

**Dominican Health Care Corporation (Lourdes Senior Community), and also with regard its affiliates: Fox Manor, Inc., Lourdes Assisted Living Corporation, Lourdes Campus Fund, Lourdes Alzheimers Special Care Center, and Lourdes, Inc. (collectively, “Lourdes”)**

**CONFLICT OF INTEREST POLICY**

1. Purpose. The purpose of this conflict of interest policy is to protect the interest of this tax-exempt organization (“Organization”) when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer or director of the Organization or might result in a possible excess benefit transaction. This policy is intended to supplement but not replace any applicable state and federal laws governing conflict of interest applicable to nonprofit and charitable organizations.

A financial interest is not necessarily a conflict of interest. Under Paragraph 3(b), a person who has a financial interest may have a conflict of interest only if the appropriate governing board or committee decides that a conflict of interest exists.

2. Definitions.

- (a) Interested Person. Any director, principal officer, or member of a committee with governing board delegated powers, who has a direct or indirect financial interest, as defined below, is an interested person.

- (b) Financial Interest. A person has a financial interest if the person has, directly or indirectly, through business, investment, or family:

- (i) An ownership or investment interest in any entity with which the Organization has a transaction or arrangement;

- (ii) A compensation arrangement with the Organization or with any entity or individual with which the Organization has a transaction or arrangement; or

- (iii) A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the Organization is negotiating a transaction or arrangement.

- (c) Compensation. Compensation includes direct and indirect remuneration as well as gifts or favors that are not insubstantial.

3. Procedures.

- (a) Duty to Disclose. In connection with any actual or possible conflict of interest, an interested person must disclose the existence of the financial interest and be given the opportunity to disclose all material facts to the directors and members of committees with governing board delegated powers considering the proposed transaction or arrangement.

- (b) Determining Whether a Conflict of Interest Exists. After disclosure of the financial interest and all material facts, and after any discussion with the interested person, the interested person shall leave the governing board or committee meeting while the determination of a

conflict of interest is discussed and voted upon. The remaining board or committee members shall decide if a conflict of interest exists.

To assist in the understanding and full compliance with this policy, the following is a list of those areas where issues of ethical conduct most often arise for employees of a health care institution:

1. Investing in suppliers.
2. Borrowing or lending to supplier companies.
3. Accepting employment with organizations having a business relationship with the Organization.
4. Accepting substantial gifts or excessive entertainment which might tend to improperly influence judgment or create an appearance of impropriety.
5. Misusing privileged information.
6. Allowing outside employment to affect working efficiency.
7. Using position for personal gain.
8. Associating the Organization and other related corporations' names with an outside business or political activity.

If there is any doubt regarding whether an interest is covered under this policy, full disclosure of the situation should be made to permit an impartial and objective determination

(c) Procedures for Addressing the Conflict of Interest.

- (i) An interested person may make a presentation at the governing board or committee meeting, but after the presentation, the interested person shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement involving the possible conflict of interest.
- (ii) The chairperson of the governing board or committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.
- (iii) After exercising due diligence, the governing board or committee shall determine whether the Organization can obtain with reasonable efforts a more advantageous transaction or arrangement from a person or entity that would not give rise to a conflict of interest.
- (iv) If a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a conflict of interest, the governing board or committee shall determine by a majority vote of the disinterested directors whether the transaction or arrangement is in the Organization's best interest, for its own benefit, and whether it is fair and reasonable. In conformity with the above determination it shall make its decision as to whether to enter into the transaction or arrangement.

(d) Violations of the Conflicts of Interest Policy.

- (i) If the governing board or committee has reasonable cause to believe a member has failed to disclose actual or possible conflicts of interest, it shall inform the member

of the basis for such belief and afford the member an opportunity to explain the alleged failure to disclose.

- (ii) If, after hearing the member's response and after making further investigation as warranted by the circumstances, the governing board or committee determines the member has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

4. Records of Proceedings. The minutes of the governing board and all committees with board delegated powers shall contain:

- (a) The names of the persons who disclosed or otherwise were found to have a financial interest in connection with an actual or possible conflict of interest, the nature of the financial interest, any action taken to determine whether a conflict of interest was present, and the governing board's or committee's decision as to whether a conflict of interest in fact 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, and a record of any votes taken in connection with the proceedings.

5. Compensation.

- (a) A voting member of the governing board who receives compensation, directly or indirectly, from the Organization for services is precluded from voting on matters pertaining to that member's compensation.
- (b) A voting member of any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Organization for services is precluded from voting on matters pertaining to that member's compensation.
- (c) No voting member of the governing board or any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Organization, either individually or collectively, is prohibited from providing information to any committee regarding compensation.
- (d) For purposes of clarity, any member of the board or any committee that is the interested person shall leave the governing board or committee meeting (unless otherwise agreed to by the board or committee) when any matters involving performance or compensation of such interested person or other similar matters are being discussed.

6. Annual Statements. Each director, principal officer and member of a committee with governing board delegated powers shall annually sign a statement which affirms that such person:

- (a) Has received a copy of the conflict of interest policy,
- (b) Has read and understands the policy,
- (c) Has agreed to comply with the policy, and

- (d) Understands the Organization is charitable and in order to maintain its federal tax exemption it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

Such individuals may also be required to complete a Disclosure Statement (in the form attached hereto or as otherwise developed by the Organization). Disclosure Statements will be stored in the corporate offices and will remain confidential.

