



# **CORPORATE COMPLIANCE HANDBOOK**

**Southeastern Pathology Associates**

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## **Introduction**

SEPA LABS has developed this Corporate Compliance Manual as a resource, to summarize basic healthcare compliance standards and provide an overview of the SEPA LABS Compliance Program. This Corporate Compliance Manual is not intended to fully describe the laws that apply to personnel or to detail company policies and procedures. This SEPA Corporate Compliance Manual should be read along with the SEPA LABS Code of Conduct, Billing Compliance Manual, and the SEPA Personnel Manual.

## **Patient Care**

SEPA LABS is committed to providing high-quality patient care in the communities we serve, and advocates a responsive management style and a patient-first philosophy based on integrity and competence. We treat our patients with respect and dignity, providing high-quality, compassionate care in a clean, safe environment.

## **Commitment to Corporate Compliance**

SEPA LABS is committed to full compliance with all applicable laws and regulations. Adherence to compliance and ethical standards is part of the job performance evaluation criteria for all SEPA LABS personnel. Failure to comply with these requirements is viewed seriously, and will subject individuals to disciplinary action, up to and including termination. SEPA LABS and its facilities have developed policies and procedures that describe how the duties and obligations of SEPA LABS personnel are to be performed. SEPA LABS personnel are required to know, understand and follow all policies and procedures that apply to their work, and to seek clarification from their supervisor if they have any questions.

## **Code of Conduct**

SEPA LABS has developed a Code of Conduct that is designed to deter wrongdoing and promote honest and ethical conduct. The Code of Conduct details the fundamental principles, values and framework for compliance within the organization, providing guidance on acceptable behavior for SEPA LABS personnel and making clear the expectation that SEPA LABS personnel will comply with all applicable governmental laws, rules and regulations, and will report violations of the law or company policies to appropriate persons. The Code of Conduct is available on the Web at [www.sepalabs.com](http://www.sepalabs.com), from the human resources department, or the SEPA LABS Compliance Officer.

## **Leadership Responsibilities**

SEPA LABS expects its leaders to set the example, to be in every respect a role model. Our leaders help to create a culture that promotes the highest standards of ethics and compliance. This culture must encourage everyone in the organization to share concerns when they arise, without fear of retaliation. We must never sacrifice ethical and compliant behavior in the pursuit of business objectives.

## **SEPA LABS Compliance Program**

SEPA LABS is committed to an effective Compliance Program that includes the following elements:

1. Designation of a SEPA LABS Compliance Officer;
2. Development of written Compliance Policies and Procedures and the SEPA LABS Code of Conduct, which contains written standards of conduct;
3. Appropriate training and education;
4. Internal monitoring and auditing activities; and
5. Enforcement of disciplinary standards.

SEPA LABS Compliance Program is part of the operations of all SEPA LABS facilities and corporate functions. The Compliance Program reviews and evaluates compliance issues and concerns within the organization relating to federal and state healthcare programs, and is designed to assure compliance with all laws, rules and regulations relating to these programs. As a part of its Compliance Program, SEPA LABS has developed this Corporate Compliance Manual, the Code of Conduct, and the Personnel Manual, which are designed to communicate to personnel the intent to comply with all applicable laws and SEPA LABS and facility policies and procedures.

SEPA LABS is committed to an effective Compliance Program that will:

1. Review the organization's business activities and consequent legal compliance and legal risks.
2. Educate all personnel regarding the Code of Conduct and compliance requirements and train relevant personnel to conduct their job activities in compliance with state and federal law and according to the policies and procedures of the Compliance Program.
3. Implement auditing, monitoring and reporting functions to measure the effectiveness of the Compliance Program and to address problems in an efficient and timely manner.
4. Include enforcement and disciplinary components to assure that all personnel take their compliance responsibilities seriously and adhere to all applicable requirements.

