

I. CODE OF CONDUCT

A. Introduction.

The Pinnacle Treatment Centers', Inc. compliance program is a system of policies, procedures and processes developed to assure adherence and conformity with all applicable state and federal laws governing Pinnacle Treatment Centers' addiction treatment programs.

Pinnacle is committed to be value driven while conducting its business lawfully and ethically. Each Pinnacle staff member has an individual responsibility to do things right and do the right thing. Pinnacle has established this Code of Conduct as part of Pinnacle's Compliance Program. Compliance is defined as the prevention, detection, collaboration, and enforcement. This Code of Conduct establishes the general policies and procedures with which all Staff Members must comply. These policies and procedures are applicable to Pinnacle's relationships with government authorities and with private companies and individuals. These policies and procedures cannot cover all situations. Any doubts as to the propriety of a particular situation, whether or not the situation is described within this Code of Conduct, should be submitted to Pinnacle's Chief Compliance Officer.

Compliance with this Code of Conduct and the Compliance Plan are criteria used in evaluating the performance of Staff Members. Violations of any of these policies and procedures will be addressed as specified in the Compliance Plan. This Code of Conduct may be revised from time to time, as Pinnacle deems appropriate. To the extent that any other policies or procedures are adopted by Pinnacle, such as those contained in Pinnacle's Employee Handbook, such other policies and procedures should be consistent with this Code of Conduct. In case of any inconsistency, this Code of Conduct governs.

COMPLIANCE WITH THIS CODE OF CONDUCT IS A CONDITION OF EMPLOYMENT OR OTHER ENGAGEMENT WITH PINNACLE. THIS CODE OF CONDUCT IS NOT, HOWEVER, A CONTRACT OF EMPLOYMENT OR OTHER ENGAGEMENT WITH PINNACLE, AND IT IS NOT INTENDED TO GIVE ANY EXPRESS OR IMPLIED RIGHTS OF CONTINUED EMPLOYMENT OR ENGAGEMENT WITH PINNACLE.

B. Oversight & Communications Regarding Compliance.

Pinnacle has designated a Compliance Officer, whose role is to oversee compliance with this Code of Conduct and Pinnacle's compliance policies and practices. The Compliance Officer works closely in conjunction with the Compliance Committee, and together the Compliance Officer and Compliance Committee oversee the compliance activities of Pinnacle.

The name of the Compliance Officer, the members of the Compliance Committee, and means for communicating with them, may be found posted in a common area in each Pinnacle facility.

Any questions regarding this Code of Conduct and Compliance Plan should be directed to the Compliance Officer. Actual or suspected violations of the Code of Conduct or Compliance Plan must be reported to the Compliance Officer by mail, email, telephone, compliance boxes

located in each facility or by utilizing Pinnacle's Compliance Hotline. (See **Section G.3.** of this Code of Conduct for additional reporting information.)

Compliance Hotline: (844) 755 - 3399

C. Preserving Privacy & Security.

1. Patient Information.

We are entrusted by our patients with sensitive, personal and identifying information of a confidential nature. Under (1) the Health Insurance Portability and Accountability Act of 1996 and its implementing regulations, as amended ("HIPAA"), (2) Federal Regulations Governing the Confidentiality of Alcohol and Drug Abuse Patient Records Found at 42 C.F.R. Part 2, and (3) other federal and state privacy laws, we must maintain and protect patient information from inappropriate disclosure. Pinnacle is committed to maintaining the privacy, confidentiality and security of patient information.

Information is collected by Pinnacle's Staff Members regarding each patient's medical condition, history, medications, and family histories, as well as certain financial and benefits information, to provide appropriate quality care and seek reimbursement for such care. Under HIPAA, "Protected Health Information" ("PHI") consists of any information that can identify a patient and that relates to the patient's health condition, treatment or payment for health care. PHI includes a broad range of information, whether in paper, electronic or oral format, including not only the patient's medical record and related information, but also billing information about the patient and patient mailing lists. Under 42 C.F.R. Part 2, even the fact that an individual is a patient of Pinnacle is a matter of confidentiality.

