

Governance Policy No. 1

POLICY SUBJECT:

Conflicts of Interest

EFFECTIVE DATE: 09/17/14

*To be reviewed every three years by
the Board of Stewardship Trustees*

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POLICY

It is the policy¹ of Catholic Health Initiatives (CHI or CHI National) its Direct Affiliates² and Subsidiaries³ (collectively referred to as CHI or CHI Entity(ies)) that:

- Each Person (as defined below) acts at all times in a manner that is consistent with CHI's charitable purpose of service to the community and exercises care that he or she does not act in a manner that places the Person's private interests over CHI's community benefit purposes;
- Each Person avoids any perceived, potential or actual conflicts of interest (sometimes COI). If such conflicts of interest cannot be avoided, the conflict will be managed in the best interests of CHI and its community benefit purposes; and
- Each perceived, potential or actual conflict of interest shall be reported, reviewed and managed in accordance with the provisions of this Policy.

PURPOSE STATEMENT

The purpose of this Policy is to protect the interests of CHI in circumstances that may result in a conflict between personal interests of a Person and those of CHI and its patient, resident, and client population.

This Policy describes the procedures for disclosures of conflicts of interest and for subsequent review and management of possible conflicts of interest. These procedures focus on three specific aims:

- Identify actual, potential or perceived conflicts of interest related to Employees, board and committee members, health care providers and researchers who are affiliated with CHI or any CHI Entity, and eliminate, reduce or manage such conflicts.
- Maintain the integrity of all CHI activities.

¹ This Policy replaces, Governance Policy No. 1, *Conflicts of Interest: Stewardship Trustees* and Governance Policy No. 8, *Conflict of Interest: Employees* and their respective disclosure statements. It also replaces any similar conflict of interest policy currently in place at any CHI Entity.

² A Direct Affiliate is any corporation of which CHI is the sole corporate member or sole shareholder.

³ A Subsidiary means either an organization, whether non-profit or for-profit, in which a Direct Affiliate holds the power to appoint a majority of the voting members of the governing body of such organization or any organization in which a Subsidiary holds such power.

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- Ensure compliance with federal and state laws and regulations related to dealings between CHI Employees or affiliated individuals and other entities or individuals.

SCOPE

This Policy applies to the following Persons:

- The CHI Board of Stewardship Trustees (BOST) and members of its committees;
- All board and board committee members of CHI Entities;
- All CHI Employees;
- All CHI physicians (both employed and non-employed) and all physician administrators and leaders;
- Advanced practice clinicians (both employed and non-employed);
- All CHI research personnel (both employed and non-employed).

This Policy is intended to supplement, but not replace, any state laws governing conflicts of interest applicable to non-profit corporations. This Policy also supplements, but does not replace, CHI's *Our Values and Ethics at Work Reference Guide*.

If a Person has a perceived, potential or actual conflict with CHI or any CHI Entity, such Person is deemed to also have such conflict with respect to CHI and all CHI Entities.

Through the powers and rights granted to the CHI BOST via the Governance Matrix, this Policy is considered to be adopted by all CHI affiliate boards once it is adopted by the CHI BOST.

DEFINITIONS

Board and board committee member means any Person who is a member of a CHI National or CHI Entity board having fiduciary duties or responsibilities or a committee of such a board.

Conflicts of interest exist when the personal interests of a Person (as defined above) or a Person's family members or a Person's business may affect the ability of the Person to act in the best interest

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of, and with good faith and loyalty to, CHI, its mission, patients, residents, clients or research participants. A conflict of interest can be considered to exist in any instance where the Person's decisions, actions or activities on behalf of CHI also involve:

- Obtaining a direct or indirect personal gain or advantage, whether in the form of compensation, cash gifts or other items of value, or
- Creating an adverse or potentially adverse effect on CHI's interests.

Conflict of interest transaction is one in which CHI National or a CHI Entity is a party and in which a Person has a direct or indirect financial interest or other fiduciary duty such that it could influence his or her actions on the matter while acting on behalf of CHI.

