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CONFLICT OF INTEREST POLICY AND DISCLOSURE FORM

1.0 PURPOSE

To provide guidelines and describe responsibilities relative to matters which may conflict or appear to be in conflict with the interests of SJHS. To ensure the good faith and integrity of individuals who could benefit directly or indirectly from business activities within the organization, and who by virtue of their position, can commit or influence decisions affecting the ethical, financial and competitive position of this organization. Additionally, another purpose of this policy is to clarify the duties and obligations in the context of potential conflicts of interest and to provide trustees, board committee members, employees and medical staff with a method for disclosing and resolving potential conflicts of interest.

2.0 SCOPE

St. Joseph Health System is a Catholic, nonprofit, tax-exempt corporation organized pursuant to the laws of the state of California ("SJHS"). It is the policy of SJHS for trustees, board committee members, employees and medical staff undertakes their respective responsibilities with an unbending duty of loyalty and fidelity consistent with a fiduciary relationship. This means that all such individuals will administer the affairs of this organization honestly and economically, exercising their best care, skill and judgment for the benefit of SJHS and/or quality care for the patients served by SJHS ministries.

3.0 POLICY

All individuals associated with SJHS have a responsibility to make full disclosure of interests that might result in or have the appearance of a conflict in satisfying fiduciary obligations to this organization. In that regard, it is the policy of SJHS to refrain from consummating any transaction involving a potential conflict of interest until all relevant and pertinent facts regarding the transaction and the potential conflict have been disclosed and considered. Failure to comply with this Conflict of Interest Policy shall be grounds for immediate sanctions up to and including removal from the Board, employment, or staff. Unless otherwise provided for within this policy, standards and terms applicable to this policy shall meet those established from time to time by the Internal Revenue Service.

4.0 DEFINITIONS

SJHS. The acronym "SJHS" as used in this policy shall mean St. Joseph Health System, its local ministries and all corporations or ventures of which it is the sole or controlling member, or partner.

Conflict of Interest. A conflict of interest exists when financial interests or other opportunities for personal benefit may exert improper influence upon a person's judgment in exercising professional duties and responsibilities. When private interests diverge such that an independent observer could reasonably question whether decisions are motivated by personal gain, a conflict exists. Note: The appearance of a conflict may be as serious as an actual conflict in undermining public trust.

Interested Person. For purposes of applying this Policy to any contract, transaction or arrangement involving SJHS, the term "Interested Person" shall mean any person in a position to exercise substantial influence over SJHS. Interested persons include but are not limited to SJHS Trustees, Board Committee members, Officers, Vice Presidents of Materials Management, Purchasing, or any other individuals associated with SJHS as determined by the entity CEO and the Compliance Officer. The St. Joseph Board of Trustees Audit and Corporate Responsibility Committee may also determine, based upon all the facts and circumstances (and with the advice of legal counsel) that a person other than an "Interested Person" shall be treated as an "Interested Person" with respect to a particular contract, transaction or arrangement.



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Examples of Conflict of Interest

Generally. Any personal, business or professional activity; or any direct or indirect financial interest; or personal, non-financial interest which conflicts with the duties and responsibilities of the position held within the organization.

Competition. Assist a potential competitor or direct business away from SJHS unless the best interests of the patient necessitate otherwise.

Financial interests. Have a material financial interest in, a significant indebtedness to, or a personal contract or understanding with, any entity or individual whose business may be affected by actions on behalf of SJHS. The ownership of securities is not a "material financial interest" if the securities are listed on a recognized stock exchange or traded on a regular over-the counter basis; or the combined holdings in the securities held constitute less than one percent (1%) of the outstanding securities.

Outside interests. To hold, directly or indirectly, a position of financial interest in any outside concern from which the individual has reason to believe the organization secures goods or services (including the services of buying or selling stocks, bonds, or other securities), or that provide services competitive with the organization. Additionally, to compete directly or indirectly, with the organization in the purchase or sale of property or property rights, interests or services.

Outside organizations and boards. When serving as a member of an outside organization or in public office, individuals should consider abstaining from any decisions or discussions that could affect SJHS and should make the reason for abstaining clear to the outside organization or to the applicable public officials and advise the Finance Committee and/or the Compliance Officer about such matter. Unless otherwise directed by SJHS, when speaking on public issues or as a member of an outside organization, individuals should not give or permit the appearance that they are speaking on behalf of SJHS.

Vendors. Individuals are expected to maintain objective relationships with all current and potential vendors, and to be solely motivated to acquire goods and services on terms favorable to SJHS. Individuals must not exert, or appear to exert, special influence on behalf of a vendor or potential vendor because of friendship or any other relationship. Goods and services shall be negotiated at "arms length," using fair market value or permissible industry standards, such as discounts that are fully and accurately disclosed and reported. Depending on the nature and size of the transaction the transaction may require competitive bids.

