

Conflict of Interest Policy - Employees and Influential Individuals (Vendor Version)

PURPOSE

The purpose of this policy is to promote Sutter's core values of honesty and integrity by: (1) guiding individuals who may be able to, or have the perception of being able to influence Sutter decisions act in the best interests of Sutter and Sutter's patients; (2) establishing procedures that prevent potential abuses of perceived or actual influence; and (3) protecting the tax exempt interests of Sutter.

POLICY

It is policy to implement procedures to mitigate actual, and the perception of, Conflicts of Interest and effectively manage or eliminate actual, and the perception of, conflicts. Workforce members and Influential Individuals may not accept Gifts or Compensation from Vendors.

SCOPE

This policy applies to Sutter Health and any legal entity for which Sutter Health or its affiliate is the sole member or directly or indirectly controls at least 51% of the voting power (herein referred to as "Sutter").

DEFINITIONS

Board Committee Members means anyone who is a voting member of a committee of the Board of Directors of Sutter.

Compensation means any cash, cash equivalent or property given in exchange for goods or services, including, but not limited to, wages, gift cards, stock, ownership interest, and payment of board fees. The designation of cash or cash equivalent as a "stipend" or "honorarium" does not change the nature of the payment if it is in exchange for services rendered.

Conflict of Interest is a situation in which an individual is, or appears to be, at risk of acting in a biased way because of a divergence between the individual's private, personal, or financial interest and the individual's obligations to Sutter. In the expending of Federal or Pass-through Funds, "Conflict of Interest" means a financial or other interest, in or a tangible personal benefit from, a firm considered to provide goods or services to Sutter.

Director means anyone who is a voting member of the Board of Directors of Sutter.

Family Member is a domestic partner, parent, spouse, child, person related by blood or marriage (in-law), a person whose relationship is similar to blood or marriage and anyone living in the same household.

Financial Interest means Compensation or a direct or indirect ownership or investment interest, through a business or entity, or through a Family Member, including, but not limited to:

- An ownership or investment interest in an entity with which Sutter has an existing relationship or is negotiating a transaction or arrangement. An interest of 5% or less in a publicly owned company shall not be considered a Financial Interest.
- A Compensation arrangement with an entity or individual with which Sutter has an existing relationship, or is negotiating, a transaction or arrangement.

Gift means cash, gift cards and cash equivalents, goods or services transferred willingly from one person to another without consideration.

Influential Individuals means any individual who is not a Workforce member, Director, Board Committee Member, Officer or Key Employee, but who is otherwise influential at Sutter in the selection of Vendors, purchase of Vendor goods and services, or other business matters (including but not limited to: physicians who are members of a Sutter-aligned medical group that exclusively contracts with a Sutter medical foundation, individuals who are part of a ser review group, or regularly invited guests or non-voting members of Board Committees).

Key Employee means any employee of Sutter who either: (a) has responsibilities, powers, or influence similar to those of Officers; (b) manages a distinct segment or activity of Sutter that represents 10% or more of the activities, assets, income, or expenses of Sutter; or (c) has, or shares, authority to control or determine 10% or more of Sutter's capital expenditures, operating budget, or salary for employees. Key Employees shall also include such other individuals who may be identified from time to time by the president & chief executive officer or chief compliance officer (CCO).

Officer means any individual identified by Sutter's corporate bylaws as an Officer of the corporation (e.g., president, corporate or assistant secretary, or chief financial officer).

Philanthropic Foundation is a Sutter 501(c)(3) corporation organized for the purpose of providing fundraising and other philanthropy efforts in support of Sutter to the extent tax-exempt.

Professional Association is an organization established to advance the standards, body of knowledge, or practices of an industry, a single profession, or group of similarly aligned professions.

Supervisor means a department director or higher-level executive, or responsible party assigned oversight for a Workforce member or Influential Individual.

Third Party means any person, institution, or organization that partners with and/or provides goods, services or donations to Sutter that is not affiliated with Sutter.