Corporate opportunity is a business opportunity that: (1) CHI has a reasonable interest in or could be expected to take advantage of; (2) CHI is financially able to undertake; and (3) is in line with CHI's current business and operations.

CHI Conflicts of Interest Review Committee (C-CIRC) is the committee that will review annual COI questionnaires containing disclosures of perceived or possible conflicts of interest for the following Persons: researchers, physicians, advanced practice clinicians, Employees at manager level or above, and Supply Chain Employees.

Employee includes corporate officers, all individuals paid wages or salary by CHI National or a CHI Entity, employed physicians and employed advanced practice clinicians.

Immediate family member includes a Person's relative by blood or marriage, including husband or wife, birth or adoptive parent, child, or sibling; stepparent, stepchild, stepbrother, or stepsister; father-in-law, mother-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law; grandparent, or grandchild, and spouse of a grandparent or grandchild.

Material financial interest is an equity interest exceeding 1% of the outside organization's market capitalization or 5% of the Employee's or the immediate family member's personal assets. A material financial interest also exists if the total transactions between a Person and CHI or any CHI Entity exceed \$100,000 annually or if all payments related to a single transaction between CHI or any CHI Entity and a Person exceed the greater of \$10,000 or 1% of the CHI Entity's total revenue. Material financial interest shall not include ownership of stock or other type of equity interest of less than 1% in entities

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whose securities are listed on an established public securities exchange and have \$75 million or more in shareholder equity.

Person includes all individuals who are:

- Employees of CHI or a CHI Entity,
- All CHI or CHI Entity board and board committee members,
- All CHI physicians (both employed and non-employed) and all CHI physician administrators and leaders,
- All advanced practice clinicians (both employed and non-employed), and
- All Researchers (as defined below).

Researchers includes all individuals who are engaged in the conduct of research with living human subjects if they are in: direct physical contact with the research participants, responsible for collection or recording of research data, responsible for administration of research centers, submission of Institutional Review Board (IRB) or grant applications, reporting of research results, or regulatory oversight of research. This includes but is not limited to: principal and sub-investigators, research nurses, coordinators, assistants, research managers and directors, and IRB members and chairs.

Physician Payment Sunshine Act (42 CFR § 402-403) requires applicable manufacturers of drugs, medical devices and biologics along with group purchasing organizations (GPOs) to report certain payments and items of value given to physicians. Manufacturers and GPOs are required to furnish this information to the Centers for Medicare and Medicaid Services (CMS). CMS will collect the information and publish it on a public website.

EXAMPLES OF CONFLICTS OF INTEREST

Although it is impossible to list every circumstance giving rise to conflicts of interest, the following situations serve as a guide to the types of activities that might present perceived, potential or actual conflicts of interest. These should be fully and promptly reported as provided below.

Relationships with Vendors, Competitors or Other Outside Interest Holders

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The personal interests of a Person may conflict with the interests of CHI if the Person or an immediate family member is someone:

- Who does business with, seeks to do business with or is in competition with CHI or any CHI Entity;
- Is a party to an arrangement with CHI or any CHI Entity to solicit bids or contracts for the purchase or supply of goods or services (including consulting and professional services), the lease of property or equipment, or the purchase or sale of real property, investment securities or other property;
- Serves as an officer, director, manager, Employee or consultant of, or receives compensation or remuneration from an individual or entity that competes with or is engaged in a transaction with CHI or any CHI Entity; or
- Holds a material financial interest with an individual or entity or a creditor of an individual or entity that competes with or is engaged in a transaction (described above) with CHI or any CHI Entity.

Diversion of Corporate Opportunity

It may be a conflict of interest when a Person fails to inform CHI of a corporate opportunity and instead diverts it to himself or herself (or an immediate family member) to the detriment of CHI.

Disclosure of Confidential or Inside Information

It is a conflict of interest for a Person to disclose non-public, privileged or confidential information relating to the business of CHI or any CHI Entity or to use such information for personal profit or advantage or that of the Person's immediate family members or any other individual or entity of which the Person is an officer, director, manager or Employee or with which the Person has a compensation arrangement.

