

# HEALTHPARTNERS, INC. AND GROUP HEALTH PLAN, INC. CONFLICT OF INTEREST POLICY

## ARTICLE I PURPOSE AND POLICY

- 1.1 **Purpose.** The purpose of the Conflict of Interest Policy is to protect the interests of HealthPartners, Inc. and Group Health Plan, Inc. and their related organizations (collectively the Corporations, as further defined in Section 2.4), when the Corporations are contemplating entering into a transaction or arrangement that might benefit the private interest of a member of the Board of Directors (director), principal officer, committee member, or Key Employee (collectively Covered Persons) or might result in a possible excess benefit transaction. This policy supplements but does not replace Minnesota laws governing conflict of interest applicable to nonprofit and charitable corporations.
- 1.2 **Policy.** The business and affairs of the Corporations are under the direction of the various boards of directors, acting through the corporate officers. In carrying out their respective duties, Minnesota law and sound corporate policy require that Covered Persons act in a manner that recognizes their duty of loyalty to the corporation.

The duty of loyalty requires that a Covered Person give undivided allegiance to the Corporations when using either the power of the Covered Person's position or information the Covered Person possesses concerning the Corporations or the Corporations' property. A Covered Person may not use his/her position with the Corporations for personal profit, gain or advantage. It is recognized that some Covered Persons may be employed or otherwise affiliated with organizations that do business with the Corporations; however, a Covered Person should put the interests of the Corporations first and oppose and reject transactions from which a Covered Person will inappropriately benefit, directly or indirectly.

This Conflict of Interest Policy supplements the HealthPartners Code of Conduct. It does not replace it.

## ARTICLE II DEFINITIONS

- 2.1 **Covered Person.** Includes a member of the Board of Directors, principle officer, member of a committee with board delegated powers, or Key Employee.

- 2.2 **Family Member.** Includes a Covered Person's spouse, parents and ancestors, descendants, siblings (whether by whole or half blood), and spouses of descendants and siblings.
- 2.3 **Financial Interest.** A Covered Person has a Financial Interest if the Covered Person has, directly or indirectly, through business, investment or a Family Member:
- an ownership or investment interest in any entity with which the Corporations do business or which is in competition with the Corporations, or
  - a compensation arrangement with any entity or individual with which the Corporations do business or which is in competition with the Corporations, or
  - a potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the Corporations do business or which is in competition with the Corporations.

Compensation includes direct and indirect remuneration as well as gifts or favors that are substantial in nature.

- 2.4 **Corporations.** The Corporations shall mean [ENTITY NAMED IN TITLE OF THE POLICY] and all other entities that are subsidiaries of HealthPartners, Inc.
- 2.5 **Interested Person.** An Interested Person is a Covered Person who has (i) a Financial Interest, as defined in Section 2.3 above; or (ii) a Nonfinancial Interest, as defined in Section 2.7 below. If a person is an Interested Person with respect to any entity in the HealthPartners family of corporations, he or she is an Interested Person with respect to all entities in the HealthPartners family of corporations.
- 2.6 **Key Employee.** A Key Employee is any person having responsibilities, powers, or influence similar to those of officers or directors. The term includes the chief management and administrative officials of the organization (such as the Chief Executive Officer (CEO) or Chief Financial Officer (CFO)). For purposes of this policy, the General Counsel, in consultation with the CEO and Governance Committee, shall determine from time to time who is a Key Employee.
- 2.7 **Nonfinancial Interest.** A person has a Nonfinancial Interest if the person, directly or indirectly, through business, investment or a Family Member performs directive, managerial, consulting, or contracting services for any outside concern that does business with or is in competition with the Corporations whether or not such services are compensated.

**ARTICLE III  
PROHIBITED ACTIVITIES**

Covered Persons may not participate in the following prohibited activities:

- using the Corporations’ property or equipment for outside business purposes;
- making political contributions with the Corporations’ funds or making improper disbursements to influence a public agency or official;
- extending hospitality to any official, particularly public officials, which could result in embarrassment to the Corporations;
- accepting gifts, favors, entertainment, meals, refreshments, travel and lodging, or other personal benefit other than what is acceptable as a part of normal business courtesy and hospitality from any concern which does or is seeking to do business with the Corporations (examples of normal business courtesy and hospitality include occasional business meals or receipt of tickets to a sports or cultural performance having a value of less than \$75);
- accepting loans from an outside concern which does business with or is seeking to do business with the Corporations (other than a bank or financial institution in accordance with their regular lending practices); or
- disclosing or using the Corporations’ information for the personal profit or advantage of anyone other than HealthPartners.

**ARTICLE IV  
DUTY TO DISCLOSE**

An Interested Person must disclose the existence and nature of any Financial or Nonfinancial Interests or prohibited activity of which he or she is aware. Such disclosure must be made in the annual Conflict of Interest Questionnaire (see Article V of this Policy) and to the Chair and/or General Counsel at the time a potential conflict arises in conjunction with a proposed transaction or arrangement. Depending on the outcome of such disclosures, further disclosure to the Board of Directors and/or members of committees with board delegated powers may also be required.

**ARTICLE V  
PROCEDURES AND ANNUAL QUESTIONNAIRE**

5.1 **Conflict of Interest Questionnaire.** Each Covered Person shall annually complete a Conflict of Interest Questionnaire which affirms that he/she:

- received a copy of the Conflict of Interest Policy,
- read and understands the Policy,
- agrees to comply with the Policy,
- understands that the Corporations are charitable organizations and that in order to maintain federal tax exemption must engage primarily in activities which accomplish one or more tax-exempt purposes, and
- has disclosed all potential conflicts of interest and prohibited activities in his/her answers to the Questionnaire.

5.2 **Determining Whether a Conflict of Interest Exists.**

- a. The General Counsel will assure that a system is in place to distribute a Conflict of Interest Questionnaire to all Covered Persons at least annually and to any person who becomes a Covered Person during the year at the time that he/she becomes a Covered Person (e.g. upon election or employment). Additionally, all Covered Persons will be informed of their duty to disclose any potential conflicts at such time as a transaction is being contemplated that may be impacted by a potential conflict.
- b. The General Counsel will review all completed Questionnaires. The Board Chair and CEO will review the General Counsel's completed Questionnaire. The Board Chair and General Counsel will review the CEO's completed Questionnaire.
- c. The General Counsel will summarize the findings from such reviews and submit a report to the Governance Committee of the Board. The report will identify the potential conflicts disclosed by each Covered Person and recommend one of the following with respect to each Covered Person:
  - (i) The disclosed conflicts are too pervasive to allow meaningful participation and the Covered Person should resign;
  - (ii) The Chair, CEO, and General Counsel should be aware of, and monitor, the potential conflict of interest throughout the year; or
  - (iii) No current potential conflicts were reported.

- d. On a continuous basis, the Chair, CEO and General Counsel will review upcoming agendas of meetings of the Board of Directors and its committees with board-delegated powers. If a disclosed conflict of interest impacts an agenda item, the Chair, CEO and General Counsel will determine one of the following approaches prior to the meeting and advise the person with the potential conflict which of the following processes will be implemented:
  - (i) He/she should not receive any information on the matter, and should be excluded from all discussion and the vote;
  - (ii) He/she may receive information on the matter but should be excluded from all discussion and the vote; or
  - (iii) He/she may receive information on the matter, participate in discussion and only be excluded from the vote.
- e. The full board will be advised of the Covered Person's potential conflict and the process recommended by the Chair, CEO and General Counsel. Any board member may object to the decision and bring the issue to the Governance Committee for discussion. Any board member at any time may also raise a suspected conflict of interest of any Covered Person or ask the Chair, CEO or General Counsel to investigate a potential conflict of interest.

5.3 **Procedures for Assessing Alternatives to a Transaction or Arrangement when a Potential Conflict of Interest Exists.**

- a. If a potential conflict of interest is identified respecting a transaction or arrangement, the Chair of the Board or a committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.
- b. After receiving a report about alternatives and exercising due diligence, the board or committee shall determine whether it is possible, with reasonable efforts, to engage in a more advantageous transaction or arrangement with a person or entity that would not give rise to a conflict of interest.
- c. If a more advantageous transaction or arrangement is not reasonably attainable under circumstances that would not give rise to a conflict of interest, the board or committee shall determine by a majority vote of the disinterested persons whether the transaction or arrangement is in the Corporations' best interest, for its benefit, and whether it is fair and reasonable. In conformity with the above determination, the Board or committee shall make its decision as to whether to enter into the transaction or arrangement.

5.4 **Violations of the Conflict of Interest Policy.**

- a. If the board, committee or CEO has reasonable cause to believe that a Covered Person has failed to disclose an actual or possible conflict of interest, it shall inform the Covered Person of the basis for such belief and afford the person an opportunity to explain the alleged failure to disclose.
- b. If, after hearing the responses of the Covered Person and making such further investigation as may be warranted in the circumstances, the board, committee or CEO determines that the Covered Person has failed to disclose an actual or possible conflict of interest, it or he/she shall take appropriate disciplinary and corrective action.

**ARTICLE VI  
RECORDS OF PROCEEDINGS**

The minutes of the board and all committees with board delegated powers shall contain:

- a. The names of persons who disclosed or otherwise were found to have a Financial or Nonfinancial Interest in connection with an actual or potential transaction or arrangement, the nature of the Financial or Nonfinancial Interest, any action taken to determine whether a conflict of interest was present, and the board's or committee's decision as to whether a conflict of interest existed.
- b. The names of the persons who were present for discussions and votes relating to the transaction or arrangement, the content of the discussion, including any alternatives to the proposed transaction or arrangement that were considered, and a record of any votes taken in connection therewith.

**ARTICLE VII  
COMPENSATION COMMITTEES**

- 7.1 **Voting Members.** A voting member of any board committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Corporations for services, is precluded from voting on matters pertaining to his/her compensation, but is not prohibited from providing information to any committee regarding compensation.
- 7.2 **Physician Members.** Physicians who receive compensation, directly or indirectly, from the Corporations, whether as employees or independent contractors, are precluded from

membership on any board committee whose jurisdiction includes compensation matters, but are not prohibited from providing information to any committee regarding physician compensation.

## **ARTICLE VIII PERIODIC REVIEWS**

- 8.1 **Reviews Required.** Periodic reviews will be conducted to assure that the Corporations operate in a manner consistent with their charitable purposes, and do not engage in activities that could jeopardize exemption from federal income tax. The periodic reviews shall, at a minimum, include the following subjects:
- a. Whether compensation arrangements and benefits are reasonable and are the result of arm's-length bargaining.
  - b. Whether partnership, joint venture, and service arrangements conform to written policies, are properly recorded, reflect reasonable payments for goods and services, further the Corporations charitable purposes and do not result in private inurement or impermissible private benefit or in excess benefit transactions.
- 8.2 **Use of Outside Experts.** In conducting the periodic reviews provided for in Article VII, the Corporations may, but need not, use outside experts. If outside experts are used their use shall not relieve the Board of its responsibility for ensuring that periodic reviews are conducted.

**CENTRAL MINNESOTA GROUP HEALTH, INC.  
CONFLICT OF INTEREST POLICY**

**ARTICLE I  
PURPOSE AND POLICY**

- 1.1 **Purpose.** The purpose of the conflict of interest policy is to protect the interests of Central Minnesota Group Health, Inc. and its related organizations (collectively the Corporations, as further defined in Section 2.4), when the Corporations are contemplating entering into a transaction or arrangement that might benefit the private interest of a member of a Board of Directors (director), principal officer, committee member, or Key Employee (collectively Covered Persons) or might result in a possible excess benefit transaction. This policy supplements but does not replace Minnesota laws governing conflict of interest applicable to nonprofit and charitable corporations.
- 1.2 **Policy.** The business and affairs of the Corporations are under the direction of the various Boards of Directors, acting through the corporate officers. In carrying out their respective duties, Minnesota law and sound corporate policy require that Covered Persons act in a manner that recognizes their duty of loyalty to the Corporations.

The duty of loyalty requires that a Covered Person give undivided allegiance to the Corporations when using either the power of the Covered Person's position or information the Covered Person possesses concerning the Corporations or the Corporations' property. A Covered Person may not use his/her position with the Corporations for personal profit, gain or advantage. It is recognized that some Covered Persons may be employed or otherwise affiliated with organizations that do business with the Corporations however, a Covered Person should put the interests of the Corporations first and oppose and reject transactions from which a Covered Person will inappropriately benefit, directly or indirectly.

This Conflict of Interest Policy supplements the Code of Conduct. It does not replace it.

**ARTICLE II  
DEFINITIONS**

- 2.1 **Covered Person.** Includes a member of the Board of Directors, principal officer, member of a committee with Board delegated powers, or Key Employee.
- 2.2 **Family Member.** Includes a Covered Person's spouse, parents and ancestors, descendants, siblings (whether by whole or half blood), and spouses of descendants and siblings.

2.3 **Financial Interest.** A Covered Person has a Financial Interest if the Covered Person has, directly or indirectly, through business, investment or a Family Member:

- an ownership or investment interest in any entity with which the Corporations do business or which is in competition with the Corporations, or
- a compensation arrangement with any entity or individual with which the Corporations do business or which is in competition with the Corporations, or
- a potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the Corporations do business or which is in competition with the Corporations.

Compensation includes direct and indirect remuneration as well as gifts or favors that are substantial in nature.

2.4 **Corporations.** The Corporations shall mean Central Minnesota Group Health, Inc. and all other entities that are subsidiaries of HealthPartners, Inc.

2.5 **Interested Person.** An Interested Person is a Covered Person who has (i) a Financial Interest, as defined in Section 2.3 above; or (ii) a Nonfinancial Interest, as defined in Section 2.7 below. If a person is an Interested Person with respect to any entity in the HealthPartners family of corporations, he or she is an Interested Person with respect to all entities in the HealthPartners family of corporations.

2.6 **Key Employee.** A Key Employee is any person having responsibilities, powers, or influence similar to those of officers or directors. The term includes the chief management and administrative officials of the organization (such as the Executive Director or Chief Financial Officer (CFO)). For purposes of this policy, the General Counsel, in consultation with the Executive Director and Chair, shall determine from time to time who is a Key Employee.

2.7 **Nonfinancial Interest.** A person has a Nonfinancial Interest if the person, directly or indirectly, through business, investment or a Family Member performs directive, managerial, consulting, or contracting services for any outside concern that does business with or is in competition with the Corporations whether or not such services are compensated.

### **ARTICLE III PROHIBITED ACTIVITIES**

Covered Persons may not participate in the following prohibited activities:

- using the Corporations’ property or equipment for outside business purposes;
- making political contributions with the Corporations’ funds or making improper disbursements to influence a public agency or official;
- extending hospitality to any official, particularly public officials, which could result in embarrassment to the Corporations;
- accepting gifts, favors, entertainment, meals, refreshments, travel and lodging, or other personal benefit other than what is acceptable as a part of normal business courtesy and hospitality from any concern which does or is seeking to do business with the Corporations (examples of normal business courtesy and hospitality include occasional business meals or tickets to a sports or cultural performance having a value of less than \$75);
- accepting loans from an outside concern which does business with or is seeking to do business with the Corporations (other than a bank or financial institution in accordance with their regular lending practices); or
- disclosing or using the Corporations’ information for the personal profit or advantage of anyone other than the Corporations.

#### **ARTICLE IV DUTY TO DISCLOSE**

An Interested Person must disclose the existence and nature of any Financial or Nonfinancial Interests of which he or she is aware. Such disclosure must be made in the annual Conflict of Interest Questionnaire (see Article V of this Policy) and to the Chair, and/or Executive Director and/or General Counsel at the time a potential conflict arises in conjunction with a proposed transaction or arrangement. Depending on the outcome of such disclosures, further disclosure to the Board of Directors and/or members of committees with Board delegated powers may also be required.

#### **ARTICLE V PROCEDURES AND ANNUAL QUESTIONNAIRE**

5.1 **Conflict of Interest Questionnaire.** Each Covered Person shall annually complete a Conflict of Interest Questionnaire which affirms that he/she

- received a copy of the Conflict of Interest Policy,
- read and understands the Policy,
- agrees to comply with the Policy,

- understands that the Corporations are charitable organizations and that in order to maintain federal tax exemption must engage primarily in activities which accomplish one or more tax-exempt purposes, and
- has disclosed all potential conflicts of interest in his/her answers to the Questionnaire.

