance Hotline. The following are some examples of improper practices:

- Billing for services that weren't provided
- Billing for medically unnecessary services
- Improperly changing procedure or diagnosis codes
- Improper MDS assessments
- Illegal kickbacks to referral sources
- Fraudulent accounting or recordkeeping
- Misuse of resident and patient trust funds
- Unauthorized payments to any person or company, including unearned payments or wages

## Prohibiting Kickbacks and Bribes

It is a crime under the federal Anti-kickback Statute to knowingly and willfully offer, pay, solicit or receive anything of value to induce or reward referrals of any item or service paid under federal healthcare programs, including Medicare and Medicaid. Things of value take many forms (e.g., cash, gift cards, gifts, meals, trips and entertainment) and may be offered or conveyed directly or indirectly. Prohibited conduct includes not only giving or receiving something of value for referrals, but also for giving or receiving something of value in exchange for purchasing, leasing, ordering or arranging for, or *recommending* the purchasing, leasing, ordering or arranging for any good or service paid for under any federal healthcare program. The offer or solicitation of something of value in exchange for referrals or business is also prohibited under the law.

Even if there are legitimate business reasons for the remuneration, if one of the reasons you give or receive the benefit is prohibited, it is illegal. Some states have similar laws as well.

To ensure compliance with the Anti-kickback Statute and similar state laws, we prohibit accepting or offering anything of value in exchange for direct or indirect resident and patient referrals or other business, or in exchange for providing business to others.

Hospitals, hospices, home health providers, physicians, case managers, discharge planners, and other healthcare professionals like therapists and nurses, vendors, contractors, business affiliates, and their respective employees are all considered referral sources.

Some examples of possible kickbacks and bribes may include, but are not limited to:

- Making payments to or receiving payment from a referral source that exceeds fair market value;
- Providing to, or accepting from, referral sources anything of value, such as gifts, meals, entertainment, trips or any free or discounted goods or services;
- Making payments or providing courtesies in exchange for, or to induce, referrals;
- Establishing payment arrangements with vendors, suppliers or referral sources based on the value or volume of referrals.

The Physician Self-Referral Law, also called the Stark law, prohibits physicians from making referrals to a provider for certain Medicare designated health services when the physician or an immediate family member of the physician has a financial relationship with the provider, unless the financial relationship meets all requirements of an application exception under the law. A financial relationship can mean ownership of, investment in or compensation from the provider. In addition, we are prohibited from submitting claims to Medicare for services provided resulting from a prohibited referral.

### What should I do if I am unsure of whether an arrangement or interaction with a physician or other referral source (like a case manager) is appropriate or legal?

There are “safe harbors” under the Anti-kickback Statute and “exceptions” under the Stark law that permit certain arrangements and activities that could otherwise be construed as violating these statutes. If you have questions regarding a proposed contract, a marketing or business interaction, or other arrangement with a physician or other referral source, you should discuss your concern with the Legal Department and/or the Compliance Department before entering into the arrangement, to ensure that it is legal and adheres to our ethical standards.

Violating the Anti-kickback Statute may lead to severe civil and criminal penalties for both the Company and violating individuals. In addition to other fines and penalties, including potential imprisonment for criminal violations, violating individuals and the Company may be excluded from participating in federal healthcare programs.

Even if a service is not being paid for under a federal healthcare program, there may be other state and federal laws that apply to private payor or self-pay residents and patients. A member of the Compliance Department should be consulted if you have any questions.

### Marketing, Promotion, and Business Courtesies

In addition to the Anti-kickback Statute’s prohibitions on remuneration to referral sources, the Federal government has strict laws regarding providing meals, entertainment, and gifts to referral sources and their employees. We prohibit employees from giving (or offering) any gift, gratuity, or business courtesy to any referral source if it is intended to or could reasonably be construed to influence the business opportunities awarded to us by the other party. Likewise, we prohibit our employees from accepting any such gifts, gratuities, or business courtesies from third parties if it is intended to or could reasonably be construed as influencing the business opportunities we award to others. Cash, gift cards or other cash equivalents provided to, or received from, third parties are strictly prohibited regardless of the purpose or amount of the gift.

