Policy / Procedure:

Conflict of Interest

KEY TERMS: COI, COI Smart, Conflict of Interest, Duty to Disclose, Financial Interest

I. PURPOSE:

The purpose of this policy is to outline the process for identifying, disclosing, reviewing, and managing actual, or potential, conflicts of interest and ensure that the conflict is eliminated, or where appropriate, internal controls are implemented to mitigate the possible effects of the conflict.

II. SCOPE:

This Policy applies to all Carilion "Employees" or "Interested Persons" as defined below who might benefit privately when conducting, awarding, negotiating, reviewing, approving, or administering a financial transaction or contract involving Carilion.

III. DEFINITIONS:

Carilion: For the purposes of this policy, any reference to Carilion includes Carilion Clinic and all affiliated or related entities.

Compliance: Carilion Clinic's Compliance staff directly involved in the Conflict of Interest process to ensure Carilion complies with relevant industry standards and regulations.

Conflict of Interest: Occurs when a personal interest interferes, or may be perceived to interfere, with the ability to make decisions that are in the best interest of the organization and our patients. Conflicts of interest may include, but are not limited to, relationships involving intellectual property, investments, royalties, equity positions, research sponsors, research funding, individual financial donors, personal compensation or honoraria, and/or board memberships. The existence of a professional, personal, or family relationship or a financial interest is not, necessarily a conflict of interest.

Examples of conflicts of interest include but are not limited to:

1. A Carilion employee, family member, or interested person has an interest in (actual or proposed transaction or arrangement), or relationship with, a non-Carilion Clinic entity that could reasonably be perceived as influencing his or her activities in patient care, research, administrative decisions, education, or business transactions for Carilion.
2. There is a conflict of commitment; meaning outside activities interfere with the primary obligation of the employee to his or her employer.
3. When an employee is in a position to profit directly or indirectly through the application of their knowledge or authority.
4. When a family member benefits, or the organization is adversely affected in any way, by an interest or relationship maintained by the family member.

Financial Interest: A person has a financial interest if the person has, directly or indirectly, through business, investment, or family:
1. An ownership or investment interest in any entity with which Carilion has a transaction or arrangement; or
2. A compensation arrangement with Carilion or any entity or individual with which Carilion has a transaction or arrangement; or
3. A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which Carilion is negotiating a transaction or arrangement.

For an ownership or investment interest to be considered a Financial Interest, the ownership or investment interest must be at least a five percent (5%) interest in either the capital or voting rights of the entity. Compensation includes direct and indirect remuneration as well as gifts or favors that are not insubstantial.

A Financial Interest is not necessarily a conflict of interest. A person who has a Financial Interest has a conflict of interest only if Compliance, the Board or Chief Legal Officer determines that a conflict of interest exists.

Employee: A person employed by Carilion. An employee must complete an annual Conflict of Interest Questionnaire if he or she has been designated as a manager pursuant to Carilion Human Resources policies; is a Carilion employed Physician; is an Internal Audit employee, Case Manager, or Social Worker; key personnel for research projects; anyone who has responsibility for making decisions involving a material purchase of goods or services ($1000 or more) for Carilion; and other employees as deemed appropriate by established guidelines.

Family: For purposes of this definition, an individual's family is limited to his or her spouse; domestic partner (which includes a person with whom one lives together in the same residence and with whom one shares responsibility for each other's welfare and shares financial obligations); brothers and sisters (by whole or half-blood); spouses of brothers and sisters (by whole or half-blood); ancestors; children; grandchildren; great grandchildren; spouses of children, grandchildren, and great grandchildren; stepparents, stepchildren, stepbrothers, and stepsisters; and fathers-in-law and mothers-in-law. A legally adopted child of an individual is treated as a child of such individual by blood.

Interested Person: An Interested Person is any director, principal officer, or member of a Committee with Board delegated powers. If a person is an Interested Person with respect to any entity in Carilion, he or she is an Interested Person with respect to all entities in Carilion. If an Interested Person is also an Employee, a transaction or arrangement approved in accordance with the provisions of this Policy related to an Interested Person shall not be subject to the requirements of this Policy related to Employees.