This information, which may be included in medical records and in business records of Pinnacle, must be kept confidential and must be protected against theft, loss or improper disclosure. Consistent with the privacy regulations under HIPAA and 42 C.F.R. Part 2, this information may not be disclosed unless otherwise permitted or required by law. **No Staff Member may view or access patient information other than as necessary to perform his or her job.** All uses and disclosures must be consistent with Pinnacle's HIPAA Privacy Rule and HIPAA Security Rule Policy Manuals and related policies and procedures.

Inappropriate or unauthorized disclosures may result not only in discipline by Pinnacle, but also may result in civil and financial penalties, and even criminal proceedings in egregious situations. Further, the failure to maintain the privacy and security of our patients' information can break our patients' trust in Pinnacle and our care and may harm the reputation of Pinnacle in the community. **If you become aware of or suspect any unauthorized use, disclosure, theft or breach of PHI, you must immediately report it to Pinnacle's HIPAA Privacy Officer.** More information may be found in Pinnacle's HIPAA Privacy Rule and HIPAA Security Rule Policy Manuals.

2. Business Information.

Information regarding Pinnacle's strategies and operations are a valuable asset of Pinnacle, and such information is also confidential. This information includes, without limitation,

patient lists and clinical information; pricing and cost data; information pertaining to acquisitions, affiliations and mergers; financial data; research data; strategic plans; marketing strategies; techniques; proprietary computer software; and data maintained by Pinnacle's vendors and suppliers. You should deem any document or computerized record of Pinnacle to contain Pinnacle's confidential and proprietary information. All Staff Members are obligated to protect and safeguard this confidential, sensitive, and proprietary information in a manner designed to prevent the unauthorized access, use or disclosure of this information. In addition, in the course of normal business activities, suppliers, customers and competitors may divulge information that is proprietary to their business. Such confidences should be respected and such information must not be disclosed beyond authorized purposes.

D. Workplace Health & Safety.

Pinnacle is committed to maintaining a safe and healthy workplace. To that end, if you see any unsafe, hazardous or unhealthful condition in the workplace, you must immediately report the condition to your supervisor. If the condition is something you can easily remedy without harm to yourself (e.g., you find debris near a doorway entrance you can easily sweep up to prevent a tripping or slipping hazard), you should do so. Safety is everyone's concern and responsibility.

With respect to workplace health and safety, be reminded that:

1. You must follow Pinnacle's policies and procedures for handling and disposing of medical waste.
2. Threatening, aggressive, bullying or abusive behavior toward others is not tolerated at any time.
3. Weapons of any kind are not permitted on the premises of Pinnacle, including both its internal premises (the offices and building) and external premises (the parking lot and any real property belonging to Pinnacle).
4. The use of illegal or unauthorized drugs or the consumption of alcohol is strictly prohibited in the workplace. Likewise, reporting to work while under the influence of illegal or unauthorized drugs or alcohol, or smelling of illegal or unauthorized drugs or alcohol consumption, can lead to discipline, up to and including termination.

Further information may be found in Pinnacle's Employee Handbook.

E. Workplace Conduct.

1. Employment Standards, Policies and Procedures.

Pinnacle has set forth in its Employee Handbook important standards, policies and procedures concerning employment practices and conduct of Pinnacle. All Staff Members are expected to understand and abide by the standards, policies and procedures set forth in the Employee Handbook, and such compliance is essential to the legal and ethical conduct promoted by this Code of Conduct.

2. Social Media.

Pinnacle has set forth in its Employee Handbook important standards, policies and procedures concerning social media. All Staff Members are expected to understand and abide by the standards, policies and procedures set forth in the Employee Handbook, and such compliance is essential to the legal and ethical conduct promoted by this Code of Conduct.

Pinnacle has devoted considerable time and resources to building its reputation and good will. These are valuable and important assets to Pinnacle. Your use of social media may negatively impact Pinnacle, so bear this in mind when using social media on your own time. You are responsible for your own conduct and you are solely responsible for what you post online. Before creating online content, consider some of the risks and rewards that are involved. Keep in mind that any of your conduct that adversely affects your job performance, the performance of co-workers or otherwise adversely affects Pinnacle management, patients, suppliers, people who work for or on behalf of Pinnacle or Pinnacle's legitimate business interests, may result in disciplinary action up to and including termination.