Non-monetary gifts of nominal value may be given as a token of appreciation for a business relationship; however, these gifts should not be given routinely and must always comply with applicable law. Such activities, as well as providing meals or snacks to any referral sources, must comply with Company policy and receive the necessary approvals. See Policy on [Financial Arrangements with Referral Sources].

### Gifts and Loans from Residents, Patients and Families

We help residents, patients, and their families through difficult periods in their lives and do our best to provide them with outstanding care. Sometimes those residents, patients and families want to show their appreciation for a job well done by giving gifts to their caregivers.

While these gestures are well intentioned, accepting them could have unintended negative consequences. For instance, accepting gifts from existing residents, patients or their families could give the impression that you are favoring that individual or giving them special treatment. It could also give the impression that you are taking advantage of the individual or their family.

To avoid these types of situations, our Code of Conduct prohibits receiving cash or cash equivalents from residents, patients or their friends and family. It also prohibits accepting gifts and tips from a resident, patient or their friends and family, regardless of amount. If a resident, patient or their friends or family offers you a gift, you should thank them for their generosity, which we greatly appreciate, and politely decline the gift, citing PACS policy.

For similar reasons, you must never request or accept personal loans from residents, patients or their friends or family. In some states, accepting loans from residents and patients is against the law, and doing so would also present concerns as described above. In every case, it is a violation of our policy and is subject to disciplinary action up to and including termination of employment.

From time to time, residents, patients or their friends or family desire to share treats, flowers, or other nominal tokens of their appreciation with a facility as a whole, or to make bequests to a facility for a job well done. The facility's Administrator or another department head should be consulted in those instances, to assist in determining if it is appropriate for the facility to accept the individual's goodwill. Any money or any other item that is more than nominal should be discussed with the Compliance Department before it is accepted. If, based on the specific facts and circumstances, it is concluded that the facility should decline the gesture, the individual should be thanked, and the facility's appreciation for the offer should be expressed. However, the gesture should be politely declined, referencing Company policy.

### **Gifts to Public Officials**

As a general rule, federal laws and the laws of most states prohibit giving anything of value to government officials with the intent to influence the decisions of government. In accordance with these laws, our Code of Conduct requires that nothing of value may be given to federal, state, or local government officials.

### **Hiring Current or Former Government Employees**

PACS prohibits using employment with our Company as a potential incentive or reward for prior actions or referrals. Further, recruiting and employing former or current U.S. government employees may be impacted by anti-bribery laws and conflict of interest policies. Specifically, recruiting or hiring employees directly from a fiscal intermediary or Medicare Administrative Contractor ("MAC") requires PACS to notify the government. Consult with the Human Resources or the Legal Department regarding such hiring activities prior to engaging in recruitment activities

with any current or former federal or state employee, or as soon as the candidate's employment status as a government or fiscal intermediary employee becomes known.

### **Political Activities**

PACS supports engaging in civic and community activities, particularly those that support the needs of others. Employees may make personal decisions to engage with community or political activities on their own time and with their own money. Such activities should not result in actual or perceived conflicts of interest. We should take care to ensure our political views and activities do not interfere with our ability to provide exceptional patient care and show respect for those we work with.

There are federal and state laws that define the circumstances in which a company can contribute to political campaigns. Our policy is that the Company will not contribute anything of value to the political campaign of any person running for office unless specifically permitted by law. Any questions regarding matters related to these activities should be directed to the Compliance Department.