IV. PROCEDURE:

A. Procedural Background:

Consistent with its clinical, educational and research mission, Carilion Clinic (Carilion) encourages its professional staff and employees to engage in appropriate outside relationships with private industry and the nonprofit sector. Professional staff, employees and others acting on behalf of Carilion are expected to avoid conflicts of interest or commitments that have the potential to directly and significantly affect Carilion's interests, compromise objectivity in carrying out Carilion responsibilities to provide safe and quality care to patients, or otherwise compromise performance of Carilion responsibilities, unless such conflicts are reported, reviewed, and managed in accordance with this Conflict of Interest Policy (Policy).This Policy is meant to ensure that Carilion operates in a manner consistent with its charitable purpose and that it does not engage in activities that could jeopardize its status as an organization exempt from federal income tax. It provides Carilion with one means to avoid entering into an "Excess Benefit Transaction" as defined in Section 4958 of the Internal Revenue Code.

B. Identifying and Disclosing Conflicts of Interest:

1. Employees and Interested Persons are expected to conduct their personal and professional relationships, including interactions with third-party vendors, in such a way to ensure themselves, the organization, and the community that decisions are made in the best interest of the organization without an implication of wrongdoing.
2. Employees and Interested Persons are expected to abide by Carilion Clinic's conflict of interest policies and standards; fully and continually disclose professional and relevant activities and relationships that create a conflict of interest; remedy conflicts of interest and/or comply with any management or monitoring plan established by Carilion Clinic; remain aware of the potential for conflicts of interest; and take initiative to manage, disclose, or resolve conflicts of interest as appropriate.
3. Conflict of Interest Questionnaire: All Interested Persons and Employees meeting the requirement under Section III are required to complete an initial and annual Conflict of Interest Questionnaire and to report potential new conflicts of interest as they arise.
   a. The Conflict of Interest Questionnaire is stored and maintained in COI Smart, along with the individual responses to the survey.
   b. Interests reported in prior years must be re-disclosed annually if still applicable.
   c. Where there is an actual or possible conflict of interest with a proposed transaction or arrangement, the existence and nature of the conflict and all material facts are to be reported to the Compliance Department and to either the

direct manager (Employee) or Board (Interested Persons) at the time such actual or possible conflict of interest arises.

C. Review Process:

1. Questionnaires or other documentation of conflicts will be sent to Compliance for review to determine if additional information is needed and to assess whether a potential conflict of interest exists.
    a. Publicly available websites will be accessed as appropriate to verify information.
    b. COI management plans will be documented and maintained in COI Smart.
2. Employees with Conflicts of Interest:
    When Compliance determines that a conflict of interest exists for an Employee, the existence and nature of the Employee's conflict will be reviewed with the Employee and the Employee's manager for development of a management plan.
3. Interested Persons with Conflicts of Interest:
    The Chief Legal Officer will make the determination of whether a Conflict of Interest exists unless it goes to the applicable Board, in which case it will be determined by the applicable Board. An appropriate plan will be used for ensuring the Interested Person is separated from any decision making with respect to the conflict and in the case of a Board Member or Committee member, will include appropriate disclosure and, as necessary, recusal from activities such as voting as it relates to any conflict.

D. Violations of the Conflict of Interest Policy:

1. Employees:
    a. If the employee's manager or Compliance has reasonable cause to believe that an Employee has failed to disclose actual or possible conflicts of interest, the Employee shall be informed of the belief and the basis for such belief and afford the Employee an opportunity to explain the alleged failure to disclose.
    b. If, after hearing the response of the Employee and investigating the concern, the Employee has in fact failed to disclose an actual or possible conflict of interest, Compliance shall notify the Employee's manager and Carilion Human Resources.
        i. The Carilion manager and Carilion Human Resources shall determine the appropriate disciplinary and corrective actions to be taken.
2. Interested Persons:
    a. If the Board has reasonable cause to believe that an individual has failed to disclose actual or possible conflicts of interest, it shall inform the individual of the belief and basis for such belief and afford the individual an opportunity to explain the alleged failure to disclose.
    b. If, after hearing the response of the individual and investigating the concern, the Board determines that the individual has in fact failed to disclose an actual or possible conflict of interest, the Board may take action as it deems appropriate.

E. Other:

1. Periodic Review: To ensure that Carilion operates in a manner consistent with its charitable purpose and that it does not engage in activities that could jeopardize its status as an organization exempt from federal income tax, periodic reviews shall be conducted.
2. Use of Outside Experts: In conducting the periodic reviews, Carilion may use outside experts as advisors. If outside experts are used, their use shall not relieve the Board of its responsibility for ensuring that periodic reviews are conducted.

V. OTHER ISSUES / CONCERNS:

Approvals

Name	Title	Dept./Committee	Date
Jeanne Armentrout	Executive VP, Chief Administrative Officer	Compliance Department	4/30/2021