- 7. Periodic Reviews. To ensure that the Organization operates in a manner consistent with charitable purposes and does not engage in activities that could jeopardize its tax-exempt status, periodic reviews shall be conducted. The periodic reviews shall, at a minimum, include the following subjects:
  - (a) Whether compensation arrangements and benefits are reasonable, based on competent survey information, and the result of arm's length bargaining.
  - (b) Whether partnerships, joint ventures, and arrangements with management organizations conform to the Organization's written policies, are properly recorded, reflect reasonable investment or payments for goods and services, further charitable purposes and do not result in inurement, impermissible private benefit or in an excess benefit transaction.
- 8. Use of Outside Experts. When conducting the periodic reviews as provided for in Paragraph 7, the Organization may, but need not, use outside advisors. If outside experts are used, their use shall not relieve the governing board of its responsibility for ensuring periodic reviews are conducted.

## CONFLICT OF INTEREST DISCLOSURE STATEMENT

GENERAL DISCLOSURE SECTION: All persons receiving this form must respond to the six questions found on this and the next page.

1. **VENDOR RELATIONSHIPS:** Do you or an immediate family member have a relationship with a Lourdes vendor(s) that could appear to influence your decision-making on behalf of Lourdes?

- |    |  |  |
|----|--|--|
| a. | Full or partial ownership of a Lourdes vendor?   | Yes <input type="checkbox"/> No <input type="checkbox"/> |
| b. | Financial interest in a Lourdes vendor?  | Yes <input type="checkbox"/> No <input type="checkbox"/> |
| c. | Family or personal relationship with anyone who owns or is employed by a Lourdes vendor? | Yes <input type="checkbox"/> No <input type="checkbox"/> |
| d. | Outside employment, consulting or other compensated arrangement with a Lourdes vendor?   | Yes <input type="checkbox"/> No <input type="checkbox"/> |

If yes to any of the above, describe this relationship:

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2. **ACCEPTANCE OF ITEMS OR SERVICES OF VALUE:** Other than as associated with any relationship described in number 1, have you accepted from a Lourdes vendor:

- |    |   |  |
|----|---|--|
| a. | Personal gifts of more than a nominal value (\$25)?                                       | Yes <input type="checkbox"/> No <input type="checkbox"/> |
| b. | Loans (other than from a vendor who is a commercial vendor)?                              | Yes <input type="checkbox"/> No <input type="checkbox"/> |
| c. | Business entertainment?   | Yes <input type="checkbox"/> No <input type="checkbox"/> |
| d. | Prizes or awards?   | Yes <input type="checkbox"/> No <input type="checkbox"/> |
| e. | Items purchased at discount and not part of a Lourdes Senior Community sponsored program? | Yes <input type="checkbox"/> No <input type="checkbox"/> |
| f. | Sponsorship of an outside function that benefited you or a family member?                 | Yes <input type="checkbox"/> No <input type="checkbox"/> |

If yes to any of the above, please describe:

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3. **VENDOR SPONSORED TRAVEL:** Other than as associated with any relationship described in number 1, have you traveled and/or obtained lodging paid for by a Lourdes vendor?

Yes  No

If yes, describe the travel/lodging including, for employees only, whether you received approval and whether the travel fulfilled a bona fide educational or consultative purpose that directly benefited Lourdes.

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4. **BOARD MEMBERSHIP:** Do you sit on the board of directors or an advisory board of an organization doing business with Lourdes?

Yes  No

If yes, explain the relationship of the organization to Lourdes and your practice with respect to decisions impacting that relationship:

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5. **TAX CONSIDERATIONS:** Has Lourdes, either directly or indirectly engaged in any of the following with you, any member of your family, or any organization in which any of these parties have a position of director, officer or key employee?

- |    |  |  |
|----|--|--|
| a. | Sale, exchange or leasing of property?   | Yes <input type="checkbox"/> No <input type="checkbox"/> |
| b. | Lending of money or other extension of credit?   | Yes <input type="checkbox"/> No <input type="checkbox"/> |
| c. | Furnishing of goods, services, or facilities?  | Yes <input type="checkbox"/> No <input type="checkbox"/> |
| d. | Payment of compensation (or payment or reimbursement of expenses if more than \$1000?) | Yes <input type="checkbox"/> No <input type="checkbox"/> |
| e. | Transfer of any part of its income or assets?  | Yes <input type="checkbox"/> No <input type="checkbox"/> |

If the answer is yes to any of the above, please describe below:

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6. **OTHER:** Are you involved in any other activity or relationship that may influence your decision – making on behalf of Lourdes or where your position at Lourdes enables you to achieve personal gain?

Yes  No  If yes, describe:

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*You have completed all questions. Please sign, date and return to [dbatchelder@lourdes-sc.org](mailto:dbatchelder@lourdes-sc.org). Thank you.*

**CERTIFICATION:**

I have carefully read the Lourdes Policy Statement on Conflict of Interest and have answered the above questions and provided the requested information to the best of my knowledge. I am in compliance with both the spirit and letter of the Lourdes Conflict of Interest disclosure process. I agree that should any other conflicts arise, I will report them to the Lourdes Compliance Officer when I become aware of them.

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Electronic Signature

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Date