### **Insider Information and Securities Trading**

Trading on inside information is a violation of federal securities law. During the normal course of business or clinical activities, PACS employees may become aware of material non-public information about the Company or companies with whom we do business. Material information is information of such importance that it could influence a potential investor's decision to buy, sell or hold PACS securities or the securities of other publicly traded companies. This information, which can include details about mergers and acquisitions, financial results, business strategy, changes in executive management, and the like, should never be discussed with anyone outside of the Company and should only be used on a "need to know" basis with PACS colleagues.

Employees who receive material inside information about the Company or other publicly traded companies we do business with may not trade (which includes buying, selling, transferring, or gifting) the respective company's securities until the information is public. To use non-public information for personal financial benefit or to "tip" others, including family members, who might make an investment decision based on this information is not only unethical but also illegal under Federal law.

### **Disclosures**

The information in the Company's public communications, including all reports and documents filed with or submitted to the SEC, must be full, fair, accurate, timely and understandable.

To ensure the Company meets this standard, all officers, directors, and other employees (to the extent they are involved in the Company's disclosure process) are required to maintain familiarity with the disclosure requirements, processes, and procedures applicable to the Company commensurate with their duties. All officers, directors and other employees are prohibited from knowingly misrepresenting, omitting, or causing others to misrepresent or omit, material facts about the Company to others, including the Company's independent auditors, governmental regulators, and self-regulatory organizations.

### **Elder Justice Act**

Under the federal Elder Justice Act, we must report any reasonable suspicion of a crime committed against any individual who is a resident or patient of, or is receiving care from, a long-term care facility, including hospice services provided at a long-term care facility. The suspected crime must be reported to one or more local law enforcement agency and to the state survey agency. The report must be made within two hours of forming a reasonable suspicion that a crime has occurred if there is a serious bodily injury, and within 24 hours of forming a reasonable suspicion that a crime has occurred if there is no serious bodily injury.

Failure to report suspected crimes can subject a provider to significant civil money penalties and may lead to exclusion from participation in federal healthcare programs. If failure to report a crime results in further injury to the victim of the crime or results in harm to another individual, the civil monetary penalty may be increased.

We will not retaliate against, discharge, demote, suspend, threaten, harass or deny a promotion or other employment-related benefit to any employee, or in any other manner discriminate against an employee in the terms and conditions of employment, or file a complaint or report against a nurse or employee for making a report as required by the Elder Justice Act. An employee has the right to file a complaint with the Secretary, or the agency designated by the Secretary, against a long-term care facility that violates the reporting requirements of the Elder Justice Act. The Elder Justice Act is in addition to, and not in lieu or replacement of, other state and federal requirements to report abuse and neglect. Employees must be aware of, and comply with, those requirements as well. Please see the Company's policies and procedures regarding reporting actual or suspected abuse and neglect for additional information on those requirements.

### **Health, Safety and Environmental Laws**

All employees should be familiar with our workplace safety and environmental policies and procedures.

They include requirements designed to protect employees from potential workplace hazards. They, along with applicable health, safety and environmental laws, cover topics including:

- Regulating the handling and disposal of infectious materials, such as syringes and soiled linens
- Directing the use of medical equipment and related reporting requirements
- Providing guidance on the use of protective equipment to reduce the risk of infectious diseases
- Requiring safe storage, handling, and disposal of hazardous materials
- Requiring the use of safety and emergency plans

## Employee Matters and Workplace Conduct

### Conflicts of Interest

A conflict of interest exists if you have an interest that interferes, or appears to interfere, with your responsibilities at work or may affect your judgment when working on behalf of the Company. A conflict of interest may also exist if a member of your family receives an improper benefit as a result of your position at the Company. Our employees have a responsibility to put the interests of the Company and our residents and patients ahead of any other business or personal interests. Our employees should not engage in any activities that actually or potentially conflict with the Company's interests.

