STRAITH HOSPITAL FOR SPECIAL SURGERY
CODE OF CONDUCT

PURPOSE

This Code of Conduct has been adopted by the Straith Hospital Board of Trustees to provide standards by which employees of Straith Hospital will conduct themselves in order to protect and promote organization-wide integrity and to enhance Straith Hospital's ability to accomplish its mission. This Code of Conduct sets forth for the Hospital's directors, employees and agents the ethical framework within which the Hospital operates, and advises them that they are expected to abide by these principles and standards, including abiding by applicable laws.

INTRODUCTION

The Code of Conduct contains Principles articulating the policy of the Straith Hospital and Standards, which are intended to provide additional guidance to persons functioning in managerial or administrative Capacities. The Principles and Standards shall be distributed to directors, officers, employees, and medical staff members having administrative or managerial responsibilities. All employees are responsible to ensure that their behavior and activity is consistent with the Code of Conduct.

In this Code of Conduct, "Straith Hospital" and "Hospital" mean Straith Hospital for Special Surgery, a Michigan non-profit corporation. The terms "employee," "officer," "agent" and "director" include all persons who fill such roles or positions on behalf of Straith Hospital. “Covered persons," means the Hospital's officers, the members of the Board of Trustees, the members of the Compliance Committee, the Compliance Officer and any additional individual employee or agent so designated and notified in writing by the Hospital's Chief Executive Officer.

PRINCIPLES AND STANDARDS

Principle 1 - Legal Compliance

Straith Hospital will strive to ensure all activity by or on behalf of the organization is in compliance with applicable laws.

The following Standards are intended to provide guidance to employees and management to assist them in their obligation to comply with applicable laws. These standards are neither exclusive nor complete. Employees are required to comply with all applicable laws, whether or not they are specifically addressed in these policies. If questions regarding the existence, interpretation or application of any law arises, they should be directed to Straith Hospital's Compliance Officer.

Standard 1.1 - Antitrust

All employees must comply with applicable antitrust and similar laws, which regulate competition. Examples of conduct prohibited by the laws include (1) agreements to fix prices, bid
rigging, collusion (including price sharing) with competitors; (2) boycotts, certain exclusive dealing and price discrimination agreements; and (3) unfair trade practices including bribery, misappropriation of trade secrets, deception, intimidation and similar unfair practices. Employees are expected to seek advice from the Straith Hospital Compliance Officer when confronted with business decisions involving a risk of violation of the antitrust laws.

Standard 1.2 - Tax

As a nonprofit entity, Straith Hospital has a legal and ethical obligation to act in compliance with applicable laws, to engage in activities in furtherance of its charitable purpose and to ensure that its resources are used in a manner which furthers the public good rather than the private or personal interests of any individual. Consequently, Straith Hospital and its employees will avoid compensation arrangements in excess of fair market value, will accurately report payments to appropriate taxing authorities, and will file all tax and information returns in a manner consistent with applicable laws.

Standard 1.3 - Fraud and Abuse

Straith Hospital expects its employees to refrain from conduct, which may violate the fraud and abuse laws. These laws prohibit (1) direct, indirect or disguised payments in exchange for the referral of patients; (2) the submission of false, fraudulent or misleading claims to any government entity or third party payer, including claims for services not rendered, claims which characterize the service differently than the service actually rendered or claims which do not otherwise comply with applicable program or contractual requirements; and (3) making false representations to any person or entity in order to gain or retain participation in a program or to obtain payment for any service.

Standard 1.4 – Lobbying/Political Activity

Straith Hospital expects each of its employees to refrain from engaging in activities which may jeopardize the tax-exempt status of the organization including a variety of lobbying and political activities.

1. No individual may make any agreement to contribute any money, property, or services of any officer at Straith Hospital's expense to a political candidate, party, organization, committee or individual in violation of any applicable law. Officers and employees may personally participate in and contribute to political organizations or campaigns, but they must do so as individuals, not as representatives of Straith Hospital and they must use their own funds.

