

CAROLINA FAMILY HEALTH CENTERS, INC. POLICY

TITLE: HR-200 Standards of Conduct

EFFECTIVE DATE: November 2014

SECTION: Human Resources

REFERENCE PROCEDURE: N/A

RESPONSIBLE CHIEF OF STAFF: Chief Operating Officer

RESPONSIBLE COMMITTEE: Employee Investment CIT

REVIEWED: 1/15, 5/16, 1/18, 10/18, 01/25/2022, 05/27/2025

I. PURPOSE

The purpose of this policy is to outline the Standards of Conduct. Generally, these standards outline the expectation that individuals conduct themselves in a manner consistent with generally accepted standards of professionalism, courtesy, and respect. Additionally, these standards provide safeguards to ensure Carolina Family Health Centers, Inc. (CFHC, Inc.) complies with laws and regulations relating to fraud and abuse, as well as to prevent all officers, employees, agents, or volunteers from (1) using their positions for purposes that are, or give the appearance of being, motivated by a desire for private financial gain for themselves or others such as those with whom they have family, business or other ties; and (2) from violating their duty to CFHC, Inc. by inappropriately disclosing confidential information.

II. POLICY

The Board of Directors of CFHC, Inc. recognizes the paramount importance of maintaining CFHC, Inc.'s reputation for integrity that includes, but is not limited to, assuring compliance with applicable Federal, State, and local laws and regulations, as well as fulfilling contractual obligations.

In our continuing effort to fulfill our organizational mission, CFHC, Inc. is committed to high standards and compliance with all applicable laws and regulations. It is an expectation of CFHC, Inc. that all officers, employees, **agents** (defined below), and volunteers meet high standards of professional behavior whenever they act on behalf of CFHC, Inc. This is true whether dealing with other employees, patients, providers, vendors, government and/or the general public.

All officers, employees, agents, and volunteers are responsible for ensuring that their conduct is consistent with the Standards of Conduct, CFHC, Inc.'s Compliance Program, CFHC, Inc.'s policies and procedures, and generally accepted standards of professionalism, courtesy, and respect. Furthermore, CFHC, Inc.'s supervisors must assume, and are charged with, responsibility for ensuring that the conduct of everyone they supervise complies with these Standards of Conduct.

It is the policy of CFHC, Inc. that no officer, employee, agent, or volunteer participate in CFHC, Inc.'s selection, award, or administration of any contract or grant, paid in whole or in part with federal funds, when a real or apparent conflict of **interest** (defined below) is involved.

Additionally, it is the policy of CFHC, Inc. that interests be fully disclosed by any employee, officer, agent, or volunteer regardless of whether a **conflict of interest** (defined below) is determined to exist.

All officers, employees, agents, and volunteers are required to comply with the Standards of Conduct and are required to sign and return the acknowledgement (see attachment) prior to Board assignment or beginning work as an employee, agent, or volunteer of the corporation. Thereafter, each officer, employee, agent, and volunteer must complete and re-sign the Standards of Conduct at a minimum of annually or whenever there are changes to responses on the Standards of Conduct.

CFHC, Inc. is committed to ensuring that the Standards of Conduct and its policies and procedures are adhered to by all officers, employees, agents, or volunteers through consistent enforcement, which may be accomplished by imposing appropriate disciplinary action. It is CFHC, Inc.'s goal that every officer, employee, agent, or volunteer understands the consequences of improper or non-compliant activities and that all violators be treated equally as defined below. Behavior that substantially breaches the Standards of Conduct, including but not limited to theft, fraud, violence, harassment, or severe insubordination, is considered gross misconduct; this type of misconduct is considered a severe violation of this policy, and the disciplinary action steps may be escalated based on the severity of the violation.

Consequences of improper or non-compliant activities:

- For employees, violations of any of the Standards of Conduct may result in corrective action up to and including termination as outlined in *HR-902 Corrective Action*.
- For contractors, agents (other than Board members), and volunteers, violations of any of the Standards of Conduct may result, depending on the severity of the violation, in the following: oral admonishment, written reprimand, reassignment, demotion, suspension, and/or separation, in addition to legal penalties which might apply.
- For members of the Board of Directors, violations of any of the Standards of Conduct may result in voluntary or involuntary termination according to CFHC, Inc. Bylaws (refer to *EXEC-102 Corporate Bylaws*).