## 5.2 **Determining Whether a Conflict of Interest Exists.**

- a. The General Counsel will assure that a system is in place to distribute a Conflict of Interest Questionnaire to all Covered Persons at least annually and to any person who becomes a Covered Person during the year at the time that he/she becomes a Covered Person (e.g. upon election or employment). Additionally, all Covered Persons will be informed of their duty to disclose any potential conflicts at such time as a transaction is being contemplated that may be impacted by a potential conflict.
- b. The General Counsel will review all completed Questionnaires. The Executive Director will review the General Counsel's completed Questionnaire. The Board Chair and General Counsel will review the Executive Director's completed Questionnaire.
- c. The General Counsel will summarize the findings from such reviews and submit a report to the Executive Committee of the Board. The report will identify the potential conflicts disclosed by each Covered Person and recommend one of the following with respect to each Covered Person:
  - (i) The disclosed conflicts are too pervasive to allow meaningful participation and the Covered Person should resign;
  - (ii) The Chair, Executive Director, and General Counsel should be aware of, and monitor, the potential conflict of interest throughout the year; or
  - (iii) No current potential conflicts were reported.
- d. Once approved, a verbal summary will be given to the full board.
- e. On a continuous basis, the Chair, Executive Director and General Counsel will review upcoming agendas of meetings of the Board and its committees with Board delegated powers. If a disclosed conflict of interest impacts an agenda

item, the Chair, Executive Director and General Counsel will determine one of the following approaches prior to the meeting and advise the person with the potential conflict which of the following processes will be implemented:

- (i) He/she should not receive any information on the matter, and should be excluded from all discussion and the vote;
  - (ii) He/she may receive information on the matter but should be excluded from all discussions and the vote; or
  - (iii) He/she may receive information on the matter, participate in discussion and only be excluded from the vote.
- f. The full Board will be advised of the Covered Person's potential conflict and the process recommended by the Chair, Executive Director and General Counsel. Any Board member may object to the decision and bring the issue to the Board for discussion. Any Board member at any time may also raise a suspected conflict of interest of any Covered Person or ask the Chair, Executive Director or General Counsel to investigate a potential conflict of interest.

5.3 **Procedures for Assessing Alternatives to a Transaction or Arrangement When a Potential Conflict of Interest Exists.**

- a. If a potential conflict of interest is identified respecting a transaction or arrangement, the Chair of the Board or a committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.
- b. After receiving a report about alternatives and exercising due diligence, the board or committee shall determine whether it is possible, with reasonable efforts, to engage in a more advantageous transaction or arrangement with a person or entity that would not give rise to a conflict of interest.
- c. If a more advantageous transaction or arrangement is not reasonably attainable under circumstances that would not give rise to a conflict of interest, the board or committee shall determine by a majority vote of the disinterested persons whether the transaction or arrangement is in the Corporations' best interest, for its benefit, and whether it is fair and reasonable. In conformity with the above determination the Board or committee shall make its decision as to whether to enter into the transaction or arrangement.

5.4 **Violations of the Conflict of Interest Policy.**

- a. If a Board, committee or Executive Director has reasonable cause to believe that a Covered Person has failed to disclose an actual or possible conflict of interest, it shall inform the Covered Person of the basis for such belief and afford the person an opportunity to explain the alleged failure to disclose.
- b. If, after hearing the responses of the Covered Person and making such further investigation as may be warranted in the circumstances, the Board, committee or Executive Director determines that the Covered Person has failed to disclose an actual or possible conflict of interest, it or he/she shall take appropriate disciplinary and corrective action.

**ARTICLE VI  
RECORDS OF PROCEEDINGS**

The minutes of the Board and all committees with Board delegated powers shall contain:

- a. the names of persons who disclosed or otherwise were found to have a Financial or Nonfinancial Interest in connection with an actual or potential transaction or arrangement, the nature of the Financial or Nonfinancial Interest, any action taken to determine whether a conflict of interest was present, and the Board's or committee's decision as to whether a conflict of interest existed.
- b. the names of the persons who were present for discussions and votes relating to the transaction or arrangement, the content of the discussion, including any alternatives to the proposed transaction or arrangement that were considered, and a record of any votes taken in connection therewith.

**ARTICLE VII  
COMPENSATION COMMITTEES**

- 7.1 **Voting Members.** A voting member of any Board committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Corporations for services, is precluded from voting on matters pertaining to his/her compensation, but is not prohibited from providing information to any committee regarding compensation. This provision does not preclude directors or committee members from voting on any payments provided to directors or committee members in recognition of the time and effort directors and committee members spend in performing director or committee member duties.

- 7.2 **Physician Members.** Physicians who receive compensation, directly or indirectly, from the Corporations, whether as employees or independent contractors, are precluded from membership on any Board committee whose jurisdiction includes compensation matters, but are not prohibited from providing information to any committee regarding physician compensation.

## **ARTICLE VIII PERIODIC REVIEWS**

- 8.1 **Reviews Required.** Periodic reviews will be conducted to assure that the Corporations operate in a manner consistent with their charitable purposes, and do not engage in activities that could jeopardize exemption from federal income tax. The periodic reviews shall, at a minimum, include the following subjects:
- a. Whether compensation arrangements and benefits are reasonable and are the result of arm's-length bargaining.
  - b. Whether partnership, joint venture, and service arrangements conform to written policies, are properly recorded, reflect reasonable payments for goods and services, further the Corporations charitable purposes and do not result in private inurement or impermissible private benefit or in excess benefit transactions.
- 8.2 **Use of Outside Experts.** In conducting the periodic reviews the Corporations may use outside experts. If outside experts are used their use shall not relieve the Board of its responsibility for ensuring that periodic reviews are conducted.

# **HPI-RAMSEY CONFLICT OF INTEREST POLICY**

## **ARTICLE I PURPOSE AND POLICY**

- 1.1 **Purpose.** The purpose of the conflict of interest policy is to protect the interests of HPI-Ramsey and its related organizations (collectively the Corporations, as further defined in Section 2.4), when the Corporations are contemplating entering into a transaction or arrangement that might benefit the private interest of a member of a Board of Directors (director), principal officer, committee member, or Key Employee (collectively Covered Persons) or might result in a possible excess benefit transaction. This policy supplements but does not replace Minnesota laws governing conflict of interest applicable to nonprofit and charitable corporations.
- 1.2 **Policy.** The business and affairs of the Corporations are under the direction of the various Boards of Directors, acting through the corporate officers. In carrying out their respective duties, Minnesota law and sound corporate policy require that Covered Persons act in a manner that recognizes their duty of loyalty to the Corporations.

The duty of loyalty requires that a Covered Person give undivided allegiance to the Corporations when using either the power of the Covered Person's position or information the Covered Person possesses concerning the Corporations or the Corporations' property. A Covered Person may not use his/her position with the Corporations for personal profit, gain or advantage. It is recognized that some Covered Persons may be employed or otherwise affiliated with organizations that do business with the Corporations; however, a Covered Person should put the interests of the Corporations first and oppose and reject transactions from which a Covered Person will inappropriately benefit, directly or indirectly.

This Conflict of Interest Policy supplements the HealthPartners Code of Conduct. It does not replace it.

## **ARTICLE II DEFINITIONS**

- 2.1 **Covered Person.** Includes a member of the Board of Directors, principal officer, member of a committee with Board delegated powers, or Key Employee.

- 2.2 **Family Member.** Includes a Covered Person's spouse, parents and ancestors, descendants, siblings (whether by whole or half blood), and spouses of descendants and siblings.
- 2.3 **Financial Interest.** A Covered Person has a Financial Interest if the Covered Person has, directly or indirectly, through business, investment or a Family Member:
- an ownership or investment interest in any entity with which the Corporations do business or which is in competition with the Corporations, or
  - a compensation arrangement with any entity or individual with which the Corporations do business or which is in competition with the Corporations, or
  - a potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the Corporations do business or which is in competition with the Corporations.

Compensation includes direct and indirect remuneration as well as gifts or favors that are substantial in nature.

- 2.4 **Corporations.** The Corporations shall mean HPI-Ramsey and all other entities that are subsidiaries of HealthPartners, Inc.
- 2.5 **Interested Person.** An Interested Person is a Covered Person who has (i) a Financial Interest, as defined in Section 2.3 above; or (ii) a Nonfinancial Interest, as defined in Section 2.7 below. If a person is an Interested Person with respect to any entity in the HealthPartners family of corporations, he or she is an Interested Person with respect to all entities in the HealthPartners family of corporations.
- 2.6 **Key Employee.** A Key Employee is any person having responsibilities, powers, or influence similar to those of officers or directors. The term includes the chief management and administrative officials of the organization (such as the President or Chief Financial Officer (CFO)). For purposes of this policy, the General Counsel, in consultation with the President and Chair of the Board, shall determine from time to time who is a Key Employee.
- 2.7 **Nonfinancial Interest.** A person has a Nonfinancial Interest if the person, directly or indirectly, through business, investment or a Family Member performs directive, managerial, consulting, or contracting services for any outside concern that does business with or is in competition with the Corporations whether or not such services are compensated.

### ARTICLE III PROHIBITED ACTIVITIES

Covered Persons may not participate in the following prohibited activities:

- using the Corporations' property or equipment for outside business purposes;
- making political contributions with the Corporations' funds or making improper disbursements to influence a public agency or official;
- extending hospitality to any official, particularly public officials, which could result in embarrassment to the Corporations;
- accepting gifts, favors, entertainment, meals, refreshments, travel and lodging, or other personal benefit other than what is acceptable as a part of normal business courtesy and hospitality from any concern which does or is seeking to do business with the Corporations (examples of normal business courtesy and hospitality include occasional business meals or tickets to a cultural performance having a value of less than \$75);
- accepting loans from an outside concern which does business with or is seeking to do business with the Corporations (other than a bank or financial institution in accordance with their regular lending practices); or
- disclosing or using the Corporations' information for the personal profit or advantage of anyone other than the Corporations.

#### **ARTICLE IV DUTY TO DISCLOSE**

An Interested Person must disclose the existence and nature of any Financial or Nonfinancial Interests of which he or she is aware. Such disclosure must be made in the annual Conflict of Interest Questionnaire (see Article V of this Policy) and to the Chair and/or President and/or General Counsel at the time a potential conflict arises in conjunction with a proposed transaction or arrangement. Depending on the outcome of such disclosures, further disclosure to the Board of Directors and/or members of committees with Board delegated powers may also be required.

#### **ARTICLE V PROCEDURES AND ANNUAL QUESTIONNAIRE**

5.1 **Conflict of Interest Questionnaire.** Each Covered Person shall annually complete a Conflict of Interest Questionnaire which affirms that he/she

- received a copy of the Conflict of Interest Policy,
- read and understands the Policy,
- agrees to comply with the Policy,
- understands that the Corporations are charitable organizations and that in order to maintain federal tax exemption must engage primarily in activities which accomplish one or more tax-exempt purposes, and
- has disclosed all potential conflicts of interest in his/her answers to the Questionnaire.

5.2 **Determining Whether a Conflict of Interest Exists.**

- a. The General Counsel will assure that a system is in place to distribute a Conflict of Interest Questionnaire to all Covered Persons at least annually and to any person who becomes a Covered Person during the year at the time that he/she becomes a Covered Person (e.g. upon election or employment). Additionally, all Covered Persons will be informed of their duty to disclose any potential conflicts at such time as a transaction is being contemplated that may be impacted by a potential conflict.
- b. The General Counsel will review all completed Questionnaires. The President will review the General Counsel's completed Questionnaire. The Board Chair and General Counsel will review the President's completed Questionnaire.
- c. The General Counsel will summarize the findings from such reviews and submit a report to the President and Chair of the Board. The report will identify the potential conflicts disclosed by each Covered Person and recommend one of the following with respect to each Covered Person:
  - (i) The disclosed conflicts are too pervasive to allow meaningful participation and the Covered Person should resign;
  - (ii) The Chair, President, and General Counsel should be aware of, and monitor, the potential conflict of interest throughout the year; or
  - (iii) No current potential conflicts were reported.
- d. Once approved, a verbal summary will be given to the full board.
- e. On a continuous basis, the Chair, President and General Counsel will review upcoming agendas of meetings of the Board and its committees with Board

delegated powers. If a disclosed conflict of interest impacts an agenda item, the Chair, President and General Counsel will determine one of the following approaches prior to the meeting and advise the person with the potential conflict which of the following processes will be implemented:

- (i) He/she should not receive any information on the matter, and should be excluded from all discussion and the vote;
  - (ii) He/she may receive information on the matter but should be excluded from all discussions and the vote; or
  - (iii) He/she may receive information on the matter, participate in discussion and only be excluded from the vote.
- f. The full Board will be advised of the Covered Person's potential conflict and the process recommended by the Chair, President and General Counsel. Any Board member may object to the decision and bring the issue to the Chair of the Board for discussion. Any Board member at any time may also raise a suspected conflict of interest of any Covered Person or ask the Chair, President or General Counsel to investigate a potential conflict of interest.

### 5.3 **Procedures for Assessing Alternatives to a Transaction or Arrangement When a Potential Conflict of Interest Exists.**

- a. If a potential conflict of interest is identified respecting a transaction or arrangement, the Chair of the Board or a committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.
- b. After receiving a report about alternatives and exercising due diligence, the board or committee shall determine whether it is possible, with reasonable efforts, to engage in a more advantageous transaction or arrangement with a person or entity that would not give rise to a conflict of interest.
- c. If a more advantageous transaction or arrangement is not reasonably attainable under circumstances that would not give rise to a conflict of interest, the board or committee shall determine by a majority vote of the disinterested persons whether the transaction or arrangement is in the Corporations' best interest, for its benefit, and whether it is fair and reasonable. In conformity with the above determination the Board or committee shall make its decision as to whether to enter into the transaction or arrangement.

### 5.4 **Violations of the Conflict of Interest Policy.**

- a. If a Board, committee or President has reasonable cause to believe that a Covered Person has failed to disclose an actual or possible conflict of interest, it shall inform the Covered Person of the basis for such belief and afford the person an opportunity to explain the alleged failure to disclose.
- b. If, after hearing the responses of the Covered Person and making such further investigation as may be warranted in the circumstances, the Board, committee or President determines that the Covered Person has failed to disclose an actual or possible conflict of interest, it or he/she shall take appropriate disciplinary and corrective action.

## **ARTICLE VI RECORDS OF PROCEEDINGS**

The minutes of the Board and all committees with Board delegated powers shall contain:

- a. the names of persons who disclosed or otherwise were found to have a Financial or Nonfinancial Interest in connection with an actual or potential transaction or arrangement, the nature of the Financial or Nonfinancial Interest, any action taken to determine whether a conflict of interest was present, and the Board's or committee's decision as to whether a conflict of interest existed.
- b. the names of the persons who were present for discussions and votes relating to the transaction or arrangement, the content of the discussion, including any alternatives to the proposed transaction or arrangement that were considered, and a record of any votes taken in connection therewith.

## **ARTICLE VII COMPENSATION COMMITTEES**

- 7.1 **Voting Members.** A voting member of any Board committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Corporations for services, is precluded from voting on matters pertaining to his/her compensation, but is not prohibited from providing information to any committee regarding compensation. This provision does not preclude directors or committee members from voting on any payments provided to directors or committee members in recognition of the time and effort directors and committee members spend in performing director or committee member duties.

- 7.2 **Physician Members.** Physicians who receive compensation, directly or indirectly, from the Corporations, whether as employees or independent contractors, are precluded from membership on any Board committee whose jurisdiction includes compensation matters, but are not prohibited from providing information to any committee regarding physician compensation.

## **ARTICLE VIII PERIODIC REVIEWS**

- 8.1 **Reviews Required.** Periodic reviews will be conducted to assure that the Corporations operate in a manner consistent with their charitable purposes, and do not engage in activities that could jeopardize exemption from federal income tax. The periodic reviews shall, at a minimum, include the following subjects:
- a. Whether compensation arrangements and benefits are reasonable and are the result of arm's-length bargaining.
  - b. Whether partnership, joint venture, and service arrangements conform to written policies, are properly recorded, reflect reasonable payments for goods and services, further the Corporations charitable purposes and do not result in private inurement or impermissible private benefit or in excess benefit transactions.
- 8.2 **Use of Outside Experts.** In conducting the periodic reviews, the Corporations may use outside experts. If outside experts are used their use shall not relieve the Board of its responsibility for ensuring that periodic reviews are conducted.