Loans. Except for routine relationships with banking or similar organizations commonly available to the general public, individuals and their families may not loan or borrow money from patients or entities that SJHS has a business or competitive relationship with.

External employment. To render directive, managerial or consultative services to any outside concern that does business with or competes with this organization, or to render other services in competition with this organization.



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Gifts, gratuities, entertainment and honoraria. To accept gifts, excessive entertainment or other favors from any outside concern that does or is seeking to do business with, or is a competitor of the organization, especially under circumstances in which it might be inferred that such action was intended

to influence, or possibly would influence the Trustee in the performance of his/her duties. As a general guideline, gifts valued at less than \$100.00 may be accepted graciously. Gifts and gratuities of greater value should be rejected if such rejection can be done graciously, or such gifts or honoraria may be accepted in the name of the organization.

Inside and confidential information. To disclose or use information relating to the organization's business, especially for the personal profit or advantage of the individual or his/her family is prohibited. To this extent, the individual may not disclose to others, and may not use or assist others in using, confidential or proprietary information obtained from SJHS as a basis for trading or investing in securities of any other corporation, or in any other personal business venture. To violate the confidentiality of information pertaining to the organization's affiliates regarding appointment and reappointment of professionals to the medical staff, information included in quality reports, and statistical data about clinical services and patient care, risk management and malpractice information regarding professional performance, and reviews of attitudes and opinions of those who work in the organization. Additionally, to disclose information regarding the strategic plan, programs and process toward meeting goals in the plan, and the organization's competitive position. To disclose financial information not otherwise available to the public, including annual budgets, revenues, expenses, long-term capital expenditure plans and equipment purchases, and information regarding the organization's financial condition such as debt, liquidity, return on investment and profitability. Finally, individuals may not disclose information regarding the performance of management executives, including evaluations, compensation, contract and employment conditions, and top management succession plans.

Intra-Board Relationships. Intra-board relationships are those in which SJHS trustees have family and/or business relationships with other SJHS trustees outside the context of their SJHS board roles, or with another of SJHS' officers, directors, trustees, or key employees (e.g. director bank executive whose bank makes a loan to another director or the family member of that director). For purposes of initial and regular disclosure, it is sufficient to state "family relationship" or "business relationship" without greater detail unless the business relationship is one other than in the ordinary course of business and on the same terms as are generally offered to the public. Additionally, a business relationship need not be disclosed if it would fall within a privileged relationship such as between an attorney and client, a medical professional (including psychologist) and patient, or a priest/clergy and penitent/communicant.



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DISCLOSURE FORM

NAME AND POSITION: _____

The Conflicts of Interest Policy requires disclosure of certain interests. To carry out the purpose of this Policy, you state in this form that you or your family members have the following affiliations, interests or relationships, and/or have taken part in the following transactions that, when considered in conjunction with your position with or relationship to (including any subsidiary or affiliate of) SJHS, might possibly constitute or give rise to an actual, apparent or potential conflict of interest as defined under the Policy.

Those individuals considered to be "family members" for purposes of this statement include: your spouse, significant other, brothers or sisters (by whole or half blood), spouses of brothers or sisters, children, grandchildren, great-grandchildren, and spouses of children, grandchildren, great-grandchildren- and personal relationships. SJHS recognizes that it is difficult to determine when a "personal relationship" would require consideration of the transaction as if it involved a "family member" as that term is defined above. In order to allow SJHS to determine independently whether a personal relationship creates a conflict of interest or an appearance of a conflict of interest please be overly inclusive in listing such a relationship on this Disclosure Form.

Check "No" where applicable, or explain any possible conflicts of interest, including all material facts, on this questionnaire. All actual, apparent or potential conflicts of interest that arose since the filing of your last Conflicts of Interest and Disclosure Form (or since the prior Conflicts of Interest Disclosure Form was filed) should be reported on this questionnaire. In addition, you must report any further financial interest, situation, activity, interest or conduct that may develop before completion of the next annual questionnaire. Any potential conflicts of interest disclosed in this questionnaire will be evaluated and resolved in accordance with the SJHS Resolution of Conflicts of Interest with Interested Persons Policy.

What position(s) do you hold/relationships do you maintain with respect to SJHS (i.e., Trustee, Board Committee member, officer, executive, professional advisor, vendor, etc.)? Also, please indicate the specific corporate subsidiary or affiliate within SJHS with which the position or relationship is maintained.

Do you refer patients to SJHS or an affiliate for medical treatment? Please note that this question applies if the physician also serves as a trustee in the organization. If the answer is "yes," please state the nature of the relationship (i.e., member of the medical staff of a SJHS entity). No Yes - Explain

Do you or any of your family members hold, or within the past five (5) years have you or any of your family members held, directly or indirectly, (i) a position or (ii) a material financial non-publicly traded interest in any outside entity with which you or your family member have reason to believe SJHS (a) does business, including obtaining goods or services, or (b) provides services competitive with SJHS? A "material" financial interest is one which involves or has a fair market value of more than One Thousand Dollars (\$1,000.00) or which represents more than 5% of the total ownership interest in the outside entity.

