

Southwest Harbor – Tremont Nursing Service, Inc.

Conflict-of-Interest Policy

Article I - Purpose

The purpose of the conflict-of-interest policy is to protect The Southwest Harbor – Tremont Nursing Service, Inc. (SWHTNS) interest when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer or director of the SWHTNS. This policy is intended to supplement but not replace any applicable state laws governing conflicts of interest applicable to nonprofit and charitable corporations.

Article II – Definitions

1 Interested Person

Any director, principal officer, or member of a committee with board delegated powers who has a direct or indirect financial interest, as defined below, is an interested person. If a person is an interested person with respect to any entity in the system of which the SWHTNS is a part, he or she is an interested person with respect to all entities in the system.

2 Dual-capacity individuals

Any person who serves as an employee as well as a board member of the SWHTNS is a dual-capacity individual. Such individuals must recuse themselves from discussion and voting on matters pertaining to themselves, especially when the board is voting on compensation for that board member's position. In other matters, including budgetary matters not specifically related to themselves or their position, the other guidelines of this document should be followed.

3 Financial Interest

A person has a financial interest if the person has, directly or indirectly, through business, investment or family

- a an ownership or investment interest in any entity with which the SWHTNS has a transaction or arrangement, or
- b a compensation arrangement with the SWHTNS or with any entity or individual with which the SWHTNS has a transaction or arrangement, or
- c a potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the SWHTNS is negotiating a transaction or arrangement.

Compensation includes direct and indirect remuneration, as well as gifts or favors that are substantial in nature.

A financial interest is not necessarily a conflict of interest. A person who has a financial interest may have a conflict of interest only if the appropriate board or committee decides that a conflict of interest exists.

Article III – Procedures

1 Duty to Disclose

In connection with any actual or possible conflicts of interest, an interested person must disclose the existence of his or her financial interest and must be given the opportunity to

disclose all material facts to the directors and members of committees with board-delegated powers considering the proposed transaction or arrangement.

2 Determining Whether a Conflict of Interest Exists

After disclosure of the financial interest and all material facts, and after any discussion with the interested person, he/she shall leave the board or committee meeting while the determination of a conflict of interest is discussed and voted upon. The remaining board or committee members shall decide if a conflict of interest exists.

3 Procedures for Addressing the Conflict of Interest

a An interested person may make a presentation at the board or committee meeting, but after such presentation, he/she shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement that results in the conflict of interest.

b The chairperson of the board or committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.

c After exercising due diligence, the board or committee shall determine whether the SWHTNS can obtain a more advantageous transaction or arrangement with reasonable efforts from a person or entity that would not give rise to a conflict of interest.

d If a more advantageous transaction or arrangement is not reasonably attainable under circumstances that would not give rise to a conflict of interest, the board or committee shall determine by a majority vote of the disinterested directors whether the transaction or arrangement is in the SWHTNS's best interest and for its own benefit and whether the transaction is fair and reasonable to the SWHTNS and shall make its decision as to whether to enter into the transaction or arrangement in conformity with such determination.

e For purposes of determining a quorum count for voting on the matter under consideration, only the number of voting members shall be counted.

4 Violations of the Conflict-of-Interest Policy

a If the board or committee has reasonable cause to believe that a member has failed to disclose actual or possible conflicts of interest, it shall inform the member of the basis for such belief and afford the member an opportunity to explain the alleged failure to disclose.

b If, after hearing the response of the member and making such further investigation as may be warranted in the circumstances, the board or committee determines that the member has in fact failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

Article IV - Records of Proceedings

The minutes of the board and all committee with board delegated powers shall contain:

1 The names of the persons who disclosed or otherwise were found to have a financial interest in connection with an actual or possible conflict of interest, the nature of the financial interest, any action taken to determine whether a conflict of interest was present, and the board's or committee's decision as to whether a conflict of interest in fact existed.

2 The names of the persons who were present for discussions and votes relating to the transaction or arrangement, the content of the discussion, including any alternatives to the proposed transaction or arrangement, and a record of any votes taken in connection therewith.

Article V - Compensation

- 1 A voting member of the board of directors who receives compensation, directly or indirectly, from the SWHTNS for services is precluded from voting on matters pertaining to that member's compensation.
- 2 A voting member of any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the SWHTNS for services is precluded from voting on matters pertaining to that member's compensation.

Article VI - Annual Statements

Each director, principal officer, and member of a committee with board delegated powers shall annually sign a statement (attached) which affirms that such person:

- 1 has received a copy of the conflict-of-interest policy,
- 2 has read and understands the policy,
- 3 has agreed to comply with the policy, and
- 4 understands that the SWHTNS is a charitable organization and that in order to maintain its federal tax exemption it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

Article VII - Reviews

To ensure that the SWHTNS operates in a manner consistent with its charitable purposes and that it does not engage in activities that could jeopardize its status as an organization exempt from federal income tax, annual reviews may be conducted. A review should be conducted if, during the year, a potential conflict was identified and a recusal did not occur. A review should also be conducted if the board is notified of a potential violation of this policy. A committee and/or outside advisors consisting of individuals not involved in the conflict, selected by the board, will conduct the review. If no conflict or potential violation exists during the year, no review is necessary.

The review shall, at a minimum, include the following subjects:

- 1 whether compensation arrangements and benefits are reasonable and are the result of arm's-length bargaining.
- 2 whether acquisitions of assets or property from or by any officer or director result in personal advantage, gain, or impermissible private benefit.
- 3 whether the actions taken were in accordance with this policy.

Revised: May 7, 2021

Southwest Harbor – Tremont Nursing Service, Inc.

Conflict-of-Interest Disclosure Statement

By signing below, I affirm that:

- 1 I have received and read a copy of the The Southwest Harbor – Tremont Nursing Service, Inc. Conflict of Interest Policy;
- 2 I agree to comply with the policy;
- 3 I have no actual or potential conflicts as defined by the policy or if I have, I have previously disclosed them as required by the policy or am disclosing them below.

Disclose here, to the best of your knowledge:

- 1 any entity in which you participate (as a director, officer, employee, owner, or member) with which the The Southwest Harbor – Tremont Nursing Service, Inc. has a relationship;
- 2 any transaction in which the The Southwest Harbor – Tremont Nursing Service, Inc. is a participant, and in which you might have a conflicting interest; and
- 3 any other situation which may pose a conflict of interest.

Name:

Position:

Signature:

Date: