12.1 PHI Corporate Compliance Plan

Purpose:

PHI, Inc. (PHI) is dedicated to adhering to the highest ethical standards and accordingly, recognizes the importance of compliance with all applicable state and federal laws, as well as applicable laws of foreign countries in which it does business. To evidence this dedication, PHI’s Board of Directors has adopted, developed and implemented this Corporate Compliance Plan.

The PHI Compliance Plan is intended to become a part of the fabric of PHI routine operations. PHI is committed to communicate to all employees, partners, contractors and agents its expectation that all parties comply with applicable laws and regulations through the PHI, Inc. Compliance Plan.

Eligibility:

PHI’s Compliance Plan applies to PHI’s Board of Directors, all PHI management, employees, subsidiaries; as well as to all other PHI stakeholders (“stakeholder” refers to any individual or organization with a “stake” in the fortunes of an enterprise, and connotes the viewpoint that PHI corporate management has responsibilities to employees, suppliers, communities, partners, agents and others, as well as to shareholders).

Introduction to Compliance Plan

1.0 General Compliance Policy:

It is the policy of PHI to provide services in compliance with all state and federal laws governing its operations and consistent with the highest standards of business and professional ethics. This policy is a commitment to those standards, and is made to PHI’s employees, its stakeholders, and the government agencies that regulate PHI.

In order to ensure that PHI’s compliance policies are consistently applied, PHI has established a legal and regulatory Compliance Program. The Compliance Program is directed by a Compliance Committee and a designated Chief Compliance Officer.

1.1 This Policy describes the Compliance Program and identifies specific policies pertinent to PHI’s commitment to compliance. All employees, the Board, partners, contractors and agents must comply with these policies.
1.2 Any violation of applicable state or federal law, policies, procedures or ethical standards will subject an employee to disciplinary action, including, but not limited to oral or written warning, prohibition, suspension, reduction in salary, demotion or dismissal. Partners, contractors and agents will also be subject to sanctions based on the violation committed.

1.3 If at any time, an employee, Board member, partner, contractor or agent becomes aware of any violation of PHI’s policies they must report it to the appropriate supervisor or utilize the Compliance Hotline. All persons making such reports are assured that such reports are treated as confidential and will be shared only on a bona fide need to know basis. PHI will take no retribution against persons making such reports, whether or not the report ultimately proves to be well-founded.

1.4 The laws discussed in this policy are complex and many of the concepts are developed in case-by-case determinations. In addition, this policy deals only generally with some of the more important legal principles. Any employee who is in doubt as to the propriety of a course of action must promptly communicate with his or her supervisor or the Chief Compliance Officer before taking action. Any partner, contractor or agent should communicate such concerns to the Chief Compliance Officer or the Compliance Hotline.

2.0 The Compliance Program
The Compliance Program has seven elements. A brief overview of these elements follow:

2.1 Standards of Conduct/Policies and Procedures: Policies, procedures and standards of conduct which promote PHI’s commitment to compliance with federal and state laws, as well as applicable foreign laws.

2.2 Compliance Oversight and Organization: The PHI, Inc. Chief Compliance Officer is charged with the responsibility of operating and monitoring the Compliance Program. The Chief Compliance Officer reports directly to the Board of Directors of PHI, Inc. The Compliance Committee shall assist the Chief Compliance Officer and review and make recommendations concerning the compliance program.

2.3 Education and Training: Regular compliance education and training programs for all affected employees.

2.4 Monitoring and Auditing: Audits and other evaluation techniques to monitor compliance and assist in the reduction of identified problem areas.

2.5 Reporting and investigating: A mechanism to promote effective lines of communication to receive, record and respond to reports of suspected non-
compliance with the policies, procedures and standards of conduct and procedures to protect the anonymity of complaints and to protect whistle blowers from retaliation

2.6 Enforcement and Discipline: A system to respond to allegations of improper/illegal activities and the enforcement of appropriate and well published disciplinary standards to apply in connection with employees and contractors who have violated compliance policies, applicable statutes, or federal/state regulations

2.7 Response and Prevention: A prompt and thorough review of any and all problems which are reported, discovered or suspected, prompt correction of any deficiencies which are discovered and holding employees, partners, contractors and agents responsible for failing to observe legal requirements.

Explanation of the Seven Elements of the Compliance Program

2.1 Standards of Conduct/Policies and Procedures: Under the oversight of the PHI, Inc. Chief Compliance Officer, PHI shall establish policies, procedures and standards of conduct, as necessary, designed to achieve the outcome that all activities of PHI are conducted in accordance with all legal and regulatory requirements. To this end, the Chief Compliance Officer shall review existing policy statements, make or cause to be made such revisions to those statements as necessary, develop any additional statements that seem advisable and assure that such statements are disseminated among all PHI, Inc. personnel whose job function includes matters covered by such statements. Appropriate management and employees shall annually affirmatively certify in writing that they are in compliance with all such policies and are aware of no known or suspected violations of these policies. Partners, contractors, and agents are either required to certify compliance, or in the alternative, agree to such compliance language in the Master Service, Business Advisory, or Consulting Agreement between the parties. All compliance policies, including this Compliance Plan shall be made a part of the PHI, Inc. Corporate Policies.

