

# CareGroup, Inc. and Affiliated Entities

## CORPORATE CONFLICT OF INTEREST POLICY

### I. Conflict of Interest Policy

#### A. Introduction and General Policy Statement

CareGroup, Inc. (CareGroup) and each of its affiliated entities (Affiliates) are committed to pursuing their charitable missions and conducting business in a responsible and ethical manner. Many individuals serve CareGroup and its Affiliates in a variety of capacities that involve making or influencing significant decisions. Some of these individuals may have or develop personal interests which create a conflict between those personal interests and the interests of CareGroup or one of the Affiliates, or which could be perceived as creating such a conflict.

Conflicts may arise when:

1. the interest or activities of an individual (or those of a member of his or her family) are competitive with or otherwise adverse to those of CareGroup and/or an Affiliate; or
2. the individual is in a position to influence a transaction or decision in such a way that it will, or might appear to, benefit the individual or his or her family member.

Such perceived or actual conflicts can best be addressed and resolved through full disclosure and review by appropriate individuals, together with a process for the approval of business decisions and transactions by non-interested decision makers.

#### B. Applicability

This Policy applies to CareGroup and the Affiliates' Trustees/Directors, Staff and non-voting members of Board level Committees, Officers, Senior Management, Chiefs of Service, Division Chiefs, and other employee and professional staff categories as identified from time to time by the Chief Executive Officer and/or Directors of CareGroup and as filed with CareGroup's Corporate Audit Department.

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### C. Standards

1. An individual shall not vote on, influence, or make recommendations regarding a transaction or decision when the individual or a member of his or her family has a Material Interest (defined below) in an entity or property involved in the transaction or decision.
2. An individual, member of his or her family, or an entity in which one or more of them has a Material Interest may not do business with, or compete with, CareGroup or an Affiliate unless expressly authorized by the appropriate governing body or officer after full disclosure.

#### a. Determining a Material Interest

For purposes of compliance with C (1) and (2) above and D (1), (2) and (3) below, a Material Interest is defined to exist in, but is not limited to, the following circumstances:

- i. an individual and/or member of his or her family having a combined ownership or investment interest of greater than five percent (5%) in an entity or property;
- ii. an individual (or a member of his or her family) serving as a director, trustee, officer, partner, employee, consultant, agent, member of the active professional staff, researcher or advisor (whether in a paid or voluntary capacity) of or to an entity (including but not limited to health care providers) other than CareGroup and an Affiliate;
- iii. an individual holding an elected or appointed office or position in a branch of government or in a regulatory agency having authority or jurisdiction over providers of health care (for members of the judiciary, areas of conflict of interest will be as defined by the Code of Judicial Conduct);
- iv. an individual (or member of his or her family) competing with CareGroup or an Affiliate in the purchase or sale of property or any property right, interest or service.

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3. An individual or member of his or her family shall not accept gifts or other favors of value greater than one hundred dollars (>\$100) under circumstances that might lead to the inference that the gift or favor was intended to influence his or her decision-making while serving CareGroup or an Affiliate.
4. An individual should not disclose or use information of CareGroup or an Affiliate for personal profit or advantage or use or disclose confidential and/or strategic information in advance of its authorized release.

### D. Process for Addressing a Potential Conflict

1. Annual Disclosure and Update: Individuals to whom this policy applies shall provide annual disclosure of their outside financial and professional interests on the attached Conflict of Interest Disclosure Statement. In addition, they shall immediately update this statement at any time during the year that the information requested on the statement changes. Disclosure statements shall be submitted to the Audit Department representative to be reviewed with the Legal Department. A report documenting the results of this review shall be prepared by the Legal Department for presentation to the CEO of the subject organization and to the CEO and Audit Committee of CareGroup.
2. Specific Disclosure – Employee: An employee of CareGroup or an Affiliate who is in a position to approve or influence a particular transaction or decision in which the employee (or his or her family member) has a Material Interest in an entity or property involved in the transaction or decision, shall disclose without delay the Material Interest to his or her supervisor, as appropriate, and then to the Audit Department for review and resolution prior to any action by CareGroup or an Affiliate. The Audit Department shall seek guidance in these matters from the CEO or his or her designee and the CareGroup Legal Department as appropriate.
3. Specific Disclosure – Trustee or Director: An individual serving as a Trustee, Director or member of a Board Committee who is in a position to vote on or influence a particular transaction or decision when the