Acceptance of Gifts, Gratuities and Entertainment

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It may be a conflict of interest for a Person (or an immediate family member) to accept gifts (including cash or cash equivalents), excessive entertainment, unsecured loans or other favors from any outside individual or entity. This is especially so when the outside individual or entity does, or is seeking to do, business with, or is a competitor of, CHI or any CHI Entity and it might be inferred that such action was intended to influence or possibly influence the Person's decisions, actions or activities. Items of nominal or minor value that are clearly tokens of respect or friendship and not related to any particular transaction or activity of CHI or any CHI Entity are permissible. (Please refer to Corporate Responsibility Policy No. 1, *Gifts and Payments from Business Sources; Employee Arrangements with Business Sources.*)

Other Areas of Conflicting Interest

Other circumstances may arise which could result in a conflict between the personal interests of a Person (or immediate family member) and those of CHI. In general, any circumstance that may give rise to reasonable questions of possible favoritism, self-dealing or undue influence may be a perceived, potential or actual conflict of interest. All such conflicts should be avoided, if possible. Persons should also be sensitive to the appearance of conflict, even if no actual conflict exists. If a potential or actual conflict cannot be avoided, it shall be disclosed according to the procedures set forth below. See specific addenda related to this Policy.

DISCLOSURE, REVIEW AND MANAGEMENT OF PERCEIVED, POTENTIAL, OR ACTUAL CONFLICTS OF INTEREST

All Persons (as defined in the Definitions section above) are subject to this Policy and the General Obligation as described below. However, only those Persons listed in the Annual COI Disclosure Requirement section must complete an annual conflicts of interest disclosure.

General Obligation

Each Person must promptly and fully report to his/her direct manager, supervisor, board or board committee chair any situation or circumstance that may create a conflict of interest. The Person must report the actual or potential conflict as soon as she/he becomes aware of it. In any situation where the

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Person may be in doubt, a full disclosure should be made to permit an impartial and objective determination.

Annual COI Disclosure Requirement

On an annual basis, the following Persons must complete a new conflict of interest disclosure.

- Board and board committee members;
- Employees at the level of manager and above;
- Researchers, as defined in the definition section above;
- All Supply Chain Employees;
- All physicians (both employed and non-employed) and all physician administrators and leaders, and
- All advanced practice clinicians (both employed and non-employed).

Disclosure upon Initial Hiring/Appointment/ Contracting/Credentialing

- **Board and board committee members:** At the time of initial appointment, a copy of this Policy shall be distributed to the board or committee member along with a conflict of interest disclosure. The board or committee member will complete and submit the disclosure. The completed disclosure shall be maintained as provided below.
- **Employees:** At the time of hiring, a copy of this Policy shall be distributed to all Employees. In addition, a conflict of interest disclosure will be provided. The Employee must complete and submit a conflict of interest disclosure. The completed disclosure shall be maintained as provided below.
- **All non-employed, credentialed or contracted physicians, advanced practice clinicians, and physician administrators and leaders:** At the time of contracting or credentialing, a copy of this Policy shall be distributed to such providers. The provider will complete and submit the disclosure. The completed disclosure shall be maintained as provided below.

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Review and Disclosure Process

Disclosure, review and management of perceived, potential or actual conflicts of interest will be accomplished through use of a web-based COI software solution. All disclosures, communications, reviews and conflicts of interest management plans will be stored within the software product in a secure manner in accordance with the CHI Information Technology policies. Access to disclosures and associated documents and data will be restricted to designated officials with specific responsibilities to review or manage conflicts of interest. User names and passwords are required to access any records. A detailed audit trail of access is an integral part of the software product.

Annual COI disclosures that involve no disclosures of financial interests will not be forwarded for review but will remain stored in the software. Disclosures of perceived, potential or actual conflicts of interest on the COI questionnaire involving financial interests will be forwarded to the C-CIRC or Legal Services Group (LSG) for review as defined below.

