



Compliance Policy Number 2

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**POLICY SUBJECT:**

*Code of Conduct and Business Ethics*

**EFFECTIVE DATE: 5/31/2013**

*To be reviewed at least annually by the  
Ethics & Compliance Committee*

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**CODE OF CONDUCT**

**AND**

**BUSINESS ETHICS**

**Sound Inpatient Physicians, Inc.**

## CODE OF CONDUCT AND BUSINESS ETHICS

### Table of Contents

I.	INTRODUCTION.....	1
	A. Overview .....	1
	B. Acknowledgment.....	2
	C. Education and Training .....	2
II.	SEEKING ADVICE AND REPORTING CONCERNS .....	3
	A. When to Seek Advice .....	3
	B. Where to Go for Advice or to Report a Violation .....	3
	C. Non-Retaliation .....	4
III.	AUDITS AND INVESTIGATIONS .....	5
IV.	DISCIPLINE .....	6
V.	OUR WORKPLACE.....	7
	A. Respect .....	7
	B. Environment, Health and Safety .....	8
	C. Alcohol and Drug Use.....	8
VI.	OUR ORGANIZATION .....	9
	A. Accurate Books and Records .....	9
	B. Accurate Medical Records and Information .....	10
	C. Records Retention .....	10
	D. Computer and Information Systems.....	11
	E. Safeguarding Physical and Intellectual Property.....	12
	F. Use of Sound's Assets .....	12
VII.	THE MARKETPLACE.....	13
	A. Conflicts of Interest .....	13
	B. Corporate Opportunities .....	15
	C. Proprietary and Confidential Information .....	16
	D. Business Courtesies, Gifts and Entertainment.....	17
	E. Bribes, Kickbacks and Illegal Inducements .....	20
	F. Fair Competition and Antitrust Laws .....	21
	G. Money Laundering Prevention and Combating Financing of Terrorism .....	21

H. Government Reimbursement and the False Claims Act .....	22
I. Procurement Integrity .....	22
J. Ineligible Health Care Providers .....	22
K. Consultants, Agents and Representatives.....	23
L. Marketing and Promotion .....	23
M. Anti Corruption.....	23
N. Sarbanes Oxley.....	23
VIII. MEDIA AND PUBLIC AFFAIRS .....	23
A. Media and Public Relations.....	23
B. Political Activities and Contributions .....	23
C. Lobbying .....	24
D. Responding to Government Audits, Inspections and Investigations.....	24
IX. AMENDMENTS AND WAIVERS OF THIS CODE .....	25
ACKNOWLEDGMENT: CODE OF CONDUCT AND BUSINESS ETHICS .....	26

## **I. INTRODUCTION**

### **A. OVERVIEW**

Sound Inpatient Physicians, Inc. and its subsidiaries and affiliates (collectively, “Sound” or the “Organization”) are committed to legal and regulatory compliance; ethical conduct and business practices; the highest standards of professionalism; individual and institutional acceptance of responsibility for the actions of our directors, officers and colleagues; effective self-policing; and transparency with our key stakeholders, including regulators and enforcement officials. All aspects of our work must be grounded in integrity and informed by an understanding of what is appropriate and inappropriate in various situations.

Consistent with these values and priorities, Sound has developed and adopted a comprehensive Corporate Compliance Program (the “Program”), the key elements of which are identified and described in the Corporate Compliance Plan (the “Compliance Program”), which all directors, officers, colleagues and agents must review carefully.

The Organization also has formed an Ethics and Compliance Committee as well as Corporate Compliance Committee (the “Compliance Committee”) to oversee the continued development and implementation of the Compliance Program. The Compliance Committee is comprised of certain members of senior management and is chaired by the Compliance Officer.

This Code of Conduct and Business Ethics (the “Code”) enunciates the basic principles governing our business activities and relationships. It replaces the Code of Conduct as revised on February 23, 2011. The Code is based on the laws, regulations and administrative rules that apply to our work. All directors, officers colleagues and, as warranted under the circumstances presented, agents must understand and comply fully with, and promptly report in good faith any possible violations of, the provisions of the Code.

While the Code cannot address every circumstance you may encounter, it makes clear that all of our activities on behalf of Sound must be guided by well-informed judgment, personal honesty and sound business ethics. The Code, together with the Compliance Plan, our policies and procedures, and our Colleague Information Guide provide you with robust guidance regarding the Organization’s expectations and requirements. As you encounter specific situations that inevitably will arise, it may be helpful to answer the following questions:

- Will my action comply with the Organization’s values and the spirit of the Code, the Compliance Plan and Sound’s policies and procedures?
- Might I compromise myself or the reputation of Sound by this action?
- Is this action honest in every respect?
- Could this action appear inappropriate to others, either internally or externally?