Further information may be found in Pinnacle's Employee Handbook.

3. License and Certification Renewals.

All licensed, registered and certified Staff Members are responsible for maintaining and ensuring the validity of their respective licenses, registrations, certifications or other credentials.

4. Use of Pinnacle's Property.

As a general rule, Staff Members are expected to use Pinnacle's assets, including time, materials, supplies, equipment, information and other resources ("Assets") in a prudent and effective manner for business-related purposes only. The use of Assets for community or charitable purposes, or for personal uses, must be approved by supervising Staff Members, in advance. Any use of Assets for personal financial gain is prohibited.

F. Quality of Care.

Pinnacle is committed to providing quality care. Pinnacle will monitor its performance against recognized standards, including, but not limited to, government health care and private reimbursement program requirements. Any deficiencies discovered by Pinnacle or any third party will be addressed. Pinnacle will not only respond to identified deficiencies, but will make reasonable efforts to be proactive by identifying and responding to quality of care risks prior to the occurrence of any deficiencies.

G. Ethical and Legal Compliance.

1. Compliance.

Staff Members are expected to engage in ethical and legal conduct at all times. Staff Members must comply with all applicable federal, state and local laws and regulations, and

government health care and private reimbursement program requirements to which Pinnacle is bound by law or pursuant to lawfully executed contracts. Staff Members must comply with this Code of Conduct, the Compliance Plan and all other policies, procedures and protocols adopted by Pinnacle from time to time. This compliance requirement includes all licensure rules and regulations, and all applicable standards of professional practice.

The laws, rules, regulations, policies and procedures to which Staff Members are bound are extensive and subject to change. Staff Members are expected to be aware of and to follow the laws, rules, regulations, policies and procedures applicable to their respective job activities. To assure compliance, all Staff Members are expected to attend compliance education and training sessions designated for their areas of responsibility and job titles.

2. Leadership.

While all Staff Members are expected to comply with this Code of Conduct, those in a leadership position, such as those in management or other positions of authority, are expected to serve as role models. Such Staff Members are expected to ensure that those under their direction have sufficient information and guidance to be able to comply with applicable federal and state laws, regulations and policies, and to resolve ethical dilemmas. Such Staff Members must strive to promote an appropriate standard of ethical and legal performance.

3. Reporting.

Staff Members are required to report immediately to Pinnacle's Compliance Officer or another member of the Compliance Committee any actual or perceived violation of law, this Code of Conduct, the Compliance Plan, or any other policies or procedures adopted by Pinnacle. Pinnacle takes all reports of non-compliance seriously, and all reports made in good faith may be made without fear of retribution or retaliation. Pinnacle will make efforts to maintain the confidentiality of any individual reporting misconduct; however, confidentiality cannot be guaranteed, as requirements of applicable law and the circumstances associated with the misconduct may require or result in disclosure.

Reports may be made to the Compliance Officer in person, by calling the Compliance Hotline, by email or anonymously by placing a typed letter in a sealed envelope addressed to the Compliance Officer and placed with such individual's ordinary mail or in any compliance mailbox maintained by Pinnacle. The reporter is encouraged to provide as much information as possible to assist with the issue at hand.

Compliance Hotline: (844) 755 - 3399

It is Pinnacle's policy that no Staff Member will be disciplined or retaliated against for reporting what is reasonably believed to be an act of wrongdoing or a violation of law, this Code of Conduct or the Compliance Plan. However, a Staff Member may be subject to disciplinary action if it is reasonably determined that the report of wrongdoing was knowingly fabricated, distorted, exaggerated or minimized to either injure someone else or to protect others. Further, a Staff Member whose report of potential misconduct contains admissions of personal wrongdoing will not be guaranteed protection from potential disciplinary action. The fact of an admission, however, as opposed to deliberate non-reporting, will be taken into consideration in connection

with making a disciplinary decision, and depending on all of the relevant circumstances, may result in a lesser disciplinary action than would result in the event of non-reporting.

4. Investigation.

It is the responsibility of the Compliance Officer to ensure that each report of a potential violation is appropriately documented and promptly investigated. It is the responsibility of the Compliance Officer to ensure that an objective and informed version of the facts is uncovered during the investigation, and that each matter investigated is brought to a satisfactory conclusion. The Compliance Officer will periodically inform Pinnacle's principals, senior management and, if appropriate, its legal counsel of the reports received and the investigations conducted. If the compliance matter potentially involves in any way the Compliance Officer, other members of the Compliance Committee will be responsible for ensuring the prompt investigation and satisfactory conclusion of the matter. Staff Members are expected to cooperate fully in the investigative process.

5. Corrective Actions.

Pinnacle does not promote or condone unethical conduct or criminal activity in any context. Pinnacle recognizes, however, that the laws, regulations, rules and policies applicable to Pinnacle and its Staff Members are complex and often subject to interpretation. Pinnacle also understands that mistakes may occur. Accordingly, the Compliance Committee is charged with the obligation to assess all of the relevant facts and circumstances surrounding reported misconduct and to recommend appropriate corrective actions.

Pinnacle is committed to correcting legal and ethical wrongdoing to ensure that Pinnacle's Staff Members adhere to both the letter and spirit of the applicable federal and state laws and standards. Pinnacle's corrective actions may include further training and education, amendment or clarification of policies and procedures, or creating and implementing new policies and procedures. Corrective actions may also include, as deemed necessary or appropriate under the circumstances, disciplinary actions in respect to the individual or individuals involved in the misconduct, including termination and, if appropriate, referral to government authorities for further action. All Staff Members are expected to cooperate fully with any corrective actions adopted by Pinnacle.

H. Avoiding Abuses of Trust.

1. Conflicts of Interests; Disclosure.

Staff Members are expected to avoid engaging in any activity that might interfere or appear to interfere with the independent exercise of professional judgment, such as when a Staff Member's personal interests conflict with the best interests of Pinnacle or its patients or business partners.

A conflict of interest may arise if personal interests or outside activities influence, or appear to influence, the ability to make objective decisions related to job responsibilities. Staff Members with decision making authority, including governing body members, managers and supervisors, must disclose actual and potential conflicts of interest to the Compliance Committee.

Failure to disclose a conflict of interest will lead to disciplinary action, up to and including termination. All actual and potential conflicts will be reviewed and appropriate actions taken.

2. Receiving Gifts from Patients.

Patients and their families may occasionally wish to give gifts to Staff Members as a token of appreciation. By accepting such gifts, however, Staff Members may create expectations of favored status or preferential treatment to the patient or families. Accordingly, Staff Members must consider the circumstances before accepting any gift, and must consult with the Compliance Officer before accepting any gift that could be considered extraordinary or otherwise unreasonable under the circumstances. Pinnacle may, from time to time, adopt policies and procedures concerning gifts from patients, or rule on any specific gift of which it becomes aware.

3. Receiving Business Courtesies from Referral Sources.

Business courtesies may not be solicited under any circumstances. No Staff Member may accept anything of value from someone doing business with Pinnacle if the business courtesy is offered or appears to be offered in exchange for any type of favorable treatment or advantage or is for, or to influence, the referral of patients or other reimbursable business from or to Pinnacle. Staff Members must never give to or receive from any vendor or potential vendor any bribe, kickback or other payment. Federal and state laws and regulations specifically prohibit the offer or acceptance of a bribe, kickback or other thing of value in exchange for or to induce a referral or other business.

To avoid even the appearance of impropriety, Staff Members are not to accept any gifts or promotional items of more than nominal value without express written approval of the Compliance Officer or, as may be required, Pinnacle by resolution of the governing body. All gifts received that are valued in excess of \$10.00 per item or \$50.00 in the annual aggregate must be reported to the Compliance Officer or another member of the Compliance Committee identified for such purposes.

4. Giving Business Courtesies to Patients or Referral Sources.

Pinnacle does not seek to gain an improper advantage by offering business courtesies such as entertainment, meals, or free services to patients, referral sources or purchasers of Pinnacle's services. Staff Members should not offer any type of business courtesy to a referral source or a patient for the purpose of obtaining favorable treatment or advantage. To avoid even the appearance of impropriety, Staff Members must not provide any referral source or patient with gifts or promotional items of more than nominal value.