# HEALTHPARTNERS RESEARCH FOUNDATION CONFLICT OF INTEREST POLICY

## ARTICLE I PURPOSE AND POLICY

- 1.1 **Purpose.** The purpose of the conflict of interest policy is to protect the interests of HealthPartners Research Foundation and its related organizations (collectively the Corporations, as further defined in Section 2.4), when the Corporations are contemplating entering into a transaction or arrangement that might benefit the private interest of a member of a Board of Directors (director), principal officer, committee member, or Key Employee (collectively Covered Persons) or might result in a possible excess benefit transaction. This policy supplements but does not replace Minnesota laws governing conflict of interest applicable to nonprofit and charitable corporations.
- 1.2 **Policy.** The business and affairs of the Corporations are under the direction of the various Boards of Directors, acting through the corporate officers. In carrying out their respective duties, Minnesota law and sound corporate policy require that Covered Persons act in a manner that recognizes their duty of loyalty to the Corporations.

The duty of loyalty requires that a Covered Person give undivided allegiance to the Corporations when using either the power of the Covered Person's position or information the Covered Person possesses concerning the Corporations or the Corporations' property. A Covered Person may not use his/her position with the Corporations for personal profit, gain or advantage. It is recognized that some Covered Persons may be employed or otherwise affiliated with organizations that do business with the Corporations however, a Covered Person should put the interests of the Corporations first and oppose and reject transactions from which a Covered Person will inappropriately benefit, directly or indirectly.

This Conflict of Interest Policy supplements the HealthPartners Code of Conduct. It does not replace it.

## ARTICLE II DEFINITIONS

- 2.1 **Covered Person.** Includes a member of the Board of Directors, principal officer, member of a committee with Board delegated powers, or Key Employee.

- 2.2 **Family Member.** Includes a Covered Person's spouse, parents and ancestors, descendants, siblings (whether by whole or half blood), and spouses of descendants and siblings.
- 2.3 **Financial Interest.** A Covered Person has a Financial Interest if the Covered Person has, directly or indirectly, through business, investment or a Family Member:
- an ownership or investment interest in any entity with which the Corporations do business or which is in competition with the Corporations, or
  - a compensation arrangement with any entity or individual with which the Corporations do business or which is in competition with the Corporations, or
  - a potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the Corporations do business or which is in competition with the Corporations.

Compensation includes direct and indirect remuneration as well as gifts or favors that are substantial in nature.

- 2.4 **Corporations.** The Corporations shall mean HealthPartners Research Foundation and all other entities that are subsidiaries of HealthPartners, Inc.
- 2.5 **Interested Person.** An Interested Person is a Covered Person who has (i) a Financial Interest, as defined in Section 2.3 above; or (ii) a Nonfinancial Interest, as defined in Section 2.7 below. If a person is an Interested Person with respect to any entity in the HealthPartners family of corporations, he or she is an Interested Person with respect to all entities in the HealthPartners family of corporations.
- 2.6 **Key Employee.** A Key Employee is any person having responsibilities, powers, or influence similar to those of officers or directors. The term includes the chief management and administrative officials of the organization (such as the Executive Director or Chief Financial Officer (CFO)). For purposes of this policy, the General Counsel, in consultation with the Executive Director and Chair of the Board, shall determine from time to time who is a Key Employee.
- 2.7 **Nonfinancial Interest.** A person has a Nonfinancial Interest if the person, directly or indirectly, through business, investment or a Family Member performs directive, managerial, consulting, or contracting services for any outside concern that does business with or is in competition with the Corporations whether or not such services are compensated.

### **ARTICLE III PROHIBITED ACTIVITIES**

Covered Persons may not participate in the following prohibited activities:

- using the Corporations' property or equipment for outside business purposes;
- making political contributions with the Corporations' funds or making improper disbursements to influence a public agency or official;
- extending hospitality to any official, particularly public officials, which could result in embarrassment to the Corporations;
- accepting gifts, favors, entertainment, meals, refreshments, travel and lodging, or other personal benefit other than what is acceptable as a part of normal business courtesy and hospitality from any concern which does or is seeking to do business with the Corporations (examples of normal business courtesy and hospitality include occasional business meals or tickets to a sports or cultural performance having a value of less than \$75);
- accepting loans from an outside concern which does business with or is seeking to do business with the Corporations (other than a bank or financial institution in accordance with their regular lending practices); or
- disclosing or using the Corporations' information for the personal profit or advantage of anyone other than the Corporations.

### **ARTICLE IV DUTY TO DISCLOSE**

An Interested Person must disclose the existence and nature of any Financial or Nonfinancial Interests of which he or she is aware. Such disclosure must be made in the annual Conflict of Interest Questionnaire (see Article V of this Policy) and to the Chair and/or Executive Director and/or General Counsel at the time a potential conflict arises in conjunction with a proposed transaction or arrangement. Depending on the outcome of such disclosures, further disclosure to the Board of Directors and/or members of committees with Board delegated powers may also be required.

**ARTICLE V  
PROCEDURES AND ANNUAL QUESTIONNAIRE**

5.1 **Conflict of Interest Questionnaire.** Each Covered Person shall annually complete a Conflict of Interest Questionnaire which affirms that he/she

- received a copy of the Conflict of Interest Policy,
- read and understands the Policy,
- agrees to comply with the Policy,
- understands that the Corporations are charitable organizations and that in order to maintain federal tax exemption must engage primarily in activities which accomplish one or more tax-exempt purposes, and
- has disclosed all potential conflicts of interest in his/her answers to the Questionnaire.

5.2 **Determining Whether a Conflict of Interest Exists.**

- a. The General Counsel will assure that a system is in place to distribute a Conflict of Interest Questionnaire to all Covered Persons at least annually and to any person who becomes a Covered Person during the year at the time that he/she becomes a Covered Person (e.g. upon election or employment). Additionally, all Covered Persons will be informed of their duty to disclose any potential conflicts at such time as a transaction is being contemplated that may be impacted by a potential conflict.
- b. The General Counsel will review all completed Questionnaires. The Executive Director will review the General Counsel's completed Questionnaire. The Board Chair and General Counsel will review the Executive Director's completed Questionnaire.
- c. The General Counsel will summarize the findings from such reviews and submit a report to the Chair and Executive Director. The report will identify the potential conflicts disclosed by each Covered Person and recommend one of the following with respect to each Covered Person:
  - (i) The disclosed conflicts are too pervasive to allow meaningful participation and the Covered Person should resign;

- (ii) The Chair, Executive Director, and General Counsel should be aware of, and monitor, the potential conflict of interest throughout the year; or
  - (iii) No current potential conflicts were reported.
- d. Once approved, a verbal summary will be given to the full board.
- e. On a continuous basis, the Chair, Executive Director and General Counsel will review upcoming agendas of meetings of the Board and its committees with Board delegated powers. If a disclosed conflict of interest impacts an agenda item, the Chair, Executive Director and General Counsel will determine one of the following approaches prior to the meeting and advise the person with the potential conflict which of the following processes will be implemented:
  - (i) He/she should not receive any information on the matter, and should be excluded from all discussion and the vote;
  - (ii) He/she may receive information on the matter but should be excluded from all discussions and the vote; or
  - (iii) He/she may receive information on the matter, participate in discussion and only be excluded from the vote.
- f. The full Board will be advised of the Covered Person's potential conflict and the process recommended by the Chair, Executive Director and General Counsel. Any Board member may object to the decision and bring the issue to the Governance Committee for discussion. Any Board member at any time may also raise a suspected conflict of interest of any Covered Person or ask the Chair, Executive Director or General Counsel to investigate a potential conflict of interest.

5.3 **Procedures for Assessing Alternatives to a Transaction or Arrangement When a Potential Conflict of Interest Exists.**

- a. If a potential conflict of interest is identified respecting a transaction or arrangement, the Chair of the Board or a committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.

- b. After receiving a report about alternatives and exercising due diligence, the board or committee shall determine whether it is possible, with reasonable efforts, to engage in a more advantageous transaction or arrangement with a person or entity that would not give rise to a conflict of interest.
- c. If a more advantageous transaction or arrangement is not reasonably attainable under circumstances that would not give rise to a conflict of interest, the board or committee shall determine by a majority vote of the disinterested persons whether the transaction or arrangement is in the Corporations' best interest, for its benefit, and whether it is fair and reasonable. In conformity with the above determination the Board or committee shall make its decision as to whether to enter into the transaction or arrangement.

5.4 **Violations of the Conflict of Interest Policy.**

- a. If a Board, committee or Executive Director has reasonable cause to believe that a Covered Person has failed to disclose an actual or possible conflict of interest, it shall inform the Covered Person of the basis for such belief and afford the person an opportunity to explain the alleged failure to disclose.
- b. If, after hearing the responses of the Covered Person and making such further investigation as may be warranted in the circumstances, the Board, committee or Executive Director determines that the Covered Person has failed to disclose an actual or possible conflict of interest, it or he/she shall take appropriate disciplinary and corrective action.

**ARTICLE VI  
RECORDS OF PROCEEDINGS**

The minutes of the Board and all committees with Board delegated powers shall contain:

- a. the names of persons who disclosed or otherwise were found to have a Financial or Nonfinancial Interest in connection with an actual or potential transaction or arrangement, the nature of the Financial or Nonfinancial Interest, any action taken to determine whether a conflict of interest was present, and the Board's or committee's decision as to whether a conflict of interest existed.
- b. the names of the persons who were present for discussions and votes relating to the transaction or arrangement, the content of the discussion, including any alternatives to the proposed transaction or arrangement that were considered, and a record of any votes taken in connection therewith.

**ARTICLE VII  
COMPENSATION COMMITTEES**

- 7.1 **Voting Members.** A voting member of any Board committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Corporations for services, is precluded from voting on matters pertaining to his/her compensation, but is not prohibited from providing information to any committee regarding compensation. This provision does not preclude directors or committee members from voting on any payments provided to directors or committee members in recognition of the time and effort directors and committee members spend in performing director or committee member duties.
- 7.2 **Physician Members.** Physicians who receive compensation, directly or indirectly, from the Corporations, whether as employees or independent contractors, are precluded from membership on any Board committee whose jurisdiction includes compensation matters, but are not prohibited from providing information to any committee regarding physician compensation.

**ARTICLE VIII  
PERIODIC REVIEWS**

- 8.1 **Reviews Required.** Periodic reviews will be conducted to assure that the Corporations operate in a manner consistent with their charitable purposes, and do not engage in activities that could jeopardize exemption from federal income tax. The periodic reviews shall, at a minimum, include the following subjects:
- a. Whether compensation arrangements and benefits are reasonable and are the result of arm's-length bargaining.
  - b. Whether partnership, joint venture, and service arrangements conform to written policies, are properly recorded, reflect reasonable payments for goods and services, further the Corporations charitable purposes and do not result in private inurement or impermissible private benefit or in excess benefit transactions.
- 8.2 **Use of Outside Experts.** In conducting the periodic reviews the Corporations may use outside experts. If outside experts are used their use shall not relieve the Board of its responsibility for ensuring that periodic reviews are conducted.

# HEALTHPARTNERS INSTITUTE FOR MEDICAL EDUCATION CONFLICT OF INTEREST POLICY

## ARTICLE I PURPOSE AND POLICY

- 1.1 **Purpose.** The purpose of the conflict of interest policy is to protect the interests of HealthPartners Institute for Medical Education and its related organizations (collectively the Corporations, as further defined in Section 2.4), when the Corporations are contemplating entering into a transaction or arrangement that might benefit the private interest of a member of a Board of Directors (director), principal officer, committee member, or Key Employee (collectively Covered Persons) or might result in a possible excess benefit transaction. This policy supplements but does not replace Minnesota laws governing conflict of interest applicable to nonprofit and charitable corporations.
- 1.2 **Policy.** The business and affairs of the Corporations are under the direction of the various boards of directors, acting through the corporate officers. In carrying out their respective duties, Minnesota law and sound corporate policy require that Covered Persons act in a manner that recognizes their duty of loyalty to the Corporations.

The duty of loyalty requires that a Covered Person give undivided allegiance to the Corporations when using either the power of the Covered Person's position or information the Covered Person possesses concerning the Corporations or the Corporations' property. A Covered Person may not use his/her position with the Corporations for personal profit, gain or advantage. It is recognized that some Covered Persons may be employed or otherwise affiliated with organizations that do business with the Corporations however, a Covered Person should put the interests of the Corporations first and oppose and reject transactions from which a Covered Person will inappropriately benefit, directly or indirectly.

This Conflict of Interest Policy supplements the HealthPartners Code of Conduct. It does not replace it.

## ARTICLE II DEFINITIONS

- 2.1 **Covered Person.** Includes a member of the Board of Directors, principal officer, member of a committee with Board delegated powers, or Key Employee.

- 2.2 **Family Member.** Includes a Covered Person's spouse, parents and ancestors, descendants, siblings (whether by whole or half blood), and spouses of descendants and siblings.
- 2.3 **Financial Interest.** A Covered Person has a Financial Interest if the Covered Person has, directly or indirectly, through business, investment or a Family Member:
- an ownership or investment interest in any entity with which the Corporations do business or which is in competition with the Corporations, or
  - a compensation arrangement with any entity or individual with which the Corporations do business or which is in competition with the Corporations, or
  - a potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the Corporations do business or which is in competition with the Corporations.

Compensation includes direct and indirect remuneration as well as gifts or favors that are substantial in nature.

- 2.4 **Corporations.** The Corporations shall mean HealthPartners Institute for Medical Education and all other entities that are subsidiaries of HealthPartners, Inc.
- 2.5 **Interested Person.** An Interested Person is a Covered Person who has (i) a Financial Interest, as defined in Section 2.3 above; or (ii) a Nonfinancial Interest, as defined in Section 2.7 below. If a person is an Interested Person with respect to any entity in the HealthPartners family of corporations, he or she is an Interested Person with respect to all entities in the HealthPartners family of corporations.
- 2.6 **Key Employee.** A Key Employee is any person having responsibilities, powers, or influence similar to those of officers or directors. The term includes the chief management and administrative officials of the organization (such as the Executive Director or Chief Financial Officer (CFO)). For purposes of this policy, the General Counsel, in consultation with the Executive Director and Chair, shall determine from time to time who is a Key Employee.
- 2.7 **Nonfinancial Interest.** A person has a Nonfinancial Interest if the person, directly or indirectly, through business, investment or a Family Member performs directive, managerial, consulting, or contracting services for any outside concern that does business with or is in competition with the Corporations whether or not such services are compensated.

### **ARTICLE III PROHIBITED ACTIVITIES**

Covered Persons may not participate in the following prohibited activities:

- using the Corporations' property or equipment for outside business purposes;
- making political contributions with the Corporations' funds or making improper disbursements to influence a public agency or official;
- extending hospitality to any official, particularly public officials, which could result in embarrassment to the Corporations;
- accepting gifts, favors, entertainment, meals, refreshments, travel and lodging, or other personal benefit other than what is acceptable as a part of normal business courtesy and hospitality from any concern which does or is seeking to do business with the Corporations (examples of normal business courtesy and hospitality include occasional business meals or tickets to a sports or cultural performance having a value of less than \$75);
- accepting loans from an outside concern which does business with or is seeking to do business with the Corporations (other than a bank or financial institution in accordance with their regular lending practices); or
- disclosing or using the Corporations' information for the personal profit or advantage of anyone other than the Corporations.

### **ARTICLE IV DUTY TO DISCLOSE**

An Interested Person must disclose the existence and nature of any Financial or Nonfinancial Interests of which he or she is aware. Such disclosure must be made in the annual Conflict of Interest Questionnaire (see Article V of this Policy) and to the Chair, Executive Director and/or General Counsel at the time a potential conflict arises in conjunction with a proposed transaction or arrangement. Depending on the outcome of such disclosures, further disclosure to the Board of Directors and/or members of committees with Board delegated powers may also be required.

**ARTICLE V  
PROCEDURES AND ANNUAL QUESTIONNAIRE**

5.1 **Conflict of Interest Questionnaire.** Each Covered Person shall annually complete a Conflict of Interest Questionnaire which affirms that he/she

- received a copy of the Conflict of Interest Policy,
- read and understands the Policy,
- agrees to comply with the Policy,
- understands that the Corporations are charitable organizations and that in order to maintain federal tax exemption must engage primarily in activities which accomplish one or more tax-exempt purposes, and
- has disclosed all potential conflicts of interest in his/her answers to the Questionnaire.