## **B. ACKNOWLEDGMENT**

After reviewing carefully this Code, each director, officer, colleague, and as warranted, agent must promptly sign the attached acknowledgment and return it to the appropriate Sound contact within the timeframe specified.

## **C. EDUCATION AND TRAINING**

As detailed in the Compliance Plan, under the oversight of the Compliance Committee and in close collaboration with the Compliance Officer, the Sound's Learning and Development Team will continue to develop and maintain training and monitoring programs to educate its directors, officers, colleagues and, as warranted, agents on the legal and regulatory requirements of their respective duties and positions. These programs may include additional written policies, informational handouts and memoranda or, when appropriate, live or web-based training sessions. All directors, officers, colleagues and, as warranted, agents are expected to complete mandatory assigned education as well as maintain current knowledge of the laws, regulations, and Sound policies applicable to their role or service line.

# **II. SEEKING ADVICE AND REPORTING CONCERNS**

## **A. WHEN TO SEEK ADVICE**

As the Compliance Plan makes clear, directors, officers and colleagues of Sound have a duty to report, promptly and in good faith, illegal, unethical, unprofessional and potentially non-compliant activity or conduct, including any possible violations of this Code. You should seek advice when you are unsure about the legality or ethical ramifications of any activity, business practice or transaction, including situations in which:

- applicable policies seem difficult to interpret under the circumstances;
- the relevant laws or standards are complex;
- you have limited experience dealing with the subject matter; or
- you find yourself in a "gray area" and need guidance.

Failure to report misconduct may affect your performance evaluation, your compensation and may result in disciplinary action.

## **B. WHERE TO GO FOR ADVICE OR TO REPORT A VIOLATION**

As detailed in the Compliance Plan, Sound provides multiple options for reporting any concerns or suspected violations or asking any questions:

1. your immediate supervisor or manager;
2. the Chief Compliance Officer;
3. the General Counsel;
4. the Vice President of People Support; or
5. the Chief Financial Officer, if related to financial, accounting or auditing

matters.

The names of the persons currently in these roles and contact information for these persons may be found on Sound's website, on Sound's intranet site (OWL), through Sound Connect, or in Sound's email directory.

If you wish to report a concern or suspected violation of this Code anonymously, you may utilize Sound's Compliance Helpline. Sound's Compliance Helpline is staffed by a third party in order to maintain anonymity. The person who answers your call will confirm that you wish to remain anonymous and your report will be assigned an identification number, which can be used for future reference. The anonymous report will be forwarded to the Chief Compliance Officer for follow up.

A report can be made through the Compliance Helpline's toll free number at 1-866-898-2672; or through an online submission at [www.soundphysicians.ethicspoint.com](http://www.soundphysicians.ethicspoint.com)

Links to the Compliance Helpline are located on Sound's public webpage, [www.soundphysicians.com](http://www.soundphysicians.com).

If you are uncomfortable using any of these communications channels, you may contact the Board of Directors of the Organization (the "Board") by writing to the Chairperson of the Ethics and Compliance Committee of the Board:

Chairperson, Ethics and Compliance Committee  
of the Board of Directors  
Sound Physicians  
1498 Pacific Avenue  
Tacoma, Washington 98402

### **C. NON-RETALIATION**

As detailed in the Compliance Plan, Sound has adopted a strict policy of non-retaliation. The Organization prohibits retaliation against any colleague for reporting, in good faith, a possible violation of this Code or a Sound policy, or of a law, rule or regulation.

In no event will Sound take or threaten any action against you as a reprisal or retaliation for making a complaint or disclosing or reporting information in good faith. However, if a reporting individual was involved in an improper activity, the individual may be disciplined appropriately, even if he or she was the one who disclosed the matter through appropriate communications channels. In any such situations, the Organization may consider the decision to report the matter, and any subsequent cooperation, as mitigating factors in any disciplinary decision.

## **III. AUDITS AND INVESTIGATIONS**

The Compliance Plan describes in detail the integrated monitoring and evaluation

processes Sound has established to ensure that the Organization's ongoing internal oversight is effective. All colleagues have a duty to cooperate fully in all audits, inquiries, investigations or other reviews conducted by Internal Audit, the Corporate Compliance and Legal Departments, the Finance and People Support Departments, the Board of Directors or any Committee thereof, and any outside advisors, consultants and/or counsel retained by the Organization or the Board.

Full cooperation includes promptly, completely and truthfully complying with all requests for documents, information and interviews, including, but not limited to:

- retaining and producing, as requested, all potentially relevant corporate data, documents, files and records;
- attending interviews and responding completely and truthfully to any and all interview questions; and
- where an audit, inquiry, investigation or other review is being conducted by an outside advisor, consultant or counsel, complying with that outside entity's requests under the direction of the General Counsel.

Failure to comply with this provision of the Code will lead to disciplinary action, up to and including termination.