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individual (or his or her family member) has a Material Interest in an entity or property involved in the transaction or decision, shall without delay:

- a. disclose the conflict to the Board or Committee prior to any action by CareGroup or an Affiliate;
- b. not participate in discussion of the transaction or decision; and
- c. not vote or be counted in determining a quorum for purposes of the related vote.

The transaction or decision must be approved by a vote of two-thirds of the non-interested Trustees, Directors or Committee members present at the meeting. If the transaction or decision is approved, the minutes of the meeting should reflect the reasons that the transaction was deemed to be in the best interests of the affected organization and that the terms are at least as favorable as those which are or would be available under competitive, disinterested proposals. (It is not necessary in all circumstances to solicit competitive proposals if the relevant terms can be reasonably evaluated without such proposals or if no competitive proposal is reasonably available).

If a transaction or decision involving a potential conflict is approved pursuant to this policy by an Affiliate which is required by its Bylaws to seek the approval of CareGroup for such transaction or decision, the potential conflict and its resolution shall be reported to CareGroup at the time of, or prior to, the request for approval.

### E. Violations of the Conflicts of Interest Policy

If the Board (or any committee thereof) of CareGroup or of an Affiliate (the "Corporation") has reasonable cause to believe that an individual subject to this Policy has failed to make a conflict of interest disclosure required by this Policy, it shall inform that individual of the basis for such belief and shall afford the individual an opportunity to explain the alleged failure to disclose. If, after hearing the response of the individual and making such further investigation as

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may be warranted under the circumstances, the board or committee determines that the individual has in fact failed to make a required disclosure, it shall take appropriate disciplinary and corrective action.

### F. Records of Proceedings

The minutes of the Board of the Corporation and all committees with Board delegated powers will contain the names of the persons who disclosed or otherwise were found to have a Material Interest in connection with an actual or potential conflict of interest, the nature of the actual or potential conflict of interest, the names of the persons who were present for discussions and votes relating to the transaction or arrangement, a summary of the discussion, and a record of any votes taken in connection therewith.

### G. Periodic Review

To promote regulatory compliance, including the avoidance of impermissible private benefit, private inurement, or excess benefit to persons possessing substantial influence over the affairs of the Corporation, the Corporation will conduct reviews as it deems appropriate or necessary of: (i) compensation arrangements; (ii) acquisitions of physician practices and other provider services; (iii) partnership and joint venture arrangements and arrangements with management services organizations and physician hospital organizations; and (iv) agreements to provide health care and agreements with other health care providers, employees, and third-party payers.

## II. Compensation Policy

A voting member of any body whose jurisdiction includes approval of individual compensation and who receives compensation, directly or indirectly, from that Corporation for services, is precluded from voting on matters pertaining to that member's compensation. A practicing physician who receives compensation, directly or indirectly, from the Corporation, whether as an employee or an independent contractor, is precluded from voting membership on any committee of that Corporation whose jurisdiction includes approval of individual physician compensation. No physician, either individually or collectively, is prohibited from providing information to any Committee regarding physician compensation.

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### **III. Use of Corporate Name – Policy and Implementation**

The proprietary names, images, and service/trademarks of CareGroup and its Affiliates must be protected from use by commercial or other outside interests or activities in such a way that the integrity and reputation of the corporation and its subsidiaries might be adversely affected. Therefore, all proposals for use of such names, images, or service/trademarks in outside activities must be reviewed and approved in advance by CareGroup's Corporate Communications Department.