Overall responsibility for operation and oversight of the Compliance Program belongs to the SEPA LABS Board of Directors; however, the day-to-day responsibility for operation and oversight rests with the SEPA LABS Chief Compliance Officer, who has direct access to the Board of Directors. The SEPA LABS Chief Compliance Officer is supported in these duties by the SEPA LABS operations and legal personnel.

### **Open Lines of Communication**

SEPA LABS encourages open communication without fear of retaliation. This facilitates our ability to identify and respond to compliance problems. If there are any questions or concerns regarding compliance with state or federal law, or any aspect of the Compliance Program, including the compliance policies or procedures, personnel should seek immediate clarification from their supervisor, the human resources department or the legal department. If anyone has knowledge of, or in good faith suspects, any wrongdoing:

- in the documenting, coding, or billing for services, equipment, or supplies,
- in the organization's financial practices,
- involving any violation of any law or regulation,
- involving a violation of any SEPA LABS or facility policy, or
- any other compliance concern,

They are expected to promptly report it so that an investigation can be conducted and appropriate action taken.

### **Response to Detected Deficiencies**

SEPA LABS is committed to responding consistently and decisively to detected deficiencies. As deficiencies are discovered through audits, reporting mechanisms, and other activities involved with the operation of Compliance Program, corrective measures and disciplinary actions will be developed to address the noncompliance. SEPA LABS has developed policies that set forth the policies and procedures the organization uses for:

- conducting internal investigations,
- developing Corrective Action Plans for specific instances involving compliance-related issues, and
- implementing remedial action, when a gap has been identified in the Compliance Program or a compliance violation is detected, to prevent recurrence of a compliance violation in the organization. Corrective Action Plans and other remedial actions will typically include, among other actions, personnel education and training, additional monitoring and auditing, and can involve reporting to outside agencies as required.

### **Enforcement of Disciplinary Standards**

SEPA LABS personnel who violate the law, SEPA LABS policies, or the guidelines described in the SEPA LABS manuals, including the duty to report suspected violations, are subject to disciplinary action. Disciplinary actions will reflect the severity of the noncompliance, up to and including immediate termination. In addition, adherence to compliance and ethical standards will be part of the job performance evaluation criteria for all personnel. Supervisors are expected to work with the human resources department to assure that each instance involving the enforcement of disciplinary standards is thoroughly documented and that disciplinary standards are enforced consistently across the organization. All SEPA LABS personnel are expected and required to adhere to and follow the SEPA LABS policies. The failure to do so can result in disciplinary action, including but not limited to immediate termination.

### **Reporting Improper Conduct**

SEPA LABS is committed to complying with all applicable laws and regulations, including those designed to prevent and deter fraud, waste and abuse. The organization desires a climate that discourages improper conduct and facilitates open communication of any compliance concerns and/or questions. If any SEPA LABS personnel have knowledge of, or in good faith, suspect any wrongdoing in the documenting, coding, or billing for services, equipment, or supplies; in the organization's financial practices; involving any violation of any law or regulation; or involving a violation of any SEPA

LABS or facility policy, they are expected to promptly report it so that an investigation can be conducted and appropriate action taken. Failure to report suspected violations may result in disciplinary action, up to and including termination.

There are many ways to report suspected improper conduct. In most cases, any concerns should be brought to the attention of a supervisor. However, if this does not result in appropriate action, or if the individual is uncomfortable discussing these issues with their supervisor, they should take their concerns to another member of management or leadership. **Additionally, anonymous reporting may be done using the SEPA Labs Ethics Hotline, and for additional information on this, see the Hotline Ethics Policy on the SEPA Labs website, under Staff / Staff Documents.** Failure to report any known illegal conduct can have serious consequences.

SEPA LABS encourages all personnel to bring any concerns forward immediately using the established internal channels. Individuals may be reluctant to discuss wrongdoing with their supervisors because they fear retaliation. No retaliation will be permitted against SEPA LABS personnel who bring forward concerns made in good faith. Only where it has been clearly determined that someone has made a report of wrongdoing maliciously, frivolously, or in bad faith will disciplinary action be considered.