Standards of Conduct

It is the expectation of CFHC, Inc. that all officers, employees, agents, and volunteers behave in a manner that aligns with generally accepted standards of professionalism, courtesy, and respect. In addition, these Standards of Conduct describe specific standards to which individuals are expected to adhere.

These Standards of Conduct are not intended to be an exhaustive list of behavior that is unacceptable in the workplace as it is not possible to list all forms of unacceptable behavior.

Support the Mission

All officers, employees, agents, and volunteers are expected to support and uphold the Mission, Vision, and Values of the corporation.

Officers, employees, agents, and volunteers are encouraged to talk with others in the community about the organization; to share information about CFHC, Inc. programs and to help others understand the mission of the organization. Officers, employees, agents, and volunteers are expected to speak well of CFHC, Inc. From time to time, others may approach officers, employees, agents, or volunteers with concerns regarding agency policy, procedures, or services. It is the expectation that these concerns be shared appropriately and timely with CFHC, Inc. management.

Uphold the Law

All officers, employees, agents, and volunteers are expected to comply with the laws, rules, and regulations governing the organization. An officer, employee, agent, or volunteer may not intentionally or recklessly participate or assist in another individual's violations of upholding the law, rules, or regulations governing the organization.

All officers, employees, agents, and volunteers are expected to understand the company's policies, procedures, laws, rules, and regulations that apply to their specific roles. If an officer, employee, agent, or volunteer is unsure if an action is permitted under a regulatory body, the officer, employee, agent, or volunteer must seek the advice from a resource expert.

Violations of the law may include, but are not limited to, theft, fraudulent acts, dishonest acts, disorderly or immoral conduct, and falsifying records (including pre-employment applications and documentation).

It is the responsibility of all officers, employees, agents, or volunteers to prevent violations of laws, rules, and regulations and report possible violations.

Avoid Disclosure of Confidential or Proprietary Information

Officers, employees, agents, and volunteers may acquire **confidential or proprietary information** (defined below) by virtue of their positions within, or affiliation with, CFHC, Inc. Information generally known in the public about CFHC, Inc. is not confidential in nature; however, information not generally known in the public is considered confidential. All CFHC, Inc. policies and procedures are considered confidential and proprietary. All information communicated through internal meetings is considered confidential and proprietary. All information communicated at board meetings or through governance activities of CFHC, Inc.'s Board of Directors is confidential and proprietary information. CFHC, Inc.'s Board of Directors or Chief Executive Officer (CEO) reserve the right to determine that other information is confidential or proprietary on a case-by-case basis.

It is the policy of CFHC, Inc. that officers, employees, agents, and volunteers may not disclose confidential or proprietary information about CFHC, Inc. to any person, including their relatives, friends, neighbors, and business/professional associates, unless the disclosure has been authorized by the CEO or Board President. Additionally, it is the policy of CFHC, Inc. that officers, employees, agents, and volunteers may not disclose confidential or proprietary information that could be used for personal gain or for the benefit of a third party. This policy extends to all confidential information, regardless of whether it is communicated in writing or orally.

Officers, employees, agents, and volunteers are expected to exercise reasonable care to avoid the inadvertent disclosure of confidential information and, as applicable, will be bound by (and required to comply with) the confidentiality provisions contained in agreements executed between CFHC, Inc. and other organizations and/or individuals, as well as CFHC, Inc. internal confidentiality policies and procedures. Officers, employees, agents, and volunteers may be required to sign a Confidentiality Agreement and/or Business Associate Agreement, as appropriate, that specifically limits the context in which, and persons to whom, confidential information may be communicated.

These confidentiality requirements do not prohibit or otherwise restrict officers, employees, agents, and volunteers from lawfully reporting fraud, waste or abuse to a designated investigative or law enforcement representative of a Federal or State department or agency authorized to receive such information.

