



Effective Date: September 11, 2015

Category: Governance

Title: Conflict of Interest Policy

PURPOSE

The purpose of this policy is to:

- (a) protect the interests of Alliance for Better Health Care, LLC, d/b/a Alliance for Better Health (“the “Company” or “Alliance”) when Alliance is contemplating entering into a transaction that might impact the Financial or Non-Financial interest of a Covered Person (all capitalized terms are defined herein);
- (b) ensure Covered Persons act in the Company’s best interest; and
- (c) comply with applicable legal requirements
- (d) Based upon the provisions of this policy, potential Conflicts of Interest must be disclosed so that Alliance can decide whether a Covered Person has a private interest that constitutes a Conflict of Interest with respect to a Transaction that is being contemplated. If a Conflict of Interest is found to exist, the party considering the Transaction will either avoid the conflict or cooperate fully as Alliance appropriately scrutinizes the Transaction giving rise to the conflict to ensure the Transaction is in the Company’s best interests.

POLICY STATEMENTS

From time to time, a person who is in a position of authority within the Company may have a private interest that conflicts with, or appears to conflict with, the interests of the Company. Conflicts of interest can occur in many circumstances and may involve professional or business relationships of the person in authority, or such person’s Family Members or businesses with which the person is closely associated. It is the Company’s policy that full disclosure to the party considering the Transaction in which the conflict arises is essential, even if the Covered Person is not participating in the decision-making with regard to such Transaction. The Board hereby delegates to the Audit and Compliance Committee any functions described herein as delegable to a Committee of the Board.

SCOPE OF AUTHORITY / COMPETENCY

This policy addresses a Covered Person’s duty to disclose any Financial or Non-Financial Interests that may present a Conflict of Interest and how the Company will assess and address actual and potential Conflicts of Interest that are disclosed.

DEFINITIONS

- I. **Conflict of Interest:** A Conflict of Interest exists when a Covered Person is in a position to make, influence or participate in the Company’s decision to enter into a Transaction and the Covered Person (or a Family Member) can benefit from the decision about such transaction due to a Financial or Non-Financial interest, as determined in accordance with this policy.
 - a. For purposes of this policy, however, the following should not be considered a conflict of interest: (i) the existence of a Participation Agreement and any Addendum or

Amendment thereto between the Company and an organization whose officer or employee is a member of the Governing Board of Managers (“The Board”) and (ii) fund flow determinations made in accordance with the methodology approved by the Members under their reserved powers.

- b. All Conflicts of Interests shall be reviewed by the Audit and Compliance Committee and if a Transaction is deemed to be in the best interest of the Company, the Committee may recommend all of such Transaction regardless of the Conflict of Interest.
2. **Compensation:** Compensation includes all remuneration in any form, whether direct or indirect, overt or covert, in cash or in kind. For example, Compensation includes salary payments, bonuses, severance payments, deferred payment, retirement benefits, fringe benefits, stipends, loan and lease payments, the forgiveness of a debt, a decision by the Board not to sue an individual or entity, and gifts, favors, and other intangible benefits that are substantial in nature.
3. **Compensation Arrangement:** Compensation Arrangement means any contract, agreement or understanding involving Compensation, regardless of form of the contract, agreement or understanding. For example, Compensation Arrangement includes loans, contracts for the purchase or lease of goods or real property, and agreements to provide services as an employee or on an independent contractor basis.
4. **Covered Employee:** A Covered Employee means any employee of the Company who is
 - a. the Company’s top management official (e.g., Chief Executive Officer);
 - b. the Company’s top financial official (e.g., Chief Financial Officer);
 - c. an employee with the title Vice President (including Chief Officers);
5. **Covered Person:** A Covered Person means
 - a. An individual authorized to vote on behalf of a Member;
 - b. a member of the Company’s Governing Board of Managers;
 - c. a voting member of a committee of the Governing Board of Managers; or
 - d. a Covered Employee
6. **Family Member:** Family Member means a person’s spouse, partner or significant other, ancestors, children (whether natural or adopted), grandchildren, great-grandchildren, siblings (whether whole or half-blood), and the spouses, partners or significant others of children, grandchildren, great-grandchildren, and siblings.
7. **Financial Interest:** A person has a Financial Interest if the person (or a Family Member) has:
 - a. an Ownership or Investment Interest in (i) any entity with which the Company has a Transaction, (ii) any entity with which the Company is competing for a Transaction, or (iii) any entity that will benefit or be adversely affected as a result of a Transaction contemplated by the Company; or
 - b. a Compensation Arrangement with (i) the Company, (ii) any entity or individual with which the Company has a Transaction, (iii) any entity or individual with which the Company is competing for a Transaction, or (iv) any entity or individual that will benefit or be adversely affected as a result of a Transaction contemplated by the Company; or
 - c. a potential Ownership or Investment Interest in, or Compensation Arrangement with, any entity or individual (i) with which the Company is negotiating a Transaction, (ii) with which the Company is competing for a Transaction, or (iii) that will benefit or be adversely affected as a result of a Transaction contemplated by the Company. A person has a “potential” Ownership or Investment Interest or Compensation Arrangement if the person is actively