2. Where experience may be helpful, Straith Hospital may publicly offer recommendations concerning legislation or regulations being considered. In addition, it may analyze and take public positions on issues that have a relationship to the operations of Straith Hospital, when experience contributes to the understanding of such issues.

3. Straith Hospital has many contacts and dealings with governmental bodies and officials. All such contacts and transactions shall be conducted in an honest and ethical manner. Any attempt
to influence the decision-making process of governmental bodies or officials by an improper offer of any benefit is absolutely prohibited. Any requests or demands by any governmental representative for any improper benefit should be immediately reported to the Straith Hospital Compliance Officer.

**Standard 1.5 - Environmental**

It is the policy of Straith Hospital to manage and operate its business in the manner which respects our environment and conserves natural resources. Straith Hospital employees will strive to utilize resources appropriately and efficiently, to recycle where possible and otherwise dispose of all waste in accordance with applicable laws and regulations. Our employees will work cooperatively with the appropriate authorities to remedy any environmental contamination for which Straith Hospital may be responsible.

**Standard 1.6 - Discrimination**

Straith Hospital believes that the fair and equitable treatment of employees, patients and other persons is critical to fulfilling its vision and goals.

It is a policy of Straith Hospital to treat patients without regard to the race, color, religion, sex, ethnic origin, age or disability of such person, or any other classification prohibited by law.

It is policy of Straith Hospital to recruit, hire, train, promote, assign, transfer, layoff, recall and terminate employees based on their own ability, achievement, experience and conduct without regard to race, color, religion, sex, ethnic origin, age, disability, or any other classification prohibited by law.

No form of harassment or discrimination on the basis of sex, race, color, disability, age, religion, ethnic origin, disability or any other classification prohibited by law will be permitted. Each allegation of harassment or discrimination will be promptly investigated in accordance with applicable human resource policies.

**Principle 2 - Business Ethics**

In furtherance of Straith Hospital's commitment to the highest standards of business ethics and integrity, employees will accurately and honestly represent Straith Hospital and will not engage in any activity or scheme intended to defraud anyone of money, property or honest services.

The Standards set forth below are designed to provide guidance to ensure that Straith Hospital's business activities reflect the highest standards of business ethics and integrity. Employee conduct not specifically addressed by these standards must be consistent with Principle 2.
Standard 2.1 - Honest Communication

Straith Hospital requires candor and honesty from individuals in the performance of their responsibilities and in communication with our attorneys and auditors. No employee shall make false or misleading statements to any patient, person or entity doing business with Straith Hospital about other patients, persons or entities doing business with Straith Hospital, or about the products or services of Straith Hospital or its competitors.

Standard 2.2 - Misappropriation of Proprietary Information

Straith Hospital employees shall not misappropriate confidential or proprietary information belonging to another person or entity, nor utilize any publication, document, computer program, information or product in violation of a third party's interest in such product. All Straith Hospital employees are responsible to ensure they do not improperly copy for their own use documents or computer programs in violation of applicable copyright laws or licensing agreements. Employees shall not utilize confidential business information obtained from competitors (including customers’ lists, price lists, contracts or other information in violation of a covenant not to compete, prior employment agreements) in any manner likely to provide an unfair competitive advantage to Straith Hospital.

Standard 2.3 - Fraud and Abuse

Straith Hospital's standard regarding Fraud and Abuse is set forth under Standard 1.3, above.

Principle 3 - Confidentiality

Straith Hospital employees shall strive to maintain the confidentiality of patient and other confidential information in accordance with applicable legal and ethical standards.

Straith Hospital and its employees are in possession of and have access to a broad variety of confidential, sensitive and proprietary information. Inappropriate release of said information could be injurious to individuals, Straith Hospital and its business partners. Every employee has an obligation to actively safeguard confidential, sensitive and proprietary information in a manner designed to prevent the unauthorized disclosure of information.