Maintain Financial Integrity

All officers, employees, agents, and volunteers ensure the truth and accuracy of all financial reporting. CFHC, Inc. maintains appropriate financial controls and keeps records and accounts that accurately reflect the business activity, assets, and liabilities of the organization. Fraud is immediately reported to the proper authorities. An independent auditor reviews program compliance and validates financial reporting, annually. Consumers will have ready access to information about the Sliding Fee Program, charges, and eligibility for service.

All officers, employees, agents, and volunteers are expected to follow policies related to travel and expense reimbursement and maintain a high level of integrity when reporting such expenses for reimbursement.

Protect CFHC, Inc. Property

All officers, employees, agents, and volunteers are expected to follow security and safety policies and procedures set forth by CFHC, Inc. for the protection of the corporation and the public. It is the expectation that all officers, employees, agents, and volunteers respect and properly use and care for equipment, supplies, furnishings, and properties owned by the corporation. Phones, fax, company internet, intranet, computers, and copiers may only be used for company approved business. The CFHC, Inc. logo and letterhead may only be used as prescribed by company protocol or practice (refer to *EXEC-400.01 External Communications*).

Avoid Nepotism

CFHC, Inc. will not hire any individual (or assign, transfer, or promote a current employee) who is related to one of its employees or contractors, if in the position being applied for (or assigned, transferred or promoted to), the applicant will have a direct reporting relationship with the related employee or contractor. Every applicant for employment or consultancy with CFHC, Inc. must disclose any family, business and personal relationships with any officer, employee, agent, or volunteer of CFHC, Inc.

No board member can be an employee of the corporation or a former employee within the past two years, nor be from the same **immediate family** (defined below) of any employee of CFHC, Inc.

Avoid Soliciting or Accepting Gifts

No officer, employee, agent, or volunteer may solicit or accept **gifts** (defined below), gratuities, favors or anything of value for their personal benefit from any current or potential patient, vendor or contractor of CFHC, Inc., or any current or potential party to a sub-agreement with CFHC, Inc. Every officer, employee, agent, or volunteer will decline or return any gift and notify the CEO of such gift. Exceptions are noted for employees exchanging gifts.

Avoid Giving Gifts to Patients

No officer, employee, agent, or volunteer may give gifts to patients due to the Anti-Kickback Statute and the Civil Monetary Penalty (CMP) Law, which prohibit inducements (“anything of value”) to beneficiaries of public healthcare programs to come to a practice or to use its services. However, the Office of Inspector General (OIG) has approved nominal gifts if they are not cash or cash equivalents, and they have a retail value of less than \$15 individually or an aggregate value of \$75 per year per patient.

Small tokens of appreciation, reward, or promotion are allowed to be given to patients (i.e., stickers, small toys or trinkets, diapers, baby supplies, pill boxes, medication bags, cups, etc.). The provision of these items must be approved by the department's Chief of Staff and coordinated with the Director of Communications.

Avoid Solicitation of Non-CFHC, Inc. Business or Support

No officer, employee, agent, or volunteer may solicit non-CFHC, Inc. business transactions or support for organizations or causes that are unrelated to CFHC, Inc. from any patient, officer, employee, agent, volunteer, vendor, or contractor of CFHC, Inc. This solicitation includes asking for signatures for a petition, selling merchandise or services, requesting support for a political candidate, or engaging in religious proselytism.

Patients may not solicit business transactions or support for organizations or causes with any officer, employee, agent, or volunteer of CFHC, Inc.

An exception is allowed for seeking funds or donations for a non-profit organization that an officer, employee, agent, or volunteer supports, but does not personally benefit from the fundraising activity.

Avoid Offering or Accepting a Bribe

CFHC, Inc. will immediately dismiss, remove, and, as applicable, terminate the employment or contract of any officers, employees, agents, or volunteers who offered or accepted a bribe to secure funding or other benefits for or from CFHC, Inc.

Cooperate and Deal Honestly with Government Officials

No officers, employees, agents, or volunteers may attempt to influence actions or decisions made by government bodies, officials, employees, or contractors, unless specifically authorized to do so, consistent with applicable CFHC, Inc. policy. Officers, employees, agents, or volunteers must be cooperative and truthful in their dealings with any governmental inquiries or requests, including audits, surveys, and certification reviews. Except where otherwise approved, officers, employees, agents, or volunteers who are not authorized to speak on behalf of CFHC, Inc. may

not respond to any governmental inquiries or requests, including audits, surveys, and certification reviews, and must promptly report any such inquiries or requests to CFHC, Inc.'s CEO, Chief Compliance Officer (CCO), or other member of senior management.