investigating or negotiating, or is legally obligated, to acquire such interest or to enter into such Compensation Arrangement.

A Financial Interest is not necessarily a Conflict of Interest.

8. **Non-Financial Interest:** A person has a Non-Financial Interest in any entity of which the person (or a Family Member) either is or has actual knowledge that he or she is being considered for election or appointment as (a) an officer or director/trustee of the board or company, or (b) a member of a board-designated committee of the board of an entity. A Non-Financial Interest is not necessarily a Conflict of Interest. *A Covered Person who has a Non-Financial Interest may have a Conflict of Interest only if it is determined that a Conflict of Interest exists.*
9. **Ownership or Investment Interest:** Any beneficial interest in an entity, whether through debt, equity, or otherwise, is an ownership or investment interest. Such interest includes, but is not limited to, stock, ownership (either voting power or value) of a company, profits or capital interest in a partnership or limited liability company, membership interest in a nonprofit organization, or beneficial interest in a trust, as well as loans, bonds or other financial instruments that are secured by an entity's property or revenue. Ownership includes indirect ownership (e.g., ownership in an entity that had ownership in the entity in question); there may be multiple tiers of entities. Notwithstanding the foregoing, ownership of the following shall not be considered to be an ownership or investment interest for the purposes of this conflict of interest policy:
 - a. Ownership of investment securities (including shares or bonds, debentures, notes, or other debt instruments) which were purchased on terms generally available to the public and which are:
 - i. securities listed for trading on the New York Stock Exchange, the American Stock Exchange, or any regional exchange in which quotations are published on a daily basis, or foreign securities listed on a recognized foreign, national, or regional exchange in which quotations are published on a daily basis, or
 - ii. traded under an automated interdealer quotation system operated by the National Association of Securities Dealers, and
 - iii. in a company that had, at the end of the Company's most recent fiscal year, or on average during the previous 3 fiscal years, total assets exceeding \$75,000,000.
 - b. Ownership of shares in a regulated investment company as defined in section 851(a) of Title 26, if such company had, at the end of the company's most recent fiscal year, or on average during the previous 3 fiscal years, total assets exceeding \$75,000,000.
10. **Transaction:** Any action by the Company which may produce a commercial or personal benefit to an individual or to a limited number of individuals (as opposed to the public at large) is a transaction. For example, Transaction includes contracts for sale, lease, license, loans, and agreements to provide services as an employee or on an independent contractor basis, whether initiated during the Company's tax year or ongoing from a prior year.