Standard 3.1 – Patient/Member Information

All Straith Hospital employees have an obligation to conduct themselves in accordance with the principle of maintaining the confidentiality of patient and member information in accordance with all applicable laws and regulations. Employees shall refrain from revealing any personal or confidential information concerning patients or members unless supported by legitimate business or patient care purposes. If questions arise regarding an obligation to maintain the confidentiality of information or the appropriateness of releasing information, employees should seek guidance from Straith Hospital's Chief Executive Officer or Chief Financial Officer.
Standard 3.2 - Proprietary Information

Information, ideas and intellectual property assets of Straith Hospital are important to organizational success. Information pertaining to Straith Hospital’s competitive position or business strategies, payment and reimbursement information, and information relating to negotiations with third parties should be protected and shared only with employees having a need to know such information in order to perform their job responsibilities. Employees should exercise care to ensure that intellectual property rights, including patents, trademarks, copyrights and software, is carefully maintained and managed to preserve and protect its value.

Standard 3.3 - Personnel Actions/Decisions

Salary, benefit and other personal information relating to employees shall be treated as confidential. Personnel files, payroll information, disciplinary matters and similar information shall be maintained in a manner designed to ensure confidentiality in accordance with applicable laws. Employees will exercise due care to prevent the release or sharing of information beyond those persons who may need such information to fulfill their job function.

Principle 4 - Conflicts of Interest

Directors, officers, committee members and key employees owe a duty of undivided and unqualified loyalty to the organization. Persons holding such positions may not use their positions to profit personally or to assist others in profiting in any way at the expense of the organization. (Please refer to the Straith Hospital Conflict of Interest Policy for further guidance.)

All covered persons are expected to regulate their activities so as to avoid actual impropriety and/or the appearance of impropriety, which might arise from the influence of those activities on business decisions of Straith Hospital, from disclosure or private use of business affairs or plans of Straith Hospital.

Standard 4.1 - Outside Financial Interests

While not all inclusive, the following will serve as a guide to the types of activities by a covered person, or household member of such person, which might cause conflicts of interest:

- Ownership in or employment by any outside concern which does business with Straith Hospital. This does not apply to stock or other investments held in a publicly held corporation, provided the value of the stock or other investments does not exceed 5% of the corporation's stock. Straith Hospital may, following a review of the relevant facts, permit ownership interests which exceed these amounts if management concludes such ownership interests will not adversely impact Straith Hospital's business interest or the judgment of the covered person.

- Conduct any business not on behalf of Straith Hospital with any vendor, supplier, contractor, agency, or any of their officers or employees.
- Representation of Straith Hospital by a covered person in any transaction in which he or she or a household member has a substantial personal interest.

- Disclosure or use of confidential, special or inside information of or about Straith Hospital, particularly for personal profit or advantage of the covered person or a household member.

- Competition with Straith Hospital by a covered person, directly or indirectly, in the purchase, sale or ownership of property or property rights or interests, or business investment opportunities.

**Standard 4.2 - Services for Competitors/Vendors**

No covered person shall perform work or render services for any competitor of Straith Hospital or for any organization with which Straith Hospital does business or which seeks to do business with Straith Hospital outside of the normal course of his/her employment with Straith Hospital without the approval of the Chief Executive Officer of Straith Hospital. Nor shall any such employee be a director, officer, or consultant of such an organization, permit his/her name to be used in any fashion that would tend to indicate a business connection with such organization.

**Standard 4.3 - Participation on Boards of Directors/Trustees**

1. A covered person must obtain approval from the Chief Executive Officer prior to serving as a member of the Board of Directors/Trustees of any organization whose interests may conflict with those of Straith Hospital.

2. A covered person who is asked or seeks to serve on the Board of Directors/Trustees of any organization whose interest would not impact Straith Hospital (for example, civic, charitable, fraternal and so forth) will not be required to obtain such approval. However, upon accepting any such position the covered person must notify the Hospital's Chief Executive Officer of the position in writing.

3. All fees/compensation (other than reimbursement expenses arising from Board participation) that are received for Board services provided during normal work time shall be paid directly to Straith Hospital.

4. A covered person must disclose all Board of Directors /Trustees activities annually to the Chief Executive Officer for his/her reporting to the Strait Hospital Board of Trustees.