5.2 **Determining Whether a Conflict of Interest Exists.**

- a. The General Counsel will assure that a system is in place to distribute a Conflict of Interest Questionnaire to all Covered Persons at least annually and to any person who becomes a Covered Person during the year at the time that he/she becomes a Covered Person (e.g. upon election or employment). Additionally, all Covered Persons will be informed of their duty to disclose any potential conflicts at such time as a transaction is being contemplated that may be impacted by a potential conflict.
- b. The General Counsel will review all completed Questionnaires. The Executive Director will review the General Counsel's completed Questionnaire. The Board Chair and General Counsel will review the Executive Director's completed Questionnaire.
- c. The General Counsel will summarize the findings from such reviews and submit a report to the Chair and Executive Director. The report will identify the potential conflicts disclosed by each Covered Person and recommend one of the following with respect to each Covered Person:

- (i) The disclosed conflicts are too pervasive to allow meaningful participation and the Covered Person should resign;
  - (ii) The Chair, Executive Director, and General Counsel should be aware of, and monitor, the potential conflict of interest throughout the year; or
  - (iii) No current potential conflicts were reported.
- d. Once approved, a verbal summary will be given to the full board.
- e. On a continuous basis, the Chair, Executive Director and General Counsel will review upcoming agendas of meetings of the Board and its committees with Board delegated powers. If a disclosed conflict of interest impacts an agenda item, the Chair, Executive Director and General Counsel will determine one of the following approaches prior to the meeting and advise the person with the potential conflict which of the following processes will be implemented:
  - (i) He/she should not receive any information on the matter, and should be excluded from all discussion and the vote;
  - (ii) He/she may receive information on the matter but should be excluded from all discussions and the vote; or
  - (iii) He/she may receive information on the matter, participate in discussion and only be excluded from the vote.
- f. The full Board will be advised of the Covered Person's potential conflict and the process recommended by the Chair, Executive Director and General Counsel. Any Board member may object to the decision and bring the issue to the Board for discussion. Any Board member at any time may also raise a suspected conflict of interest of any Covered Person or ask the Chair, Executive Director or General Counsel to investigate a potential conflict of interest.

5.3 **Procedures for Assessing Alternatives to a Transaction or Arrangement When a Potential Conflict of Interest Exists.**

- a. If a potential conflict of interest is identified respecting a transaction or arrangement, the Chair of the Board or a committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.
- b. After receiving a report about alternatives and exercising due diligence, the board or committee shall determine whether it is possible, with reasonable efforts, to engage in a more advantageous transaction or arrangement with a person or entity that would not give rise to a conflict of interest.
- c. If a more advantageous transaction or arrangement is not reasonably attainable under circumstances that would not give rise to a conflict of interest, the board or committee shall determine by a majority vote of the disinterested persons whether the transaction or arrangement is in the Corporations' best interest, for its benefit, and whether it is fair and reasonable. In conformity with the above determination the Board or committee shall make its decision as to whether to enter into the transaction or arrangement.

5.4 **Violations of the Conflict of Interest Policy.**

- a. If a Board, committee or Executive Director has reasonable cause to believe that a Covered Person has failed to disclose an actual or possible conflict of interest, it shall inform the Covered Person of the basis for such belief and afford the person an opportunity to explain the alleged failure to disclose.
- b. If, after hearing the responses of the Covered Person and making such further investigation as may be warranted in the circumstances, the Board, committee or Executive Director determines that the Covered Person has failed to disclose an actual or possible conflict of interest, it or he/she shall take appropriate disciplinary and corrective action.

**ARTICLE VI  
RECORDS OF PROCEEDINGS**

The minutes of the Board and all committees with Board delegated powers shall contain:

- a. the names of persons who disclosed or otherwise were found to have a Financial or Nonfinancial Interest in connection with an actual or potential transaction or arrangement, the nature of the Financial or Nonfinancial Interest, any action taken to determine whether a conflict of interest was present, and the Board's or committee's decision as to whether a conflict of interest existed.

- b. the names of the persons who were present for discussions and votes relating to the transaction or arrangement, the content of the discussion, including any alternatives to the proposed transaction or arrangement that were considered, and a record of any votes taken in connection therewith.

## **ARTICLE VII COMPENSATION COMMITTEES**

- 7.1 **Voting Members.** A voting member of any Board committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Corporations for services, is precluded from voting on matters pertaining to his/her compensation, but is not prohibited from providing information to any committee regarding compensation. This provision does not preclude directors or committee members from voting on any payments provided to directors or committee members in recognition of the time and effort directors and committee members spend in performing director or committee member duties.
- 7.2 **Physician Members.** Physicians who receive compensation, directly or indirectly, from the Corporations, whether as employees or independent contractors, are precluded from membership on any Board committee whose jurisdiction includes compensation matters, but are not prohibited from providing information to any committee regarding physician compensation.

## **ARTICLE VIII PERIODIC REVIEWS**

- 8.1 **Reviews Required.** Periodic reviews will be conducted to assure that the Corporations operate in a manner consistent with their charitable purposes, and do not engage in activities that could jeopardize exemption from federal income tax. The periodic reviews shall, at a minimum, include the following subjects:
  - a. Whether compensation arrangements and benefits are reasonable and are the result of arm's-length bargaining.
  - b. Whether partnership, joint venture, and service arrangements conform to written policies, are properly recorded, reflect reasonable payments for goods and services, further the Corporations charitable purposes and do not result in private inurement or impermissible private benefit or in excess benefit transactions.

8.2 **Use of Outside Experts.** In conducting the periodic reviews the Corporations may use outside experts. If outside experts are used their use shall not relieve the Board of its responsibility for ensuring that periodic reviews are conducted.

# NORTH ST. PAUL TRANSITIONAL CARE CENTER CONFLICT OF INTEREST POLICY

## ARTICLE I PURPOSE AND POLICY

- 1.1 **Purpose.** The purpose of the conflict of interest policy is to protect the interests of North St. Paul Transitional Care Center and its related organizations (collectively the Corporations, as further defined in Section 2.4), when the Corporations are contemplating entering into a transaction or arrangement that might benefit the private interest of a member of a Board of Directors (director), principal officer, committee member, or Key Employee (collectively Covered Persons) or might result in a possible excess benefit transaction. This policy supplements but does not replace Minnesota laws governing conflict of interest applicable to nonprofit and charitable corporations.
- 1.2 **Policy.** The business and affairs of the Corporations are under the direction of the various Boards of Directors, acting through the corporate officers. In carrying out their respective duties, Minnesota law and sound corporate policy require that Covered Persons act in a manner that recognizes their duty of loyalty to the Corporations.

The duty of loyalty requires that a Covered Person give undivided allegiance to the Corporations when using either the power of the Covered Person's position or information the Covered Person possesses concerning the Corporations or the Corporations' property. A Covered Person may not use his/her position with the Corporations for personal profit, gain or advantage. It is recognized that some Covered Persons may be employed or otherwise affiliated with organizations that do business with the Corporations; however, a Covered Person should put the interests of the Corporations first and oppose and reject transactions from which a Covered Person will inappropriately benefit, directly or indirectly.

This Conflict of Interest Policy supplements the HealthPartners Code of Conduct. It does not replace it.

## ARTICLE II DEFINITIONS

- 2.1 **Covered Person.** Includes a member of the Board of Directors, principal officer, member of a committee with Board delegated powers, or Key Employee.
- 2.2 **Family Member.** Includes a Covered Person's spouse, parents and ancestors, descendants, siblings (whether by whole or half blood), and spouses of descendants and siblings.

2.3 **Financial Interest.** A Covered Person has a Financial Interest if the Covered Person has, directly or indirectly, through business, investment or a Family Member:

- an ownership or investment interest in any entity with which the Corporations do business or which is in competition with the Corporations, or
- a compensation arrangement with any entity or individual with which the Corporations do business or which is in competition with the Corporations, or
- a potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the Corporations do business or which is in competition with the Corporations.

Compensation includes direct and indirect remuneration as well as gifts or favors that are substantial in nature.

2.4 **Corporations.** The Corporations shall mean North St. Paul Transitional Care Center and all other entities that are subsidiaries of HealthPartners, Inc.

2.5 **Interested Person.** An Interested Person is a Covered Person who has (i) a Financial Interest, as defined in Section 2.3 above; or (ii) a Nonfinancial Interest, as defined in Section 2.7 below. If a person is an Interested Person with respect to any entity in the HealthPartners family of corporations, he or she is an Interested Person with respect to all entities in the HealthPartners family of corporations.

2.6 **Key Employee.** A Key Employee is any person having responsibilities, powers, or influence similar to those of officers or directors. The term includes the chief management and administrative officials of the organization (such as the President or Chief Financial Officer (CFO)). For purposes of this policy, the General Counsel, in consultation with the President and Chair of the Board, shall determine from time to time who is a Key Employee.

2.7 **Nonfinancial Interest.** A person has a Nonfinancial Interest if the person, directly or indirectly, through business, investment or a Family Member performs directive, managerial, consulting, or contracting services for any outside concern that does business with or is in competition with the Corporations whether or not such services are compensated.

### **ARTICLE III PROHIBITED ACTIVITIES**

Covered Persons may not participate in the following prohibited activities:

- using the Corporations' property or equipment for outside business purposes;

- making political contributions with the Corporations' funds or making improper disbursements to influence a public agency or official;
- extending hospitality to any official, particularly public officials, which could result in embarrassment to the Corporations;
- accepting gifts, favors, entertainment, meals, refreshments, travel and lodging, or other personal benefit other than what is acceptable as a part of normal business courtesy and hospitality from any concern which does or is seeking to do business with the Corporations (examples of normal business courtesy and hospitality include occasional business meals or tickets to a cultural performance having a value of less than \$75);
- accepting loans from an outside concern which does business with or is seeking to do business with the Corporations (other than a bank or financial institution in accordance with their regular lending practices); or
- disclosing or using the Corporations' information for the personal profit or advantage of anyone other than the Corporations.

#### **ARTICLE IV DUTY TO DISCLOSE**

An Interested Person must disclose the existence and nature of any Financial or Nonfinancial Interests of which he or she is aware. Such disclosure must be made in the annual Conflict of Interest Questionnaire (see Article V of this Policy) and to the Chair and/or President and/or General Counsel at the time a potential conflict arises in conjunction with a proposed transaction or arrangement. Depending on the outcome of such disclosures, further disclosure to the Board of Directors and/or members of committees with Board delegated powers may also be required.

#### **ARTICLE V PROCEDURES AND ANNUAL QUESTIONNAIRE**

5.1 **Conflict of Interest Questionnaire.** Each Covered Person shall annually complete a Conflict of Interest Questionnaire which affirms that he/she

- received a copy of the Conflict of Interest Policy,
- read and understands the Policy,
- agrees to comply with the Policy,

- understands that the Corporations are charitable organizations and that in order to maintain federal tax exemption must engage primarily in activities which accomplish one or more tax-exempt purposes, and
- has disclosed all potential conflicts of interest in his/her answers to the Questionnaire.

## 5.2 **Determining Whether a Conflict of Interest Exists.**

- a. The General Counsel will assure that a system is in place to distribute a Conflict of Interest Questionnaire to all Covered Persons at least annually and to any person who becomes a Covered Person during the year at the time that he/she becomes a Covered Person (e.g., upon election or employment). Additionally, all Covered Persons will be informed of their duty to disclose any potential conflicts at such time as a transaction is being contemplated that may be impacted by a potential conflict.
- b. The General Counsel will review all completed Questionnaires. The President will review the General Counsel's completed Questionnaire. The Board Chair and General Counsel will review the President's completed Questionnaire.
- c. The General Counsel will summarize the findings from such reviews and submit a report to the President and Chair of the Board. The report will identify the potential conflicts disclosed by each Covered Person and recommend one of the following with respect to each Covered Person:
  - (i) The disclosed conflicts are too pervasive to allow meaningful participation and the Covered Person should resign;
  - (ii) The Chair, President, and General Counsel should be aware of, and monitor, the potential conflict of interest throughout the year; or
  - (iii) No current potential conflicts were reported.
- d. Once approved, a verbal summary will be given to the full board.
- e. On a continuous basis, the Chair, President and General Counsel will review upcoming agendas of meetings of the Board and its committees with Board delegated powers. If a disclosed conflict of interest impacts an agenda item, the Chair, President and General Counsel will determine one of the following approaches prior to the meeting and advise the person with the potential conflict which of the following processes will be implemented:
  - (i) He/she should not receive any information on the matter, and should be excluded from all discussion and the vote;

- (ii) He/she may receive information on the matter but should be excluded from all discussions and the vote; or
  - (iii) He/she may receive information on the matter, participate in discussion and only be excluded from the vote.
- f. The full Board will be advised of the Covered Person's potential conflict and the process recommended by the Chair, President and General Counsel. Any Board member may object to the decision and bring the issue to the Chair of the Board for discussion. Any Board member at any time may also raise a suspected conflict of interest of any Covered Person or ask the Chair, President or General Counsel to investigate a potential conflict of interest.

5.3 **Procedures for Assessing Alternatives to a Transaction or Arrangement When a Potential Conflict of Interest Exists.**

- a. If a potential conflict of interest is identified respecting a transaction or arrangement, the Chair of the Board or a committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.
- b. After receiving a report about alternatives and exercising due diligence, the board or committee shall determine whether it is possible, with reasonable efforts, to engage in a more advantageous transaction or arrangement with a person or entity that would not give rise to a conflict of interest.
- c. If a more advantageous transaction or arrangement is not reasonably attainable under circumstances that would not give rise to a conflict of interest, the board or committee shall determine by a majority vote of the disinterested persons whether the transaction or arrangement is in the Corporations' best interest, for its benefit, and whether it is fair and reasonable. In conformity with the above determination the Board or committee shall make its decision as to whether to enter into the transaction or arrangement.

5.4 **Violations of the Conflict of Interest Policy.**

- a. If a Board, committee or President has reasonable cause to believe that a Covered Person has failed to disclose an actual or possible conflict of interest, it shall inform the Covered Person of the basis for such belief and afford the person an opportunity to explain the alleged failure to disclose.
- b. If, after hearing the responses of the Covered Person and making such further investigation as may be warranted in the circumstances, the Board, committee or President determines that the Covered Person has failed to disclose an actual or

possible conflict of interest, it or he/she shall take appropriate disciplinary and corrective action.

## **ARTICLE VI RECORDS OF PROCEEDINGS**

The minutes of the Board and all committees with Board delegated powers shall contain:

- a. the names of persons who disclosed or otherwise were found to have a Financial or Nonfinancial Interest in connection with an actual or potential transaction or arrangement, the nature of the Financial or Nonfinancial Interest, any action taken to determine whether a conflict of interest was present, and the Board's or committee's decision as to whether a conflict of interest existed.
- b. the names of the persons who were present for discussions and votes relating to the transaction or arrangement, the content of the discussion, including any alternatives to the proposed transaction or arrangement that were considered, and a record of any votes taken in connection therewith.

## **ARTICLE VII COMPENSATION COMMITTEES**

- 7.1 **Voting Members.** A voting member of any Board committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Corporations for services, is precluded from voting on matters pertaining to his/her compensation, but is not prohibited from providing information to any committee regarding compensation. This provision does not preclude directors or committee members from voting on any payments provided to directors or committee members in recognition of the time and effort directors and committee members spend in performing director or committee member duties.
- 7.2 **Physician Members.** Physicians who receive compensation, directly or indirectly, from the Corporations, whether as employees or independent contractors, are precluded from membership on any Board committee whose jurisdiction includes compensation matters, but are not prohibited from providing information to any committee regarding physician compensation.

## **ARTICLE VIII PERIODIC REVIEWS**

- 8.1 **Reviews Required.** Periodic reviews will be conducted to assure that the Corporations operate in a manner consistent with their charitable purposes, and do not engage in activities that could jeopardize exemption from federal income tax. The periodic reviews shall, at a minimum, include the following subjects:
- a. Whether compensation arrangements and benefits are reasonable and are the result of arm's-length bargaining.
  - b. Whether partnership, joint venture, and service arrangements conform to written policies, are properly recorded, reflect reasonable payments for goods and services, further the Corporations charitable purposes and do not result in private inurement or impermissible private benefit or in excess benefit transactions.
- 8.2 **Use of Outside Experts.** In conducting the periodic reviews, the Corporations may use outside experts. If outside experts are used their use shall not relieve the Board of its responsibility for ensuring that periodic reviews are conducted.