Value Management Team (VMT) is a committee (or similar group of individuals) of voting and non-voting members (Workforce members, Key Employees, or Influential Individuals) that is responsible for identifying business and clinical requirements for goods and services, soliciting bids, evaluating Vendors, creating a Vendor strategy, and making final sourcing and Vendor recommendations to Sutter.

Vendor means any person, institution, or organization that desires to partner, or actually partners with, and/or provides goods, services or donations to Sutter. Vendor also includes post-discharge providers and referral recipients such as skilled nursing facilities, home health agencies, hospice providers, rehabilitation service providers, reference laboratories, pharmacies, dialysis service providers, therapy services providers, and

durable medical equipment providers. For the purposes of this policy, Board Committee Members are not considered vendors.

Workforce means employees, practitioners, volunteers, trainees, contracted staff and other persons whose conduct, in the performance of work for Sutter is under the direct control of such entity, whether or not paid by Sutter. To the extent that medical staff are Influential Individuals or Key Employees, this policy applies, otherwise, reference the *Conflict of Interest – Medical Staff Policy*.

PROCEDURES

A. Duty to Disclose:

1. Workforce members and Influential Individuals have a duty to disclose any Conflict of Interest with a Vendor or any other Third Party. Workforce members and Influential Individuals can complete a disclosure via the COI Disclosure software or a hard copy form (see **Attachment A** - Conflict of Interest Disclosure Statement).
2. Employees must attest that they have disclosed any Conflict of Interest upon hire and annually with mandatory compliance training. Key Employees, and Workforce members at the director level or above, or Workforce members identified as having a significant role in sourcing or procurement, at Sutter shall also complete a disclosure statement on an annual basis. Workforce members and Influential Individuals shall disclose to their Supervisor or business owner a Conflict of Interest when circumstances arise and also update or complete a Conflict of Interest disclosure form. If in doubt about whether something is a Conflict of Interest, Workforce members and Influential Individuals should disclose.
3. Workforce members and Influential Individuals must disclose
 - a. Financial Interests;
 - b. Any business unrelated to their Sutter role that is conducted using Sutter property, facilities, or resources (e.g., supplies and fax for independent business);
 - c. Any personal or other business relationship that is similar to, or may compete with, Sutter (e.g., research for a third party, or performing work for a Sutter Vendor for which the Vendor in turn charges Sutter); and
 - d. Any other Conflict of Interest that may call into question a Workforce member's duty of loyalty to Sutter.

B. Evaluation:

1. When a Workforce member or Influential Individual discloses information about a Conflict of Interest, the Supervisor shall evaluate the circumstances to determine whether an actual Conflict of Interest exists.
2. In making the decision, the Supervisor should consult with management (director level and above), Human Resources, the assigned compliance officer (CO), or the CCO, or their designee, depending upon the nature of the issue.

C. Resolution:

1. If a Conflict of Interest exists, the Supervisor shall establish appropriate parameters to mitigate the

effect of the Conflict of Interest and document the findings in a management plan in accordance with the severity of the conflict. A copy of the management plan shall be given to the assigned CO.

2. If the Supervisor reasonably believes that a Workforce Member or Influential Individual failed to disclose a Conflict of Interest, or failed to comply with the management plan, the Supervisor shall discuss with the person the basis for such belief and engage the assigned CO to determine the appropriate course of action.

D. **Reporting:** Annual acknowledgments, disclosure statements, and any findings related to a Conflict of Interest will be maintained in the Workforce member's Human Resources file and/or the COI Disclosure software for Influential Individuals. The CCO or the assigned CO shall be informed by the Supervisor of pertinent issues.

1. **Limited Exceptions:** If a Workforce member or Influential Individual believes that application of this policy would result in an unintended adverse consequence to the person's family or other relationship, the person should discuss this with the Supervisor. If the Supervisor recommends an exception to the policy, the Supervisor shall send an explanation with all relevant facts to the related Sutter entity chief executive and the CCO, or their designees. If it is determined that granting an exception to the policy would not adversely affect Sutter's tax-exempt interests and/or reputation and/or financials and would not lead to an improper influence on Sutter's decisions, an exception may be granted by the CCO.

