

Policy Title: Conflicts of Interest

Objective: To protect the interests of Shore Memorial Health System and its subsidiaries (including Shore Memorial Hospital or "Hospital") and affiliates (collectively "the System") when it is contemplating entering into a transaction or arrangement that has the potential for benefiting the private interests of a member of the Board of Trustees, corporate officer, committee member, medical staff member and employees of Shore Medical Center or other "Interested Person," as defined below.

To assure that all individuals who, by virtue of their positions in the System, have the opportunity to influence decisions affecting the business, operations, ethical and/or competitive position of the System, will perform their duties in an impartial manner free from any bias created by personal interests of any kind.

To clarify the duties and obligations of "Interested Persons" in the context of potential conflicts of interest and, further, to provide such "Interested Persons" with a method for disclosing and resolving potential conflicts of interest.

To supplement (not replace) any applicable state laws governing conflicts of interest applicable to charitable, non-profit corporations.

Purpose: The level of disclosure is required by the Internal Revenue Service and the specific questions relate to attestations that Shore is required to make on federal Form 990, Return of Organization Exempt From Income Tax and equivalent New Jersey tax return forms for not-for-profit organizations.

Scope: This policy applies to members of the Boards of Trustees, officers, members of committees with Board delegated powers, medical staff members, and administrative staff and employees of Shore Memorial Health Systems and its subsidiaries and affiliates, collectively "Interested Persons". All such interested persons are expected to avoid all situations that present or may present an actual or potential conflict between the interested person and the best interests of the organization.

Definitions:

SHORE - Shore Memorial Health System, its not-for-profit subsidiaries, including Shore Memorial Hospital, D/B/A Shore Medical Center, Shore Memorial Health Foundation, D/B/A Shore Medical Center Foundation, Shore Health Services Corporation; and its for-profit subsidiaries, including Shore Health Enterprises

CCO - Chief Compliance Officer

CEO- Chief Executive Officer

Interested

Person - For purposes of applying this Policy to any contract, transaction or arrangement involving the System, the term "Interested Person" shall mean any person in a position to exercise substantial influence over the System. "Interested Person" includes (but is not limited to) any trustee, officer, member of a committee

with Board-delegated powers, medical staff members, employees and business associates of Shore Memorial Health System and its subsidiaries and affiliates. The Board may also determine, based upon all the facts and circumstances that a person other than an “Interested Person” shall be treated as an “Interested Person” with respect to a particular contract, transaction or arrangement.

Conflict of Interest -

A Conflict of Interest exists when an interested person or a family member is in a position to benefit personally, directly or indirectly from his or her relationship with a person or an entity conducting business with Shore.

The Chief Compliance Officer (CCO) with the concurrence of the Board of Trustees determines the existence of a conflict of interest. In the case of a potential conflict of interest of a member of the Board of Trustees or corporate officer, the Chief Compliance Officer will advise the Chief Executive Officer (CEO) and the Chair of the Governance Committee of the Board of Trustees of the potential conflict, and with the concurrence of the Committee Chair and Chairman of the Board of Trustees, any follow-up action deemed necessary.

In the case of a potential conflict of interest of a committee member, medical staff member or employee of Shore or other “Interested Person, the CCO shall advise the CEO and Chairman of the Compliance and Ethics Committee of the Board of Trustees of the potential conflict and the results of the investigation and findings and with the concurrence of the Chair and Chairman of the Board of Trustees, any follow-up action deemed necessary.

A financial interest does not necessarily constitute a conflict of interest. Likewise, a Conflict of Interest may exist when the Interested Person has no financial interest.

An Interested Person may have a conflict of interest with respect to a contract, transaction or arrangement in which the System is (or would be, if approved) a party if the person or his family member has, directly or indirectly, through a business, investment or family relationship:

- i. an ownership or investment interest in any entity involved in such contract, transaction or arrangement;
- ii. a compensation arrangement with an individual or entity involved in such a contract, transaction or arrangement;
- iii. a potential ownership or investment interest in, or compensation arrangement with, an individual or entity with which the System is negotiating such contract, transaction or arrangement; or
- iv. a fiduciary position (e.g., member, officer, director, committee member) with respect to an entity involved in such contract, transaction or arrangement.

For purposes of this policy the term “family” shall include spouse, parents, grandparents, children, grandchildren, siblings, aunts, uncles, cousins, any relative living in the same home, or any other individual with whom the Person has a personal relationship which might impair their judgment.

In addition, a person may have a conflict of interest in any existing or potential compensation arrangement between the System and that person or any business, investment or family member related to that person. For purposes of this section, compensation includes direct and indirect remuneration including fair market value as well as gifts or favors that are substantial in nature.

Procedures:

1. Duty to Disclose. An Interested Person has a continuing obligation to disclose (in the manner provided in this Policy) the existence and nature of any actual, apparent or potential conflict of interest he/she may have. “Disclosure” means promptly providing a description of the material facts of the actual, apparent or potential conflict of interest to the CCO. For members of the Board of Trustees, an actual or potential conflict of interest should be immediately disclosed to the CCO and communicated to the CEO and Chairman of the Board. The CCO shall report unresolved conflicts to the CEO and Chairman of the Board. Such disclosure shall be made promptly any time an actual, apparent or potential conflict of interest arises and before the consummation of the contract, transaction or arrangement that is the subject of the potential conflict of interest.
2. Disclosure of Conflicts of Interest. On an annual basis, all members of the Boards of Trustees, officers, members of committees with Board delegated powers, medical staff members, and executive leadership staff, who control and manage the affairs of the organization and any other individuals designated by their Vice President shall sign and return a disclosure questionnaire/certification to the CCO or designee disclosing conflicts of interest, indicating that they:
 - (a) have received a copy of this Policy;
 - (b) have read and understand the Policy;
 - (c) agree to comply with the Policy;
 - (d) understand that the Policy applies to committees and subcommittees;
 - (e) understand that the System is a charitable organization that must engage primarily in exempt activities;
 - (f) agree to report to the CCO any change to matters previously disclosed on the Conflicts of Interest Questionnaire; and,
 - (g) state that the information provided in the Conflicts of Interest Questionnaire is true and accurate to the best of their knowledge and belief.

The CCO shall be responsible for reviewing and follow-up of all disclosure questionnaires/certifications.

1. Determining Whether a Conflict Exists. At any time that an actual, apparent or a potential conflict of interest is reported to the CCO, whether through the voluntary submission of a disclosure by an Interested Person, or by a disclosure by a person other than the subject Interested Person, the CCO shall review the matter and determine whether a conflict of interest exists. The CCO may request additional information from all reasonable sources. Once all necessary information has been obtained, the CCO shall make a finding as to whether a conflict of interest indeed exists, and shall forward that finding to the CEO or his designee or the Chairman of the Board if the issue relates to a member of the Board of Trustees.
2. Violations of the Conflicts of Interest Policy. If the CCO or Board of Trustees has reason to believe that an Interested Person has failed to comply with the disclosure obligations of this Policy, the CCO, in consultation with the Board of Trustees, shall inform that person of the basis for its belief and provide that person an opportunity to address the alleged failure to disclose. After hearing the response of such person and conducting such further investigation as may be warranted under the circumstances, the Board of Trustees, in consultation with the CCO, shall determine whether such person has, in fact, violated the disclosure requirements of this Conflict of Interest Policy. If the Board determines that there has been a violation, the Board shall take appropriate disciplinary and corrective action which may include removal (if the Interested Person is a Board or committee member), termination of employment (if the Interested Person is an employee), or termination of a contract.