

	MOREHOUSE SCHOOL OF MEDICINE	POLICY NUMBER	1.1.6
	POLICIES AND PROCEDURES	EFFECTIVE DATE	October 27, 2011
	<u>SUBJECT</u> Trustee Conflict of Interest Policy	PAGE (S)	4

SECTION 1: PURPOSE

Morehouse School of Medicine (“MSM”) has adopted and continuously updates their Conflict of Interest policies which are required by federal regulations and by the Southern Association of Colleges and Schools (“SACS”). These policies are managed by the Audit and Compliance Committee of the Board of Trustees as detailed in the Compliance Charter.

The purpose of the Trustee Conflict of Interest Policy is to facilitate Trustee compliance with MSM’s Conflict of Interest policies through the use of disclosure requirements, management strategies and procedures that relate to the role of members of the Board of Trustees.

The policy incorporates the MSM Conflict of Interest Policies as well as any applicable state or federal laws that may impose more restrictive conflict of interest standards in particular circumstances.

Conflict of Interest Review and Management

This policy incorporates the review and management procedures of MSM Conflict of Interest which include:

- a. Administrative procedures to identify potential conflict of interest transactions, and
- b. Review and decisions regarding all identified potential conflicts of interest.

SECTION 2: POLICY STATEMENT

Each member of the Morehouse School of Medicine Board of Trustees has a fiduciary duty to act in the best interests of Morehouse School of Medicine and to avoid conflict of interest or the appearance of conflict of interest with respect to exercise of a Trustee’s duties and responsibilities as a Trustee. Each Trustee is prohibited from individually attempting to influence internal Morehouse School of Medicine business and policy decisions or using Morehouse School of Medicine confidential information except in the exercise of the individual’s fiduciary duties as a Trustee.

SECTION 3: DEFINITIONS

- 3.1 Morehouse School of Medicine - The term “Morehouse School of Medicine” or “MSM” shall mean the School of Medicine and its subsidiaries, existing now or hereafter created.
- 3.2 “Conflict of Interest” means any situation in which the MSM Review Board determines that an Individual Interest or other personal consideration involving a Trustee (or any former Trustee who completed service as a Trustee within the prior year) may compromise or may have the appearance of compromising the ability of the Trustee or of Morehouse School of Medicine to make decisions regarding the situation with only the

best interests of Morehouse School of Medicine and its faculty and staff. Such Conflicts of Interests are further identified and defined in Sections 4.1,4.2, and 5.1 herein.

- 3.3 Individual Interest means ownership interests or other relationship involving a Trustee or the Trustee's Family Member which is required to be disclosed by this Policy.
- 3.4 Covered Family Member means a spouse or domestic partner, child, or anyone who resides with the individual or that may be considered a dependent for tax purposes.
- 3.5 MSM Review Board means the Audit and Compliance Committee of the Board of Trustees.

SECTION 4: PROCEDURES

4.1 Annual Disclosure

Each Trustee will annually file a MSM disclosure of all Individual Interest identified by the MSM Review Board and the Office of Compliance as necessary to effectively enforce this Policy. The annual disclosure will be submitted in the format and filed within the timeframe specified by the Office of Compliance.

4.2 Ongoing Disclosure

Each Trustee shall have an ongoing obligation to promptly disclose to the General Counsel or Chief Compliance Officer information regarding new Individual Interests that may require disclosure under this Policy.

4.3 Confidential Treatment of Disclosure Information

All disclosure statements and related documentation shall be maintained in confidence, and access shall be limited to persons who have a reasonable need to know for purposes of administering and enforcing this Policy.

4.4 Conflict of Interest Review

An annual and ongoing review of disclosures received from Trustees will be conducted by the MSM Review Board. The MSM Review Board shall make further investigation as it deems appropriate with regard to Individual Interest disclosed, and shall establish such management steps as it deems appropriate to ensure that potential conflict of interest transactions are identified and managed in compliance with this Policy.

4.5 Annual Summary of Disclosure

The MSM Review Board shall annually provide a summary of relevant information contained in the annual disclosures (as well as periodic updates when relevant information is disclosed) and shall make a recommendation based on the findings to the Board of Trustees.

SECTION 5: Disclosure, Recusal and Management of Conflict of Interest

5.1 Disclosure

In addition to annual and ongoing disclosures, a Trustee must make full disclosure to the MSM Review Board of any transaction or relationship involving the Trustee or a "Covered Family Member" which the Trustee knows or has a reasonable basis to believe may compromise or may have the appearance of compromising the ability of the Trustee or of Morehouse School of Medicine to make decisions regarding the transaction or relationship with only the best interests of Morehouse School of Medicine and its patients in mind.

5.2 Bi-lateral Recusal

Any Trustee involved in an actual or potential Conflict of Interest transaction shall not participate in any discussion or action regarding the matter at any level within MSM or with any third-party organization involved in the transaction. The Trustee shall respond to requests for factual information required by MSM or its third party organization in connection with its decision-making and management procedures pursuant to this Policy. Such recusal shall be documented in all minutes of meetings related to the matter at MSM.

5.3 MSM Review Board Decision

Each potential conflict of interest transaction involving a Trustee shall first be reviewed by the MSM Review Board pursuant to its policies and procedures. The MSM Review Board shall make a decision whether the proposed transaction is permissible and if so shall specify such management steps as it deems appropriate as a condition of its approval. The involved Trustee shall not be present during consideration of the matter except to answer questions of the MSM Review Board as necessary. The involved Trustee shall not be present during the final action on the matter by the MSM Review Board.

5.4 Final Action

The Office of the General Counsel, in conjunction with the Office of Compliance, shall prepare a summary of any proposed conflict of interest transaction that involves a Trustee. The summary shall set forth sufficient detail regarding the proposed transaction:

- a) The nature of the Trustee's conflict of interest;
- b) An assessment as to whether it appears that MSM could reasonably and practicably obtain a more advantageous transaction or arrangement from a person or entity that would **not** give rise to a conflict of interest; and
- c) Other information as may be required by the MSM Review Board.

In the event any member of the MSM Review Board has a potential conflict of interest regarding the transaction, the Chair of the Board of Trustees shall appoint an Independent Public Trustee to serve as a special member of the MSM Review Board for the limited purpose of making a determination under this Policy for that transaction. The MSM Review Board member with a potential conflict of interest:

- a) Shall not be present during consideration of the matter by the MSM Review Board except to answer questions as necessary, and
- b) Shall not be present during final action on the matter.

5.5 MSM Review Board Report to Board of Trustees

The MSM Review Board shall report to the Board of Trustees all potential conflict of interest matters involving a member of the Board of Trustees. The MSM Review Board

action shall be deemed the final decision regarding potential conflict of interest matters involving Trustees; however it is also deemed essential under this Policy that the full membership of Board of Trustees be informed regarding all such potential conflicts of interest transactions and have full access to all related information.

5.6 Annual Report of Transactions

The Office of the General Counsel, in conjunction with the Office of Compliance, shall provide an annual report to the Board of Trustees of all Conflicts of Interests identified by the MSM Review Board.

SECTION 6: Violation of Conflict of Interest Policy

If the MSM Review Board has reasonable cause to believe that a Trustee has failed to comply with this policy, it shall inform the Trustee of the Basis for such belief and afford the Trustee an opportunity to explain the alleged compliance failure. If, after hearing the Trustee's response and after making further investigation as warranted, the MSM Review Board determines that the Trustee has failed to comply with this Policy, it shall be recommended to the full Board of Trustees the appropriate corrective action.