Review of Disclosures by CHI or CHI Entity Role

Audience	Distribution By	Distribution Time	Disclosure Review	Committee Review of Possible COI
Board Members	CHI Corporate Responsibility Program (CRP)	Upon appointment and annually thereafter	LSG	Executive Committee of the Board
Corporate Officers	CRP	Upon hire and annually as part of the annual performance evaluation (July/August)	LSG	Executive Committee of the Board

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Audience	Distribution By	Distribution Time	Disclosure Review	Committee Review of Possible COI
Employees (management and above plus select groups)	CRP	Upon hire and annually as part of the annual performance evaluation (July/August)	CRP	C-CIRC
All employed or non-employed, credentialed, contracted or appointed - Advanced practice clinicians, - Physicians - Physician leadership	CRP	Upon appointment and annually thereafter	CRP	C-CIRC
Researchers	CRP	Upon consideration of affiliation with a research sponsor and annually thereafter	CRP	C-CIRC

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Considerations

Among the factors that should be considered in determining whether a conflict exists are the nature and magnitude of the opportunity, transaction or arrangement, the degree to which it is related to CHI's business, whether the Person with the conflict is the ultimate decision-maker or holds significant influence over the ultimate decision-maker (*i.e.*, degree of independence of the decision-making process), the unique nature of the opportunity, transaction or arrangement, the existence of other viable alternatives and the quality of those alternatives, and what is customary and reasonable in the health care or research industry.

As appropriate, a conflict of interest management plan will be developed. With respect to those audiences for which the C-CIRC has review responsibility, the C-CIRC will facilitate development of any such conflict of interest management plan in collaboration with local CRP staff. This plan will include documentation of the C-CIRC's determinations and recommendations. The conflict of interest management plan will be stored in the COI software. As necessary, reports to an appropriate governmental agency or sponsor will be made according to the relevant addenda to this Policy. Such reports will provide required information regarding how the conflict of interest will be managed, reduced, or eliminated. Designated CHI Entity staff are responsible for monitoring the conflict of interest management plan and for documenting monitoring activities in the COI software. At its sole discretion, a CHI Entity may reject a Person's request to enter into the relationship in question, or require the relationship be sufficiently altered to avoid a potential conflict of interest.

If an Employee who is required to complete a COI disclosure does not agree with a decision made by either the C-CIRC or LSG, as appropriate, in relation to review of COI disclosures, their interpretation of this Policy, or seeks an exemption or exception, the following steps should be followed. The Employee disputing the review decision, interpretation of the Policy, or seeking exemption or exception must present the matter to the Employee's immediate direct manager or supervisor for review and determination. If the Employee and the manager do not agree with the review decision, interpretation of the Policy, or seek exemption or exception, the manager shall consult with the manager's Vice President (or higher if the manager is a Vice President) to reach a determination. If the matter remains unresolved, it shall be referred to the CHI Vice President of Human Resources and the CHI Corporate Responsibility Officer. If they are unable to reach agreement, the matter shall be referred to the CHI General Counsel, whose decision shall be final. Processes applicable to other categories of Persons subject to this Policy are outlined in the attached addenda.

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Penalties for Violation of the Conflicts of Interest Policy and the Provisions of the Relevant Addenda

A Person who fails to disclose a perceived, potential or actual conflict of interest, or all material facts surrounding an actual or potential conflict, or fails to abide by the final decision regarding the conflict as required by this Policy and relevant addenda, may be subject to disciplinary or corrective actions such as employment termination, removal from a board or committee, possible loss or restriction of clinical privileges, or restriction of research activities in accordance with applicable laws, regulations, rules, contracts, and bylaws, etc.

ADDENDA

- A: Board of Stewardship Trustees (BOST), BOST Subcommittee Members, CHI Entity Board and Board Committee Members**
- B: Physicians, Advanced Practice Clinicians, Physician Administrators and Leaders**
- C: Research**
- D: Conflicts of Interest Review Committee Operations**