Below is the procedure for reporting and investigating potential compliance issues:

1. If at any time, SEPA LABS personnel become aware of or suspect illegal or unethical conduct or a violation of SEPA LABS or facility policies, they must report it immediately to an appropriate individual. Such individuals may include their immediate supervisor, Director of Operations, Chief Accounting Officer, Chief Operations Officer, Chief Executive Officer or General Counsel.
2. Self-reporting is encouraged. SEPA LABS personnel who self-report their own wrongdoing or violation of law will be given due consideration in potential mitigation of any disciplinary action that may be taken.
3. Once a report is received, an appropriate person will then conduct an investigation into the allegations to determine the nature, scope, and duration of wrongdoing, if any. SEPA LABS investigates all non-frivolous claims of wrongdoing. If the allegations are substantiated, a plan for corrective action will be developed. Appropriate corrective action may include, for example, restitution of any overpayment amounts, notifying an appropriate governmental agency, disciplinary action or making changes to policies and procedures to prevent future occurrences.
4. Retaliation in any form against anyone who makes a report of wrongdoing or cooperates in an investigation is strictly prohibited. If any individual feels that they have been retaliated against, they should report it immediately, using any of the reporting methods referenced in this policy.
5. **Additionally, anonymous reporting may be done using the SEPA Labs Ethics Hotline, and for additional information on this, see the Hotline Ethics Policy on the SEPA Labs website, under Staff / Staff Documents.**

Our commitment to compliance and ethical conduct depends on all personnel. Should anyone find themselves in an ethical dilemma or suspect inappropriate or illegal conduct, they should remember the internal processes that are available for guidance or for reporting suspected unethical conduct.

### **Supervisors Receiving Complaints**

Supervisors receiving a complaint that raises a potential compliance issue will promptly report the complaint to the Director of Operations, Chief Accounting Officer, Chief Operations Officer, Chief Executive Officer or General Counsel. Complaints that do not raise a potential compliance issue will be referred to the appropriate department (e.g., risk management, human resources, facility management). Supervisors will not take any retaliatory action against personnel who report complaints in good faith and/or cooperate in an investigation. Retaliation or reprisal against anyone for reporting a complaint in good faith or cooperates in an investigation is strictly prohibited by law and is a violation of SEPA LABS policies. Only where it has been clearly determined that someone has made a report of wrongdoing maliciously, frivolously, or in bad faith will disciplinary action be considered.

### **Medical Records**

SEPA LABS strives to ensure facility medical records are accurate and provide information that documents the treatment provided and supports the claims submitted. Tampering with or falsifying medical records, financial documents or other business records of SEPA LABS will not be tolerated. The confidentiality of patient records and information must be maintained in accordance with privacy and security laws and regulations that protect patient information, including protected health information (PHI) under HIPAA and HITECH and applicable state laws.

### **Internal Monitoring and Auditing**

SEPA LABS personnel are expected to cooperate with all SEPA LABS-authorized auditing and monitoring activities. SEPA LABS develops a yearly audit work plan for the organization, including risk assessment results. SEPA LABS initiates compliance audits at least annually, and more often as needed, to identify problems deemed high-risk for compliance and to address other significant compliance issues. Audit reports prepared by SEPA LABS are presented to the SEPA LABS Board of Directors and audit work plans are reviewed annually.

### **Training and Education**

SEPA LABS provides compliance training and education for its personnel that:

- Reviews the elements of the Compliance Program
- Provides information about applicable laws, policies and procedures
- Discusses the ethical standards and compliance expectations set forth in the SEPA LABS policies.

The purpose of the training and education program is to ensure that personnel and other individuals that function on behalf of SEPA LABS are fully capable of performing their work in compliance with rules, regulations, and other standards.