#### **IV. DISCIPLINE**

Sound expects the conduct of its directors, officers and colleagues to be informed and guided by the highest ethical standards, good judgment and consideration of others. Any act that is contrary to the provisions of this Code or any policy of the Organization, or harmful to a director, officer or colleague or the reputation of the Organization, may be cause for disciplinary action. Misconduct that is subject to immediate disciplinary action includes, but is not limited to, any of the following:

1. violating laws, regulations, administrative rules, or the provisions of this Code or any of the Organization's policies or procedures;
2. directing or encouraging others to violate laws, regulations, administrative rules, this Code or any of Sound's policies or procedures;
3. repeated failures to meet Sound policies and procedures involving the preparation or submission of claims to federally-funded programs;
4. failing to report known or suspected violations of laws, regulations, administrative rules, this Code or any of the Organization's policies or procedures;
5. interfering with or being uncooperative during an audit or investigation; and
6. retaliating against others for reporting a concern or violation.

Disciplinary actions for violations of the Code can include verbal or written reprimands, suspension or termination. The severity of the corrective action will be determined by senior management in consultation with the General Counsel and the Compliance Officer, the Corporate Compliance Committee, and the colleague's supervisor, as may be appropriate. In some cases, Sound may take corrective action against supervisors

who fail to detect or report misconduct on the part of colleagues under their supervision.

You should also be mindful that violations of laws, regulations, administrative rules, or the provisions of this Code or Sound's policies or procedures, could trigger external legal action against you, your colleagues and/or the Organization. Criminal or government enforcement action can include suspension or revocation of licenses, sanctions, monetary fines, criminal penalties and imprisonment.

## **V. OUR WORKPLACE**

### **A. RESPECT**

We are a team, and our success depends on your contribution and ability to inspire the trust and confidence of your co-workers, supervisors, business partners and health care patients with whom we interact. It is Sound's policy, among other things:

- to hire, pay and assign work on the basis of qualifications and performance;
- not to discriminate on the basis of race, religion, ethnicity, national origin, color, gender, sexual orientation, age, citizenship, veteran's status, marital status or disability;
- to attract and retain a highly talented workforce;
- to encourage skill growth through training and education and promotional opportunities;
- to encourage an open discussion between all levels of colleagues and to provide an opportunity for feedback from both supervisors and subordinates, and, as appropriate, horizontally across the enterprise;
- to prohibit sexual, physical, verbal or any other kind of harassment in the workplace (central organization offices or clinical sites);
- to ensure the safety and security of our colleagues while at Organization facilities;
- to recognize and reward efforts that exceed our expectations; and
- to respect all workers' rights to dignity and personal privacy by maintaining the protection of confidential colleague and patient as detailed in the Compliance Plan and in the policies and procedures Sound has developed and adopted.

### **B. ENVIRONMENT, HEALTH AND SAFETY**

Sound strives to protect the environment and the health and safety of its colleagues through compliance with applicable health, safety, and environmental laws and regulations. Every director, officer and colleague is expected to comply with the Organization's policies, procedures, programs and standards and to report promptly accidents, injuries, and unsafe equipment, practices or conditions.

The possession or use of firearms or other weapons on Organization premises is prohibited. For those colleagues who work at a clinical partner's site, possession or use of firearms or other weapons is in accordance with that site's policies. Safety can be achieved only through teamwork. You must practice safety awareness by thinking defensively, anticipating unsafe situations and reporting unsafe conditions immediately. A violation of a safety precaution is in itself an unsafe act. Please observe the following precautions:

1. Notify your direct manager of any emergency situations. If you are injured or become sick at work, no matter how slightly, you must inform your direct manager immediately.
2. Use, adjust and repair machines and equipment only if you are trained and qualified.
3. Get help when lifting or pushing heavy objects.
4. Understand your job fully and follow instructions. If you are not sure of the safe procedure, don't guess...ask your direct manager.
5. Know your locations, contents and use of first aid and firefighting equipment.
6. Do not remove or disable any safety device or guards on equipment.
7. Be familiar with and follow all instructions and safety procedures of the location where you provide services on behalf of Sound.

### **C. ALCOHOL AND DRUG USE**

Sound strives to maintain a drug-free work environment. Accordingly, the use of alcohol, illegal drugs or legal drugs that interfere with the ability to perform one's work duties is prohibited. The possession of illegal substances on Organization premises also is prohibited.

## **VI. OUR ORGANIZATION**

### **A. ACCURATE BOOKS AND RECORDS**

Sound's books, records and accounts must accurately and fairly reflect the business transactions and assets of the Organization. No business record, including records pertaining to the provision of health care services, should ever be altered or falsified. Sound colleagues likewise must not create, or help create, records that have the effect of misleading or of concealing improprieties. No one may directly or indirectly:

- make or cause to be made a false or misleading statement or report;
- fail to state, or cause another person to fail to state, any fact that, when omitted from a statement, renders that statement misleading; or
- otherwise be dishonest or deceptive in recording business transactions or maintaining records.