# REGIONS HOSPITAL CONFLICT OF INTEREST POLICY

## ARTICLE I PURPOSE AND POLICY

- 1.1 **Purpose.** The purpose of the conflict of interest policy is to protect the interests of Regions Hospital and its related organizations (collectively the Corporations, as further defined in Section 2.4), when the Corporations are contemplating entering into a transaction or arrangement that might benefit the private interest of a member of a Board of Directors (director), principal officer, committee member, or Key Employee (collectively Covered Persons) or might result in a possible excess benefit transaction. This policy supplements but does not replace Minnesota laws governing conflict of interest applicable to nonprofit and charitable corporations.
- 1.2 **Policy.** The business and affairs of the Corporations are under the direction of the various Boards of Directors, acting through the corporate officers. In carrying out their respective duties, Minnesota law and sound corporate policy require that Covered Persons act in a manner that recognizes their duty of loyalty to the Corporations.

The duty of loyalty requires that a Covered Person give undivided allegiance to the Corporations when using either the power of the Covered Person's position or information the Covered Person possesses concerning the Corporations or the Corporations' property. A Covered Person may not use his/her position with the Corporations for personal profit, gain or advantage. It is recognized that some Covered Persons may be employed or otherwise affiliated with organizations that do business with the Corporations however, a Covered Person should put the interests of the Corporations first and oppose and reject transactions from which a Covered Person will inappropriately benefit, directly or indirectly.

This Conflict of Interest Policy supplements the HealthPartners Code of Conduct. It does not replace it.

## ARTICLE II DEFINITIONS

- 2.1 **Covered Person.** Includes a member of the Board of Directors, principal officer, member of a committee with Board delegated powers, or Key Employee.
- 2.2 **Family Member.** Includes a Covered Person's spouse, parents and ancestors, descendants, siblings (whether by whole or half blood), and spouses of descendants and siblings.

2.3 **Financial Interest.** A Covered Person has a Financial Interest if the Covered Person has, directly or indirectly, through business, investment or a Family Member:

- an ownership or investment interest in any entity with which the Corporations do business or which is in competition with the Corporations, or
- a compensation arrangement with any entity or individual with which the Corporations do business or which is in competition with the Corporations, or
- a potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the Corporations do business or which is in competition with the Corporations.

Compensation includes direct and indirect remuneration as well as gifts or favors that are substantial in nature.

2.4 **Corporations.** The Corporations shall mean Regions Hospital and all other entities that are subsidiaries of HealthPartners, Inc.

2.5 **Interested Person.** An Interested Person is a Covered Person who has (i) a Financial Interest, as defined in Section 2.3 above; or (ii) a Nonfinancial Interest, as defined in Section 2.7 below. If a person is an Interested Person with respect to any entity in the HealthPartners family of corporations, he or she is an Interested Person with respect to all entities in the HealthPartners family of corporations.

2.6 **Key Employee.** A Key Employee is any person having responsibilities, powers, or influence similar to those of officers or directors. The term includes the chief management and administrative officials of the organization (such as the Chief Executive Officer (CEO) or Chief Financial Officer (CFO)). For purposes of this policy, the General Counsel, in consultation with the CEO and Governance Committees, shall determine from time to time who is a Key Employee.

2.7 **Nonfinancial Interest.** A person has a Nonfinancial Interest if the person, directly or indirectly, through business, investment or a Family Member performs directive, managerial, consulting, or contracting services for any outside concern that does business with or is in competition with the Corporations whether or not such services are compensated.

### **ARTICLE III PROHIBITED ACTIVITIES**

Covered Persons may not participate in the following prohibited activities:

- using the Corporations' property or equipment for outside business purposes;

- making political contributions with the Corporations' funds or making improper disbursements to influence a public agency or official;
- extending hospitality to any official, particularly public officials, which could result in embarrassment to the Corporations;
- accepting gifts, favors, entertainment, meals, refreshments, travel and lodging, or other personal benefit other than what is acceptable as a part of normal business courtesy and hospitality from any concern which does or is seeking to do business with the Corporations (examples of normal business courtesy and hospitality include occasional business meals or tickets to a sports or cultural performance having a value of less than \$75);
- accepting loans from an outside concern which does business with or is seeking to do business with the Corporations (other than a bank or financial institution in accordance with their regular lending practices); or
- disclosing or using the Corporations' information for the personal profit or advantage of anyone other than the Corporations.

#### **ARTICLE IV DUTY TO DISCLOSE**

An Interested Person must disclose the existence and nature of any Financial or Nonfinancial Interests of which he or she is aware. Such disclosure must be made in the annual Conflict of Interest Questionnaire (see Article V of this Policy) and to the Chair and/or General Counsel at the time a potential conflict arises in conjunction with a proposed transaction or arrangement. Depending on the outcome of such disclosures, further disclosure to the Board of Directors and/or members of committees with Board delegated powers may also be required.

#### **ARTICLE V PROCEDURES AND ANNUAL QUESTIONNAIRE**

5.1 **Conflict of Interest Questionnaire.** Each Covered Person shall annually complete a Conflict of Interest Questionnaire which affirms that he/she

- received a copy of the Conflict of Interest Policy,
- read and understands the Policy,
- agrees to comply with the Policy,

- understands that the Corporations are charitable organizations and that in order to maintain federal tax exemption must engage primarily in activities which accomplish one or more tax-exempt purposes, and
- has disclosed all potential conflicts of interest in his/her answers to the Questionnaire.

## 5.2 **Determining Whether a Conflict of Interest Exists.**

- a. The General Counsel will assure that a system is in place to distribute a Conflict of Interest Questionnaire to all Covered Persons at least annually and to any person who becomes a Covered Person during the year at the time that he/she becomes a Covered Person (e.g. upon election or employment). Additionally, all Covered Persons will be informed of their duty to disclose any potential conflicts at such time as a transaction is being contemplated that may be impacted by a potential conflict.
- b. The General Counsel will review all completed Questionnaires. The CEO will review the General Counsel's completed Questionnaire. The Board Chair and General Counsel will review the CEO's completed Questionnaire.
- c. The General Counsel will summarize the findings from such reviews and submit a report to the Governance Committees of the Board. The report will identify the potential conflicts disclosed by each Covered Person and recommend one of the following with respect to each Covered Person:
  - (i) The disclosed conflicts are too pervasive to allow meaningful participation and the Covered Person should resign;
  - (ii) The Chair, CEO, and General Counsel should be aware of, and monitor, the potential conflict of interest throughout the year; or
  - (iii) No current potential conflicts were reported.
- d. Once approved by the Governance Committees, the final report will be provided to the Chair and CEO.
- e. On a continuous basis, the Chair, CEO and General Counsel will review upcoming agendas of meetings of the Board and its committees with Board delegated powers. If a disclosed conflict of interest impacts an agenda item, the Chair, CEO and General Counsel will determine one of the following approaches prior to the meeting and advise the person with the potential conflict which of the following processes will be implemented:

- (i) He/she should not receive any information on the matter, and should be excluded from all discussion and the vote;
  - (ii) He/she may receive information on the matter but should be excluded from all discussions and the vote; or
  - (iii) He/she may receive information on the matter, participate in discussion and only be excluded from the vote.
- f. The full Board will be advised of the Covered Person's potential conflict and the process recommended by the Chair, CEO and General Counsel. Any Board member may object to the decision and bring the issue to the Governance Committee for discussion. Any Board member at any time may also raise a suspected conflict of interest of any Covered Person or ask the Chair, CEO or General Counsel to investigate a potential conflict of interest.

5.3 **Procedures for Assessing Alternatives to a Transaction or Arrangement When a Potential Conflict of Interest Exists.**

- a. If a potential conflict of interest is identified respecting a transaction or arrangement, the Chair of the Board or a committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.
- b. After receiving a report about alternatives and exercising due diligence, the board or committee shall determine whether it is possible, with reasonable efforts, to engage in a more advantageous transaction or arrangement with a person or entity that would not give rise to a conflict of interest.
- c. If a more advantageous transaction or arrangement is not reasonably attainable under circumstances that would not give rise to a conflict of interest, the board or committee shall determine by a majority vote of the disinterested persons whether the transaction or arrangement is in the Corporations' best interest, for its benefit, and whether it is fair and reasonable. In conformity with the above determination the Board or committee shall make its decision as to whether to enter into the transaction or arrangement.

5.4 **Violations of the Conflict of Interest Policy.**

- a. If a Board, committee or CEO has reasonable cause to believe that a Covered Person has failed to disclose an actual or possible conflict of interest, it shall

inform the Covered Person of the basis for such belief and afford the person an opportunity to explain the alleged failure to disclose.

- b. If, after hearing the responses of the Covered Person and making such further investigation as may be warranted in the circumstances, the Board, committee or CEO determines that the Covered Person has failed to disclose an actual or possible conflict of interest, it or he/she shall take appropriate disciplinary and corrective action.

## **ARTICLE VI RECORDS OF PROCEEDINGS**

The minutes of the Board and all committees with Board delegated powers shall contain:

- a. the names of persons who disclosed or otherwise were found to have a Financial or Nonfinancial Interest in connection with an actual or potential transaction or arrangement, the nature of the Financial or Nonfinancial Interest, any action taken to determine whether a conflict of interest was present, and the Board's or committee's decision as to whether a conflict of interest existed.
- b. the names of the persons who were present for discussions and votes relating to the transaction or arrangement, the content of the discussion, including any alternatives to the proposed transaction or arrangement that were considered, and a record of any votes taken in connection therewith.

## **ARTICLE VII COMPENSATION COMMITTEES**

- 7.1 **Voting Members.** A voting member of any Board committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Corporations for services, is precluded from voting on matters pertaining to his/her compensation, but is not prohibited from providing information to any committee regarding compensation. This provision does not preclude directors or committee members from voting on any payments provided to directors or committee members in recognition of the time and effort directors and committee members spend in performing director or committee member duties.
- 7.2 **Physician Members.** Physicians who receive compensation, directly or indirectly, from the Corporations, whether as employees or independent contractors, are precluded from membership on any Board committee whose jurisdiction includes compensation matters, but are not prohibited from providing information to any committee regarding physician compensation.

**ARTICLE VIII  
PERIODIC REVIEWS**

- 8.1 **Reviews Required.** Periodic reviews will be conducted to assure that the Corporations operate in a manner consistent with their charitable purposes, and do not engage in activities that could jeopardize exemption from federal income tax. The periodic reviews shall, at a minimum, include the following subjects:
- a. Whether compensation arrangements and benefits are reasonable and are the result of arm's-length bargaining.
  - b. Whether partnership, joint venture, and service arrangements conform to written policies, are properly recorded, reflect reasonable payments for goods and services, further the Corporations charitable purposes and do not result in private inurement or impermissible private benefit or in excess benefit transactions.
- 8.2 **Use of Outside Experts.** In conducting the periodic reviews the Corporations may use outside experts. If outside experts are used their use shall not relieve the Board of its responsibility for ensuring that periodic reviews are conducted.

**RH-WISCONSIN, INC.  
CONFLICT OF INTEREST POLICY**

**ARTICLE I  
PURPOSE AND POLICY**

- 1.1 **Purpose.** The purpose of the conflict of interest policy is to protect the interests of RH-Wisconsin, Inc. and its related organizations (collectively the Corporations, as further defined in Section 2.4), when the Corporations are contemplating entering into a transaction or arrangement that might benefit the private interest of a member of a Board of Directors (director), principal officer, committee member, or Key Employee (collectively Covered Persons) or might result in a possible excess benefit transaction. This policy supplements but does not replace Wisconsin laws governing conflict of interest applicable to nonprofit and charitable corporations.
- 1.2 **Policy.** The business and affairs of the Corporations are under the direction of the various Boards of Directors, acting through the corporate officers. In carrying out their respective duties, Wisconsin law and sound corporate policy require that Covered Persons act in a manner that recognizes their duty of loyalty to the Corporations.

The duty of loyalty requires that a Covered Person give undivided allegiance to the Corporations when using either the power of the Covered Person's position or information the Covered Person possesses concerning the Corporations or the Corporations' property. A Covered Person may not use his/her position with the Corporations for personal profit, gain or advantage. It is recognized that some Covered Persons may be employed or otherwise affiliated with organizations that do business with the Corporations; however, a Covered Person should put the interests of the Corporations first and oppose and reject transactions from which a Covered Person will inappropriately benefit, directly or indirectly.

This Conflict of Interest Policy supplements the HealthPartners Code of Conduct. It does not replace it.

**ARTICLE II  
DEFINITIONS**

- 2.1 **Covered Person.** Includes a member of the Board of Directors, principal officer, member of a committee with Board delegated powers, or Key Employee.
- 2.2 **Family Member.** Includes a Covered Person's spouse, parents and ancestors, descendants, siblings (whether by whole or half blood), and spouses of descendants and siblings.

2.3 **Financial Interest.** A Covered Person has a Financial Interest if the Covered Person has, directly or indirectly, through business, investment or a Family Member:

- an ownership or investment interest in any entity with which the Corporations do business or which is in competition with the Corporations, or
- a compensation arrangement with any entity or individual with which the Corporations do business or which is in competition with the Corporations, or
- a potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the Corporations do business or which is in competition with the Corporations.

Compensation includes direct and indirect remuneration as well as gifts or favors that are substantial in nature.

2.4 **Corporations.** The Corporations shall mean RH-Wisconsin, Inc. and all other entities that are subsidiaries of HealthPartners, Inc.

2.5 **Interested Person.** An Interested Person is a Covered Person who has (i) a Financial Interest, as defined in Section 2.3 above; or (ii) a Nonfinancial Interest, as defined in Section 2.7 below. If a person is an Interested Person with respect to any entity in the HealthPartners family of corporations, he or she is an Interested Person with respect to all entities in the HealthPartners family of corporations.

2.6 **Key Employee.** A Key Employee is any person having responsibilities, powers, or influence similar to those of officers or directors. The term includes the chief management and administrative officials of the organization (such as the President or Chief Financial Officer (CFO)). For purposes of this policy, the General Counsel, in consultation with the President and Chair of the Board, shall determine from time to time who is a Key Employee.

2.7 **Nonfinancial Interest.** A person has a Nonfinancial Interest if the person, directly or indirectly, through business, investment or a Family Member performs directive, managerial, consulting, or contracting services for any outside concern that does business with or is in competition with the Corporations whether or not such services are compensated.

### **ARTICLE III PROHIBITED ACTIVITIES**

Covered Persons may not participate in the following prohibited activities:

- using the Corporations' property or equipment for outside business purposes;

- making political contributions with the Corporations' funds or making improper disbursements to influence a public agency or official;
- extending hospitality to any official, particularly public officials, which could result in embarrassment to the Corporations;
- accepting gifts, favors, entertainment, meals, refreshments, travel and lodging, or other personal benefit other than what is acceptable as a part of normal business courtesy and hospitality from any concern which does or is seeking to do business with the Corporations (examples of normal business courtesy and hospitality include occasional business meals or tickets to a cultural performance having a value of less than \$75);
- accepting loans from an outside concern which does business with or is seeking to do business with the Corporations (other than a bank or financial institution in accordance with their regular lending practices); or
- disclosing or using the Corporations' information for the personal profit or advantage of anyone other than the Corporations.

#### **ARTICLE IV DUTY TO DISCLOSE**

An Interested Person must disclose the existence and nature of any Financial or Nonfinancial Interests of which he or she is aware. Such disclosure must be made in the annual Conflict of Interest Questionnaire (see Article V of this Policy) and to the Chair and/or President and/or General Counsel at the time a potential conflict arises in conjunction with a proposed transaction or arrangement. Depending on the outcome of such disclosures, further disclosure to the Board of Directors and/or members of committees with Board delegated powers may also be required.

#### **ARTICLE V PROCEDURES AND ANNUAL QUESTIONNAIRE**

5.1 **Conflict of Interest Questionnaire.** Each Covered Person shall annually complete a Conflict of Interest Questionnaire which affirms that he/she

- received a copy of the Conflict of Interest Policy,
- read and understands the Policy,
- agrees to comply with the Policy,

- understands that the Corporations are charitable organizations and that in order to maintain federal tax exemption must engage primarily in activities which accomplish one or more tax-exempt purposes, and
- has disclosed all potential conflicts of interest in his/her answers to the Questionnaire.

