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<tr><td>CONFLICT OF INTEREST POLICY</td><td>PENNSTATE HERSHEY
Milton S. Hershey Medical Center</td></tr>
<tr><td>Hospital Administrative Manual</td><td>Policy Number: A-60 HAM</td></tr>
<tr><td>Replaces: April 2008</td><td>Effective: June 2015</td></tr>
<tr><td colspan="2">Authorized:
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PURPOSE
The purpose of this policy is to identify those circumstances which would constitute a real or perceived conflict of interest between The Milton S. Hershey Medical Center and an officer or employee thereof; provide for the disclosure by an employee of a real or perceived conflict of interest; and establish a mechanism for resolving an identified conflict of interest in a manner which protects the interests of The Milton S. Hershey Medical Center.

DEFINITIONS
For purposes of this policy, the following definitions apply:

<u>Conflict of Interest</u>. A conflict of interest may take various forms but exists if a significant financial interest or other opportunities for tangible personal benefit may exert a substantial and improper influence upon an employee. A conflict of interest may exist when there is a divergence between the private interests of an employee and the employee's obligation to the Corporation such that: (i) a reasonable and independent observer might rationally question whether the employee's professional responsibility might be influenced by considerations of gain or financial interest for either the employee or the employee's family or for other parties; or (ii) a reasonable and independent observer might rationally conclude that the conflict of interest undermines the integrity of any business of the Corporation. A conflict of interest encompasses not only situations that are in fact improper, but also situations where a reasonable and independent observer might rationally observe the appearance of impropriety. This includes any potential conflicts of interest that are as yet unrealized or that may be perceived by others to be conflicts of interest.

<u>Corporation</u>. The Milton S. Hershey Medical Center.

<u>Employees</u>. An officer or employee of The Milton S. Hershey Medical Center.

Family. The family of any employee shall include only his or her spouse or partner and his or her dependent child(ren). Dependent child(ren) means a natural or adopted child who is under the age of 18.

Significant Financial Interest (SFI). An employee has a significant financial interest if the employee has, directly or indirectly, through business, investment or spouse/partner/dependent child(ren), one or more of the following interests that reasonably appear to be related to the employee's Institutional Responsibilities:

(a) An existing or potential ownership or investment interest, in any entity with which the Corporation has a transaction, contract or other arrangement, or
(b) A compensation arrangement with any entity or individual that the Corporation has a transaction, contract or other arrangement, or
(c) An existing or potential ownership or investment interest in, or compensation agreement with, any entity or individual with which the Corporation is negotiating a transaction, contract, or other arrangement, or
(d) An existing or potential ownership or investment interest in, or compensation arrangement with, any entity whose business or operation has been or will be directly affected by a decision or action of the Corporation, and
(e) For publicly traded entities, if the value of any remuneration received from the entity over a period of twelve months combined with the value of any ownership or equity interest exceeds $5,000.
(f) For non-publicly traded entities (including but not limited to private "start-up" companies, closely held corporations, partnerships, or sole proprietorships), if either the value of any remuneration, when aggregated, exceeds $5,000 over a period of twelve months; or, the investigator holds any equity interest.
(g) Intellectual property rights and interests (e.g., patents, copyrights) upon receipt of income related to such rights and interests (including but not limited to royalties, or licensing revenues) that exceeds $5,000 over a period of twelve months.
(h) All reimbursed or sponsored travel exceeding $5,000 from an entity over a period of twelve months; however, travel that is reimbursed or sponsored by a federal, state, or local government agency in the United States, an American institution of higher education as defined at 20 U.S.C. 1001(a), an American academic teaching hospital, an American medical center, or a research institute that is affiliated with an American Institution of higher education does not need to be disclosed as an SFI.
(i) Any financial interest in a for-profit entity or any intellectual property, regardless of income generated, if related to human subjects research conducted at Penn State

Note: Certain Financial Interests are not considered Significant. The term SFI does not include the following types of Financial Interest: salary/remuneration paid by Penn State University, income from certain investment vehicles, and income from certain teaching engagements/advisory committees/review panels. For more information, please see Penn State University Policy RP06: Disclosure and Management of Significant Financial Interests.

POLICY

A. *Employee Self-Monitoring*
All employees must, on a continuing basis, review their activities to determine if real or perceived conflicts of interest exist or may exist.

B. *Annual Disclosure Statements*
The CEO and Dean of the College of Medicine may require designated employees to file annual disclosure statements in the Penn State University electronic Conflict of Interest System (COINS), with updates as required, for purposes of reporting conflicts of interest.

C. *Reporting Conflicts of Interest*
An employee must report all conflicts of interest to their immediate supervisor or department chair. The immediate supervisor or department chair shall transmit a reported conflict of interest to the Treasurer of the Corporation. In the case of potential financial conflict of interest, the employee shall be directed to file a disclosure statement in COINS. In the event of a conflict of interest on the part of an officer of the Corporation, the officer must report such conflict of interest to the Chair of the Board of Directors.

D. *Resolution*

1. Reports Submitted to the Treasurer: The Treasurer shall conduct an appropriate investigation of a reported conflict of interest, and shall provide a written report to the Chief Executive Officer, or to any committee designated by the CEO to review such matters, of the findings and conclusions of such investigation and recommendations for corrective action, if any. The Chief Executive Officer shall be responsible for making a final determination as to the existence of a conflict of interest and the corrective action to be undertaken by the Corporation, if any. Corrective action includes plans to eliminate, reduce, and/or manage the real or perceived conflict of interest.
2. Reports Submitted to the Chair of the Board of Directors: The Chair shall designate a disinterested officer of the Corporation to undertake an investigation of the reported conflict of interest, and to submit a report to the Chair of the findings and conclusions of such investigation and a recommendation of corrective action, if any. The Chair shall transmit such report and recommendations to the Board of Directors for such action, if any, as the Board shall determine.
3. Reports Submitted to the Conflict of Interest Program via the Penn State University electronic Conflict of Interest System (COINS): The Program will perform an initial review to determine whether the disclosed financial interest is related to the employee's institutional responsibilities. If the financial interest is related to the employee's institutional responsibilities, it will be assigned to the College of Medicine Conflict of Interest Review Committee (CIRC) for review according to the COM/PSHMC Standard Operating Procedures (SOPs) Regarding Review and Management of Conflict of Interest. CIRC will review and may recommend management of conflict of interest. Management may require elimination of the COI, by sale of an equity interest or removing a source of income or financial relationship causing the conflict. More commonly,

management may include conditions imposed on either the financial interest or the institutional responsibilities to encourage transparency and objectivity.

PERSON RESPONSIBLE FOR REVIEW OF POLICY

Executive Director

Reviewed: 8/30/01, 11/04, 4/08, 5/13, 6/15
Revised: 9/11/01, 11/04, 4/08, 6/15

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