Pinnacle may, from time to time, adopt policies concerning professional courtesies for Staff Members of Pinnacle, as well as other individuals. Currently, no such policy applies or can apply to beneficiaries of any federal health care benefit program, such as Medicare and Medicaid, unless there has been a good faith showing of financial need. Any Staff Member who may have a concern or question concerning such policies should contact the Compliance Officer.

I. Business Practices.

1. Relationships with Contractors, Suppliers and Vendors.

Pinnacle will manage its contractor, supplier and vendor relationships in a fair and reasonable manner, consistent with all applicable federal and state laws and regulations. Pinnacle's selection of contractors, suppliers and vendors will be made on the basis of objective business criteria and not be based on personal relationships and friendships. Pinnacle expects its Staff Members to maintain ethical conduct when engaging in business practices such as source selection, negotiation, determination of contract awards, and administration of purchasing activities.

2. Government Customers.

Pinnacle, on a regular basis, is a party to numerous contracts and subcontracts with various government agencies. Examples are provider contracts wherein Pinnacle supplies services to or on behalf of the Medicaid program, either directly or as a subcontractor. It is essential that all Staff Members are knowledgeable of, and comply with, the applicable federal and state laws, rules and regulations of government agencies. Billing personnel must also comply with Pinnacle's policies and procedures regarding billing and reimbursement. Any Staff Member who may have a concern or question concerning compliance with any government contract or subcontract should report the concern to the Compliance Officer.

3. Kickbacks and Other Inducements.

Staff Members shall not solicit, offer, receive or pay any financial inducement, gift, payoff, kickback or bribe to induce, influence or reward favorable decisions of any government personnel or representative, any customer, contractor, or vendor in a commercial transaction, or any person in a position to benefit Pinnacle or other Staff Members in any way. Staff Members are prohibited from engaging in any such unlawful business practices, either directly or indirectly. Staff Members shall not make or offer payment or provide any other thing of value to another person with the understanding or intention that such payment or other thing of value is to be used for an unlawful purpose.

4. Billing and Financial Reporting.

Pinnacle is committed to ensuring that Pinnacle's billing and reimbursement practices comply with applicable federal and state laws, regulations, guidelines and policies, as well as any third party payor requirements, and that all bills and claims are accurate and reflect current payment methodologies. Staff Members must use their best efforts to prevent, and if appropriate, to report to the Compliance Officer, errors, improprieties or suspicious circumstances in billing that could violate applicable federal and state laws or regulations, or any of Pinnacle's policies or procedures.

Staff Members shall be honest and accurate in coding for services rendered, filing claims for reimbursement, seeking payment for services rendered and maintaining financial records. Staff Members shall not submit false, fraudulent or misleading bills or claims to any patient, any government entity or third party payor, including, but not limited to, bills or claims

for services not provided or that characterize the service differently from the actual service, or that do not otherwise comply with applicable program or contractual requirements.

Pinnacle does not knowingly contract with, employ, or bill for services rendered by an individual or entity that is excluded or ineligible to participate in federal or state health care programs, or that is suspended or debarred from federal or state government contracts, or that has been convicted of a criminal offense related to the provision of health care items or services. Staff Members shall immediately report to the Compliance Officer or to another member of the Compliance Committee any information Staff Members may possess concerning the exclusion, suspension, debarment or other ineligibility of the Staff Member, other Staff Members or other individuals or entities with which Pinnacle has or is considering a business relationship.

5. Marketing and Advertising.

Pinnacle may engage in marketing and advertising activities, including to educate the public, increase awareness regarding services, and recruit staff. Pinnacle will present only truthful, non-deceptive information in marketing materials. Staff Members shall be honest in communications with patients and their families, attorneys, auditors and with all those with whom Pinnacle does business. Staff members shall not make any misleading statements about Pinnacle's services or products or about those of its competitors.

J. Acknowledgement Process.

Staff Members are expected to read and comply with this Code of Conduct. Questions concerning this Code of Conduct should be directed to the Compliance Officer. Each of the Staff Members is expected to sign and return to Pinnacle a written acknowledgement that he or she has read this Code of Conduct, understands its terms and agrees to comply with it.