## 5.2 **Determining Whether a Conflict of Interest Exists.**

- a. The General Counsel will assure that a system is in place to distribute a Conflict of Interest Questionnaire to all Covered Persons at least annually and to any person who becomes a Covered Person during the year at the time that he/she becomes a Covered Person (e.g., upon election or employment). Additionally, all Covered Persons will be informed of their duty to disclose any potential conflicts at such time as a transaction is being contemplated that may be impacted by a potential conflict.
- b. The General Counsel will review all completed Questionnaires. The President will review the General Counsel's completed Questionnaire. The Board Chair and General Counsel will review the President's completed Questionnaire.
- c. The General Counsel will summarize the findings from such reviews and submit a report to the Chair of the Board. The report will identify the potential conflicts disclosed by each Covered Person and recommend one of the following with respect to each Covered Person:
  - (i) The disclosed conflicts are too pervasive to allow meaningful participation and the Covered Person should resign;
  - (ii) The Chair, President, and General Counsel should be aware of, and monitor, the potential conflict of interest throughout the year; or
  - (iii) No current potential conflicts were reported.
- d. Once approved, a verbal summary will be given to the full board.
- e. On a continuous basis, the Chair, President and General Counsel will review upcoming agendas of meetings of the Board and its committees with Board delegated powers. If a disclosed conflict of interest impacts an agenda item, the Chair, President and General Counsel will determine one of the following approaches prior to the meeting and advise the person with the potential conflict which of the following processes will be implemented:
  - (i) He/she should not receive any information on the matter, and should be excluded from all discussion and the vote;

- (ii) He/she may receive information on the matter but should be excluded from all discussions and the vote; or
  - (iii) He/she may receive information on the matter, participate in discussion and only be excluded from the vote.
- f. The full Board will be advised of the Covered Person's potential conflict and the process recommended by the Chair, President and General Counsel. Any Board member may object to the decision and bring the issue to the Chair of the Board for discussion. Any Board member at any time may raise a suspected conflict of interest of any Covered Person or ask the Chair, President or General Counsel to investigate a potential conflict of interest.

5.3 **Procedures for Assessing Alternatives to a Transaction or Arrangement When a Potential Conflict of Interest Exists.**

- a. If a potential conflict of interest is identified respecting a transaction or arrangement, the Chair of the Board or a committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.
- b. After receiving a report about alternatives and exercising due diligence, the board or committee shall determine whether it is possible, with reasonable efforts, to engage in a more advantageous transaction or arrangement with a person or entity that would not give rise to a conflict of interest.
- c. If a more advantageous transaction or arrangement is not reasonably attainable under circumstances that would not give rise to a conflict of interest, the board or committee shall determine by a majority vote of the disinterested persons whether the transaction or arrangement is in the Corporations' best interest, for its benefit, and whether it is fair and reasonable. In conformity with the above determination the Board or committee shall make its decision as to whether to enter into the transaction or arrangement.

5.4 **Violations of the Conflict of Interest Policy.**

- a. If a Board, committee or President has reasonable cause to believe that a Covered Person has failed to disclose an actual or possible conflict of interest, it shall inform the Covered Person of the basis for such belief and afford the person an opportunity to explain the alleged failure to disclose.
- b. If, after hearing the responses of the Covered Person and making such further investigation as may be warranted in the circumstances, the Board, committee or President determines that the Covered Person has failed to disclose an actual or

possible conflict of interest, it or he/she shall take appropriate disciplinary and corrective action.

## **ARTICLE VI RECORDS OF PROCEEDINGS**

The minutes of the Board and all committees with Board delegated powers shall contain:

- a. the names of persons who disclosed or otherwise were found to have a Financial or Nonfinancial Interest in connection with an actual or potential transaction or arrangement, the nature of the Financial or Nonfinancial Interest, any action taken to determine whether a conflict of interest was present, and the Board's or committee's decision as to whether a conflict of interest existed.
- b. the names of the persons who were present for discussions and votes relating to the transaction or arrangement, the content of the discussion, including any alternatives to the proposed transaction or arrangement that were considered, and a record of any votes taken in connection therewith.

## **ARTICLE VII COMPENSATION COMMITTEES**

- 7.1 **Voting Members.** A voting member of any Board committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Corporations for services, is precluded from voting on matters pertaining to his/her compensation, but is not prohibited from providing information to any committee regarding compensation. This provision does not preclude directors or committee members from voting on any payments provided to directors or committee members in recognition of the time and effort directors and committee members spend in performing director or committee member duties.
- 7.2 **Physician Members.** Physicians who receive compensation, directly or indirectly, from the Corporations, whether as employees or independent contractors, are precluded from membership on any Board committee whose jurisdiction includes compensation matters, but are not prohibited from providing information to any committee regarding physician compensation.

## **ARTICLE VIII PERIODIC REVIEWS**

- 8.1 **Reviews Required.** Periodic reviews will be conducted to assure that the Corporations operate in a manner consistent with their charitable purposes, and do not engage in activities that could jeopardize exemption from federal income tax. The periodic reviews shall, at a minimum, include the following subjects:
- a. Whether compensation arrangements and benefits are reasonable and are the result of arm's-length bargaining.
  - b. Whether partnership, joint venture, and service arrangements conform to written policies, are properly recorded, reflect reasonable payments for goods and services, further the Corporations charitable purposes and do not result in private inurement or impermissible private benefit or in excess benefit transactions.
- 8.2 **Use of Outside Experts.** In conducting the periodic reviews, the Corporations may use outside experts. If outside experts are used their use shall not relieve the Board of its responsibility for ensuring that periodic reviews are conducted.

# REGIONS HOSPITAL FOUNDATION CONFLICT OF INTEREST POLICY

## ARTICLE I PURPOSE AND POLICY

- 1.1 **Purpose.** The purpose of the conflict of interest policy is to protect the interests of Regions Hospital Foundation and its related organizations (collectively the Corporations, as further defined in Section 2.4), when the Corporations are contemplating entering into a transaction or arrangement that might benefit the private interest of a member of a Board of Directors (director), principal officer, committee member, or Key Employee (collectively Covered Persons) or might result in a possible excess benefit transaction. This policy supplements but does not replace Minnesota laws governing conflict of interest applicable to nonprofit and charitable corporations.
- 1.2 **Policy.** The business and affairs of the Corporations are under the direction of the various Boards of Directors, acting through the corporate officers. In carrying out their respective duties, Minnesota law and sound corporate policy require that Covered Persons act in a manner that recognizes their duty of loyalty to the Corporations.

The duty of loyalty requires that a Covered Person give undivided allegiance to the Corporations when using either the power of the Covered Person's position or information the Covered Person possesses concerning the Corporations or the Corporations' property. A Covered Person may not use his/her position with the Corporations for personal profit, gain or advantage. It is recognized that some Covered Persons may be employed or otherwise affiliated with organizations that do business with the Corporations however, a Covered Person should put the interests of the Corporations first and oppose and reject transactions from which a Covered Person will inappropriately benefit, directly or indirectly.

This Conflict of Interest Policy supplements the Code of Conduct. It does not replace it.

## ARTICLE II DEFINITIONS

- 2.1 **Covered Person.** Includes a member of the Board of Directors, principal officer, member of a committee with Board delegated powers, or Key Employee.
- 2.2 **Family Member.** Includes a Covered Person's spouse, parents and ancestors, descendants, siblings (whether by whole or half blood), and spouses of descendants and siblings.

2.3 **Financial Interest.** A Covered Person has a Financial Interest if the Covered Person has, directly or indirectly, through business, investment or a Family Member:

- an ownership or investment interest in any entity with which the Corporations do business or which is in competition with the Corporations, or
- a compensation arrangement with any entity or individual with which the Corporations do business or which is in competition with the Corporations, or
- a potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the Corporations do business or which is in competition with the Corporations.

Compensation includes direct and indirect remuneration as well as gifts or favors that are substantial in nature.

2.4 **Corporations.** The Corporations shall mean Regions Hospital Foundation and all other entities that are subsidiaries of HealthPartners, Inc.

2.5 **Interested Person.** An Interested Person is a Covered Person who has (i) a Financial Interest, as defined in Section 2.3 above; or (ii) a Nonfinancial Interest, as defined in Section 2.7 below. If a person is an Interested Person with respect to any entity in the HealthPartners family of corporations, he or she is an Interested Person with respect to all entities in the HealthPartners family of corporations.

2.6 **Key Employee.** A Key Employee is any person having responsibilities, powers, or influence similar to those of officers or directors. The term includes the chief management and administrative officials of the organization (such as the Executive Director). For purposes of this policy, the General Counsel, in consultation with the Executive Director, President and Chair of the Board, shall determine from time to time who is a Key Employee.

2.7 **Nonfinancial Interest.** A person has a Nonfinancial Interest if the person, directly or indirectly, through business, investment or a Family Member performs directive, managerial, consulting, or contracting services for any outside concern that does business with or is in competition with the Corporations whether or not such services are compensated.

### **ARTICLE III PROHIBITED ACTIVITIES**

Covered Persons may not participate in the following prohibited activities:

- using the Corporations' property or equipment for outside business purposes;

- making political contributions with the Corporations' funds or making improper disbursements to influence a public agency or official;
- extending hospitality to any official, particularly public officials, which could result in embarrassment to the Corporations;
- accepting gifts, favors, entertainment, meals, refreshments, travel and lodging, or other personal benefit other than what is acceptable as a part of normal business courtesy and hospitality from any concern which does or is seeking to do business with the Corporations (examples of normal business courtesy and hospitality include occasional business meals or tickets to a sports or cultural performance having a value of less than \$75);
- accepting loans from an outside concern which does business with or is seeking to do business with the Corporations (other than a bank or financial institution in accordance with their regular lending practices); or
- disclosing or using the Corporations' information for the personal profit or advantage of anyone other than the Corporations.

#### **ARTICLE IV DUTY TO DISCLOSE**

An Interested Person must disclose the existence and nature of any Financial or Nonfinancial Interests of which he or she is aware. Such disclosure must be made in the annual Conflict of Interest Questionnaire (see Article V of this Policy) and to the Chair, and/or President, and/or Executive Director, and/or General Counsel at the time a potential conflict arises in conjunction with a proposed transaction or arrangement. Depending on the outcome of such disclosures, further disclosure to the Board of Directors and/or members of committees with Board delegated powers may also be required.

#### **ARTICLE V PROCEDURES AND ANNUAL QUESTIONNAIRE**

5.1 **Conflict of Interest Questionnaire.** Each Covered Person shall annually complete a Conflict of Interest Questionnaire which affirms that he/she

- received a copy of the Conflict of Interest Policy,
- read and understands the Policy,

- agrees to comply with the Policy,
- understands that the Corporations are charitable organizations and that in order to maintain federal tax exemption must engage primarily in activities which accomplish one or more tax-exempt purposes, and
- has disclosed all potential conflicts of interest in his/her answers to the Questionnaire.

5.2 **Determining Whether a Conflict of Interest Exists.**

- a. The General Counsel will assure that a system is in place to distribute a Conflict of Interest Questionnaire to all Covered Persons at least annually and to any person who becomes a Covered Person during the year at the time that he/she becomes a Covered Person (e.g. upon election or employment). Additionally, all Covered Persons will be informed of their duty to disclose any potential conflicts at such time as a transaction is being contemplated that may be impacted by a potential conflict.
- b. The General Counsel will review all completed Questionnaires. The Executive Director and President will review the General Counsel's completed Questionnaire. The Board Chair, General Counsel, and President will review the Executive Director's completed Questionnaire.
- c. The General Counsel will summarize the findings from such reviews and submit a report to the Chair, President and the Executive Director. The report will identify the potential conflicts disclosed by each Covered Person and recommend one of the following with respect to each Covered Person:
  - (i) The disclosed conflicts are too pervasive to allow meaningful participation and the Covered Person should resign;
  - (ii) The Chair, President, Executive Director, and General Counsel should be aware of, and monitor, the potential conflict of interest throughout the year; or
  - (iii) No current potential conflicts were reported.
- d. Once approved, a verbal summary will be given to the full board.
- e. On a continuous basis, the Chair, President, Executive Director and General Counsel will review upcoming agendas of meetings of the Board and its committees with Board delegated powers. If a disclosed conflict of interest

impacts an agenda item, the Chair, President, Executive Director and General Counsel will determine one of the following approaches prior to the meeting and advise the person with the potential conflict which of the following processes will be implemented:

- (i) He/she should not receive any information on the matter, and should be excluded from all discussion and the vote;
  - (ii) He/she may receive information on the matter but should be excluded from all discussions and the vote; or
  - (iii) He/she may receive information on the matter, participate in discussion and only be excluded from the vote.
- f. The full Board will be advised of the Covered Person's potential conflict and the process recommended by the Chair, President, Executive Director and General Counsel. Any Board member may object to the decision and bring the issue to the Board for discussion. Any Board member at any time may also raise a suspected conflict of interest of any Covered Person or ask the Chair, President, Executive Director or General Counsel to investigate a potential conflict of interest.

### 5.3 **Procedures for Assessing Alternatives to a Transaction or Arrangement When a Potential Conflict of Interest Exists.**

- a. If a potential conflict of interest is identified respecting a transaction or arrangement, the Chair of the Board or a committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.
- b. After receiving a report about alternatives and exercising due diligence, the board or committee shall determine whether it is possible, with reasonable efforts, to engage in a more advantageous transaction or arrangement with a person or entity that would not give rise to a conflict of interest.
- c. If a more advantageous transaction or arrangement is not reasonably attainable under circumstances that would not give rise to a conflict of interest, the board or committee shall determine by a majority vote of the disinterested persons whether the transaction or arrangement is in the Corporations' best interest, for its benefit, and whether it is fair and reasonable. In conformity with the above determination the Board or committee shall make its decision as to whether to enter into the transaction or arrangement.

5.4 **Violations of the Conflict of Interest Policy.**

- a. If a Board, committee, the Executive Director or President has reasonable cause to believe that a Covered Person has failed to disclose an actual or possible conflict of interest, it shall inform the Covered Person of the basis for such belief and afford the person an opportunity to explain the alleged failure to disclose.
- b. If, after hearing the responses of the Covered Person and making such further investigation as may be warranted in the circumstances, the Board, committee, the Executive Director or President determines that the Covered Person has failed to disclose an actual or possible conflict of interest, it or he/she shall take appropriate disciplinary and corrective action.

**ARTICLE VI  
RECORDS OF PROCEEDINGS**

The minutes of the Board and all committees with Board delegated powers shall contain:

- a. the names of persons who disclosed or otherwise were found to have a Financial or Nonfinancial Interest in connection with an actual or potential transaction or arrangement, the nature of the Financial or Nonfinancial Interest, any action taken to determine whether a conflict of interest was present, and the Board's or committee's decision as to whether a conflict of interest existed.
- b. the names of the persons who were present for discussions and votes relating to the transaction or arrangement, the content of the discussion, including any alternatives to the proposed transaction or arrangement that were considered, and a record of any votes taken in connection therewith.

**ARTICLE VII  
COMPENSATION COMMITTEES**

- 7.1 **Voting Members.** A voting member of any Board committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Corporations for services, is precluded from voting on matters pertaining to his/her compensation, but is not prohibited from providing information to any committee regarding compensation. This provision does not preclude directors or committee members from voting on any payments provided to directors or committee members in recognition of the time and effort directors and committee members spend in performing director or committee member duties.

- 7.2 **Physician Members.** Physicians who receive compensation, directly or indirectly, from the Corporations, whether as employees or independent contractors, are precluded from membership on any Board committee whose jurisdiction includes compensation matters, but are not prohibited from providing information to any committee regarding physician compensation.

## **ARTICLE VIII PERIODIC REVIEWS**

- 8.1 **Reviews Required.** Periodic reviews will be conducted to assure that the Corporations operate in a manner consistent with their charitable purposes, and do not engage in activities that could jeopardize exemption from federal income tax. The periodic reviews shall, at a minimum, include the following subjects:
- a. Whether compensation arrangements and benefits are reasonable and are the result of arm's-length bargaining.
  - b. Whether partnership, joint venture, and service arrangements conform to written policies, are properly recorded, reflect reasonable payments for goods and services, further the Corporations charitable purposes and do not result in private inurement or impermissible private benefit or in excess benefit transactions.
- 8.2 **Use of Outside Experts.** In conducting the periodic reviews the Corporations may use outside experts. If outside experts are used their use shall not relieve the Board of its responsibility for ensuring that periodic reviews are conducted.