5. Straith Hospital retains the right to prohibit membership on any Board of Directors/Trustees where such membership might conflict with best interest of Straith Hospital.

6. Questions regarding whether or not Board participation might present a conflict of interest should be discussed with the Chief Executive Officer.
Standard 4.4 - Honoraria

Employees of the Hospital are, with the permission of their supervisors, encouraged to participate as faculty and speakers at educational programs and functions. However, any honoraria in excess of $500 shall be turned over to the Hospital unless either (1) there is a written agreement between the Hospital and the employee prior to the event giving rise to the honorarium stating a different requirement, or (2) the employee used paid time off to attend the program or that portion of the program for which the honorarium is paid.

Principle 5 - Business Relationships

Business transactions with vendors, contractors and other third parties shall be transacted free from offers or solicitation of gifts and favors or other improper inducements in exchange for influence or assistance in a transaction.

The Standards set forth below are intended to guide key employees in determining the appropriateness of the listed activities or behaviors within the context of Straith Hospital business relationships, including relationships with vendors, providers, contractors, third party payers and government entities. It is the intent of Straith Hospital that this policy be construed broadly to avoid even the appearance of improper activity. If there is any doubt or concern about whether specific conduct or activities are ethical or otherwise appropriate, you should contact the Hospital's Chief Executive Officer.

Standard 5.1 - Gifts and Gratuities

It is Straith Hospitals’ desire to at all times preserve and protect its reputation and to avoid the appearance of impropriety.

1. **Gifts from Patients or Members:** Employees are prohibited from soliciting tips, personal gratuities and gifts from patients and members or accepting monetary tips or gratuities. Employees may accept gratuities and gifts of a nominal value from patients and members. If a patient or another individual wishes to present a monetary gift, he/she should be referred to the Hospital's Chief Financial Officer.

2. **Gifts Influencing Decision-making:** Employees shall not accept gifts, favors, services, entertainment or other things of value to the extent that decision-making or actions affecting Straith Hospital might be influenced. Similarly, the offer or giving of money, services or other things of value with the expectation of influencing the judgment or decision making process of any purchaser, supplier, customer, government official or other person by Straith Hospital is absolutely prohibited. Any such conduct must be reported immediately to the Chief Executive Officer.

3. **Gifts from Existing Vendors:** Employees may retain gifts from vendors, which have a nominal value. (Straith Hospital has made no attempt to define "nominal" as a specific dollar value. Rather, Straith Hospital expects its employees to exercise good judgment and discretion in accepting gifts). If an employee has any concern whether a gift should be accepted, the employee should consult with his/her supervisor.
To the extent possible, these gifts should be shared with the employee’s coworkers. Employees shall not accept excessive gifts, meals, expensive entertainment or other offers of goods or services which have more than a nominal value, nor may they solicit gifts from vendors, suppliers, contractors or other persons.

4. **Vendor Sponsored Entertainment:** At a vendor's invitation, an individual may accept meals or refreshments at the vendor's expense. Occasional attendance at a local theater or sporting event or similar entertainment at vendor expense may also be accepted. In most circumstances, a regular business representative of the vendor should be in attendance with the employee.

Nothing in this policy shall prohibit the Chief Executive Officer from establishing stricter rules relating to the acceptance of gifts, gratuities or other things of value from vendors.

**Standard 5.2 - Workshops, Seminars and Training Sessions**

Attendance at local, vendor-sponsored workshops, seminars and training sessions is permitted. Attendance at vendor expense, at out of town seminars, workshops and training sessions is permitted only with the approval of an employee's supervisor.

**Standard 5.3 - Contracting**

Employees may not utilize "insider" information for any business activity conducted by or on behalf of Straith Hospital. All business relations with contractors must be conducted at arm's length both in fact and in appearance and in compliance with Straith Hospital policies and procedures. Employees must disclose personal relationships and business activities with contractor personnel, which may be construed by an impartial observer as influencing the employees' performance or duties. Employees have a responsibility to obtain clarification from the Chief Executive Officer on questionable issues, which may arise and to comply, where applicable, with Straith Hospital's Conflict of Interest Policy.