2.2 Compliance Oversight and Organization: The responsibility for the management and operation of the Compliance Program rests with the PHI, Inc. Chief Compliance Officer or such other senior employee as may be appointed by the PHI, Inc. Board of Directors. The primary responsibilities of the Chief Compliance Officer shall include:

- Overseeing and monitoring the implementation of the Compliance Program;
• Reporting on a regular basis to PHI, Inc.’s Board of Directors and Compliance Committee on the progress of implementation of the program to reduce vulnerability of fraud;
• Periodically revising the Compliance Program to address regulatory changes or the needs of the organization;
• Developing, coordinating, and participating in a multifaceted educational and training program that focuses on the elements of the Compliance Program, and seeks to ensure that all appropriate employees and management are knowledgeable of and comply with applicable foreign laws and pertinent federal and state standards;
• Ensuring that partners, independent contractors and agents who furnish services to PHI, Inc. are aware of the requirements of the Compliance Program;
• Develop a Risk Assessment to identify potential areas of vulnerability; and
• Independently investigate and act upon matters related to compliance

The Compliance Committee:
The Compliance Committee shall be made up of members of the Administrative Staff as appointed by the PHI, Inc. Board of Directors but should include at a minimum the PHI, Inc. Manager of Internal Auditing and the PHI Air Medical, L.L.C. Compliance Officer. Additionally, The Chief Compliance Officer shall have the ability to add or replace subject matter experts to the Compliance Committee as he/she deems necessary. There shall be an attorney assigned as an advisor to the Compliance Committee. The Compliance Committee is to meet at least quarterly to provide guidance and support to the PHI, Inc. Chief Compliance Officer to include:
• Regularly reviewing and assessing policies and procedures;
• Analyzing legal requirements and specific risk areas;
• Assisting with the development of standards of conduct and policies and procedures;
• Monitoring internal systems related to standards, policies and procedures;
• Determining the appropriate strategy to promote compliance; and
• Developing a system to solicit, evaluate and respond to complaints and problems
2.3 Education and Training:
The Chief Compliance Officer, in conjunction with the Compliance Committee and/or operational leadership and/or Human Resources, will assure that appropriate personnel receive systematic and ongoing training and education both upon hire and on a continuing basis that enables such personnel to properly perform their job functions. Records demonstrating that such training has occurred shall be retained.

2.4 Monitoring and Auditing:
Periodic internal audits shall be conducted to assess legal/regulatory compliance. If deemed appropriate by the Chief Compliance Officer, external consultants may be engaged to evaluate the compliance of PHI, Inc. The summary reports of both the internal and external audits shall be provided to the Chief Compliance Officer in order to determine whether any action is warranted based on the audit findings. Such audit findings at the discretion of the Chief Compliance Officer will be timely shared with the Board of Directors of PHI, Inc.

2.5 Reporting and Investigating:
To promote effective lines of communication relating to the Compliance Program, PHI will communicate to each employee, partner, contractor and agent:

- That policies and procedures require them to report conduct that a reasonable person would, in good faith, believe to be fraudulent or erroneous, and that failure to do so is a violation of the Compliance Program;
- That PHI maintains a readily accessible procedure to report fraudulent conduct- PHI Compliance Hotline;
- That PHI has a process that maintains the confidentiality of the persons involved in the alleged fraudulent conduct and the person making the allegation; and
- That PHI ensures that there will be no retribution for reporting conduct that a reasonable person acting in good faith would have believed to be fraudulent

2.6 Enforcement and Discipline:
Any violation of PHI policies, procedures, standards of conduct or of federal, state or applicable foreign law, will subject an employee to disciplinary action which may include oral or written warning, disciplinary probation, and suspension, reduction in salary, demotion, or dismissal. These disciplinary actions also may apply to an employee’s supervisor who directs or approves
the employee’s improper actions or is aware of those actions but does not appropriately correct them; or who otherwise fails to exercise appropriate supervision. A partner, contractor or agent may have the agreement with PHI terminated for violating provisions of this Compliance Program.

2.7 Response and Prevention:
As soon as reasonably possible after a report of a potential violation of PHI policies, procedures, standards of conduct or of federal or state law the Chief Compliance Officer shall, if necessary, contact legal counsel or other external resources to investigate the matter.