PROCEDURE

1. Duty to Disclose

All Covered Persons have a duty to disclose to the Company any Financial or Non-Financial Interests that may give rise to a Conflict of Interest. In making such disclosures, the following rules apply:

- a. Covered Persons shall annually disclose such interests by completing, signing and submitting an Annual Statement of Disclosure. New Board members shall submit their initial Annual

Statement of Disclosure prior to their election. A Covered Person has a continuing obligation to update this information if it changes during the course of a reporting period.

- b. When the Company is considering a proposed Transaction, a Covered Person has a continuing obligation to disclose the existence and nature of any Financial or Non-Financial Interests that may give rise to an actual or potential Conflict of Interest in a timely manner, regardless of whether such interest has been disclosed on the Annual Statement of Disclosure.
- c. Any person to whom this policy applies, who has knowledge of the existence of a Covered Person's Financial or Non-Financial Interest, has a duty to disclose such facts to the party contemplating a proposed Transaction.
- d. A Covered Person is prohibited from attempting to influence improperly the deliberation or voting on any matter or Transaction giving rise to a Conflict of Interest.

2. Determining Whether a Conflict of Interest Exists

The Audit and Compliance Committee has ultimate responsibility for determining, in its sole and unfettered discretion, whether a Conflict of Interest exists. Such determination shall be binding upon all parties subject to this policy.

a. Transactions Subject to Approval by the Board or Finance Committee.

- (i) Prior to any Board or Finance committee meeting, the Board Chair or Finance Committee chair shall inquire whether a Board or committee member or Covered Employee otherwise has a Financial or Non-Financial Interest in the Transaction and if such Financial or Non-Financial Interest exists, the Board or Committee Chair shall refer the matter to the Audit and Compliance Committee to determine whether a conflict of interest exists and to make a recommendation regarding the proposed Transaction.
- (ii) If a Covered Person discloses an interest at a Board or Finance Committee meeting, the Chair of the Board or Committee Chair shall refer the matter to the Audit and Compliance Committee to determine whether a conflict of interest exists and to make a recommendation regarding the proposed Transaction.

b. Transactions Subject to Approval by Management.

- (i) When a potential conflict of interest has been identified relative to a Transaction that is being contemplated by management, the Compliance Officer shall report the matter to the Audit and Compliance Committee which shall determine whether a Conflict of Interest exists for any Covered Employees who are participating in the decision-making for the Transaction or are in a position to influence such decision-making.
- (ii) If it is determined that a conflict exists, the Company's Compliance Officer shall ask the Covered Employee to recuse him/herself from participating in such decision-making and/or from exerting any influence over such decision-making, and/or shall determine if any additional or alternative actions need to be taken.

- (iii) Notwithstanding the foregoing, Covered Employees have a continuing obligation to self-identify any potential conflicts and remove themselves from the decision-making process.

3. Procedures for Addressing the Conflict of Interest

It is not unlawful for the Company to enter into a Transaction in which a Conflict of Interest exists, so long as the Transaction is determined to be fair, reasonable and in the best interest of the Company at the time the Transaction is contemplated in accordance with the following rules:

- a. Transactions Subject to Approval by the Board or Finance Committee. Where it has been determined by the Audit and Compliance Committee that a conflict exists, approval of such Transactions shall occur as follows:
 - (i) The Audit and Compliance Committee shall investigate alternatives to the proposed Transaction to the extent any alternatives are available.
 - (ii) After exercising due diligence, the Audit and Compliance Committee shall determine whether the Company can obtain a more advantageous Transaction with reasonable efforts from a person or entity that would not give rise to a Conflict of Interest.
 - (iii) If a more advantageous Transaction is not reasonably attainable under circumstances that would not give rise to a Conflict of Interest, the Audit and Compliance Committee shall make a recommendation by a majority vote of the disinterested members present at the meeting whether the Transaction is in the Company's best interest and for its own benefit and whether the Transaction is fair and reasonable to the Company. The Committee shall make its recommendation to the Board or Finance Committee, as to whether to enter into the Transaction in conformity with such determination.
- b. Transactions Subject to Approval by Management.
 - i. The Audit and Compliance Committee shall investigate alternatives to the proposed Transaction to the extent any alternatives are available.
 - ii. After exercising due diligence, the Audit and Compliance Committee shall determine whether the Company can obtain a more advantageous Transaction with reasonable efforts from a person or entity that would not give rise to a Conflict of Interest.
 - iii. If a more advantageous Transaction is not reasonably attainable under circumstances that would not give rise to a Conflict of Interest, the Audit and Compliance Committee shall make a decision by a majority vote of the disinterested members present at the meeting whether the Transaction is in the Company's best interest and for its own benefit and whether the Transaction is fair and reasonable to the Company. The Compliance Officer shall report any actions taken by the Audit and Compliance Committee at the next meeting of the Finance Committee.

RECORDS OF PROCEEDINGS

1. The minutes of the Board or Committee contemplating a Transaction for which a Conflict of Interest has been disclosed shall contemporaneously document the following:
 - (i) The names of the persons who disclosed or otherwise were found to have a Financial or Non-Financial Interest in connection with an actual or potential Conflict of Interest, the nature of the interest, any action taken to determine whether an actual or potential Conflict of Interest was present, any alternative Transactions considered, and the basis for any decisions as to whether a Conflict of Interest in fact existed.
 - (ii) The names of the persons who were present for discussions and votes relating to the Transaction and a record of any votes taken in connection therewith.
 - (iii) A notation that the persons who disclosed or otherwise were found to have a Financial or Non-Financial Interest in connection with an actual or potential Conflict of Interest were not present for such discussions, deliberations and votes.

COMPENSATION MATTERS

1. Any person who receives Compensation, directly or indirectly, from the Company for services is precluded from being present for, or participating in, the deliberations and voting on matters pertaining to that person's Compensation.
2. The Board or an authorized committee may request a person who may benefit from a Compensation Arrangement to present information as background or answer questions at the Board or committee meeting prior to the commencement of deliberations and voting.

ANNUAL STATEMENTS

1. The Board has delegated to the Audit and Compliance Committee of the Board oversight authority for the implementation and compliance with this Conflict of Interest Policy, including the distribution and collection of the Annual Statements of Disclosure.
2. On an annual basis, the Audit and Compliance Committee shall request that Covered Persons complete and sign an Annual Statement of Disclosure. Any individuals being considered for initial election to the Board are required to do so prior to election.
3. Covered Persons are required to complete an Annual Statement of Disclosure and submit such Form to the Compliance Officer within 30 days of the request to complete one or the date specified in the request.
4. The Compliance Officer shall give to the Chair of the Audit and Compliance Committee copies of all Annual Statements of Disclosure received for processing and follow up.
5. The Annual Statement of Disclosure shall include an affirmation by the signatory that he or she:
 - a. has received a copy of the Conflict of Interest Policy;
 - b. has read and understands the policy;
 - c. agrees to comply with the policy;
 - d. understands that the policy applies to all committees and subcommittees having Board-delegated powers;
 - e. understands that he/she is prohibited from attempting to influence improperly the deliberation or voting on any matters giving rise to a Conflict of Interest;

- f. discloses any and all Financial or Non-Financial Interest(s) which has the appearance of a Conflict of Interest; and
- g. understands that the failure to submit the Annual Statement of Disclosure in a timely manner may result in the termination of the person's relationship with the Company, as determined by the Board.

Approving Official: Alliance Governing Board of Managers		Effective Date: September 11, 2015
Key Sponsor: Compliance Officer		
Reviewed By: CEO, CFO		Original Date: September 11, 2015 Reviewed/Revised Date: June 22, 2018
Search Terms: conflict of interest, professional, business relationships, compensation, compensation arrangement, financial interest, non-financial interest, investment interest, transaction, duty to disclose		Approval:
Replaces: Effective date 9/11/15		