E. **Guidelines for Accepting Gifts and other Items of Value from Vendors:**

1. **Application:** These acceptance guidelines apply to all Workforce members, including Key Employees, VMT members, and Influential Individuals (see Attachment B- Conflict of Interest - Employee Quick Reference Guide).
2. **Patient Referrals Compensation:** Workforce members may not accept, solicit, offer or give any payment or other item of value for referring patients to a Vendor or other Sutter or non-Sutter provider or facility that furnishes goods or services. This provision applies regardless of whether the payment for referral is made directly or indirectly, overtly, or covertly, or in cash or in kind.
3. **Gifts, Cash, Gift Cards, and Loans:** Workforce members may not solicit or accept gifts, cash, cash equivalents, including gift cards, or loans from Vendors. Workforce members may not accept, and Vendor Representatives may not leave or provide, any type of Vendor-branded promotional item at any Sutter facility, even if the item is of minimal value.
 - a. *Exception:* Section E.3 does not apply to philanthropic Gifts from Vendors to Philanthropic Foundations, departments or committees or to support a Sutter philanthropic fundraising event to the extent guidelines for soliciting and/or accepting donations from Vendors below are satisfied.
4. **Travel:** Workforce members may not accept travel, accommodations or other related services or similar expense reimbursement from a Vendor.
 - a. *Exception:* Vendor-sponsored travel and accommodations specifically outlined in a current, executed contract is allowed (e.g., type of training, location, duration).
5. **On-Site Vendor Meals:** Vendor representatives may not provide food or beverages at any Sutter facility.
6. **Off-Site Vendor Meals and Entertainment:** Vendor representatives may not provide or otherwise cover the cost of any off-site meals, refreshments or entertainment activities for any Workforce member.
 - a. *Exception:* A modest meal provided in connection with a Vendor-sponsored education event is allowable as long as the meal is also made available to all non-Sutter event attendees.

7. **Education (Vendor-Sponsored):** Workforce members may accept fee waivers and continuing education credits for Vendor-sponsored conferences or educational events with prior Supervisor approval. Workforce members may not accept payment from a Vendor in exchange for speaking at an event.
8. **Education (Professional Association-Sponsored):** Workforce members may accept fee waivers for Professional Association-sponsored conferences or educational events with prior Supervisor approval. Reasonable travel and lodging in the continental United States or Canada may be provided by a Professional Association only if the Employee is a scheduled speaker and with prior Supervisor approval. Travel and lodging outside the continental United States or Canada requires Supervisor and CCO approval.
9. **Education (Vendor Support to Sutter-Sponsored Education Events):** Sutter may accept an education grant from Vendors under specific circumstances. Consult with your assigned Compliance Officer and refer to the Supplier Relations Policy for guidance prior to accepting a Vendor education grant.
10. **Gifts from Patients:** Workforce members may receive reasonable Gifts of appreciation that are perishable and sharable such as flowers or food. Cash or cash equivalent Gifts are not permitted including gift cards or certificates, cash, and checks. Patients asking to donate monetary or other Gifts should be directed to a Sutter philanthropy professional.
11. **Non-compliant Gifts/Compensation:** In the event a Workforce member receives a Gift that is not compliant with this policy, the Workforce member must return the Gift. If the Gift cannot be returned, the employee shall consult with the Workforce member's assigned Compliance Officer to arrange appropriate donation or disposal of the Gift.
12. **Limited Exceptions:** In the event of a public health emergency or other significant event, a request for exception to this policy may be made to the Chief Compliance Officer. The Chief Compliance Officer, in conjunction with a member of the Executive Leadership Team will assess the details of the situation. If it is determined that granting an exception to the policy would not adversely affect Sutter's tax-exempt interests and/or reputation and/or financials and would not lead to an improper influence on Sutter's decisions, an exception may be granted by the CCO.