Avoid Political Activities During Business Hours

Officers, employees, agents, or volunteers may not participate or intervene in any **political campaign** (defined below) in support of or in opposition to any candidate for elected public office while at work during business hours or when acting in their official capacity/position as an officer, employee, agent, or volunteer. Officers, employees, agents, or volunteers may not use CFHC, Inc.'s name, logo (or other means of identification as affiliated with CFHC, Inc.), facility or any resources in connection with political campaign activities.

Signs, pins, posters or other political rhetoric that would favor one political candidate over another is prohibited on company property. Additionally, no political language or symbolism is allowed in the workplace on clothing, hair, or on the skin (refer to *HR-203 Dress Code*). The sites owned and operated by CFHC, Inc. may participate in voter registration activities as long as it is a bipartisan effort.

Obtain Prior Approval for Lobbying Activities

Any **lobbying** (defined below) activities proposed to be undertaken by CFHC, Inc. or by any officer, employee, agent, or volunteer on behalf of CFHC, Inc. shall require the prior approval of the CEO (or President of the Board in the case of Board members). Officers, employees, agents, or volunteers undertaking lobbying activities will work with the CEO (or President of the Board in the case of Board members), or his or her designee, to ensure that such activities are supported by non-federal resources and that all disclosures and reporting of lobbying activities required by state or federal law are submitted in a timely manner.

Maintain and Update License(s)/Certification(s)

Licensed and certified staff must maintain and update the appropriate license and certification required by their position. Staff may not operate outside the scope of work covered by their professional license or certification. Professional staff must operate in accordance with the privileges assigned to them. Consumers will be informed about the license and credentials of the person providing their care and treatment.

Officers, employees, agents, and volunteers are expected to report to the CCO (or President of the Board in the case of Board members) if they are the subject of a complaint to an oversight board, department or organization; e.g. medical board, dental board, pharmacy board, Office of Inspector General. The individual will sign a consent for the release of all information pertinent to the complaint. Failure to provide timely notification or failure to provide consent for the release of information is a violation of the Standards of Conduct. Officers, employees, agents, and volunteers must immediately report to the CEO (or President of the Board in the case of Board members) any convictions resulting from a criminal offense, other than minor traffic violations.

Maintain Respect in the Workplace

CFHC, Inc. is committed to maintaining a workplace that is free from discrimination, harassment, and violence. The Board of Directors has adopted certain policies related to respecting others in the workplace and maintains a department of Human Resources for the reporting of such activity. Behavior that is disrespectful, rude, intimidating, threatening, or harassing is prohibited.

Customers, vendors, and guests are also expected to behave in a professional, respectful, non-intimidating/non-threatening manner toward staff or others while in our facilities. CFHC, Inc. provides an on-site security force to prevent unwanted activities from taking place on properties owned and operated by the corporation. Discharge from the practice and/or removal from the premises may be the consequence of such behavior for customers, vendors, and guests.

Maintain Professionalism in the Workplace

All officers, employees, agents, and volunteers are expected to behave in a manner that aligns with generally accepted standards of professionalism, courtesy, and respect while in the workplace or while working on behalf of CFHC, Inc. This includes relationship(s) with superiors and subordinates, compliance with the policies and procedures of the organization, accurate reporting of attendance, job performance, attitude towards assigned duties and responsibilities, relationships with co-workers, use of inappropriate language, and personal appearance.

Officers, employees, agents, and volunteers are expected to treat others with dignity and respect at all times. Officers, employees, agents, and volunteers are expected to comply with a superior's reasonable requests for assigned duties and remain in the assigned work area until permission is granted to leave the work area from a superior.

All officers, employees, agents, and volunteers are expected to be knowledgeable of and follow all established policies, procedures, and/or regulations of the organization. Most officers, employees, agents, and volunteers are provided with access to all policies and procedures through the organization's intranet.