If you are not sure about the accuracy or completeness of information, do not guess or speculate. Do what you can to find the correct information or discuss the situation with your supervisor.

The Organization's commitment to accurate financial books, records and reports extends to all transactions, including any payment or receipt of money, transfer of property, property interest, ownership or ownership interest or furnishing of services. Sound's directors, officers and colleagues have a duty to document, accurately and completely, in the Organization's books and records profits, losses, financial transactions and matters involving its assets and business.

### **B. ACCURATE MEDICAL RECORDS AND INFORMATION**

As discussed in more detail in the Compliance Plan, all medical records, billing claims and related information must be timely, complete and accurate in all respects and maintained in material conformity with best practice standards. You must ensure at all times that all billing practices, arrangements, medical records, protocols and instructions comply with the reimbursement requirements of applicable federal and state reimbursement programs.

### **C. RECORDS RETENTION**

The Organization has adopted a records retention policy and program that establishes appropriate and consistent practices regarding how long records should be maintained and when, in the ordinary course of business, they should be discarded or destroyed. A record

is any information, regardless of physical format, that has been created or received in the transaction of the Organization's business and it includes all formats such as hard and electronic copies, magnetic tapes, disks, optical images and audio and video recordings.

You must comply at all times with all records retention policies and with any document or record preservation notices. Records must be maintained for the duration of assigned retention periods. Records that are possibly relevant to litigation or a government investigation may not be destroyed until the matter has been concluded and the General Counsel has approved, in writing, the destruction. Destroying or altering documents with the intent to obstruct a pending or anticipated official government proceeding is a criminal act and could result in fines and incarceration.

#### **D. COMPUTER AND INFORMATION SYSTEMS**

As with Sound's other equipment and assets, every colleague is responsible for the appropriate use of telephones, computers and any Organization-issued mobile communications devices. Except for limited, incidental personal use, Sound owned and issued equipment may be used only for business purposes. Personal use of electronic equipment and systems, including the use of social media websites, may be subject to access and usage restrictions. No one may access, or attempt to obtain access to, another individual's or the Organization's electronic communications without appropriate authorization.

Colleagues are strictly prohibited from accessing, displaying, transmitting and/or downloading Web sites, applications, or social media platforms that contain sexually explicit, illegal or discriminatory content. Any such usage may result in immediate disciplinary action.

You should not expect a right to privacy in your electronic mail, messaging systems, or use of the Internet. Subject to applicable local law, Sound may review all electronic information and communications. Organization equipment, systems or networks may be subject to monitoring.

Colleagues are expected to adhere to all technical, physical, and administrative controls established by Sound or the clinical partners' sites where they provide services.

Sound will utilize standard system administration procedures to access, support and maintain all electronic equipment and systems. Should unique software be authorized and installed on computers to support project requirements, all applicable passwords or codes must be provided to the Information Technology (IT) Department to facilitate support. The Organization will not be responsible for the maintenance or restoration of equipment or systems that have not been approved by the IT Department.

#### **E. SAFEGUARDING PHYSICAL AND INTELLECTUAL PROPERTY**

Directors, officers and colleagues should use Organization assets only for their intended use and as authorized. You have the responsibility to protect Organization assets against theft and misuse. You are expected to demonstrate proper care when using Sound's

property and equipment. No property may be removed from the premises without proper authorization. No information may be used or disclosed for a non-Sound purpose without the authorization of the Compliance Officer or unless required or mandated by law or regulation.

It is Sound's policy to respect the intellectual property and capital of suppliers, vendors, business partners, providers and competitors. The Organization will comply with applicable licensing, royalty and rental agreements.

Sound does not condone the illegal duplication of software or any copyrighted materials. It is both illegal and unethical to engage in practices that violate copyright laws or licensing agreements. Sound requires all directors, officers and colleagues to respect the rights conferred by such laws and agreements and refrain from making unauthorized copies of protected materials.

Sound reserves the right to apply for patents, copyrights, trademarks or service marks for any invention or creation by colleagues in furtherance of a Organization project or while on the Organization's premises.

#### **F. USE OF SOUND'S ASSETS**

All assets of the Organization should be used only for legitimate business purposes. You must protect Sound's assets and may not use them for your own personal benefit or gain.

### **VII. THE MARKETPLACE**

#### **A. CONFLICTS OF INTEREST**

A "conflict of interest" exists whenever a colleague's private interests interfere or conflict in any way, actually or apparently, with the interests of Sound. It is your responsibility to avoid situations in which your personal interest could conflict with, or undermine, those of the Organization.