When appropriate, the investigation may require interviews and a review of relevant documents. Records of the investigation should contain documentation of the alleged violation, a description of the investigative process, copies of interview notes and key documents, a log of witnesses interviewed and documents reviewed and the results of the investigation, e.g. any disciplinary action taken and the corrective action implemented. In addition, the Chief Compliance Officer should take appropriate steps to secure or prevent the destruction of documents or other evidence relevant to the investigation. The findings of the investigation shall be summarized in writing, reviewed by legal counsel, as necessary, and maintained by the Chief Compliance Officer. Such findings will also be reported to the Board of Directors of PHI, Inc.

When the investigation findings indicate a compliance violation has occurred, the Chief Compliance Officer shall also prepare a written corrective action plan identifying the steps to be taken to correct the problem and reduce the likelihood of the problem being repeated.

3.0 Specific Compliance Program Policies
PHI has developed and included in its overall Corporate Policies and Procedures a number of Policies that are the foundation of the PHI, Inc. Compliance Program.

These policies include:

3.1 PHI Corporate Policy 12.2 Code of Ethics and Business Conduct Policy which sets forth the guiding principles for directors, officers, employees, partners, contractors and agents who are expected to apply these principles to their day-to-day activities and seek advice whenever they are unsure about a particular situation.

3.2 PHI Corporate Policy 12.3 Compliance Hotline Policy establishes the guidance and the procedures for employees to bring forward concerns regarding compliance issues.
3.3 **PHI Corporate Policy 12.4 Insider Trading Policy** which specifically prohibits insider trading and provides for certain procedures that PHI, Inc. employees, officers and directors must follow to assure compliance.

3.4 **PHI Corporate Policy 12.5 Conflict of Interest Policy** which sets forth that the employees, officers and directors be free from any interest, influence or relationship that might conflict—or appear to conflict—with the best interests of PHI, Inc. and that employees, officers and directors perform their work or carry out their duties with undivided loyalty as measured by the highest standards of productivity, law and ethics.

3.5 **PHI Corporate Policy 12.6 Anti-Trust Policy** which sets forth that the employees, officers and directors must comply with all federal anti-trust laws and that the employees understand the purpose of the antitrust laws, and that violating the antitrust laws can lead to severe consequences for PHI, Inc. and the employee.

3.6 **PHI Corporate Policy 12.7 Anti-Corruption Policy** which sets forth that PHI, Inc. embraces the highest standards of honesty, ethics and integrity as core business values and will do business in foreign countries only in lawful and ethical ways. PHI expects all employees, partners, contractors and agents to fully comply with United States, and applicable foreign anti-corruption laws. PHI expressly prohibits commercial bribery and other corrupt practices of any sort.

3.7 **PHI Corporate Policy 12.8 Intellectual Property Policy** which sets forth that all subject ideas, inventions, computer hardware and software, and all work product made by employees while in the course of their employment are the sole and exclusive property of PHI, Inc. and may not be used for any other purpose without prior written authorization from an Executive Officer of PHI.

3.8 **PHI Corporate Policy 12.9 Export Policy ITAR and EAR Policy** which sets forth guidelines for exporting equipment or technical data or providing services that are controlled for export under the International Traffic in Arms Regulations (ITAR) or the Export Administration Regulations (EAR).

3.9 **PHI Air Medical, L.L.C. Compliance Plan 10.1A** sets forth that the employees and contracted providers of PHI Air Medical, L.L.C. adhere to all applicable federally funded health care laws, rules and policies related to the submission of claims for ambulance services, and the general operation of an air ambulance service. This PHI Air Medical, L.L.C. Compliance plan is referenced in this PHI, Inc. Compliance Plan as there needs to be a strong integration between the two Compliance Plans. **All PHI employees and contractors, whether assigned to or providing services to PHI Air Medical,**
L.L.C. or not, who have access to Protected Health Information, either
electronic or otherwise, are required to comply with and adhere to 10.9PHI
Air Medical Code of Conduct, Section II, Part C, Subpart f) and as set forth
in the PHI Air Medical, L.L.C. Compliance Plan.

4.0 PHI Compliance Hotline
PHI is committed to fair and ethical business practices in compliance with all Federal
and State laws and regulations. To that end a Compliance Hotline has been
established that allows employees and stakeholders to anonymously report any
concerns that they believe compromise the standards established by this Compliance
Plan.

PHI has established for employees and stakeholders a Toll Free Voicemail (866-815-
7101), a Web-based secure form (www.openboard.info/phi/WebSubmit_phi.cfm)
or an anonymous e-mail site (phi.comp@openboard.info).

5.0 Employee and Director Certification (Attestation) Form
Each PHI employee is required to complete the certification form at least initially
upon publication of this Policy or upon hire. Board of Directors, Company Officers,
certain Senior Management and certain Senior Finance Personnel are required to
certify compliance with the Corporate Compliance Plan on an annual basis.

6.0 Interpretation, Amendment, Termination
Major policy amendments are subject to PHI, Inc. Board of Directors approval, minor
amendments can be made with unanimous agreement of the PHI, Inc. Compliance
Committee. The Company reserves the exclusive right to amend or terminate this
policy at any time.