Officers, employees, agents, and volunteers are required to accurately report attendance. Additionally, agents must avoid frequent tardiness, absenteeism, and abuse of the organization's paid time off policies and procedures. Officers, employees, agents, and volunteers are expected to notify a supervisor regarding attendance at the workplace if that attendance status has changed from what was expected by the supervisor. Additionally, consequences exist if an agent abandons his/her position.

Officers, employees, agents, and volunteers are expected to maintain a high performance with all assigned duties and avoid behaviors that lead to negligent, careless, incompetent, or inefficient performance. Additionally, officers, employees, agents, and volunteers are expected to maintain a positive and attentive attitude towards all assigned duties and responsibilities.

Officers, employees, agents, and volunteers may not sleep while working for CFHC, Inc. Additionally, officers, employees, agents, and volunteers may not engage in gambling, in any form, while working for CFHC, Inc.

All officers, employees, agents, and volunteers are expected to adhere to the weapon-free workplace policy (refer to *OPR-203 Weapon-Free Workplace*).

Officers, employees, agents, and volunteers are expected to communicate with others in a manner that avoids the use of abusive or provocative language.

Officers, employees, agents, and volunteers are expected to avoid conduct that could reflect negatively upon CFHC, Inc. or impair CFHC, Inc.'s reputation.

Officers, employees, agents, and volunteers are expected to maintain an acceptable standard of personal appearance and follow CFHC, Inc.'s dress code policy (refer to *HR-203 Dress Code*).

Follow Health and Safety Guidelines

CFHC, Inc. provides a healthy and safe environment for staff, consumers, and guests. Safety rules, regulations, policies, procedures, and warnings are enforced. Medications, abuseable supplies, and other substances are handled and disposed of properly.

In the event that an officer, employee, agent, or volunteer is injured while working for CFHC, Inc., the individual is expected to report the injury immediately (or as soon as reasonably possible) by following the incident reporting procedures (refer to *RM-101 Incident Reporting*).

In efforts to maintain a safe work environment, CFHC, Inc. maintains a drug and alcohol free workplace by policy and by federal regulation (refer to *HR-202 Drug and Alcohol Free Workplace*). Policy violations include, but are not limited to, possessing substances, selling substances, and consuming substances while working. Additionally, it is a policy violation to present for work under the influence of substances.

As a provider of health care, CFHC, Inc. maintains a tobacco-free health care environment. Use of tobacco products is prohibited in and on all the property owned, leased, or controlled by CFHC, Inc.

Requirements for background checks and drug screening are in place and followed consistently.

Members of the Board, staff, contractors, and consumers are encouraged to report unsafe conditions or situations immediately. Incident reporting and tracking policies and procedures are enforced (refer to *RM-101 Incident Reporting*).

Actively Participate in the Corporate Compliance Program

CFHC, Inc. maintains an effective Corporate Compliance Program. The Corporate Compliance Program is a process that has been established to assist officers, employees, agents, or volunteers in understanding and complying with areas of business (refer to *RM-100 Compliance Program*). Additionally, CFHC, Inc. has established organizational compliance policies and procedures that

direct the operations of the CFHC, Inc. compliance function, assist officers, employees, agents, and volunteers in recognizing compliance issues, and guide these individuals in reporting incidents of non-compliant conduct as appropriate.

CFHC, Inc. is committed to maintaining meaningful and open lines of communication between the CCO, the CEO, officers, employees, agents, and volunteers. CFHC, Inc. maintains a confidential 'hot line' for the anonymous reporting of fraud, misappropriation of funds or resources, danger to public safety and/or violations of labor laws, workers compensation laws, HIPAA Privacy or Security, and/or the violation of other state or federal regulations.

Officers, employees, agents, and volunteers are expected to actively participate in the Corporate Compliance Program and will ensure the integrity of financial, clinical and other auditing programs that are in place to monitor program quality and compliance.