## **Ineligible Persons – Excluded Individuals and Entities**

SEPA LABS does not do business with, hire or bill for services rendered by individuals or entities that are excluded or ineligible to participate in federal healthcare programs. SEPA LABS human resources department is responsible for screening personnel and maintaining a record of this information. SEPA LABS personnel have a responsibility to report to their supervisor or human resources department if they become excluded, debarred or otherwise ineligible to participate in Federal healthcare programs. SEPA LABS has a compliance policy that describes the policy and requirement that appropriate checks be performed for applicable individuals in accordance with state and federal laws relating to exclusion from government healthcare programs and licensure status. This policy is designed to assure that no government healthcare program payment is sought for any items or services directed or prescribed by a physician, practitioner or contractor who provides and/or orders services and who is an ineligible person.

## **Healthcare Laws, Regulations and Requirements**

This section of the Compliance Manual contains an overview of some of the more important federal laws and regulations that apply to SEPA LABS and its facilities. It is not intended to be a complete discussion of these laws and regulations, or to describe every applicable law and regulation. SEPA LABS expects its personnel to fully comply with all applicable laws and regulations — federal, state, and local. Failure to comply with legal requirements is viewed seriously by SEPA LABS, and can lead to serious disciplinary action, up to and including immediate termination.

### Submission of Accurate Claims and Information

All claims and requests for reimbursement from the Federal healthcare programs including Medicare, Medicaid, and the Veterans Administration – and all documentation supporting such claims or requests — must be complete and accurate and comply with legal requirements. They must reflect reasonable and necessary services ordered by appropriately licensed medical professionals who are participating providers in the healthcare program. This includes, among other important areas, appropriate outpatient procedure coding, admissions and discharges, supplemental payment considerations and the proper use of information technology.

SEPA LABS expects all persons involved in healthcare billing and claims reimbursement activities to submit timely, accurate and proper claims and information. Appropriate documentation is needed to support all claims, and the diagnosis and procedure codes on bills must accurately reflect the information documented in the medical records and other applicable documents. SEPA LABS personnel must adhere to all relevant rules and regulations pertaining to federal and state healthcare program requirements, as well as the applicable facility's billing policies, including but not limited to the following:

- accuracy in all billing activities, including the submission of claims and information,
- billing for items actually rendered,
- billing only for medically necessary services,
- billing with correct billing codes,

- preparing accurate cost reports, and
- assuring that no duplicate billing occurs.

If a billing error is identified subsequent to the submission of a claim to Medicare, Medicaid or other government payer, then steps should be taken to submit the corrected claim. The error should be reported using the following process:

- The facility will use best efforts to quantify the overpayment as soon as practicable,
- The billing department supervisor shall immediately report to the Chief Executive Officer all potential or actual overpayments from government payors in excess of \$25,000,
- Within 60 days after identification of any overpayment from any government payor, the facility will repay the overpayment unless such overpayment would be subject to reconciliation and/or adjustment pursuant to routine policies and procedures established by the government payor or fiscal intermediary, and
- The facility will take remedial steps to correct the problem and prevent the overpayment from recurring.

### **Referral Statutes**

The Anti-Kickback statute and Stark law (Sections 1128B(b) and 1877 of the Social Security Act), as well as certain state laws, prohibit the offer or payment of any compensation or other remuneration to any party for the referral of patients and/or federal healthcare business. The Stark Law prohibits a laboratory from billing Medicare, Medicaid or other government payers for services rendered as a result of an improper financial arrangement with a referring physician or an Immediate Family Member of a referring physician. (“Immediate Family Members” is defined under federal law as spouse; natural 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 the spouse of a grandparent or grandchild.) Financial arrangements with Referral Sources that are governed by the laws can include, but are not limited to: (1) leases, (2) medical directorships, (3) physician services agreements, (4) recruitment arrangements, (5) on-call agreements, and (6) other arrangements.

