

Conflict of Interest Policy - Employees and Influential Individuals

PURPOSE

The purposes of this policy are to: (1) guide individuals who may be able to, or have the perception of being able to, influence Sutter decisions, to act in the best interest of Sutter and Sutter's patients; (2) establish procedures that identify and 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 identify and mitigate through effective management, and/or eliminate actual and perceived Conflicts of Interest.

SCOPE

This 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 greater than 50% of the voting power or equity interest and does not have a third-party manager (herein referred to as Sutter). This policy applies to Sutter Sansum Clinic.

DEFINITIONS

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

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 Sutter Health Board of Directors.

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 (I) person to another without consideration.

Honoraria means a payment given for a service that is not normally charged for, such as giving a speech, joining a lecture panel or writing an article. It is usually given as a gesture of appreciation or respect.

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 user 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 Sutter Health President and Chief Executive Officer or Sutter Health Chief Ethics and Compliance Officer (CECO).

Officer means only individuals 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.

Senior Leader means the executive leadership team members at each Sutter location (e.g., Chief Executive Officer, Chief Nurse Executive, Chief Financial Officer, or service line Vice President). Senior Leaders may delegate Conflict of Interest decisions to another high-level executive.

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

Supplier Representative is another term for Vendor most commonly used by supply chain services. A Supplier Representative includes, but is not limited to, a representative from a company that develops, manufactures, sells, markets and/or distributes pharmaceuticals, biologics, products, supplies, equipment, data, software, hardware, application or infrastructure services, consulting services, business or non-physician professional services, and who may or may not be on-site at a Sutter facility.

Third Party means any person, institution, or organization that partners with and/or provides goods, services or donations to Sutter that is not an affiliated entity of 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. Vendors also include post-discharge providers and referral recipients such as physicians, 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, Directors and 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.

PROCEDURE

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 Conflict of Interest disclosure software or a hard copy form (see Attachment A - Conflict of Interest Disclosure Form).
 - a. Disclosures completed via hard copy form must be submitted to the Workforce members Supervisor. See procedure section B for evaluation of disclosures.
 - b. Disclosures completed via the Conflict of Interest disclosure software will be sent electronically to the local Sutter Health Ethics and Compliance Officer (ECO) for evaluation in partnership with the Workforce members Supervisor. Workforce members may request electronic disclosure by contacting their assigned local ECO. See procedure section B for evaluation of disclosures.
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 or 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), Sutter Health Human Resources (HR), the assigned local ECO, or the CECO, or their designee, depending upon the nature of the issue.
3. Certain evaluations must be made by the Senior Leader, or their designee, in areas such as education or travel.

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 ECO.
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 ECO to determine the appropriate course of action.
 - a. 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 this policy, the Supervisor shall send an explanation with all relevant facts to the related Sutter entity chief executive and the CECO, or their designees. If it is determined that granting an exception to this 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 CECO.

D. **Record Keeping:** Annual acknowledgments, disclosure statements, and any findings related to a Conflict of Interest will be maintained in the Workforce member's HR file and/or the Conflict of Interest disclosure software for Influential Individuals. The assigned local Human Resources Business Partner can assist with employee file maintenance. The assigned local ECO shall be informed by the Supervisor of pertinent issues.

E. **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.

F. **Vendor and Patient Gifts:** Workforce members are expected to follow Attachment B - Guidelines for Potential Conflicts of Interest Involving Vendors, and Attachment C - Guidelines for Accepting Gifts from Patients and/or Their Families.

G. **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 CECO. The CECO, in conjunction with another member of the Sutter Health Executive Leadership Team, will assess the details of the situation. If it is determined that granting an exception to this 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 CECO.

Guidelines for Potential Conflicts of Interest Involving Vendors

A. Guidelines for Accepting Gifts and Other Items of Value from Vendors:

Application: These acceptance guidelines apply to all Workforce members, including Key

Employees, Value Management Team members, and Influential Individuals (see **Attachment D** – Conflict of Interest – Employee Quick Reference Guide).

Exception: This section 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 in Section I are satisfied.

1. Gifts from Vendors:

- a. On-Site Education Gifts:** Gifts from vendors during on-site education may include branded promotional items such as t-shirts, perishables, mugs, pens, notepads, water bottles and other items with the supplier's name, logo or the name/logo of one of its products or services. Vendor branded items can be left and accepted only when:
 - i. The visit is related to requested education or training or a Sutter approved business meeting.
 - ii. The value does not exceed \$100 per item. If the cost of the gift does not exceed the guidelines but could give an appearance of an attempt to influence a business decision or a conflict of interest, the Workforce member should disclose it to their senior leader. Workforce members should be aware of the perception of having vendor branded items in patient care areas. Vendor branded clothing should not be worn while working at a Sutter facility as it may create the perception of endorsement.
 - iii. Do not accept cash or cash equivalents such as gift cards.
 - iv. See section A1e for non-compliant gifts.
- b. Off-Site Education Gifts:**
 - i. The value of a vendor or event sponsored item must not exceed \$100 per item. Gifts from vendors or event sponsors during off-site education may include branded promotional items such as t-shirts, perishables, mugs, pens, notepads, water bottles and other items with the supplier's name, logo or the name/logo of one of its products or services.
 - ii. Prize drawings should be open to all attendees.
 - iii. If a gift is given only to a single individual that was not open to all the \$100 limit applies.
 - iv. See section A1e for non-compliant gifts.
- c. Gifts as tokens of appreciation:** Gifts from vendors as tokens of appreciation are acceptable. Examples include holiday gift baskets or floral arrangements.
 - i. The value should not exceed \$100 per item.
 - ii. Do not accept cash or cash equivalents such as gift cards.
 - iii. Workforce members who are decision makers in a specific RFP process cannot accept gifts from a potential or actual vendor responding to their RFP in the period beginning three (3) 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). See section B2 for vendors making a charitable donation.
- d. Vendor or Professional Association Sponsored Education:** Workforce may accept invitations to attend local or out-of-town programs, workshops, seminars, advisory committees, and conferences sponsored by vendors or professional associations that have a legitimate educational purpose or otherwise supports a Sutter business objective provided:
 - i. Prior approval of the Workforce members senior leader must be obtained.
 1. Meals provided during such events are allowable.
 - ii. On-site education is permitted if the visit was approved by Sutter.