This Code does not attempt to describe all possible conflicts of interest that could develop. A few examples of potential conflict of interest situations may include:

- An employee accepts outside employment from, or contracts with, an organization that does business with us or is a competitor of ours. While certain employees, such as nurses, therapists, and CNAs, are not prohibited from working shifts at another facility, this additional work must be disclosed to supervisors and should not interfere with the employee's work commitment to the Company or interfere with the employee's job performance at the Company.
- An employee or relative has a material financial interest in a firm that does business with the Company.
- An employee is related to another employee, particularly an employee who they report to or supervise.
- An employee receiving compensation, in any form, from any source other than the Company for services he or she performed for the Company.
- An employee taking up a management or other employment position with any firm or company that is in direct or indirect competition with the Company.

Potential conflicts of interest must be disclosed to supervisors upon hire or as they occur. Any material changes in the nature of conflict-of-interest situations after they are approved must also

be reported. All reported conflicts must be reviewed by the Legal Department and approved by the Compliance Department. This includes any additional employment accepted while working for the Company if it presents an actual or potential conflict of interest. Potential conflicts of interest that are not approved by the Compliance Department may subject the individual to appropriate discipline by Human Resources, up to and including termination of employment, taking into account appropriate and relevant facts. When in doubt, it is best to disclose an actual or potential conflict of interest. All transactions that could give rise to a conflict of interest involving a director, executive officer or principal financial officer must be approved by the disinterested directors of the Board or a committee of the Board, and such approval will not be considered a waiver of this Code.

### **Corporate Opportunities**

All officers, directors and other employees owe a duty to the Company to advance the legitimate interests of the Company when the opportunity to do so arises. All officers, directors and other employees are prohibited from directly or indirectly (a) taking personally for themselves opportunities that are discovered through the use of Company property, information or positions; (b) using Company property, information or positions for personal gain; and (c) competing with the Company.

### **Fair Dealing**

All officers, directors and other employees should endeavor to deal fairly with the Company's customers, service providers, suppliers, competitors, and employees. No officer, director or other employee may take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts, or any unfair dealing practice.

### **Licensure and Certification**

Depending on your role with the Company, you may be required to maintain a license or certification in order to provide services in compliance with state and federal laws. Each employee is expected to be familiar with their individual licensure and certification requirements, and to maintain their required license or certification in active status. Employees are responsible for renewing, verifying, and validating their information with the respective licensure or certification board, and providing evidence of renewals by uploading the renewals into Workday, by following the instructions on the provided hyperlink, or by submitting to Human Resources, who will upload for you. If disciplinary action is taken (or if disciplinary proceedings are initiated or an investigation is commenced) against an employee's license or certification, regardless of when or where the events or circumstances giving rise to the action, proceedings or investigation occurred, the affected employee must immediately notify the Compliance Department as soon as the employee becomes aware of the matter. Depending on the nature of the matter and the underlying facts or

circumstances, the employee's ability to continue to work for the Company may be jeopardized until the matter is fully resolved and the employee's continued licensure or certification is verified.

### **Exclusion Programs**

We do not employ, contract with, grant privileges to, or enter into any type of arrangement with individuals, entities or vendors currently excluded by the Office of the Inspector General (OIG) or debarred by the General Services Administration (GSA) from participating in federal programs, including Medicare or Medicaid. In addition to federal exclusion programs, some states have enacted Medicaid exclusion lists. We do not employ individuals or enter into any type of arrangement with vendors or contractors that have been excluded under state exclusion lists. Before employing or conducting business with any person or vendor, the individual or business must be screened against both federal and applicable state exclusion lists as outlined in the *PACS Exclusion Screening Policy*.

As an employee of or vendor for the Company, you must immediately notify us if you receive notice that you are potentially subject to exclusion or have been placed on a federal or state exclusion list, even if the Company office or facility in which you work is located in a different state.

### **Discrimination-Free and Harassment-Free Workplace**

We are an equal opportunity employer. We prohibit all forms of discrimination and harassment due to a person's race, color, religion, gender, sexual orientation, military duty, age, national origin, disability or veteran's status, or any other basis protected by federal, state, or local law. All employees and contractors share in the responsibility of preventing discrimination and harassment and should report any witnessed or suspected instances of this conduct.