**RHSC, INC.**  
**CONFLICT OF INTEREST POLICY**

**ARTICLE I**  
**PURPOSE AND POLICY**

- 1.1 **Purpose.** The purpose of the conflict of interest policy is to protect the interests of RHSC, Inc. and its related organizations (collectively the Corporations, as further defined in Section 2.4), when the Corporations are contemplating entering into a transaction or arrangement that might benefit the private interest of a member of a Board of Directors (director), principal officer, committee member, or Key Employee (collectively Covered Persons) or might result in a possible excess benefit transaction. This policy supplements but does not replace Minnesota laws governing conflict of interest applicable to nonprofit and charitable corporations.
- 1.2 **Policy.** The business and affairs of the Corporations are under the direction of the various Boards of Directors, acting through the corporate officers. In carrying out their respective duties, Minnesota law and sound corporate policy require that Covered Persons act in a manner that recognizes their duty of loyalty to the Corporations.

The duty of loyalty requires that a Covered Person give undivided allegiance to the Corporations when using either the power of the Covered Person's position or information the Covered Person possesses concerning the Corporations or the Corporations' property. A Covered Person may not use his/her position with the Corporations for personal profit, gain or advantage. It is recognized that some Covered Persons may be employed or otherwise affiliated with organizations that do business with the Corporations; however, a Covered Person should put the interests of the Corporations first and oppose and reject transactions from which a Covered Person will inappropriately benefit, directly or indirectly.

This Conflict of Interest Policy supplements the HealthPartners Code of Conduct. It does not replace it.

**ARTICLE II**  
**DEFINITIONS**

- 2.1 **Covered Person.** Includes a member of the Board of Directors, principal officer, member of a committee with Board delegated powers, or Key Employee.
- 2.2 **Family Member.** Includes a Covered Person's spouse, parents and ancestors, descendants, siblings (whether by whole or half blood), and spouses of descendants and siblings.

2.3 **Financial Interest.** A Covered Person has a Financial Interest if the Covered Person has, directly or indirectly, through business, investment or a Family Member:

- an ownership or investment interest in any entity with which the Corporations do business or which is in competition with the Corporations, or
- a compensation arrangement with any entity or individual with which the Corporations do business or which is in competition with the Corporations, or
- a potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the Corporations do business or which is in competition with the Corporations.

Compensation includes direct and indirect remuneration as well as gifts or favors that are substantial in nature.

2.4 **Corporations.** The Corporations shall mean RHSC, Inc. and all other entities that are subsidiaries of HealthPartners, Inc.

2.5 **Interested Person.** An Interested Person is a Covered Person who has (i) a Financial Interest, as defined in Section 2.3 above; or (ii) a Nonfinancial Interest, as defined in Section 2.7 below. If a person is an Interested Person with respect to any entity in the HealthPartners family of corporations, he or she is an Interested Person with respect to all entities in the HealthPartners family of corporations.

2.6 **Key Employee.** A Key Employee is any person having responsibilities, powers, or influence similar to those of officers or directors. The term includes the chief management and administrative officials of the organization (such as the President or Chief Financial Officer (CFO)). For purposes of this policy, the General Counsel, in consultation with the President and Chair of the Board, shall determine from time to time who is a Key Employee.

2.7 **Nonfinancial Interest.** A person has a Nonfinancial Interest if the person, directly or indirectly, through business, investment or a Family Member performs directive, managerial, consulting, or contracting services for any outside concern that does business with or is in competition with the Corporations whether or not such services are compensated.

### **ARTICLE III PROHIBITED ACTIVITIES**

Covered Persons may not participate in the following prohibited activities:

- using the Corporations' property or equipment for outside business purposes;

- making political contributions with the Corporations' funds or making improper disbursements to influence a public agency or official;
- extending hospitality to any official, particularly public officials, which could result in embarrassment to the Corporations;
- accepting gifts, favors, entertainment, meals, refreshments, travel and lodging, or other personal benefit other than what is acceptable as a part of normal business courtesy and hospitality from any concern which does or is seeking to do business with the Corporations (examples of normal business courtesy and hospitality include occasional business meals or tickets to a cultural performance having a value of less than \$75);
- accepting loans from an outside concern which does business with or is seeking to do business with the Corporations (other than a bank or financial institution in accordance with their regular lending practices); or
- disclosing or using the Corporations' information for the personal profit or advantage of anyone other than the Corporations.

#### **ARTICLE IV DUTY TO DISCLOSE**

An Interested Person must disclose the existence and nature of any Financial or Nonfinancial Interests of which he or she is aware. Such disclosure must be made in the annual Conflict of Interest Questionnaire (see Article V of this Policy) and to the Chair and/or President and/or General Counsel at the time a potential conflict arises in conjunction with a proposed transaction or arrangement. Depending on the outcome of such disclosures, further disclosure to the Board of Directors and/or members of committees with Board delegated powers may also be required.

#### **ARTICLE V PROCEDURES AND ANNUAL QUESTIONNAIRE**

5.1 **Conflict of Interest Questionnaire.** Each Covered Person shall annually complete a Conflict of Interest Questionnaire which affirms that he/she

- received a copy of the Conflict of Interest Policy,
- read and understands the Policy,
- agrees to comply with the Policy,

- understands that the Corporations are charitable organizations and that in order to maintain federal tax exemption must engage primarily in activities which accomplish one or more tax-exempt purposes, and
- has disclosed all potential conflicts of interest in his/her answers to the Questionnaire.

## 5.2 **Determining Whether a Conflict of Interest Exists.**

- a. The General Counsel will assure that a system is in place to distribute a Conflict of Interest Questionnaire to all Covered Persons at least annually and to any person who becomes a Covered Person during the year at the time that he/she becomes a Covered Person (e.g., upon election or employment). Additionally, all Covered Persons will be informed of their duty to disclose any potential conflicts at such time as a transaction is being contemplated that may be impacted by a potential conflict.
- b. The General Counsel will review all completed Questionnaires. The President will review the General Counsel's completed Questionnaire. The Board Chair and General Counsel will review the President's completed Questionnaire.
- c. The General Counsel will summarize the findings from such reviews and submit a report to the Chair of the Board. The report will identify the potential conflicts disclosed by each Covered Person and recommend one of the following with respect to each Covered Person:
  - (i) The disclosed conflicts are too pervasive to allow meaningful participation and the Covered Person should resign;
  - (ii) The Chair, President, and General Counsel should be aware of, and monitor, the potential conflict of interest throughout the year; or
  - (iii) No current potential conflicts were reported.
- d. Once approved, a verbal summary will be given to the full board.
- e. On a continuous basis, the Chair, President and General Counsel will review upcoming agendas of meetings of the Board and its committees with Board delegated powers. If a disclosed conflict of interest impacts an agenda item, the Chair, President and General Counsel will determine one of the following approaches prior to the meeting and advise the person with the potential conflict which of the following processes will be implemented:
  - (i) He/she should not receive any information on the matter, and should be excluded from all discussion and the vote;

- (ii) He/she may receive information on the matter but should be excluded from all discussions and the vote; or
  - (iii) He/she may receive information on the matter, participate in discussion and only be excluded from the vote.
- f. The full Board will be advised of the Covered Person's potential conflict and the process recommended by the Chair, President and General Counsel. Any Board member may object to the decision and bring the issue to the Chair of the Board for discussion. Any Board member at any time may raise a suspected conflict of interest of any Covered Person or ask the Chair, President or General Counsel to investigate a potential conflict of interest.

5.3 **Procedures for Assessing Alternatives to a Transaction or Arrangement When a Potential Conflict of Interest Exists.**

- a. If a potential conflict of interest is identified respecting a transaction or arrangement, the Chair of the Board or a committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.
- b. After receiving a report about alternatives and exercising due diligence, the board or committee shall determine whether it is possible, with reasonable efforts, to engage in a more advantageous transaction or arrangement with a person or entity that would not give rise to a conflict of interest.
- c. If a more advantageous transaction or arrangement is not reasonably attainable under circumstances that would not give rise to a conflict of interest, the board or committee shall determine by a majority vote of the disinterested persons whether the transaction or arrangement is in the Corporations' best interest, for its benefit, and whether it is fair and reasonable. In conformity with the above determination the Board or committee shall make its decision as to whether to enter into the transaction or arrangement.

5.4 **Violations of the Conflict of Interest Policy.**

- a. If a Board, committee or President has reasonable cause to believe that a Covered Person has failed to disclose an actual or possible conflict of interest, it shall inform the Covered Person of the basis for such belief and afford the person an opportunity to explain the alleged failure to disclose.
- b. If, after hearing the responses of the Covered Person and making such further investigation as may be warranted in the circumstances, the Board, committee or President determines that the Covered Person has failed to disclose an actual or

possible conflict of interest, it or he/she shall take appropriate disciplinary and corrective action.

## **ARTICLE VI RECORDS OF PROCEEDINGS**

The minutes of the Board and all committees with Board delegated powers shall contain:

- a. the names of persons who disclosed or otherwise were found to have a Financial or Nonfinancial Interest in connection with an actual or potential transaction or arrangement, the nature of the Financial or Nonfinancial Interest, any action taken to determine whether a conflict of interest was present, and the Board's or committee's decision as to whether a conflict of interest existed.
- b. the names of the persons who were present for discussions and votes relating to the transaction or arrangement, the content of the discussion, including any alternatives to the proposed transaction or arrangement that were considered, and a record of any votes taken in connection therewith.

## **ARTICLE VII COMPENSATION COMMITTEES**

- 7.1 **Voting Members.** A voting member of any Board committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Corporations for services, is precluded from voting on matters pertaining to his/her compensation, but is not prohibited from providing information to any committee regarding compensation. This provision does not preclude directors or committee members from voting on any payments provided to directors or committee members in recognition of the time and effort directors and committee members spend in performing director or committee member duties.
- 7.2 **Physician Members.** Physicians who receive compensation, directly or indirectly, from the Corporations, whether as employees or independent contractors, are precluded from membership on any Board committee whose jurisdiction includes compensation matters, but are not prohibited from providing information to any committee regarding physician compensation.

## **ARTICLE VIII PERIODIC REVIEWS**

- 8.1 **Reviews Required.** Periodic reviews will be conducted to assure that the Corporations operate in a manner consistent with their charitable purposes, and do not engage in activities that could jeopardize exemption from federal income tax. The periodic reviews shall, at a minimum, include the following subjects:
- a. Whether compensation arrangements and benefits are reasonable and are the result of arm's-length bargaining.
  - b. Whether partnership, joint venture, and service arrangements conform to written policies, are properly recorded, reflect reasonable payments for goods and services, further the Corporations charitable purposes and do not result in private inurement or impermissible private benefit or in excess benefit transactions.
- 8.2 **Use of Outside Experts.** In conducting the periodic reviews, the Corporations may use outside experts. If outside experts are used their use shall not relieve the Board of its responsibility for ensuring that periodic reviews are conducted.

# RAMESY INTEGRATED HEALTH SERVICES CONFLICT OF INTEREST POLICY

## ARTICLE I PURPOSE AND POLICY

- 1.1 **Purpose.** The purpose of the conflict of interest policy is to protect the interests of Ramsey Integrated Health Services and its related organizations (collectively the Corporations, as further defined in Section 2.4), when the Corporations are contemplating entering into a transaction or arrangement that might benefit the private interest of a member of a Board of Directors (director), principal officer, committee member, or Key Employee (collectively Covered Persons) or might result in a possible excess benefit transaction. This policy supplements but does not replace Minnesota laws governing conflict of interest applicable to nonprofit and charitable corporations.
- 1.2 **Policy.** The business and affairs of the Corporations are under the direction of the various Boards of Directors, acting through the corporate officers. In carrying out their respective duties, Minnesota law and sound corporate policy require that Covered Persons act in a manner that recognizes their duty of loyalty to the Corporations.

The duty of loyalty requires that a Covered Person give undivided allegiance to the Corporations when using either the power of the Covered Person's position or information the Covered Person possesses concerning the Corporations or the Corporations' property. A Covered Person may not use his/her position with the Corporations for personal profit, gain or advantage. It is recognized that some Covered Persons may be employed or otherwise affiliated with organizations that do business with the Corporations; however, a Covered Person should put the interests of the Corporations first and oppose and reject transactions from which a Covered Person will inappropriately benefit, directly or indirectly.

This Conflict of Interest Policy supplements the HealthPartners Code of Conduct. It does not replace it.

## ARTICLE II DEFINITIONS

- 2.1 **Covered Person.** Includes a member of the Board of Directors, principal officer, member of a committee with Board delegated powers, or Key Employee.
- 2.2 **Family Member.** Includes a Covered Person's spouse, parents and ancestors, descendants, siblings (whether by whole or half blood), and spouses of descendants and siblings.

2.3 **Financial Interest.** A Covered Person has a Financial Interest if the Covered Person has, directly or indirectly, through business, investment or a Family Member:

- an ownership or investment interest in any entity with which the Corporations do business or which is in competition with the Corporations, or
- a compensation arrangement with any entity or individual with which the Corporations do business or which is in competition with the Corporations, or
- a potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the Corporations do business or which is in competition with the Corporations.

Compensation includes direct and indirect remuneration as well as gifts or favors that are substantial in nature.

2.4 **Corporations.** The Corporations shall mean Ramsey Integrated Health Services and all other entities that are subsidiaries of HealthPartners, Inc.

2.5 **Interested Person.** An Interested Person is a Covered Person who has (i) a Financial Interest, as defined in Section 2.3 above; or (ii) a Nonfinancial Interest, as defined in Section 2.7 below. If a person is an Interested Person with respect to any entity in the HealthPartners family of corporations, he or she is an Interested Person with respect to all entities in the HealthPartners family of corporations.

2.6 **Key Employee.** A Key Employee is any person having responsibilities, powers, or influence similar to those of officers or directors. The term includes the chief management and administrative officials of the organization (such as the President or Chief Financial Officer (CFO)). For purposes of this policy, the General Counsel, in consultation with the President and Chair of the Board, shall determine from time to time who is a Key Employee.

2.7 **Nonfinancial Interest.** A person has a Nonfinancial Interest if the person, directly or indirectly, through business, investment or a Family Member performs directive, managerial, consulting, or contracting services for any outside concern that does business with or is in competition with the Corporations whether or not such services are compensated.

### **ARTICLE III PROHIBITED ACTIVITIES**

Covered Persons may not participate in the following prohibited activities:

- using the Corporations' property or equipment for outside business purposes;

- making political contributions with the Corporations' funds or making improper disbursements to influence a public agency or official;
- extending hospitality to any official, particularly public officials, which could result in embarrassment to the Corporations;
- accepting gifts, favors, entertainment, meals, refreshments, travel and lodging, or other personal benefit other than what is acceptable as a part of normal business courtesy and hospitality from any concern which does or is seeking to do business with the Corporations (examples of normal business courtesy and hospitality include occasional business meals or tickets to a cultural performance having a value of less than \$75);
- accepting loans from an outside concern which does business with or is seeking to do business with the Corporations (other than a bank or financial institution in accordance with their regular lending practices); or
- disclosing or using the Corporations' information for the personal profit or advantage of anyone other than the Corporations.

#### **ARTICLE IV DUTY TO DISCLOSE**

An Interested Person must disclose the existence and nature of any Financial or Nonfinancial Interests of which he or she is aware. Such disclosure must be made in the annual Conflict of Interest Questionnaire (see Article V of this Policy) and to the Chair and/or President and/or General Counsel at the time a potential conflict arises in conjunction with a proposed transaction or arrangement. Depending on the outcome of such disclosures, further disclosure to the Board of Directors and/or members of committees with Board delegated powers may also be required.

#### **ARTICLE V PROCEDURES AND ANNUAL QUESTIONNAIRE**

5.1 **Conflict of Interest Questionnaire.** Each Covered Person shall annually complete a Conflict of Interest Questionnaire which affirms that he/she

- received a copy of the Conflict of Interest Policy,
- read and understands the Policy,
- agrees to comply with the Policy,

- understands that the Corporations are charitable organizations and that in order to maintain federal tax exemption must engage primarily in activities which accomplish one or more tax-exempt purposes, and
- has disclosed all potential conflicts of interest in his/her answers to the Questionnaire.