**Standard 5.4- Business Inducements**

Straith Hospital employees shall not seek to gain any advantage through the improper use of payments, business courtesies or other inducements. Offering, giving, soliciting or receiving any form of bribe or other improper payment is prohibited.

Appropriate commissions, rebates, discounts and allowances are customary and acceptable business inducements provided that Straith Hospital management approves them and that they do not constitute illegal or unethical payments. Any such payments must be reasonable in value, competitively justified, properly documented and made to the business entity to which the original agreement or invoice was made or issued. Such payments should not be made to individual employees or agents of business entities.
In addition, employees may provide gifts, entertainment and meals of nominal value to
Straith Hospital customers, current and prospective business partners and other persons when such
activities have a legitimate business purpose are reasonable and consistent with all applicable
laws.

**Principle 6 - Protection of Assets**

All employees will strive to preserve and protect the corporation's assets by making
prudent and effective use of Straith Hospital resources and properly and accurately
reporting its financial condition.

The Standards set forth below are intended to guide key employees by articulating Straith
Hospital's expectations as they relate to activities or behaviors which may impact Straith
Hospital's financial health or which reflect a reasonable and appropriate use of the assets of a
nonprofit entity.

**Standard 6.1 - Internal Control**

Straith Hospital has established control standards and procedures to ensure that assets are
protected and properly used and that financial records and reports are accurate and reliable. All
employees of Straith Hospital share the responsibility for maintaining and complying with
required internal controls.

**Standard 6.2 - Financial Reporting**

All financial reports, accounting records, expense accounts, time sheets and other
documents must accurately and clearly represent the relevant facts or the true nature of a
transaction. Improper or fraudulent accounting, documentation or financial reporting is contrary
to the policy of Straith Hospital and may be in violation of applicable laws.

**Standard 6.3 - Travel and Entertainment**

Travel and entertainment expenses should be consistent with the employees' job
responsibility and the organization's needs and resources. It is Straith Hospital's policy that an
employee should not suffer a financial loss or a financial gain as a result of business sponsored
travel and entertainment. Employees are expected to exercise reasonable judgment in the use of
Straith Hospital's assets and to spend the organization's assets carefully. Employees must also
comply with Straith Hospital policies relating to travel and entertainment expense.

**Standard 6.4 - Personal Use of Corporate Assets**

All employees are expected to refrain from converting assets of the organization to
personal use. All property and business of the organization shall be conducted in the manner
designed to further Straith Hospital's interest rather than the personal interest of an individual
employee. Employees are prohibited from the unauthorized use or taking of Straith Hospital's
equipment, supplies, materials or services. Prior to engaging in any activity on company time,
which will result in remuneration to the employee or the use of Straith Hospital's equipment,
supplies, materials or services for personal or non-work related purposes, employees shall obtain
the approval of the Chief Executive Officer.

ADMINISTRATION AND APPLICATION OF THIS CODE OF CONDUCT

Straith Hospital expects each person to whom this Code of Conduct applies, to abide by
the Principles and Standards set forth herein and to conduct the business and affairs of Straith
Hospital in a manner consistent with the general statement of principles set forth herein.

Failure to abide by this Code of Conduct or the guidelines for behavior which the Code of
Conduct represents may lead to disciplinary action. For alleged violations of the Code of
Conduct, Straith Hospital will weigh relevant facts and circumstances including but not limited to
the extent to which the behavior was contrary, the employee's history with the organization and
other factors which Straith Hospital deems relevant. Discipline for failure to abide by the Code of
Conduct may, in Straith Hospital's discretion, range from oral correction to termination.

Nothing in this Code of Conduct is intended to nor shall be construed as providing any
additional employment or contract rights to employees or other persons.

While Straith Hospital will generally attempt to communicate changes concurrent with or
prior to the implementation of such changes, Straith Hospital reserves the right to modify, amend
or alter the Code of Conduct without notice to any person or employee.