

POLICY TITLE: CONFLICT OF INTEREST**Former Policy Title:****POLICY PURPOSE:**

The purpose of this conflict of interest policy is to protect Lancaster General Health's (LG Health) interest when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer or trustee of LG Health or might result in a possible excess benefit transaction. Further, this policy defines LG Health's policy regarding potential and actual conflicts of interest of LG Health employees, officers, and trustees having outside business, professional or financial interests.

POLICY STATEMENT:

It is the policy of LG Health that no employee, officer or trustee shall enter into any business relationship with any other person or entity which may create a conflict between that relationship and their duties to LG Health. Further, no employee, officer, or trustee should place himself or herself in a position in which personal interest, financial or otherwise, might influence or may reasonably be perceived to influence, any action he or she may take, or advice he or she may render, on behalf of LG Health. In addition, some employees and all officers and trustees upon hire and on an annual basis will be required to complete a Conflict of Interest statement disclosing potential conflicts.

APPLICABILITY/SCOPE/EXCLUSION:

This policy shall apply to all employees, officers and trustees of LG Health and each of its affiliates.

DEFINITIONS: N/A**PROCEDURE:**

The existence of any actual or potential conflict of interest must be judged by the facts and circumstances of each particular case. However, each employee, officer and trustee (hereinafter "individual") must bear in mind the importance of avoiding conflicts of interest or the perception of conflicts of interest in handling personal and family affairs as they may relate to their duties to LG Health. The following principles should serve as a guideline. A conflict exists when an individual has a personal or financial interest on both sides of the transaction and stands to personally gain based upon the results of a transaction to the potential detriment of LG Health. Direct or indirect participation by an individual or a member of his or her immediate family in any arrangement, agreement, investment, employment, consultation, contract or other activity which could result in personal benefit at the expense of LG Health's interest must be avoided. In addition, a conflict exists when, due to an individual's relationship with another business entity, there is a question as to whether that person can act solely and totally in the best interests of LG Health.

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The following examples of situations which must be disclosed as they arise:

1. Taking a leadership or fiduciary position in an organization which currently competes or is a potential competitor of LG Health or an affiliate.
2. Entering into a business relationship with another person or business entity which may cause him or her to disclose information which is considered confidential or proprietary to LG Health or an affiliate.
3. Acquiring a financial interest in an entity that engages in business, professional or other activities with LG Health or an affiliate.
4. Becoming involved in another business relationship which requires such personal time or commitment that the performance of his or her duties to LG Health or an affiliate is compromised.
5. Entering into a business relationship with any person or business entity providing goods or services to LG Health or an affiliate, such as a consultant or a vendor.
6. Accepting gifts from clients, vendors, insureds, etc., except for those of low value and consistent with common business courtesies.
7. Extending to or accepting from, a client, a vendor, or other person or entity doing business or wishing to do business with LG Health or an affiliate, excessive entertainment.

Conflicts of interest, potential conflicts of interest, and the appearance of impropriety, are of concern to LG Health in its business dealings. Additionally, LG Health is required by the Internal Revenue Service to implement procedures for ensuring that LG Health officers, trustees, and employees do not promote private business interests to the detriment of LG Health.

In order to ascertain and evaluate actual or potential conflicts, certain individuals will be required to fill out a Conflict of Interest statement upon entering employment or becoming a trustee of LG Health or an affiliate and others also will be required to fill out such a Statement on an annual basis. In addition to this requirement, all officers and trustees, regardless of whether or not they have filled out or have been asked to fill out a Conflict of Interest statement, have an ongoing affirmative duty to bring to the attention of LG Health, situations which may give rise to an actual or potential conflict of interest as described in this policy.

Any employee who is in doubt regarding whether a situation creates an actual or potential conflict should bring the situation to the attention of his or her manager, who will consult with the Human Resources Department or the Legal Services Department. In the case of officers and trustees, such situations should be brought to the attention of the Chairman of the Board, the Chief Executive Officer, or the General Counsel. When, in the opinion of LG Health, a conflict or an unacceptable perception of conflict has been identified, the individual will be expected to terminate the business relationship or practice giving rise to the conflict, sever their relationship with LG Health, or take such other action as

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may be recommended by LG Health. With regard to employees and officers, if such action is not forthcoming, LG Health may take such action as is outlined in the Corrective Action policy.

SPECIAL RULES FOR BOARDS OF TRUSTEES OF LG HEALTH AND ALL AFFILIATES

1. In General

In the event that a matter comes before a Board of Trustees in which a trustee has a conflict of interest, or there may be a perception that the trustee has a conflict of interest, the following procedure applies. Each trustee is under a fiduciary duty which requires trustees to be sensitive to conflict situations. In any instance where there may be a conflict of interest, or the perception of a conflict of interest, at a minimum the trustee must disclose the conflict or perceived conflict to the Board (or one of its senior officers) prior to any discussion on the matter. Then, based upon the specific facts and circumstances, that trustee must also:

- Take no part in any voting on the matter;
- Take no part in the discussion or voting on the matter; or
- Excuse himself or herself from the meeting for that portion of the agenda.

2. Transactions between Trustees and LG Health or an Affiliate.

There may be circumstances in which a trustee, an immediate family member of a trustee, or an employer, partner, employee or other person in a similar relationship to the trustee may have an opportunity to conduct business with LG Health or one of its affiliates. In order to ensure that any such relationship does not conflict with either the charitable mission of LG Health and its affiliates (collectively, the "Corporation") or with the Internal Revenue Service regulations, the following guidelines will apply. First, prior to the establishment of any relationship between a trustee and the Corporation, it is incumbent upon management of the Corporation to determine that the terms and conditions of the proposed relationship are fair, reasonable, and in the best interest of the Corporation when judged by the standard of an arm's length transaction. Any proposed relationship which does not meet this standard must be rejected.

The Chairperson and/or Board of Trustees may also take the following actions, if appropriate under the circumstances:

- Appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement
- After exercising due diligence determine whether LG Health 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
- If a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a conflict of interest, the Board or Committee shall determine by majority vote of the disinterested trustees whether the transaction or arrangement is in LG

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Health'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 whether to enter into the transaction or arrangement.

Trustees are strongly encouraged to discuss potential conflicts or the perception of a conflict of interest in advance with either the Chairman of the Board of Trustees in question, the President of the LG Health, or General Counsel for LG Health. Any of the above actions taken by a trustee shall be noted in the minutes of the meeting.

3. Violations of the conflicts of interest policy.

If the Board or an officer has reasonable cause to believe a trustee has failed to disclose actual or possible conflicts of interest, it shall inform the trustee of the basis for such belief and afford the trustee an opportunity to explain the alleged failure to disclose. If, after hearing the trustee's response and after making further investigation as warranted by the circumstances, the governing Board determines the trustee has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary or corrective action.

4. Reporting Requirements.

Each year, the Compliance Officer shall provide a report to the Audit & Compliance Committee on the results of the annual Conflict of Interest Disclosure Statement. This Committee may make any recommendations it deems appropriate to the Board of Trustees.

ROLES/RESPONSIBILITIES: N/A

APPENDICES: N/A

FORMS: N/A

REFERENCES:

Corrective Action Policy