When SEPA LABS facilities enter into financial arrangements for the purchase of goods and/ or services with physicians (including Immediate Family Members), physician groups, any entity owned or operated by physicians, and/or any other existing or potential healthcare referral sources (“Referral Sources”), they will consider the appropriate use of resources, and all agreements and contracts will be in accordance with legal statutory and regulatory requirements, as well as SEPA LABS and facility policies and procedures.

- SEPA LABS facilities and their personnel will not solicit or receive from any person or entity, nor offer or give to any person or entity, anything of material value if that person or entity is in a position to refer business to a SEPA LABS



facility or if the SEPA LABS facility is in a position to refer business to that person or entity, except as permitted by law.

- SEPA LABS facilities and their personnel will not submit or cause to be submitted a bill or claim for reimbursement for services provided pursuant to a prohibited referral.
- All agreements between SEPA LABS facilities and physicians (including immediate family members of physicians) or other Referral Sources must be submitted in accordance with the SEPA LABS contracting process and will be prepared, reviewed and approved by the SEPA LABS Legal Department to assure their compliance with Anti-Kickback statute, Stark Law, and state law requirements.
- All agreements where remuneration is exchanged between a SEPA LABS facility and a physician or other Referral Source must, at a minimum, be based upon fair market value and commercially reasonable and will not take into account the value or volume of referrals to any SEPA LABS facility.
- SEPA LABS Legal Department will follow generally accepted and established policies, protocols and standards (and will continue to do so in the future as necessary) on the specific requirements for agreements with physicians and other Referral Sources which shall be adhered to and followed by all SEPA LABS facilities and personnel.
- Any non-monetary compensation to physicians on staff is subject to tracking and annual limits and must not be based upon the volume or value of referrals or violate the Anti-Kickback Statute or Stark Law.

### **Quality of Patient Care**

Participation in Medicare and Medicaid requires that hospitals and other healthcare providers deliver care to patients that is medically necessary and is of a quality that meets professionally recognized standards of care. SEPA LABS is committed to providing high quality care to patients and will not tolerate facilities or personnel who provide substandard or unnecessary care. Facilities must meet the Medicare conditions of participation that apply to them including those requiring a quality assessment and performance improvement program, and must develop quality of care protocols and implement mechanisms for evaluating compliance with the protocols.

The Office of Inspector General (OIG) is authorized to exclude healthcare providers from participation in federal healthcare programs that provide unnecessary or substandard items or services provided to any patient. Government authorities are increasingly focused on the issue of substandard care and have brought enforcement actions ranging from administrative remedies to sanctions, which could include monetary penalties and exclusion from the government programs.

SEPA LABS personnel are expected to adhere to all applicable standards and conditions including, among others, the conditions of participation (COPs) for Medicare and the College of American Pathologists standards. SEPA LABS personnel must obtain and maintain the professional skill and training necessary to competently and effectively

carry out their job responsibilities, including all professional licenses necessary to perform their work at SEPA LABS facilities.

### **Privacy and Security of Patient Health Information**

Patient health information is protected under both state and federal laws. Under federal law, this is referred to as “protected health information” or PHI and is governed by the Health Insurance Portability and Accountability Act of 1996 (HIPAA) and the Health Information Technology for Economic and Clinical Health (HITECH) Act of 2009, and their implementing regulations, including the HIPAA Privacy Rule and the HIPAA Security Rule.

The HIPAA Privacy Rule provides federal privacy protections for PHI held by covered entities such as SEPA LABS facilities and describes patient rights with respect to their PHI. The HIPAA Security Rule requires covered entities and their business associates that use PHI to use administrative, physical, and technical safeguards to assure the confidentiality, integrity, and availability of electronic protected health information.

SEPA LABS facilities have policies and procedures in place addressing the applicable privacy and security requirements. All personnel receive training on HIPAA requirements and are expected to obey these requirements and keep PHI confidential during its collection, use, storage and destruction. SEPA LABS personnel are not permitted to access, obtain, disclose or discuss PHI without written authorization from the patient or their legal representative, unless necessary for treatment, payment or healthcare operations or required by law.

