

MERCY HEALTH SERVICES, INC.

CONFLICT OF INTEREST POLICY

I. Introduction

This Conflict of Interest Policy applies to Mercy Health Services, Inc. and to its direct and indirect subsidiaries (collectively, "MHS"). Through this policy, MHS seeks to protect MHS's interests when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an MHS trustee, officer, subsidiary director or member of a committee with board-delegated powers ("Board Committee"). This policy also serves to promote transparency and advance institutional integrity. This policy is intended to supplement, but not replace, any applicable state or federal laws governing conflicts of interest.

II. Definitions

- A. "*Conflict of Interest*" means a situation in which a trustee, officer, subsidiary director or Board Committee member, or an immediate family member of any such person, has a personal or financial interest that compromises or could compromise the individual's independence of judgment in exercising his or her fiduciary responsibilities to MHS. A Conflict of Interest includes, but is not limited to, any Financial Interest.
- B. "*Financial Interest*" means an interest in which a person, or the person's immediate family member, receives benefit, directly or indirectly, through business, investment, or otherwise, including but not limited to:
- i. An ownership or investment interest in any entity with which MHS has a transaction or arrangement;
 - ii. A compensation arrangement with MHS or with any entity or individual with which MHS has a transaction or arrangement; or
 - iii. An ownership or investment interest in, or compensation arrangement with, any entity or individual with which MHS is negotiating a transaction or arrangement.
- C. "*Immediate family member*" means a spouse, child, parent, or sibling, either by blood or marriage or adoption, or any other person living in the individual's home.
- D. "*Interested Person*" means any trustee, officer, subsidiary director, or Board Committee member, who has a Conflict of Interest.

III. Duty to Disclose

- A. Prior to taking office, trustees, officers, subsidiary directors and Board Committee members shall disclose to the Chair of the Board of Trustees, the Chief Executive Officer, and the Chief Risk Officer their then current employment and any actual or potential Conflict of Interest.
- B. While serving as a trustee, officer, subsidiary director or Board Committee member, if an individual becomes aware of any other actual or potential Conflict of Interest, such information should be promptly disclosed to the Board Chair who shall refer the matter to the Executive Committee.
- C. In addition, each trustee, officer, subsidiary director and Board Committee member shall submit an annual conflict of interest disclosure form to the Chief Risk Officer.

IV. Procedures for Addressing Conflict of Interest

- A. As described in this Section IV, both the Executive Committee and the Audit Committee shall be responsible for administering and enforcing this policy. The Chief Risk Officer is the responsible administrative authority to assist the Board in administering and enforcing this policy and in bringing any concerns to the Executive Committee.
- B. The Executive Committee shall decide if a Conflict of Interest exists with regard to any proposed transaction or arrangement and shall so advise the trustee, officer, subsidiary director or Board Committee member. If the individual serves on the Executive Committee, he or she shall not participate in the discussion or vote regarding the Conflict of Interest.
- C. If the Executive Committee determines that a Conflict of Interest exists, the Executive Committee must determine how the Conflict of Interest will be addressed, including whether a decision regarding the proposed transaction or arrangement will be made by the Board or the Executive Committee. The Executive Committee may permit the Interested Person to make a presentation to the Board or Executive Committee regarding the proposed transaction or arrangement. After the presentation, the Interested Person shall leave the meeting prior to the discussion and vote on the proposed transaction or arrangement.
- D. The minutes of the Executive Committee shall contain the names of the persons who disclosed or otherwise were found to have an actual or potential Conflict of Interest, the nature of the actual or potential Conflict of Interest,

and the decision of the Executive Committee as to whether a Conflict of Interest exists and, if so, how the Conflict of Interest was or will be addressed.

- E. Whether the decision on the proposed transaction or arrangement is made by the Board or the Executive Committee, the decision will be based on whether it is in MHS's best interest, whether it is for MHS's own benefit, whether it is fair and reasonable, and whether the terms are consistent with fair market value.
- F. In addition, the Audit Committee shall conduct an annual review of all transactions and arrangements involving Interested Persons for the purpose of determining whether the transactions and arrangements are consistent with the standards in Section IV.D. above. The annual review shall be led by the Audit Committee Chair and the Audit Committee shall report the results of its review to the full Board.

V. Key Board Positions

In order to maintain good governance practices, the individuals who serve as the Chairs of the Board, the Executive Committee and the Audit Committee shall not have any actual or potential Conflict of Interest.