You are encouraged and expected to promptly report any discrimination or harassment concerns that you may have, either with respect to yourself or someone else, to Human Resources or to the Compliance Department. Reports of concerns can be made through the PACS Compliance Hotline or by any of the other avenues discussed in the Code. For additional information about our anti-harassment and discrimination policy, and reporting concerns about them, please refer to our Employee Handbook.

To deliver on our commitment to quality, we work toward the highest degree of performance, behave professionally at all times, and promote high standards and integrity. This includes communicating respectfully and behaving properly at all times.

## **Contractors and Vendors**

PACS affiliates defines independent contractors, subcontractors, or vendors as any individual or entity that has an agreement in place to provide goods or services on behalf of PACS or any PACS entity. Any independent contractor, subcontractor or vendor doing business on behalf of the Company must adhere to all applicable laws and regulations. Entities are encouraged to have their own compliance program and are also expected to comply with the standards of our Code of Conduct. Contractors providing care for residents and patients on our behalf or in our facilities must show proof of licensure, certification, or other evidence of provider competency.

Contractors providing care on the Company's behalf or in the Company's facilities must also show evidence that he/she does not possess a criminal conviction record and that he/she has not been excluded from participating in federal healthcare programs as outlined in the Company's *Exclusion Screening Policy*. All vendors that create, receive, maintain, or transmit protected health information while performing certain functions or services on PACS' behalf must sign and comply with a customary business associate agreement under HIPAA.

All contracts between the Company and vendors must:

- Be in writing;
- Be for a specific term;
- Provide compensation that is consistent with fair market value, including providing a fair market value assessment when necessary;
- Include a customary business associate agreement, when appropriate;
- Not base compensation or other benefits on, or otherwise take into consideration, the value or volume of referrals to or from PACS;
- Comply with all requirements of applicable federal and state healthcare programs, laws, and regulations.

## **Policies and Procedures**

Our Policies and Procedures, along with this Code of Conduct, provide guidance on how to perform job responsibilities ethically and legally. Each employee must be aware of, and comply with, the Policies and Procedures applicable to their role. Employees should promptly raise any questions they may have about the Policies and Procedures, or what is expected of the employee, with their supervisor, or with the Compliance Department.

## **Document Retention**

All business documents and clinical records, in any form or medium created or received by an employee, are to be retained in accordance with applicable law and Company policy. We have

established Policies and Procedures for retention, preservation, and disposal of such documentation. You should refer to these policies for guidance regarding document retention.

### **Commitment to Education and Training**

We recognize that ongoing education and training are critical to providing quality care and services, to conducting our business operations in a competent, efficient, and ethical manner. We have both job specific and general training programs to provide detailed guidance on employees' particular roles and responsibilities, including regarding this Code of Conduct and compliance generally. Training is provided both upon hire, and periodically as applicable thereafter, including annual training on this Code of Conduct and other compliance Policies and Procedures. Furthermore, employees are always encouraged to discuss any questions that they may have with their supervisor, another member of management, or the Compliance Department, as appropriate.

## **Employee Obligations and Acknowledgement**

### **Your Obligation to Report**

Reporting your concerns is important to the effectiveness of our Compliance Program. Under our Code of Conduct, you are required to report sincere concerns that fall within any of the following categories:

- Abuse or neglect of any resident or patient;
- Violations of federal or state laws or regulations regarding resident or patient care;
- Violations of federal or state laws or regulations regarding participation in Medicare, Medicaid, or other healthcare programs;
- Activities that otherwise violate applicable laws or regulations; and/or
- Activities that violate this Code of Conduct, our employee handbook, or any of our other policies and procedures.

Furthermore, it is never acceptable to overlook or ignore actual or suspected wrongdoing.