## 5.2 **Determining Whether a Conflict of Interest Exists.**

- a. The General Counsel will assure that a system is in place to distribute a Conflict of Interest Questionnaire to all Covered Persons at least annually and to any person who becomes a Covered Person during the year at the time that he/she becomes a Covered Person (e.g., upon election or employment). Additionally, all Covered Persons will be informed of their duty to disclose any potential conflicts at such time as a transaction is being contemplated that may be impacted by a potential conflict.
- b. The General Counsel will review all completed Questionnaires. The President will review the General Counsel's completed Questionnaire. The Board Chair and General Counsel will review the President's completed Questionnaire.
- c. The General Counsel will summarize the findings from such reviews and submit a report to the Chair of the Board. The report will identify the potential conflicts disclosed by each Covered Person and recommend one of the following with respect to each Covered Person:
  - (i) The disclosed conflicts are too pervasive to allow meaningful participation and the Covered Person should resign;
  - (ii) The Chair, President, and General Counsel should be aware of, and monitor, the potential conflict of interest throughout the year; or
  - (iii) No current potential conflicts were reported.
- d. Once approved, a verbal summary will be given to the full board.
- e. On a continuous basis, the Chair, President and General Counsel will review upcoming agendas of meetings of the Board and its committees with Board delegated powers. If a disclosed conflict of interest impacts an agenda item, the Chair, President and General Counsel will determine one of the following approaches prior to the meeting and advise the person with the potential conflict which of the following processes will be implemented:
  - (i) He/she should not receive any information on the matter, and should be excluded from all discussion and the vote;

- (ii) He/she may receive information on the matter but should be excluded from all discussions and the vote; or
  - (iii) He/she may receive information on the matter, participate in discussion and only be excluded from the vote.
- f. The full Board will be advised of the Covered Person's potential conflict and the process recommended by the Chair, President and General Counsel. Any Board member may object to the decision and bring the issue to the Chair of the Board for discussion. Any Board member at any time may raise a suspected conflict of interest of any Covered Person or ask the Chair, President or General Counsel to investigate a potential conflict of interest.

5.3 **Procedures for Assessing Alternatives to a Transaction or Arrangement When a Potential Conflict of Interest Exists.**

- a. If a potential conflict of interest is identified respecting a transaction or arrangement, the Chair of the Board or a committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.
- b. After receiving a report about alternatives and exercising due diligence, the board or committee shall determine whether it is possible, with reasonable efforts, to engage in a more advantageous transaction or arrangement with a person or entity that would not give rise to a conflict of interest.
- c. If a more advantageous transaction or arrangement is not reasonably attainable under circumstances that would not give rise to a conflict of interest, the board or committee shall determine by a majority vote of the disinterested persons whether the transaction or arrangement is in the Corporations' best interest, for its benefit, and whether it is fair and reasonable. In conformity with the above determination the Board or committee shall make its decision as to whether to enter into the transaction or arrangement.

5.4 **Violations of the Conflict of Interest Policy.**

- a. If a Board, committee or President has reasonable cause to believe that a Covered Person has failed to disclose an actual or possible conflict of interest, it shall inform the Covered Person of the basis for such belief and afford the person an opportunity to explain the alleged failure to disclose.
- b. If, after hearing the responses of the Covered Person and making such further investigation as may be warranted in the circumstances, the Board, committee or President determines that the Covered Person has failed to disclose an actual or

possible conflict of interest, it or he/she shall take appropriate disciplinary and corrective action.

## **ARTICLE VI RECORDS OF PROCEEDINGS**

The minutes of the Board and all committees with Board delegated powers shall contain:

- a. the names of persons who disclosed or otherwise were found to have a Financial or Nonfinancial Interest in connection with an actual or potential transaction or arrangement, the nature of the Financial or Nonfinancial Interest, any action taken to determine whether a conflict of interest was present, and the Board's or committee's decision as to whether a conflict of interest existed.
- b. the names of the persons who were present for discussions and votes relating to the transaction or arrangement, the content of the discussion, including any alternatives to the proposed transaction or arrangement that were considered, and a record of any votes taken in connection therewith.

## **ARTICLE VII COMPENSATION COMMITTEES**

- 7.1 **Voting Members.** A voting member of any Board committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Corporations for services, is precluded from voting on matters pertaining to his/her compensation, but is not prohibited from providing information to any committee regarding compensation. This provision does not preclude directors or committee members from voting on any payments provided to directors or committee members in recognition of the time and effort directors and committee members spend in performing director or committee member duties.
- 7.2 **Physician Members.** Physicians who receive compensation, directly or indirectly, from the Corporations, whether as employees or independent contractors, are precluded from membership on any Board committee whose jurisdiction includes compensation matters, but are not prohibited from providing information to any committee regarding physician compensation.

## **ARTICLE VIII PERIODIC REVIEWS**

- 8.1 **Reviews Required.** Periodic reviews will be conducted to assure that the Corporations operate in a manner consistent with their charitable purposes, and do not engage in activities that could jeopardize exemption from federal income tax. The periodic reviews shall, at a minimum, include the following subjects:
- a. Whether compensation arrangements and benefits are reasonable and are the result of arm's-length bargaining.
  - b. Whether partnership, joint venture, and service arrangements conform to written policies, are properly recorded, reflect reasonable payments for goods and services, further the Corporations charitable purposes and do not result in private inurement or impermissible private benefit or in excess benefit transactions.
- 8.2 **Use of Outside Experts.** In conducting the periodic reviews, the Corporations may use outside experts. If outside experts are used their use shall not relieve the Board of its responsibility for ensuring that periodic reviews are conducted.

**WESTFIELDS HOSPITAL, INC.  
AND  
WESTFIELDS HOSPITAL FOUNDATION, INC.**

**CONFLICT OF INTEREST POLICY**

**ARTICLE I  
PURPOSE AND POLICY**

- 1.1 **Purpose.** Westfields Hospital, Inc. and Westfields Hospital Foundation, Inc. are separate non-profit, tax-exempt corporations each with its own Board of Directors. The entities are closely related and share a single conflict of interest policy. The use of the word “Board” in this policy is meant to refer to each individual Board as the policy is applied to an individual organization. The purpose of the conflict of interest policy is to protect the interests of Westfields Hospital, Inc. and Westfields Hospital Foundation, Inc. and their related organizations (collectively the Corporations, as further defined in Section 2.4), when the Corporations are contemplating entering into a transaction or arrangement that might benefit the private interest of a member of a Board of Directors (director), principal officer, committee member, or Key Employee (collectively Covered Persons) or might result in a possible excess benefit transaction. This policy supplements but does not replace Wisconsin laws governing conflict of interest applicable to nonprofit and charitable corporations.
- 1.2 **Policy.** The business and affairs of the Corporations are under the direction of the various Boards of Directors, acting through the corporate officers. In carrying out their respective duties, Wisconsin law and sound corporate policy require that Covered Persons act in a manner that recognizes their duty of loyalty to the Corporations.

The duty of loyalty requires that a Covered Person give undivided allegiance to the Corporations when using either the power of the Covered Person’s position or information the Covered Person possesses concerning the Corporations or the Corporations’ property. A Covered Person may not use his/her position with the Corporations for personal profit, gain or advantage. It is recognized that some Covered Persons may be employed or otherwise affiliated with organizations that do business with the Corporations however, a Covered Person should put the interests of the Corporations first and oppose and reject transactions from which a Covered Person will inappropriately benefit, directly or indirectly.

This Conflict of Interest Policy supplements the HealthPartners Code of Conduct. It does not replace it.

## **ARTICLE II DEFINITIONS**

- 2.1 **Covered Person.** Includes a member of the Board of Directors, principal officer, member of a committee with Board delegated powers, or Key Employee.
- 2.2 **Family Member.** Includes a Covered Person's spouse, parents and ancestors, descendants, siblings (whether by whole or half blood), and spouses of descendants and siblings.
- 2.3 **Financial Interest.** A Covered Person has a Financial Interest if the Covered Person has, directly or indirectly, through business, investment or a Family Member:
- an ownership or investment interest in any entity with which the Corporations do business or which is in competition with the Corporations, or
  - a compensation arrangement with any entity or individual with which the Corporations do business or which is in competition with the Corporations, or
  - a potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the Corporations do business or which is in competition with the Corporations.
- Compensation includes direct and indirect remuneration as well as gifts or favors that are substantial in nature.
- 2.4 **Corporations.** The Corporations shall mean Westfields Hospital, Inc. and Westfields Hospital Foundation, Inc. and all other entities that are subsidiaries of HealthPartners, Inc.
- 2.5 **Interested Person.** An Interested Person is a Covered Person who has (i) a Financial Interest, as defined in Section 2.3 above; or (ii) a Nonfinancial Interest, as defined in Section 2.7 below. If a person is an Interested Person with respect to any entity in the HealthPartners family of corporations, he or she is an Interested Person with respect to all entities in the HealthPartners family of corporations.
- 2.6 **Key Employee.** A Key Employee is any person having responsibilities, powers, or influence similar to those of officers or directors. The term includes the chief management and administrative officials of the organization (such as the Chief Executive Officer (CEO) or Chief Financial Officer (CFO)). For purposes of this policy, the General Counsel, in consultation with the CEO and Chair of the Board, shall determine from time to time who is a Key Employee.
- 2.7 **Nonfinancial Interest.** A person has a Nonfinancial Interest if the person, directly or indirectly, through business, investment or a Family Member performs directive, managerial, consulting, or contracting services for any outside concern that does business

with or is in competition with the Corporations whether or not such services are compensated.

### **ARTICLE III PROHIBITED ACTIVITIES**

Covered Persons may not participate in the following prohibited activities:

- using the Corporations' property or equipment for outside business purposes;
- making political contributions with the Corporations' funds or making improper disbursements to influence a public agency or official;
- extending hospitality to any official, particularly public officials, which could result in embarrassment to the Corporations;
- accepting gifts, favors, entertainment, meals, refreshments, travel and lodging, or other personal benefit other than what is acceptable as a part of normal business courtesy and hospitality from any concern which does or is seeking to do business with the Corporations (examples of normal business courtesy and hospitality include occasional business meals or tickets to a sports or cultural performance having a value of less than \$75);
- accepting loans from an outside concern which does business with or is seeking to do business with the Corporations (other than a bank or financial institution in accordance with their regular lending practices); or
- disclosing or using the Corporations' information for the personal profit or advantage of anyone other than the Corporations.

### **ARTICLE IV DUTY TO DISCLOSE**

An Interested Person must disclose the existence and nature of any Financial or Nonfinancial Interests of which he or she is aware. Such disclosure must be made in the annual Conflict of Interest Questionnaire (see Article V of this Policy) and to the CEO and/or Chair of the Board and/or General Counsel at the time a potential conflict arises in conjunction with a proposed transaction or arrangement. Depending on the outcome of such disclosures, further disclosure to the Board of Directors and/or members of committees with Board delegated powers may also be required.

**ARTICLE V  
PROCEDURES AND ANNUAL QUESTIONNAIRE**

5.1 **Conflict of Interest Questionnaire.** Each Covered Person shall annually complete a Conflict of Interest Questionnaire which affirms that he/she

- received a copy of the Conflict of Interest Policy,
- read and understands the Policy,
- agrees to comply with the Policy,
- understands that the Corporations are charitable organizations and that in order to maintain federal tax exemption must engage primarily in activities which accomplish one or more tax-exempt purposes, and
- has disclosed all potential conflicts of interest in his/her answers to the Questionnaire.

5.2 **Determining Whether a Conflict of Interest Exists.**

- a. The General Counsel will assure that a system is in place to distribute a Conflict of Interest Questionnaire to all Covered Persons at least annually and to any person who becomes a Covered Person during the year at the time that he/she becomes a Covered Person (e.g. upon election or employment). Additionally, all Covered Persons will be informed of their duty to disclose any potential conflicts at such time as a transaction is being contemplated that may be impacted by a potential conflict.
- b. The General Counsel will review all completed Questionnaires. The CEO will review the General Counsel's completed Questionnaire. The Board Chair and General Counsel will review the CEO's completed Questionnaire.
- c. The General Counsel will summarize the findings from such reviews and submit a report to the Chair of the Board. The report will identify the potential conflicts disclosed by each Covered Person and recommend one of the following with respect to each Covered Person:
  - (i) The disclosed conflicts are too pervasive to allow meaningful participation and the Covered Person should resign;
  - (ii) The Chair of the Board, CEO, and General Counsel should be aware of, and monitor, the potential conflict of interest throughout the year; or

- (iii) No current potential conflicts were reported.
- d. Once approved, a verbal summary will be given to the full board.
- e. On a continuous basis, the Chair of the Board, CEO and General Counsel will review upcoming agendas of meetings of the Board and its committees with Board delegated powers. If a disclosed conflict of interest impacts an agenda item, the Chair of the Board, CEO and General Counsel will determine one of the following approaches prior to the meeting and advise the person with the potential conflict which of the following processes will be implemented:
  - (i) He/she should not receive any information on the matter, and should be excluded from all discussion and the vote;
  - (ii) He/she may receive information on the matter but should be excluded from all discussions and the vote; or
  - (iii) He/she may receive information on the matter, participate in discussion and only be excluded from the vote.
- f. The full Board will be advised of the Covered Person's potential conflict and the process recommended by the Chair, CEO and General Counsel. Any Board member may object to the decision and bring the issue to the Board for discussion. Any Board member at any time may also raise a suspected conflict of interest of any Covered Person or ask the Chair of the Board, CEO or General Counsel to investigate a potential conflict of interest.

5.3 **Procedures for Assessing Alternatives to a Transaction or Arrangement When a Potential Conflict of Interest Exists.**

- a. If a potential conflict of interest is identified respecting a transaction or arrangement, the Chair of the Board or a committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.
- b. After receiving a report about alternatives and exercising due diligence, the board or committee shall determine whether it is possible, with reasonable efforts, to engage in a more advantageous transaction or arrangement with a person or entity that would not give rise to a conflict of interest.
- c. If a more advantageous transaction or arrangement is not reasonably attainable under circumstances that would not give rise to a conflict of interest, the board or

committee shall determine by a majority vote of the disinterested persons whether the transaction or arrangement is in the Corporations' best interest, for its benefit, and whether it is fair and reasonable. In conformity with the above determination the Board or committee shall make its decision as to whether to enter into the transaction or arrangement.

5.4 **Violations of the Conflict of Interest Policy.**

- a. If a Board, committee or CEO has reasonable cause to believe that a Covered Person has failed to disclose an actual or possible conflict of interest, it shall inform the Covered Person of the basis for such belief and afford the person an opportunity to explain the alleged failure to disclose.
- b. If, after hearing the responses of the Covered Person and making such further investigation as may be warranted in the circumstances, the Board, committee or CEO determines that the Covered Person has failed to disclose an actual or possible conflict of interest, it or he/she shall take appropriate disciplinary and corrective action.

**ARTICLE VI  
RECORDS OF PROCEEDINGS**

The minutes of the Board and all committees with Board delegated powers shall contain:

- a. the names of persons who disclosed or otherwise were found to have a Financial or Nonfinancial Interest in connection with an actual or potential transaction or arrangement, the nature of the Financial or Nonfinancial Interest, any action taken to determine whether a conflict of interest was present, and the Board's or committee's decision as to whether a conflict of interest existed.
- b. the names of the persons who were present for discussions and votes relating to the transaction or arrangement, the content of the discussion, including any alternatives to the proposed transaction or arrangement that were considered, and a record of any votes taken in connection therewith.

**ARTICLE VII  
COMPENSATION COMMITTEES**

- 7.1 **Voting Members.** A voting member of any Board committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Corporations for services, is precluded from voting on matters pertaining to his/her compensation, but is not prohibited from providing information to any committee

regarding compensation. This provision does not preclude directors or committee members from voting on any payments provided to directors or committee members in recognition of the time and effort directors and committee members spend in performing director or committee member duties.

- 7.2 **Physician Members.** Physicians who receive compensation, directly or indirectly, from the Corporations, whether as employees or independent contractors, are precluded from membership on any Board committee whose jurisdiction includes compensation matters, but are not prohibited from providing information to any committee regarding physician compensation.

## **ARTICLE VIII PERIODIC REVIEWS**

- 8.1 **Reviews Required.** Periodic reviews will be conducted to assure that the Corporations operate in a manner consistent with their charitable purposes, and do not engage in activities that could jeopardize exemption from federal income tax. The periodic reviews shall, at a minimum, include the following subjects:
- a. Whether compensation arrangements and benefits are reasonable and are the result of arm's-length bargaining.
  - b. Whether partnership, joint venture, and service arrangements conform to written policies, are properly recorded, reflect reasonable payments for goods and services, further the Corporations charitable purposes and do not result in private inurement or impermissible private benefit or in excess benefit transactions.
- 8.2 **Use of Outside Experts.** In conducting the periodic reviews the Corporations may use outside experts. If outside experts are used their use shall not relieve the Board of its responsibility for ensuring that periodic reviews are conducted.