Conflicts of interest can arise in a variety of situations, including those in which an individual may receive funds, property or services from other parties in addition to the standard compensation received from Sound, or in which an individual's personal financial interests conflict, or are inconsistent, with those of the Organization. If your responsibilities at Sound present an opportunity for personal gain apart from our normal compensation, a conflict of interest likely exists. Similarly, a conflict of interest may arise when you take action, or have an interest, that may make it difficult to perform your work on behalf of Sound objectively or effectively.

You should also be mindful that federal, state and local governments have specific restrictions and rules on conflicts of interest. Please consult with your supervisor, the General Counsel or the Compliance Officer if you have a question about one of these rules.

If you find yourself in a situation that apparently presents a conflict of interest, you should promptly seek guidance from the General Counsel and the Compliance Officer. While it is not possible to cover in this Code every conceivable situation, the following are examples of actual or potential conflicts of interest.

### *Financial Interests:*

- financial transactions involving a personal or financial interest that may affect Sound;
- financial interest in any business with which the Organization has a business relationship; and
- acquiring real estate or any other interest that you know, or have reason to know, is of interest to Sound.
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A financial interest in the sense used above does not include ownership of a small number of publicly traded securities of a corporation.

These provisions apply to your personal financial transactions and financial interests as well as those of immediate family (i.e., a husband or wife; birth or adoptive parent, child or sibling; stepparent, stepchild, stepbrother, or stepsister; father-in-law, mother-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law; grandparent or grandchild; and spouse of a grandparent or grandchild). Colleagues must also comply with disclosure of potential conflict of interest provisions in their professional employment agreements or independent contractor agreements

### *Information:*

- obtaining or releasing confidential information or data concerning Sound or its operations without proper authorization; and
- using any non-public information in relation to the sale or purchase of stock or other securities.
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### *Employment, Memberships and Business Relationships:*

- obtaining secondary employment with competitors or any organization seeking to have a business relationship with Sound. All colleagues must disclose all outside employment to their supervisor or to the People Support Department;
- serving or accepting a position on the board of directors of another organization in the health care sector without express written approval from the General Counsel and the Compliance Officer;
- using relatives of current colleagues in a sub-contracting arrangement, unless specifically approved in advance, in writing, by senior management; hiring relatives of current colleagues where the relative reports to or is evaluated by the other; and
- using a former government colleague on a project in which that individual personally participated while working for the government, unless the former government colleague has fully complied with the relevant federal and state “revolving door” statutes. Questions regarding this policy should be directed to the General Counsel or the Compliance Officer.

### *Political Activities:*

- exerting any form of coercion or using any form of inducement to pressure a fellow colleague into participating in or contributing to a political campaign.

- soliciting other colleagues for purely political causes during working time
- using the Organization's name or logo in off-duty political activities
- management-level colleagues requiring colleagues to financially contribute to or support specific political causes or political candidates
- participating in social media during working time or through the Organization's network for purely political causes

The Organization may communicate information to colleagues related to public topics including but not limited to legislative efforts, high publicity events or issues, or current events relevant to the Organizations' business. This information is not meant to pressure you to adopt certain ideas or support certain causes., but to keep colleagues informed.

## **B. CORPORATE OPPORTUNITIES**

Every director, officer and colleague of Sound owes a duty to the Organization to advance Sound's legitimate business interests when the opportunity to do so arises. Directors, officers and colleagues are prohibited from taking for themselves, or directing to a third-party, a business opportunity that is discovered through the use of Sound's corporate property or resources, information or position, unless it is clear that the Organization has been offered and declined the opportunity. Directors, officers and colleagues are prohibited from using corporate property, resources or information, or their position at Sound, for personal gain and from competing with the Organization.

If you are asked to speak at a seminar or conference on a topic related to your business expertise or the Organization's business, you usually may do so if you have obtained in advance written approval from your supervisor. Generally, however, you may not accept a speaking fee or honorarium when conducting Organization business or for engagements that have been offered as a result of your position with Sound. You may accept transportation, lodging and meals, or payment or reimbursement for transportation, lodging and meals, if you speak at an approved seminar or conference. If you have questions about your ability to accept additional items relating to speaking engagements, please consult promptly with the General Counsel or the Compliance Officer.

Clinical colleagues should comply with all ethical guidelines relative to their license and professional organizations in their relationships with vendors or manufacturers.

## **C. PROPRIETARY AND CONFIDENTIAL INFORMATION**

*Belonging to the Organization:*

All information pertaining to the operations, activities and business affairs of Sound and its officers and colleagues must be kept confidential to the greatest extent possible. Never disclose confidential information without prior written approval. Confidential information includes all non-public information that might be of use to competitors, or that

might be harmful to the Organization, its business partners or health care patients if it were disclosed. Confidential and proprietary information about Sound belongs to the Organization must be treated with strict confidence; it is not to be disclosed to, or discussed with, others.

