Conflicts of Interest and Corporate Opportunity Policy

Version:
November 18, 2016
Application

This Conflicts of Interest and Corporate Opportunity Policy (this “Policy”) applies to the Directors, Officers, agents and employees (collectively, “Covered Individuals”) of CommonWell Health Alliance Inc. (the “Alliance”), and to Alliance Members where so specified in this Policy. This Policy sets forth the process for identifying and reviewing conflicts of interest, and seeks to minimize the impact of such conflicts on the Alliance whenever possible. Unless defined otherwise in this Policy, capitalized terms shall have the meaning ascribed to them in the CommonWell Health Alliance Inc. Bylaws or Membership Agreement.

Fiduciary Duty

A Covered Individual has an affirmative obligation to act at all times in the best interest of the Alliance, and a fiduciary duty to act without conflict to the interests of the Alliance. When acting within his or her capacity as a Covered Individual he or she must subordinate personal, business, third party and other interests to the welfare and best interests of the Alliance. A “Conflict of Interest” exists when the individual’s personal, business, third party or other interests may be contrary to the best interests of the Alliance, and may include a Covered Transaction (defined below) or any other relationship which presents, or potentially may present, a conflict between the Covered Individual’s obligations to the Alliance and his or her personal, business or other interests.

Covered Transactions

A “Covered Transaction” is any transaction or relationship which presents, or which may present, a conflict between a Covered Individual’s obligations to the Alliance and his or her personal, business or other interests, and includes, without limitation: 1) Transactions with the Alliance, and; 2) Transactions with Members, as each is further defined below.

Transactions with the Alliance. “Transactions with the Alliance” are transactions between the Alliance and a Covered Individual, or between the Alliance and a Member, or the Alliance and a third party with which a Covered Individual has a Financial Interest. A Covered Individual is deemed to have a “Financial Interest” in a third party if the third party is a Family Member, or if the Covered Individual or any Family Member (a) has any material ownership, or investment interest, in the third party, (b) has a compensation arrangement with the third party, or (c) is an officer, director, trustee, partner, principal, or employee of the third party. “Family Member” means a spouse/domestic partner, brothers and sisters (whether whole or half blood related), natural and adopted children, grandchildren and great grandchildren, and the spouses or domestic partners of any the foregoing.
Transactions with Members. “Transactions with Members” are transactions between the Covered Individual (or any entity in which the Covered Individual has a Financial Interest) and any other Member, or between two or more Members, relating to the Alliance Services. For the purpose of this Policy the Alliance Services means the technology services: (i) to enable patient registration and enrollment for use by Alliance Members, and; (ii) for linking clinical patient records across healthcare organizations for patient identity and consent management described in the Alliance Specifications, each as such relates to the services provided by the Alliance to its Members. For the avoidance of doubt, the Alliance Services do not include any services or products of any Member that are not Dependent Upon Alliance Services. “Dependent Upon Alliance Services” means services that require Alliance services to be utilized by the Member.

Disclosure

The Alliance recognizes that Conflicts of Interest are not uncommon, and that not all Conflicts of Interest are necessarily harmful to the Alliance. However, the following disclosure obligations shall apply in the event that a Covered Individual becomes aware of a Conflict of Interest or a Covered Individual or Member is involved in an actual or potential Covered Transaction.

Covered Individual’s Duty to Disclose. Each Covered Individual shall promptly disclose to the Board any actual or potential Conflicts of Interest or Covered Transaction of which he or she becomes aware, including all material facts regarding the Conflict of Interest or Covered Transaction.

Member’s Obligation to Disclose. Each Member shall promptly disclose to the Board any Covered Transactions with other Members, or any Covered Transaction which it is considering or intends to pursue, including all material facts regarding the Covered Transaction.

Conflict Resolution Process

The Board will review each disclosed Conflict of Interest and Covered Transaction to determine whether the facts or transaction presents a Conflict of Interest to the Alliance, and if so, whether or not such conflict materially and adversely affects the Alliance’s interests. While the Covered Individual or Member may make a presentation to the Board or Committee regarding the facts of the disclosure, after the presentation he or she shall be excused from the Board’s discussion on the disclosure. The Board shall review and discuss the material facts regarding the potential Conflict of Interest or Covered Transaction to determine the nature and impact of the Conflict of Interest or Covered Transaction.

Following the review of a matter pursuant to this Policy, the Board or Committee shall decide on the matter by vote, and may (a) determine that no Conflict of Interest
exists, (b) waive any conflict of interest it has identified, (c) approve a Covered Transaction with or without conditions, (d) disapprove a Covered Transaction, or (e) determine any other outcome or alternative that is consistent with the Bylaws. The Alliance reserves the right to pursue any opportunity presented to it pursuant to this Policy itself, if the Board determines that such an approach is in the best interests of the Alliance.

Delegation of Review

The Board may delegate any of its functions under this Policy to a Committee made up of disinterested individuals to conduct such review and report its finding to the Board. Decisions made by an authorized Committee shall be presented to the Board as a recommendation, for review, and such recommendation shall be subject to Board approval in accordance with the Bylaws as a general business matter, by a Majority vote, with any interested Director abstaining from the vote. The Board retains the right to accept, reject or modify such recommendation, and shall retain the ultimate enforcement authority with respect to the interpretation and application of this Policy.

Records of Proceedings

The minutes of any meeting of the Board or Committee pursuant to this Policy shall contain (a) the name of the parties involved, (b) the nature of the interest and whether it was determined to constitute a Conflict of Interest, (c) any alternative transactions considered, (d) the members of the Board or Committee who were present during the deliberations, (e) to what extent interested persons were excluded from the deliberations, (f) any data or other information relied upon by the Board, and (g) the result of the vote, including, if applicable, the terms and conditions of the approval.

Annual Disclosure and Compliance Statements

Annually at the Alliance’s request, each Covered Individual shall complete a questionnaire supplied by the Alliance (in a reasonable form and manner as presented by the Alliance) with respect to Conflicts of Interest and shall update the questionnaire annually as requested by the Alliance. The questionnaire may request, in addition to other reasonable affirmations, that the Covered Individual (a) affirms that he or she has received a copy of this Policy, has read and understood the Policy, and has agreed to comply with the Policy, and (b) discloses any actual or potential Conflicts of Interest.

Violations

If the Board has reasonable cause to believe that a Covered Individual or Member has failed to disclose an actual or possible Conflicts of Interest or a Covered Transaction, it shall inform such Covered Individual or Member of the basis for this belief and afford them an opportunity to explain the alleged failure to disclose. If, after
hearing the response and making further investigation as warranted by the circumstances, the Board determines that the Covered Individual or Member has failed to abide by its disclosure obligations under this Policy, the Board shall take appropriate disciplinary and corrective action.

**Annual Reviews**

The Board may authorize and oversee an annual review of the administration of this Policy. The review may be written or oral. The review shall consider the level of compliance with the Policy, the continuing suitability of the Policy, and whether the Policy should be modified and improved. Covered Individuals and Members shall be bound by such updated or amended Policy in accordance with the CommonWell Health Alliance Inc. Bylaws and the CommonWell Health Alliance Membership Agreement, as applicable.