F. Guidelines for Soliciting and/or accepting donations from Vendors:

1. Solicitation of Vendors may only be made by, or in conjunction with, Sutter Health Philanthropy or a Philanthropic Foundation.
 - a. *Exception:* In the event a Sutter facility is not supported by a Philanthropic Foundation, such facility may solicit Gifts and Donations but only Sutter Health Philanthropy staff related to that facility may be involved in the solicitation.
 - b. Vendor donations and/or solicitations must be substantially the same in form, content, and/or amount as those of potential donors who do not have an existing or proposed referral or business relationship with Sutter Health.
2. Charitable Gifts and Donations must only be made to Sutter Health or a Philanthropic Foundation. a. Exception: In the event that a Sutter facility is not supported by a Philanthropic Foundation such facility may accept Gifts and Donations, but only the Sutter philanthropy department staff related to that facility may be involved in the receipt of the Gift or Donation and all communications regarding the Gift or Donation.
3. Although Gifts may be accepted for a specific charitable purpose, there shall be no conditions, quid pro quo or otherwise (e.g., ordering a certain amount of product in exchange for a donation) associated with the Gift. Any conditions or limits being proposed must be approved by the Sutter Health General Counsel and the

Chief Compliance Officer, or their designees, who will review the transaction for compliance with this section, and other relevant factors. This prohibition shall not extend to naming rights to the extent naming rights comply with Sutter policy.

4. Sutter cannot accept or solicit Gifts from a potential or actual Vendor in the period beginning three months before a Request for Proposal (RFP) is circulated to recipients that include the Vendor and ending the date the Vendor contract is executed by all parties (RFP Cycle).
 - a. *Exception:* A Vendor in an RFP Cycle may purchase tickets or donate an item (such as an auction item) to a publicly advertised Sutter sponsored fundraising event, if:
 - i. donors are solicited broadly from the local community;
 - ii. the Vendor is only solicited via widely disseminated mailings that emphasize Sutter's charitable goals, provided that the mailings are the same as those sent to other prospective donors, including non-Vendors;
 - iii. the face value of the tickets purchased is no greater than \$2,500 and the cumulative value of any items donated is not greater than \$5,000; and
 - iv. the contributions are not conditioned on nor tied in any way to an actual or proposed business relationship.
5. **Limited Exceptions:** In the event of a public health emergency (or similar significant event) or any other reason, a request for exception to this policy may be made to the Chief Philanthropy Officer and Chief Compliance Officer. If it is determined that granting an exception to the policy would not adversely affect Sutter's tax-exempt interests and/or reputation and/or financials and would not lead to an improper influence on Sutter's decisions, an exception may be granted by the CCO.

G. Guidelines for Procurement Activities Involving Federal Funds:

1. Each Workforce member, Officer or agent who has a significant role in sourcing or procurement, including, but not limited to developing specifications, soliciting or evaluating bids or proposals, determining written technical evaluation criteria, negotiating or signing terms, approving invoices of, or payments, to Vendors, or supervising or directing employees or agents involved in the acquisition of goods and services administration process, shall disclose any Conflict of Interest annually and as relevant circumstances arise and, in all cases, prior to any matter giving rise to a Conflict of Interest.
2. No Workforce member, Officer, or agent may participate in the selection, award, or administration of the acquisition of goods and services if they have a Conflict of Interest.
3. Any Financial Interest that is a Conflict of Interest shall be reported to the assigned compliance officer, and the chief compliance officer, or their designees, for evaluation. A Financial Interest that is confirmed to be an actual Conflict of Interest, shall be assessed for sufficient mitigation and a management plan shall be recommended by the assigned Compliance Officer and the CCO, or their designees. If mitigation measures are determined to be insufficient, the potential transaction resulting in a Conflict of Interest shall not move forward. The assigned Sutter operational department head, in consultation with the assigned Compliance Officer, as necessary, shall oversee the management plan for compliance and report non-compliance to the CCO, or their designee.