*Belonging to Health Care Patients:*

As part of its business, Sound receives medical information and other personal information from health care providers and patients, including information related to members' medical conditions and health status. You must respect and preserve the confidentiality of all such information, and other personal, confidential or nonpublic information of patients. As detailed in the Compliance Plan and the Organization's policies, colleagues and vendors are required to abide by the rules and regulations of the Health Insurance Portability and Accountability Act (HIPAA), as well as any applicable state law, concerning the privacy of patient health information. You may make use of such information only for purposes of carrying out your job responsibilities, and must comply with all safeguards established by the Organization for this purpose. Except as expressly permitted by the patient and by federal and state law, you must not disclose such information to any third party.

*Belonging to Others:*

You also must respect the confidentiality of information belonging to other individuals and entities, including, but not limited to, trade secrets and other information given in confidence by business partners, suppliers, contractors, competitors, providers or patients, just as we protect our own confidential information. At the same time, certain restrictions involving the information of others may place an unfair burden on the Organization's business endeavors. Accordingly, you should consult with your supervisor, or the General Counsel, to ensure appropriate agreements are in place prior to receiving any confidential third-party information. Such agreements must reflect a balance between the value of the information received, and the logistical and financial costs of maintaining confidentiality of the information and limiting Sound's business opportunities. Any confidential information that you possess from an outside source, such as a previous employer, must not, so long as such information remains confidential, be disclosed to or used by the Organization. To the extent that you have entered into a valid and enforceable contract with a former employer containing confidentiality, non-solicitation or non-competition provisions, you should notify the General Counsel or the Compliance Officer about the contract and provide him or her with a copy of it.

Unsolicited confidential information submitted to Sound should be refused immediately, returned to the sender where possible, deleted if received via the Internet, and reported to your supervisor or a member of senior management and the General Counsel or the Compliance Officer.

**D. Business Courtesies, Gifts and Entertainment**

*Receipt of Business Courtesies and Gifts:*

As detailed in the Compliance Plan, Sound prohibits officers and colleagues from accepting from vendors, suppliers, providers contractors or members all gifts, money, loans, rewards, favors or anything else of value that constitutes, or reasonably could be perceived as constituting, a bribe or other unfair business inducement. You should not seek or accept personal gain, directly or indirectly, from anyone soliciting business from, or doing business with, the Organization, or from any person or entity in competition with us.

Examples of such personal gains are gifts, non-business related trips, gratuities, favors, loans and guarantees of loans, excessive entertainment, or rewards. However, as explained in the Compliance Plan, you may accept occasional non-cash gifts, and marketing and promotional items that do not exceed \$100.00.

If you receive an offer of money, or a gift that is of greater than nominal value or that you believe is intended to influence a business decision, you should decline the offer and report it to your supervisor and the General Counsel or the Compliance Officer. You should always use your good judgment before accepting any business courtesy or gift, and in questionable cases, consult your supervisor.

#### *Offering Business Courtesies and Gifts:*

Sound's business may involve dealing with federal, state or local government officials and colleagues who are governed by strict rules with respect to business courtesies and gifts. In order to ensure compliance with these rules, the Organization prohibits the offering of any gifts or business courtesies to any government official or colleague, except as described below. If a government official or colleague requests or demands any such benefit, you should report the development immediately to the General Counsel or the Compliance Officer.

As discussed in the Compliance Plan, in a commercial setting, occasional modest business courtesies in connection with legitimate business discussions, and occasional gifts of nominal value that are intended to create good will and facilitate working relationships, may be permissible under certain conditions. It is never appropriate or permissible to gain unfair advantage with business partners, vendors, suppliers, or contractors. Money, or cash equivalents such as gift certificates or coupons, may never be offered as a gift under any circumstances.

With regard to any government official or colleague, business courtesies and gifts may not be provided except that a government official or colleague on Organization property for a routine audit or other official business reasons may be provided with nominal refreshments and snacks such as soft drinks, coffee, cookies or donuts.

With regard to non-government officials or colleagues, business courtesies and gifts of the following types may be provided:

- organization advertising or promotional items of little intrinsic value such as a coffee mug, a calendar, golf balls or a similar item displaying the Organization logo;
- modest refreshments such as soft drinks, coffee and cookies in connection with business activities; or

- occasional modest business-related meals.
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If you have any questions or are uncertain as to whether a proposed business courtesy or gift is appropriate, you should discuss the situation with your supervisor or the General Counsel or the Compliance Officer, or his or her designee.

#### *Acceptance of Entertainment:*

As set forth in the Compliance Plan, you may not solicit entertainment from any representative of a business partner, vendor, supplier, or contractor. From time to time, you may accept modest entertainment, so long as it is reasonable, infrequent, in good taste and not extravagant or excessive.

If you receive an offer of entertainment that does not meet these standards, you should decline the offer and report it to your supervisor and the General Counsel or the Compliance Officer. If you have any questions or uncertainty as to whether proposed entertainment is appropriate, you should discuss it with the General Counsel or the Compliance Officer, or his or designee.