### **How to Report a Concern**

Concerns and complaints about actual or suspected violations of this Code of Conduct or our other policies may be reported in several ways:

- By discussing the matter directly with your supervisor or another member of the Company or Facility management

- By mailing a letter to our Compliance Department, at the PACS corporate address:  
**PACS Group, Inc.**  
**ATTN: Compliance Department,**  
**262 N. University Avenue**  
**Farmington, UT 84025.**
- By reporting directly to our Compliance Officer or another member of the Compliance Department
- By utilizing our Compliance Hotline:  
**Website: [pacs.ethicspoint.com](https://pacs.ethicspoint.com)**  
**Email: [compliance@pacs.com](mailto:compliance@pacs.com)**  
**Call: [\(833\) 718-4953](tel:(833)718-4953)**

**Our Compliance Hotline is available 24 hours a day, 365 days a year.** A third-party vendor provides our hotline service, and a caller may choose to remain anonymous by not providing his or her name or other personal identifying information.

Regardless of how you report a concern, you may request to remain anonymous if you wish. Please clearly indicate in your report if you wish to remain anonymous. To the extent possible, we will maintain the confidentiality and anonymity of your reported concern.

All reported concerns will be reviewed, investigated, and addressed appropriately. Because of the seriousness with which the Company takes compliance with all of its legal and regulatory obligations, employees and others should not intentionally misuse the Compliance Program. However, no one is permitted to take adverse employment or other action against a person who sincerely and in good faith reports a concern, even if the concern is ultimately not substantiated.

### **How a Concern Is Addressed**

When we receive a report, it is reviewed by the Compliance Department and the Legal Department, as appropriate. The matters identified in the report will be considered an internal investigation and will be investigated by the Compliance Department, Legal, or Human Resources department (“investigating department”) as appropriate. Compliance issues are also reviewed by the Executive Compliance Committee and as determined appropriate by the Board. If a report was not made anonymously, then the reporting person may be contacted by the investigators to discuss the matter. Following the completion of the investigation, if any of the matters identified in the report are substantiated, the investigating department(s) will work with Facility management to resolve and rectify them. The resolution could involve, among other things, changes to internal policy and procedure, employee discipline, and reporting matters to outside authorities. The investigating department(s) may, in its discretion, discuss the outcome of the investigation with the reporting person (if the matter was not reported anonymously), but in order to respect privacy

and other laws, a reporting person will not be notified if disciplinary or other personnel actions were taken as a result of the investigation.

### **Protection from Retaliation**

Open communication of concerns regarding compliance or business ethics is important to the success of our Compliance Program. Retaliation, retribution, intimidation, or harassment of anyone who makes a sincere, good faith report regarding a suspected violation of our Code of Conduct will not be tolerated.

Any supervisor, manager or employee who conducts or condones retribution, retaliation or harassment in any way will be subject to disciplinary action up to and including termination of employment.

#### **What should I do if I feel retaliated against?**

PACS will not tolerate retaliation in any form. If you believe you have been subject to retaliation, you should report it immediately using one of the avenues described above (“How to Report a Concern”), so it may be addressed appropriately.

## **Your Obligation to Cooperate**

All employees are required to cooperate with internal investigations as described in the “How a Concern is Addressed” section above. We prohibit destroying or altering any documents (whether written or electronic) or other evidence associated with an investigation. We prohibit lying to or misleading an investigator or obstructing an investigation by hindering collection of evidence. Engaging in such conduct will subject the employee to progressive discipline.

Our policy is to comply with all lawful requests for information and documents made by government officials, subject to any applicable legal privileges and protections such as for resident or patient privacy and other protected confidential information compiled in accordance with applicable state and federal law.

You should notify the Compliance Department or another member of the Company or Facility management immediately if a government agency or other third party asks you for information regarding a suspected violation of law or if you learn that an agency or other third party is conducting an investigation of our company. We seek to address any compliance concerns as promptly as possible and will cooperate with government investigations. Notwithstanding the foregoing, nothing in this Code prevents you from communicating directly with relevant government authorities about potential violations of law.