Officers, employees, agents, and volunteers are expected to comply with all applicable laws and regulations, including but not limited to the Medicare and Medicaid Anti-Kickback Statute and the Stark II anti-referral legislation prohibiting soliciting or receiving anything of value to induce or reward referrals; and, prohibiting a provider from referring Medicaid/Medicare patients to an entity with which the provider (or immediate family member) has a financial relationship. Such similar efforts will be applied as CFHC, Inc. engages vendors of services or products. Steps will be taken to reduce the risk and avoid the perception of personal inducement or reward to gain an unfair advantage in a business relationship with CFHC, Inc. and the relationship will be disclosed as a potential conflict of interest as outlined above.

Adhere to the Standards of Conduct

Officers, employees, agents, or volunteers are expected to comply with CFHC, Inc.'s Standards of Conduct, and its policies and procedures and are required to promptly report concerns regarding compliance with the Standards of Conduct, and its policies and procedures or other laws, regulations or policies.

Reporting potential non-compliance and participating in CFHC, Inc.'s compliance activities are elements of the job performance of each officer, employee, agent, or volunteer. Reports should normally be made initially through standard management channels, beginning with an immediate supervisor. As an alternative, officers, employees, agents, or volunteers also may make such report to the CEO or CCO. For Board members, reports should be made directly to the Board President. All reports may be made confidentially, and even anonymously. Officers, employees, agents, or volunteers are expected to cooperate fully in the investigation of any potential non-compliance.

Any officer, employee, agent, or volunteer who reports a compliance concern in good faith is protected by law from retaliation. Any person who retaliates against another for his or her reporting of potential non-compliance or his or her participation in addressing potential non-compliance is subject to discipline. Additionally, anyone who makes intentionally false accusations regarding a compliance concern is subject to disciplinary action according to CFHC, Inc. policies and procedures.

Disclose Real or Apparent Conflicts of Interest

All officers, employees, agents, and volunteers must act and otherwise make decisions based on the best interests of CFHC, Inc. All officers, employees, agents, and volunteers must not use their position with CFHC, Inc. for purposes that are, or give the appearance of being, motivated for personal gain for themselves or others, such as those with whom they have family or business ties.

CFHC, Inc. conducts all procurement transactions in a manner to provide, to the maximum extent possible, practical, open, and free competition, in accordance with CFHC, Inc.'s Board-approved procurement policies. CFHC, Inc. is sensitive to, and seeks to avoid, **organizational conflicts of interest** (defined below). Awards are made to the bidder whose bid is responsive to the solicitation and most advantageous to CFHC, Inc., in terms of price, quality, and other factors. CFHC, Inc. retains the right to reject any and all bids or offers when it is in CFHC, Inc.'s interest to do so.

As CFHC, Inc. is a federal grantee under the Department of Health and Human Services (DHHS), these standards for managing conflicts of interest are also necessary to comply with the Federal Uniform Administrative Requirements set forth at 2 C.F.R. §200.318(c) and DHHS regulations found at 45 C.F.R. §75.327(c). No officers, employees, agents, or volunteers may participate in CFHC, Inc. selection, award, or administration of any contract or grant, paid in whole or in part with federal funds, when a real or apparent conflict of interest (as defined below) is involved.

Additionally, as CFHC, Inc. is a state grantee under the North Carolina Department of Health and Human Services (NCDHHS), these standards for managing conflicts of interest are also necessary to comply with the State Budget Act set forth at N.C.G.S. §143C-6-23(b)(2007). No officers, employees, agents, or volunteers may participate in CFHC, Inc. selection, award, or administration of any contract or grant, paid in whole or in part with state funds, when a real or apparent conflict of interest (as defined below) is involved. Officers, employees, agents, and volunteers are prohibited from gaining a financial interest or benefit from an activity or having an interest in any contract during his or her tenure or for one year thereafter if they exercise responsibilities with respect to state grant activities, are in a position to participate in a decision-making process, or are able to gain inside information with regard to such activities.

Duty to Disclose

It is the policy of CFHC, Inc. that interests be fully disclosed by any officer, employee, agent, or volunteer, regardless of whether a conflict of interest is determined to exist.