#### *Offering of Entertainment:*

You may not offer or provide any entertainment to a government official or colleague, or to an individual health care professional or colleague of a health care provider. As noted above, government officials and colleagues are subject to laws prohibiting acceptance of any such benefit.

### **E. Bribes, Kickbacks and Illegal Inducements**

Every director, officer and colleague must review, and ensure that he or she fully understands the risks arising from referral statutes. Sound supports and complies with all applicable federal and state anti-kickback statutes, regulations and administrative rules. These laws generally prohibit giving or receiving “anything of value” that is intended to induce or reward patient referrals or encourage the purchase, lease order or recommendation of an item or service that may be reimbursed under a government health care program, such as Medicare or Medicaid. You may not offer, give or accept money, gifts, loans, rewards, favors or anything of value that constitutes, or reasonably could be perceived as constituting, a bribe or other improper business inducement.

“Anything of value” can take many forms beyond currency. It includes entertainment, credits, free goods or services, forgiveness of a debt, sale or purchase of an item below market value, as well as compensation for unnecessary services or for legitimate services at a rate exceeding fair market value.

No illegal or improper payment from Organization funds or assets will be made directly or indirectly by any director, officer, colleague or agent of Sound. This includes, but is not limited to, political or commercial bribery, kickbacks and/or political contributions to government officials, candidates for office and public or private colleagues.

## **F. Fair Competition and Antitrust Laws**

Every director, officer and colleague must review, and ensure that he or she fully understands, the section of the Compliance Plan that discusses competition and antitrust issues. As noted therein, Sound is committed to compliance with all federal and state antitrust laws. Anticompetitive behavior in violation of antitrust laws can result in criminal and/or civil liability for colleagues and the Organization.

More generally and apart from antitrust laws, Sound prohibits taking unfair advantage of others through manipulation, concealment, abuse of privileged information, misrepresentation of material facts, or any other unfair dealings.

## **G. Money Laundering Prevention and Combating Financing of Terrorism**

Sound will comply with anti-money laundering, and combating financing of terrorism, laws and regulations. More specifically, the Organization prohibits any activity aimed at hiding the origin of unlawfully gained money. If you suspect that Sound has received a suspicious payment, you must report it immediately to your supervisor and to the General Counsel or the Compliance Officer. Sound will conduct its business only with reputable customers and vendors engaged in legitimate business activities, with money derived from legitimate sources.

## **H. Government Reimbursement and the False Claims Act**

As a provider of health care services that involve with government programs, Sound is subject to federal and state false claims acts that prohibit submission of a false claim or making a false record or statement in order to gain reimbursement from and/or avoid an obligation to a government-sponsored program such as Medicare or Medicaid. The Organization is firmly committed to compliance with all applicable laws, rules, regulations and program requirements when filing or otherwise presenting any bid, bill or claim for payment, any cost or expenditure report, any encounter data or other medical record reports, or any other information to federal or state health programs.

All claims for payment to third parties are based on the documentation by clinical colleagues in the relevant medical record. Clinical colleagues are obligated to accurately and completely document all services provided and, if responsible for entering charges for the clinical services provided, enter a charge that is accurate and meets all program rules and requirements, as well as the Organization's documentation and coding policies. Business colleagues, affiliates, and agents responsible for entering charges based on a clinical provider's documentation are obligated to enter an accurate charge that meets all programs rules and requirements, as well as the Organization's documentation and coding policies. If you have any uncertainty about the proper application of government program rules or requirements to any document prepared for submission to the government, or any questions about the accuracy or completeness of a submission, you must promptly raise the issue with your supervisor, the General Counsel or the Compliance Officer, or his or her designee.

## **I. Procurement Integrity**

Sound will comply with all laws and regulations applicable to the procurement of goods and services. As warranted under the circumstances presented, the Organization will treat all parties with which it has a business relationship fairly and will conduct itself in an ethical manner when obtaining new business. All proposals and contracting arrangements must accurately reflect Sound's experience and capabilities.

## **J. Ineligible Health Care Providers**

The government has the authority to exclude individuals and/or entities that have engaged in abuse or fraud from participation in Medicare, Medicaid and other federal and state health care programs. As detailed in the Compliance Plan, Sound will not employ or contract with any individual or entity that has been excluded from any government-funded program.

## **K. Consultants, Agents and Representatives**

Sound's agents, representatives and consultants must be willing to certify their compliance with the Organization's policies and procedures and must never be retained to circumvent our ethical and business standards.

**L.      Marketing and Promotion**

When marketing or promoting the Organization's services, Sound's representatives and agents are prohibited from disseminating any information that is inaccurate or misleading. They must understand, and comply with, all applicable federal and state laws and regulations governing sales, marketing and promotion.