### **False Claims Laws and Whistleblower Protection**

SEPA LABS intends to fully comply with the False Claims Act (FCA) (31 U.S.C. Sec. 3729-3722) and any similar state laws. These laws fight fraud and abuse in government healthcare programs. Under the FCA, individuals can bring a lawsuit in the name of the United States by filing a complaint confidentially “under seal” in court if they discover that a fraudulent claim has been made for reimbursement by a government agency.

The FCA applies to both organizations and individuals who engage in billing fraud. FCA lawsuits function to recover government funds paid as a result of false claims. Fines against the entity that submitted the false claims include a penalty of up to three times the government’s damages, civil penalties ranging from \$5,500 to \$11,000 per false claim, and the costs of the lawsuit. The federal FCA applies to claims for reimbursement for federally funded programs including, for example, claims submitted to Medicare or Medicaid.

The federal FCA contains a “qui tam” provision, commonly called the “whistleblower” provision, which permits a private person with knowledge of a false claim to file a lawsuit on behalf of the United States Government. An individual who exposes wasteful, harmful, or illegal acts is often called a “whistleblower,” or “qui tam relator.” A qui tam relator may be awarded a percentage of the funds recovered. The FCA provides protection for qui tam relators from termination, demotion, suspension, or discrimination

related to these claims. However, if an individual files such a lawsuit frivolously they may be subject to sanctions, including the responsibility for paying the other party's attorney's fees. If a qui tam relator is convicted of criminal conduct, the qui tam relator will not receive any proceeds and will be dismissed from the lawsuit.

In addition to the federal FCA, there are individual state laws providing that persons who report fraud and abuse by participating healthcare providers in the state's Medicaid Program may be entitled to a portion of the recovery against the healthcare providers. Similar to the federal FCA, there are protections against retaliation. State false claims act statutes often mirror the federal FCA and have similar penalty provisions.

Another federal law that resembles the FCA provides administrative remedies, subject to limited court review, for knowingly submitting false claims and statements. Under this law, the Program Fraud Civil Remedies Act of 1986 ("PFCRA"), a false claim or statement includes submitting a claim or making a written statement that is for services that were not provided, or that asserts a material fact that is false, or that omits a material fact. The PFCRA provides for a maximum civil penalty of \$5,000 per claim or statement, and an assessment of not more than twice the amount of each false or fraudulent claim

### **Relationships with Federal Healthcare Beneficiaries**

Federal fraud and abuse laws prohibit offering or providing inducements to beneficiaries in government healthcare programs and authorize the OIG to impose civil money penalties (CMPs) for these violations. SEPA LABS personnel may not offer valuable items or services to Medicare, Medicaid, Veterans Administration or other government healthcare program beneficiaries to attract their business. This includes gifts, gratuities, certain cost-sharing waivers, and other things of value.

### **Government Investigations, Subpoenas and Audits**

It is the policy of SEPA LABS to cooperate fully with any lawful government investigation, subpoena or audit. If SEPA LABS personnel are contacted at a SEPA LABS workplace by an official, representative, investigator or other individual acting on behalf of the government, they should immediately contact the SEPA LABS Chief Executive Officer, Chief Operations Officer, and General Counsel, and ask to see credentials or proper identification, including a business card, before speaking further with the person.

#### Request for Interviews

An interview of SEPA LABS personnel may be requested by a government official, representative, investigator or other individual acting on behalf of the government. The SEPA LABS General Counsel should be immediately notified and may be consulted regarding any such request.