CFHC, Inc. requires that all employees, officers, agents, volunteers, and persons seeking to affiliate with CFHC, Inc. disclose in writing and update at least annually: (1) all interests that may create an actual or potential conflict of interest, and (2) where applicable, provide a statement suggesting how such conflict of interest could be avoided or mitigated. In order to facilitate such full disclosure, CFHC, Inc. requires that all employees, officers, agents, volunteers, and persons seeking to affiliate with CFHC, Inc. annually complete the acknowledgement attached to this document (see attachment). Completion of this acknowledgement does not relieve individuals of the obligation to comply with these Standards

of Conduct with regard to disclosure of interests that may occur after the filing of the acknowledgement (e.g., with respect to a particular transaction).

CFHC, Inc. requires that all employees of CFHC, Inc., as well as all potential employees, disclose in writing (and update at least annually) any specifics of any plans to accept supplemental income outside CFHC, Inc. employment so that CFHC, Inc. may determine whether such outside employment or consultancy conflicts, or has the potential or appearance to conflict, with the interests of CFHC, Inc. CFHC, Inc. prior approval of such outside employment or consultancy is required for contract employees.

All employees, officers, agents, and volunteers have an ongoing obligation to disclose interests or potential interests that arise after the annual filing of the acknowledgement.

Members of, and candidates for membership on, the Board of Directors shall make disclosures to the President of the Board of Directors. If the President has such an interest, he or she must make disclosure to the Vice-President, who will, in turn, be responsible for advising the Board.

The CEO shall make disclosures to the President of the Board, who is responsible for advising the Board of such disclosure.

All other employees, officers, agents, volunteers, and persons seeking to affiliate with CFHC, Inc. shall make disclosures in writing to the CEO.

Determining Whether a Conflict of Interest Exists

In the case of a potentially conflicted person who is either a board member or the CEO, that person may make a presentation to the board regarding whether he or she has a conflict of interest, and may respond to related questions from the board. However, after such presentation, he or she shall leave the meeting during any discussion of, or vote on, whether a conflict of interest exists, and if such conflict of interest is determined by the board to exist, he or she shall leave the meeting during any discussion of, and voting on, the transaction or arrangement that involves the conflict of interest.

For all other potentially conflicted employees, officers, agents, volunteers, and persons seeking to affiliate with CFHC, Inc., the CEO shall determine whether a conflict of interest exists.

Addressing the Conflict of Interest

If the conflict of interest involves procurement by CFHC, Inc., the process shall be conducted in accordance with the “determining whether a conflict of interest exists” section above and *FIN-104 Purchasing*.

In other instances, the board shall, as it may deem appropriate, appoint the CEO to investigate alternatives to the proposed transaction or arrangement and make recommendations. After exercising due diligence, the board or, in the case of employees, officers, agents, or volunteers, who are not board members or the CEO, the CEO shall determine whether CFHC, Inc. can obtain an equivalent (or more advantageous) transaction or arrangement with reasonable efforts from a person or entity that would not give rise to a conflict of interest.

If an alternative transaction or arrangement is not reasonably attainable under circumstances that would not give rise to a conflict of interest, the board or CEO, as applicable, shall determine (if board, then by a majority vote of the disinterested board members) whether, notwithstanding the conflict of interest, the transaction or arrangement is in CFHC, Inc. best interest, for its own benefit and whether the transaction is fair and reasonable to CFHC, Inc. such that it would constitute an “arms-length” transaction (and be consistent with 45 C.F.R. Part 75 standards, as may be amended from time to time).

In circumstances where there are material continuing or pervasive conflicts of interest, an individual may be required by the board of CFHC, Inc. or the CEO, as applicable, to withdraw from his or her position with CFHC, Inc. unless the individual, family member, or business associate chooses to disassociate from the outside position or circumstance that causes the conflict of interest.

Violations of Managing Conflicts of Interest

If the board or CEO, as applicable, has reasonable cause to believe that a person has failed to disclose an interest, the person shall be informed of the basis for such belief and afforded an opportunity to explain the alleged failure to disclose. If, after hearing the response of the individual who failed to disclose an interest, and making such further investigation as may be warranted in the circumstances, the board or CEO determines that the individual has in fact failed to disclose an interest in accordance with the Standards of Conduct, appropriate corrective action shall be taken, as well as removal of the individual from the selection, negotiation, or administration of any contracts or grants to which CFHC, Inc. is a party.