**M.      Anti Corruption**

Sound will comply with all anti-corruption laws including but not limited to the U.S. Foreign Corrupt Practices Act ("FCPA").

**N.      Sarbanes Oxley**

To the extent applicable, Sound shall comply with the provisions of Sarbanes-Oxley Act of 2002 ("SOX").

**O.      EMTALA**

All of the Organization's colleagues providing services at a clinical partner's site will comply with the Emergency Medical Treatment and Active Labor Act, 42 U.S.C. 1395dd, as applicable, and the clinical partner's policies to medically screen, stabilize, and transfer individuals presenting to the emergency department with an emergency medical condition without regard to the individual's ability to pay.

## **VIII. MEDIA AND PUBLIC AFFAIRS**

### **A. Media and Public Relations**

Information disseminated about Sound must be full, fair, accurate, timely, consistent and understandable. Inquiries from the media should be directed immediately, without further comment, to the General Counsel or the Vice President of Communications and Marketing. Significant press releases and other public statements generally should be approved in advance by the General Counsel.

### **B. Political Activities and Contributions**

The Compliance Plan addresses political activities and contributions. You are prohibited from using funds, facilities or other Organization assets to support, either directly or indirectly, any political candidates or political parties inside or outside the United States unless any such contribution or activity is expressly permitted under federal and/or state law, and you have obtained in advance approval by the General Counsel and the Chief Executive Officer.

You may participate in partisan political activities only in your individual capacities, on your own time and at your own expense. You must ensure that when participating in political activities in your individual capacities, you do not leave the impression that you speak or act for the Organization.

### **C. Lobbying**

Sound is committed to abiding by the laws and regulations relating to the lobbying of federal, state and local officials on its behalf, including reporting and certification requirements. To that end, all lobbying activities and related expenditures must be pre-approved by the General Counsel.

### **D. Responding to Government Audits, Inspections and Investigations**

Sound is committed to complying with all applicable federal, state and local laws, regulations and administrative rules. The Organization must respond fully, accurately and timely to government audits, inquiries, investigations, inspections and other requests for information and corporate data, files or records. Failure to do so may result in sanctions, penalties, fines, and other administrative, regulatory or legal actions or proceedings. As stated in the Compliance Plan, it is the policy of our Organization to cooperate with government agencies in their investigations. To facilitate this policy, all colleagues must review carefully the pertinent provisions of the Compliance Plan and bring any of the following events or developments to the immediate attention of senior management, Compliance Officer and the General Counsel:

- requests or subpoenas to appear or testify before a grand jury, government agency, commission or legislative or administrative agency;
- notification of investigation by authorities responsible for enforcing laws;

- non-routine inspections, visits, interview requests, and requests for Organization data, documents, files or records by any federal, state, local or foreign government, agency, regulator or enforcement official; and
- communications or notices received from government agencies, regulators or enforcement officials imposing, or threatening the imposition of, fines, penalties or injunctive action.

## **IX. AMENDMENTS AND WAIVERS OF THIS CODE**

From time to time, Sound may amend certain provisions of the Code. Waivers of the Code may be granted only by the General Counsel or the Compliance Officer who may, depending on the circumstances presented, discuss the proposed waiver with the Compliance Committee before approving. Any director, officer or colleague who believes that a waiver may be appropriate should discuss the matter with the Organization's General Counsel.

## ACKNOWLEDGEMENT FORM

- ☐ I acknowledge that I have received and read the Sound Compliance Plan and that I understand its contents.
- ☐ I understand and agree that I must comply with the Sound Compliance Plan and all laws, regulations, policies, procedures and other guidance applicable to the responsibilities of my position.
- ☐ I agree to fully cooperate with the implementation of the Sound Compliance Plan and to report any instances of possible violations of law, regulations or policies that are applicable to Sound of which I become aware.
- ☐ I agree to fully participate in any auditing or monitoring processes, and to report any instances of possible violations of laws, regulations or policies that are applicable to Sound.
- ☐ I acknowledge that Sound maintains a Compliance Helpline for the purpose of receiving notifications of possible violations of law, regulation and the Sound Compliance Plan.
- ☐ I understand that my failure to report any concerns regarding possible violations of law, regulations, the Code of Conduct or the Compliance Plan may result in disciplinary action, up to and including termination of my employment, contractual relationship or Board membership with Sound.
- ☐ I acknowledge that I have disclosed to the Chief Compliance Officer any Conflicts of Interest.
- ☐ I certify to Sound that I have never been excluded from participation in a federal health care program (including, without limitation, Medicare or Medicaid). I agree to notify Sound in the event I am charged with or convicted of a crime (other than a traffic offense) or am excluded from, or have been proposed to be excluded from, participation in a federal health care program (including, without limitation, Medicare or Medicaid) in the future.

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Signature

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Print Name

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Location

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Title

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Date