## **Consequences of Non-Compliance**

Failure to comply with laws and regulations may lead to serious consequences for you, your coworkers and to the Company. These consequences may include, among other things, termination of employment, licensure actions, individual lawsuits, government investigations and prosecutions, prison, fines against you and the Company, exclusion from working in healthcare or otherwise participating in state and federal healthcare programs, loss of credibility and loss of respect. Because failure to comply with laws and regulations can lead to serious consequences, disciplinary action up to and including termination of employment, will be taken against any employee for:

- Participating in or authorizing any violation of laws, regulations, our Code of Conduct or our policies and procedures
- Failing to report violations
- Concealing violations
- Refusing to cooperate with an internal investigation
- Threatening or retaliating against someone who reports a violation.

## Breaches of Protected Health Information

Any unauthorized acquisition, access, use or disclosure of PHI that compromises the security or privacy of the PHI is a breach that must be appropriately addressed.

If you become aware of a breach or potential breach of any PHI or PI, you should immediately report your concern through one of the avenues discussed above. We may be subject to fines and penalties for failing to respond timely and properly to breaches. The Compliance Department will seek to ensure that all federal and state notification requirements are followed.

Examples of potential breaches include:

- Misdirected faxes or emails that contain PHI
- Lost or misdirected medical records
- Theft or other loss of medical records from a vehicle
- Theft or other loss of a laptop or other device that contains PHI
- Sharing a resident's or patient's medical information with someone who is not authorized to have it
- Posting pictures of residents, patients, or their medical information on social media without proper HIPPA Release Form
- Any other instance of sharing information with any persons within or outside the Facility who do not have a legitimate reason, either clinical, business, or otherwise, to see or review a patient's photos or information

You should never:

- Take copies of medical records out of a PACS affiliate without express authorization from your supervisor and for a legitimate business purpose.
- Leave PHI unattended and in plain view of others (including in any Facility common area, or in a vehicle).
- Post PHI on social media, or take pictures of residents, patients, or their medical information, without both express permission of the affected residents and patients, and a legitimate business purpose.
- Discuss or share PHI with anyone who is not legally authorized to have the information.

### What do I do if I accidentally send a fax or email containing PHI to the wrong person?

Any instance of misdirected PHI should be acted upon immediately. If a fax or email was sent to an unintended recipient, you should immediately notify the Facility's Administrator of the error and provide them with details of the incident.

You should immediately contact the recipient by phone, email, fax or otherwise to explain that the information was misdirected or sent in error to the recipient. Ask the individual to immediately shred, delete or otherwise destroy all documents and other information they improperly received, and to promptly provide you confirmation once they have done so.

You and the Administrator should promptly notify the Compliance Department of the incident and provide details regarding the incident and resolution. The Compliance Department may also be contacted for guidance on how to handle an incident. Potential incidents of misdirected PHI or privacy breaches can also be reported to the hotline number discussed above.

## Confidential Information

Confidential information about our business is a valuable asset and is intended for use only within our company. Confidential information includes all non-public information that might be of use to competitors, or harmful to the Company, if disclosed and includes information concerning our finances, operations, policies, customers, development plans, computer programs and related information should be treated as proprietary and confidential. Confidential information should not be released to anyone outside of our company, such as competitors, suppliers, outside contractors or business associates, except as may be required by law or as may be authorized by the Administrator.

Such incidents should be promptly reported to the Legal Department, Compliance Department, or the Compliance Hotline.

## Property, Equipment and Supplies

We must be wise stewards over our financial and other resources. Our resources should be protected and used for legitimate business purposes only and not for any personal benefit or the personal benefit of anyone else. Our assets, property, equipment, and supplies should be protected against loss, theft, damage, and misuse.

Incidents of loss, theft, damage or misuse of Company assets, property, equipment, or supplies should be promptly reported to the Compliance Department or the Compliance Hotline.

