

**HEALTH CARE SERVICE CORPORATION**  
**CORPORATE POLICY**

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| <b>Title:</b>               | <b>Conflict of Interest</b>  | <b>Policy No.:</b>                     | <b>5.04</b>          |
| <b>Owner/ Approval by:</b>  | <b>Vera Malone, VP, Ethics and Compliance</b>                      |  |                      |
| <b>Date of Last Review:</b> | <b>October 2018</b>  |  |                      |
| <b>Approved by:</b>         | <b>Thomas C. Lubben, SVP, Chief Compliance and Privacy Officer</b> |  |                      |
| <b>Date of Last Review:</b> | <b>October 2018</b>  |  |                      |
| <b>New Policy</b>           | <input type="checkbox"/>   |  |                      |
| <b>Revised Policy</b>       | <input checked="" type="checkbox"/>                                | <b>Replaces: November 2017 Version</b> | <b>Policy Title:</b> |

**POLICY:**

Employees of the Company and its subsidiaries (full-time, part-time, seasonal and temporary) and contingent worker (staff augmentation/independent contractor) must be free of any actual, apparent, or potential conflict of interest (“conflict of interest”) in performing their jobs, including dealing with outside persons or business entities on behalf of the Company. Employees and contingent workers are defined according to the Workforce Classification Policy in the HCSC Workforce & Employment Policies.

The Company must protect the integrity of its reputation. Employees and contingent workers must avoid situations where personal interests could conflict or appear to conflict with the interests of the Company. This includes nepotism and favoritism. Employees and contingent workers must therefore, disclose any actual, apparent, or potential conflicts so that the Company may assess and prevent conflicts of interest from arising.

A potential or actual conflict of interest is defined as a situation where other business, commercial, or personal interests compete with an employee or contingent worker’s obligation to perform their job duties for the Company. Additionally, a conflict of interest exists whenever there is a proposed transaction in which an employee or contingent or his/her family member(s) has any actual or potential involvement, interest or relationship, either directly or indirectly. Certain situations may present a conflict of interest and must be disclosed. They are:

*Familial Relationship That May Create Conflicts of Interest and Nepotism*

Employees and contingent workers must not conduct Company business with any entity in which they or their family owns at least five percent or controlling interest. A potential conflict of

interest may also exist if a family member is in a managerial position. A family member is an employee or contingent worker:

- Current spouse or domestic partner
- Person with whom an employee or contingent worker is in a civil union
- Parent/stepparent
- Children (include biological, adopted, foster or other legally placed children)
- Siblings (includes biological, step or half)
- Nieces and Nephews
- Grandparent
- Grandchild
- In-Laws
- Corresponding family members of any employee or contingent worker's spouse, domestic partner or person with whom the worker is in a civil union.

Employees and contingent workers must not use information that comes to them through work for personal investment or gain. Also, employees and contingent workers must not share this type of information with family members or others.

- Employees and contingent workers shall not engage in favoritism or nepotism. Favoritism is demonstrating partiality or using power or influence to aid another individual because of a personal relationship, Nepotism is a form of favoritism involving a family member.

#### *Family Members*

- Employment of family members is permitted but may not be the sole basis for an employment decision. Employment decisions will be based on qualifications, ability and performance.
- Employees and contingent workers must avoid direct or indirect responsibility for the hiring or supervision of a family member. Even the appearance of favoritism can have a negative effect on morale and perception of the Company's fairness to all employees and contingent workers.

#### *Personal Relationships*

If someone close to an employee or contingent worker, whether a family member or friend, works for a competitor, vendor, provider, customer or producer, be aware of potential security or confidentiality issues and conflicts of interest and avoid situations that could reasonably create an actual, potential or apparent conflict of interest.

- Avoid romantic or close personal relationships with another employee or contingent worker where one individual supervises the other's performance, salary, schedule or other working conditions.
- Immediately disclose and review these situations with immediate management or another Corporate Resources to see if there is a conflict and how to resolve it. It is the duty of each employee or contingent worker to disclose and failure to do so may result in corrective action up to and including termination.

### *Competing Against the Company*

Employees and contingent workers must not compete against the Company, either directly or indirectly, in any of the products or lines of business that the Company is currently selling or may be selling or developing.

### *Outside Employment and other Activities*

A conflict of interest may exist if an outside activity hinders or distracts an employee or contingent worker from performing their job or influences his/her judgment.

- Do not engage in any activity that negatively impacts job performance.
- Generally, do not seek or accept any outside employment with a competitor, provider, or entity which does business with our Company. Employees or contingent workers who have questions about outside employment and activities should consult the Conflicts of Interest Decision Tree, Outside Employment Questionnaire and Outside Employment Questionnaire for Health Care Professionals. An employee or contingent worker should then discuss concerns with his/her Supervisor and if necessary with other Corporate Resources.

### *Process*

On an annual basis, and from time to time as necessary, employees and contingent workers shall complete a Conflict of Interest and other attestations, certifying they have disclosed all conflicts in accordance with the Code. On occasion, certain employees and contingent workers may be required to complete other attestations.

It is the responsibility of all employees and contingent workers to immediately notify management of any conflict interest. By signing such annual certifications, employees and contingent workers acknowledge they have read the Code, will comply with it and will update attestations in a timely manner. Employees and contingent workers disclosing conflicts will work with the Ethics and Compliance Department, Workforce Engagement or other appropriate Corporate Resource to resolve any conflict. The Company and employee or contingent worker will use best efforts to resolve conflicts however, in certain situations an employee or contingent worker may be reassigned or discharged to avoid a conflict.

### *Review of the Questionnaire*

The Legal Department and/or the Ethics and Compliance Department will review and comment upon each situation involving a conflict of interest and reports as required to the CEO and the Corporate Board of Directors.

## **ADDITIONAL RESOURCES:**

### **Policy Links:**

Workforce Classifications Policy  
Compliance with the Law, 5.02  
Confidential Information, 5.03  
Fair Competition, 5.05  
Non-Retaliation, 5.06  
Internal Controls, Corporate Policy, 3.03