No Yes - Explain below



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Are you or any of your family members currently engaged, or within the past five (5) years have you or any of your family members been engaged, in any for-profit business outside of your duties at SJHS that in any way does business with or competes with activities at SJHS? () No () Yes - Explain below

Are you or any of your family members, or within the past five (5) years have you or any of your family members been, an officer, trustee, or director of any company or organization (for-profit or not-for-profit) other than SJHS that does business with or competes with SJHS? () No () Yes - Explain below

Do you or any of your family members have, or within the past five (5) years have you or any of your family members had, any personal loans, advances or borrowings from any supplier who also does business with SJHS? (You may exclude charge cards and personal or mortgage loans at market rates at financial institutions such as banks, finance companies, insurance companies, and savings and loan associations.)

() No () Yes - Explain below

Do you or any of your family members compete, directly or indirectly, with SJHS in the purchase or sale of property rights, interests or services? () No () Yes - Explain below

Do you or any of your family members render, or within the past five (5) years have you or any of your family members rendered, directive, managerial, consultative or other services to or on behalf of any outside entity that does business with or competes with the services of SJHS? () No () Yes - Explain

Do you or any of your family members employ or otherwise retain, or within the past five (5) years have you or any of your family members employed or otherwise retained, personnel of SJHS for work on non-corporate business done outside of SJHS? () No () Yes – Explain below

Have you or any of your family members used property of SJHS to conduct non-corporate activities, without prior approval of your supervisor and the Compliance Officer? () No () Yes – Explain below

Do you or any of your family members serve any other organization (public, private or charitable) as a director, trustee, officer or in a similar capacity? () No () Yes – In each case describe



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Do you have a family or business relationship with another of the organization's officers, directors, trustees, or key employees? () No () Yes - In each case, describe further unless privileged

Have you [or any associate of yours] during the past five years been a party to any action, suit or proceeding that might be deemed material to evaluating your ability or integrity? () No () Yes - Explain below

Do you [or any associate of yours] know of any recent or pending actions, suit or proceeding in which you [or your associate] has an interest adverse to the interests of, or is a party adverse to SJHS? () No () Yes - Explain below

Do you employ or otherwise retain any of your family members or other individuals with whom you have a business or personal relationship in your area of direct responsibility within SJHS or have you or any of your family members attempted to influence SJHS concerning the employment or engagement of any family member or other individual with whom you have a business or personal relationship? () No () Yes - Explain

Have you disclosed or used privileged information of SJHS for any personal profit or advantage, or the profit or advantage of any of your family members or individuals with whom you have a personal relationship? () No () Yes - Explain below

Have you or any of your family members accepted gifts, entertainment, benefits, discounts or other favors from any outside entity that does or is seeking to do business with, or is a competitor of, SJHS, under circumstances from which it might be inferred that such action was intended to influence or possibly would influence you in the performance of your duties? This does not cover or prohibit the acceptance of reasonable entertainment by suppliers or prospective suppliers, or items of nominal value that are clearly tokens of respect or friendship and not related to any particular transaction or activity, when the value of such entertainment or items does not exceed One Hundred Dollars (\$100.00) per year. () No () Yes - Explain below

Have you or any of your family members accepted any gifts, honoraria, perquisites, favors or benefits valued in excess of One Hundred Dollars (\$100.00) per person/per year from suppliers or agents of SJHS? () No () Yes - Explain below



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Do you or any business you are associated with other than SJHS have business arrangements with any SJHS co-workers, trustees, or officers? () No () Yes

In the space below, I have disclosed any other interests, activities, investments or involvement of or concerning me or my family members that I believe might be considered relevant for purposes of disclosure of all actual, apparent or possible conflicts of interest, or I have indicated "none." (Use additional pages as necessary.)

ACKNOWLEDGMENT

I hereby state each of the following:

- (1) I have received a copy of the Conflicts of Interest and Confidentiality Policy;
- (2) I have read and understand the Policy;
- (3) I agree to comply with the Policy;
- (4) I agree to be bound by the confidentiality provisions of the Conflict of Interest and Confidentiality Policy and Procedure for SJHS Trustees and Board Committee Members;
- (5) I understand that SJHS is a charitable organization and that to maintain its federal tax-exempt status it must engage primarily in activities which accomplish its tax-exempt purposes;
- (6) I agree to report promptly to the any change in the responses to each of the foregoing questions which may result from changes in circumstances or any further financial interest, situation, activity, interest or conduct that may develop before completion of my next annual questionnaire; and
- (7) The information contained herein is true and accurate to the best of my knowledge and belief as of this ____ day of _____, ____.

Signed _____

Print Name _____