Records of Proceedings

The minutes of the board and all committees with board-delegated powers, and those records as determined by the CEO, contain:

- the names of the people who disclosed or otherwise were found to have an interest in connection with an actual or potential conflict of interest and the nature of the interest; any action taken to determine whether a conflict of interest was present; and the board or CEO’s decision, as applicable, as to whether a conflict of interest in fact existed.
- (for transactions where a conflict of interest has been disclosed or otherwise found to exist) the names of the persons who were present for discussions and votes relating to the transaction or arrangement, and the names of the persons who recused themselves; the content of the discussion, including any alternatives to the proposed transaction or arrangement or CFHC, Inc. best interest; and a record of any votes taken in connection therewith.

III. DEFINITIONS

- Agent – An agent includes, but is not limited to, a governing board member, an employee, officer, or contractor acting on behalf of CFHC, Inc.
- Interest – A person has an interest if he or she has, directly, or indirectly through a family member or business partner:
 - a business relationship (e.g., an actual or forthcoming compensation arrangement whether by contract or employment) with: (1) CFHC, Inc.; (2) an entity with

which CFHC, Inc. has entered (or is negotiating to enter) a transaction or arrangement; or (3) an entity that is a competitor or potential competitor of CFHC, Inc.;

- a financial relationship (e.g., a controlling or material ownership, or investment interest, employment relationship or other relationship that a reasonable person would deem significant) with or a tangible personal benefit from: (1) an entity with which CFHC, Inc. has entered (or is negotiating to enter) a transaction or arrangement; or (2) an entity that is a competitor or potential competitor of CFHC, Inc.;
- a fiduciary relationship (e.g., Board member or trustee) with: (1) an entity with which CFHC, Inc. has entered (or is negotiating to enter) a transaction or arrangement; (2) an entity that is a competitor or potential competitor of CFHC, Inc.; or
- a personal relationship with an individual who has a business, financial or fiduciary relationship as defined above. A personal relationship means a relationship based on family, business partnership, friendship or romance.
- any interest in a company through publicly-traded stocks, bonds or mutual funds available to the general public shall not constitute an Interest, provided the ownership or investment interest is less than one percent of the company's shares.
- Confidential or proprietary information – This means any and all information (whether written, oral, or contained on audio tapes, video tapes or computer diskettes) relating to the governance, business, operation, and financial condition of CFHC, Inc. and/or any of its vendors or collaboration partners, as well as any and all other information determined to be confidential.
- Conflict of interest – A conflict of interest arises when the officer, employee, agent, or volunteer (including but not limited to the governing board), any member of his or her immediate family, his or her partner, or an organization which employs or is about to employ any of the parties indicated herein, has a financial or other interest in or a tangible personal benefit from a firm considered for a contract.
- Organizational conflicts of interest - Organizational conflicts of interest mean that, because of relationships with a parent company, affiliate, or subsidiary organization, CFHC, Inc. is unable or appears to be unable to be impartial in conducting a procurement action involving a related organization.
- Immediate family – Immediate family is defined as spouse, child/stepchild, parent/stepparent, grandparent, grandchild, siblings, spouse's parents/stepparent, spouse's grandparents, domestic partner, and/or a person for whom the individual is the legal guardian.
- Gift – A gift is anything of value offered directly by or on behalf of an actual or potential patient, vendor, or contractor, except for promotional materials of little or nominal value, such as pens, calendars, mugs, and other items intended for wide distribution and not easily resold. Gifts include, but are not limited to, personal gifts, such as sporting goods, household furnishings, and liquor; social entertainment or tickets to sporting events; personal loans or privileges to obtain discounted merchandise, etc. Exceptions are noted for officers, employees, agents, or volunteers exchanging professional educational gifts, patient tools, or meals provided as part of a business meeting or presentation.

- Political Campaign – A political campaign is deemed to begin when an individual announces his or her candidacy for an elective public office or is proposed by others for an elective public office.
- Lobbying – Lobbying is generally defined as a communication (written or oral) that is an attempt to influence (for or against) specific legislation, including appropriations.

IV. ATTACHMENT

- *Certification of Commitment to Comply with Standards of Conduct and Disclosure Concerning Financial or Other Interests that Create a Potential or Actual Conflict of Interest*