## Employee Information

Employees have a right to privacy as provided in applicable law. Our employee and personnel files are confidential. Only authorized individuals may have access to employee records, consistent with state and federal law. Employee records and information should never be misused or shared with persons who are not authorized to have the information.

## Waivers

Before an employee, or an immediate family member of any such employee, engages in any activity that would be otherwise prohibited by the Code, he or she is strongly encouraged to obtain a written waiver from the Board or the Compliance Department.

Before a director or executive officer, or an immediate family member of a director or executive officer, engages in any activity that would be otherwise prohibited by the Code, he or she must obtain a written waiver from the disinterested directors of the Board or a committee of the Board. Such waiver must then be disclosed to the Company's shareholders, along with the reasons for granting the waiver.

## Conclusion

This Code, as applied to the Company's principal financial officers, shall be our "code of ethics" within the meaning of Section 406 of the Sarbanes-Oxley Act of 2002 and the rules promulgated thereunder.

This Code and the matters contained herein are neither a contract of employment nor a guarantee of continuing Company policy. The Company reserves the right to amend, supplement or discontinue this Code and the matters addressed herein, without prior notice, at any time.

## Who should I contact for questions related to the PACS Code of Conduct and Ethics or other compliance related matters?

For	Contact
Reporting Concerns	<b>PACS COMPLIANCE HOTLINE</b> Website: <a href="http://pacs.ethicspoint.com">pacs.ethicspoint.com</a> Email: <a href="mailto:compliance@pacs.com">compliance@pacs.com</a> Call: (833) 718-4953
Legal Questions	
Patient Safety Concerns	
Questions about the Compliance Program	
Discrimination or Harassment Concerns	

# Employee Acknowledgment and Agreement

**I acknowledge that I have received an electronic copy of the Code of Conduct and have familiarized myself with its contents.**

## **COMPLIANCE CERTIFICATION**

I, the undersigned employee, do hereby certify that:

1. I have received and read the entire Code of Conduct. I have had the opportunity to ask any questions I have about the Code of Conduct or its contents, and I understand how the Code of Conduct relates to me and my role with the Company. I understand that if at any time in the future I have any questions about the Code of Conduct or its application, I can and am expected to promptly raise those questions with management. If I do not receive a satisfactory response to those questions, I will raise them with other members of management until I do.
2. I acknowledge my obligation and agreement to abide by the duties, responsibilities and standards required of me, as set out in the Code of Conduct.
3. I will continue to abide by the Code of Conduct throughout the remainder of my employment or association with the Company.
4. I understand that violations of the Code of Conduct may subject me to disciplinary action, up to and including termination of my employment.
5. I understand that a copy of this certification will be kept in my employee file, and that the Company will provide me with a copy of this certification upon my request.

**MY ELECTRONIC ACKNOWLEDGMENT ATTESTS TO THE FACT THAT I HAVE READ, UNDERSTAND, AND AGREE TO BE LEGALLY BOUND TO ALL OF THE ABOVE TERMS AND THAT I RETRIEVED THIS DOCUMENT FROM A PASSWORD-PROTECTED SITE.**

**DO NOT ACKNOWLEDGE UNTIL YOU HAVE READ THE ABOVE ACKNOWLEDGMENT AND AGREEMENT.**

[RETAIN IN EMPLOYEE PERSONNEL FILE]

Questions? Concerns? Call or Email the Compliance Hotline 24/7

## PACS Compliance Hotline

**Website:** [pacs.ethicspoint.com](https://pacs.ethicspoint.com) **Email:** [compliance@pacs.com](mailto:compliance@pacs.com) **Call:** (833) 718-4953

- Fraud, Waste, or Abuse
- Billing and Coding
- Violation of Laws and Regulations
- Discrimination or Harassment
- Conflicts of Interest
- Theft, Fraud or Bribery
- Patient or Staff Safety
- Gifts or Entertainment
- Accounting or Financial Issues
- Policy Violations