#### Demand for Documents

A government official, representative, investigator or other individual acting on behalf of the government may arrive at SEPA LABS premises with written authority seeking documents. This authorization may come in the form of a demand letter, subpoena, or

search warrant. SEPA LABS personnel should notify the SEPA LABS Chief Executive Officer, Chief Operations Officer, and General Counsel immediately. Once there has been notice of an investigation, the destruction portion of any policy on record retention is suspended and NO documents may be destroyed until notified otherwise by the SEPA LABS General Counsel. If a government official, representative, investigator or other individual acting on behalf of the government presents a valid search warrant and identification, personnel must understand that they have the authority to enter the premises, to search for evidence of criminal activity, and to seize those documents or items listed in the warrant. No individual shall interfere with the search and must provide the documents or items sought in the warrant. The Compliance Policy described above contains additional information on these types of government demands.

## **Employment**

SEPA LABS promotes diversity and strives to provide a workplace environment that is in full compliance with all applicable employment-related laws. SEPA LABS has a vital interest in maintaining a safe and healthy work environment, for the protection of both patients and employees. SEPA LABS prohibits workplace violence, threats of harm, and any kind of harassment of its employees.

### **Equal Employment Opportunity/Non-Discrimination**

It is SEPA LABS policy to provide equal employment opportunities to all employees, prospective and current. SEPA LABS is committed to complying with all laws and regulations relating to equal employment and non-discrimination matters for all protected classes of employees. Reasonable accommodations will be made for known disabilities in accordance with the Americans with Disabilities Act. SEPA LABS personnel with questions concerning these guidelines or who are aware of any breach of the Equal Employment Opportunity (EEO) guidelines, should contact the applicable human resources department.

### **Labor Laws**

SEPA LABS is committed to compliance with federal and state wage and hour laws, including:

- The Fair Labor Standards Act (FLSA) which addresses federal minimum wage and overtime pay requirements.
- The Immigration and Nationality Act, which applies to employers that hire foreign workers on a temporary or permanent basis to perform certain types of work.
- The Consumer Credit Protection Act (CCPA), as it relates to protection for workers whose wages are garnished.
- The Family Medical Leave Act (FMLA), which entitles eligible employees of covered employers to take unpaid, job-protected leave for specified family and medical reasons with continuation of group health insurance coverage under the same terms and conditions as if the employee had not taken leave.
- The National Labor Relations Act (NLRA) which governs the rights of workers to join labor unions and engage in other concerted activity.

- Other applicable laws and regulations relating to the wages and hours of workers.

## **Conflicts of Interest**

SEPA LABS personnel have a duty to be loyal, to advance the legitimate business interests of SEPA LABS, to not obtain any improper personal benefit by virtue of employment with SEPA LABS, and to avoid conflicts of interest with SEPA LABS.

Personnel should not place themselves in a position where their actions or the activities or interests of others with whom they or with whom a member of their family may have a financial, business, professional, family or social relationship that could be in conflict with the interests of SEPA LABS or its subsidiaries.

Examples of conflicts of interest include:

- A direct or indirect interest in any transaction which might in any way affect an employee's objectivity, independent judgment or conduct in carrying out his or her job responsibilities.
- Conducting any business or performing any services for another individual or company while at work.
- Using SEPA LABS property or other resources for outside activities.
- Direct or indirect involvement in outside commercial interests, such as vendors, physicians, patients, competitors or others having a business relationship with the facility, which could influence the decisions or actions of an employee performing his or her job.
- Using or revealing outside the facility any confidential or proprietary information concerning the facility.
- Using for personal gain confidential or "insider" information obtained as a result of employment with the facility.

SEPA LABS personnel are required to disclose any situation that creates an actual or potential conflict of interest to their supervisors or the applicable SEPA LABS human resources department, General Counsel, Director of Operations, Chief Accounting Officer, Chief Operations Officer, or to the Chief Executive Officer. In some situations, a waiver may be obtained only when full disclosure and appropriate reviews are made and approval is granted. Violations of conflict of interest policies are subject to corrective action, up to and including immediate dismissal. If appropriate under the circumstances, SEPA LABS may seek to recover damages or improperly received gains and/or encourage prosecution for potential criminal offenses.

End