- e. Non-Compliant Gifts from Vendors:** In the event a Workforce member receives a Gift that is not compliant with policy (cash, gift cards, items exceeding \$100 in value), the Workforce member must notify their Supervisor and attempt to return the Gift. If the Gift cannot be returned, the employee shall contact the assigned local Ethics and Compliance Officer (ECO) to discuss arranging appropriate donation or disposal of the Gift.
- f. Honoraria:** Honoraria may be offered for speaking engagements, advisory committee's or board of directors' duties. Honoraria may be accepted when the workforce member is presenting or participating on behalf of Sutter.
- i. Honoraria must be contributed directly to Sutter Philanthropy.
 - ii. Honoraria may be personally accepted only when the engagement is distinctly different from their role at Sutter.
 - iii. Sutter physicians aligned with a Sutter medical foundation should adhere to the requirements of the Professional Services Agreements (PSA).
 - iv. Questions regarding honoraria should be referred to the Workforce members senior leader.
 - v. Where situations arise involving payment for other services provided such as Faculty positions, decisions should be made in conjunction with the Workforce members supervisor, the Chief Ethics and Compliance Officer (CECO), and the Vice President of Human Resources or their delegates.
- g. Off-Site Vendor Meals & Entertainment:** Workforce members may attend meals or entertainment events paid for by a vendor under the following conditions:
- i. Business discussions or the development of relationships with a potential value to the organization will take place.
 - ii. The cost associated with the event is reasonable.
 - iii. Such events are infrequent, meaning there is no observable pattern which could create the appearance of undue influence.
 - iv. Prior approval of the Workforce members senior leader must be obtained.
- h. On-Site Vendor Meals:** Vendors may bring meals on-site only when:
- i. The visit is related to requested education or training or a Sutter approved business meeting.
 1. The leader should consider if the vendor is involved with an RFP to the best of their knowledge and if the cost of the meal is reasonable as associated with the RFP.
 - ii. If the education or training is provided by a Supplier whose contract is managed by supply chain services, the "Supplier Registration Policy" states that Supplier Representatives must schedule any in-service training on use of medical equipment/devices in advance with supply chain services or an Authorized Sutter Representative.
 - iii. For all in-service training on drug administration, the Supplier Representatives must schedule in advance with an Authorized Sutter Representative in the pharmacy department.
- i. Vendor Travel:** Vendor travel refers to air fare and related charges, hotel accommodations, and rental cars or car services. A vendor may pay for reasonable travel only if the following requirements (i) and (ii) are met:
- i. There must be a Sutter business purpose with a potential value to the organization and the balance of time spent should benefit Sutter. This can include travel for education or to educate others.
 - ii. Prior approval of the Workforce members senior leader must be obtained.
 - iii. Evaluation of extravagant travel offers:
 1. If travel accommodations are extravagant in nature the Workforce member's senior leader must approve the travel, thereby agreeing to the importance to Sutter;
 2. If the travel is being offered from a Supplier Representative, the senior leader must escalate the request to the VP of Supply Chain for review and approval.
 3. Examples of extravagant travel offers which require evaluation include all-inclusive flights; car service; a multi-night stay at a high-end hotel; or international flights and accommodations.

B. Guidelines for Soliciting and/or Accepting Donations from Vendors:

1. Solicitation of vendors may only be made by, or in conjunction with, Sutter 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 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 business relationship with Sutter.
2. Charitable Gifts and Donations must only be made to Sutter 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 Ethics and Compliance Officer, or their designees, who will review the transaction for compliance with this section, and other relevant factors. Gifts pertaining to naming rights will be addressed by Philanthropic Foundations to ensure compliance with Sutter policy.
4. 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:
 - a. Donors are solicited broadly from the local community;
 - b. 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;
 - c. The face value of the tickets purchased is no greater than \$3,500 and the cumulative value of any items donated is not greater than \$7,000;
 - i. Exceptions to this amount may be granted by the CECO in conjunction with the Chief Philanthropy Officer.
 - d. The contributions are not conditioned on nor tied in any way to an actual or proposed business relationship.

C. Guidelines for Procurement Activities Involving Federal Funds:

1. Sutter ensures there are procedures in place for expending any funds awarded by the Federal government or pass-through entities, including research, higher education, and other grants and contracts. The Procurement Requirements for Expending Federal and Pass-Through Research and Other Awards Policy contains related requirements.
 - a. 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.
 - b. No Workforce member may participate in the selection, award, or administration of the acquisition of goods and services if they have a Conflict of Interest.
 - c. Any Financial Interest that is a Conflict of Interest shall be reported to the assigned local ECO, or the CECO, 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 ECO or CECO, 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 local ECO, as necessary, shall oversee the management plan for compliance and report non-compliance to the CECO, or their designee.