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POLICY

This policy applies to The Johns Hopkins Health System Corporation (JHHSC), The Johns Hopkins Hospital (JHH) and to each of the organizations affiliated with JHHSC which has evidenced its adoption of this policy by the signature of its President on page 4 (collectively, "JHHS").

PURPOSE

The purpose of this policy is to ensure the integrity of the business practices of the adopting organizations by requiring that every employee disclose any conflict of interest, actual or potential, in the manner described in this policy. It is designed to help employees identify situations that present potential conflicts of interest and to provide employees with procedures for making the appropriate disclosure of a conflict of interest.

JHHS has an outstanding reputation for quality healthcare services, research and medical education. This reputation is highly dependent on the public's continued trust and confidence. Therefore, all employees must understand that conflicts of interest, actual or perceived, may be very damaging to the reputation of JHHS. Consequently, employees must continually examine their actions and activities in relation to outside interests to determine if there are reasonable grounds to conclude that a conflict of interest may exist.

For purposes of this policy the term "conflict of interest" shall be defined as an employee being in a position to use that employee's contacts or position in the organization to advance his or her private business or financial interests or the private business or financial interests of family members. Generally, either a conflict or potential conflict exists when the actions or activities of an employee on the behalf of his or her employer also include some element of, or potential for:

1. Personal gain or advantage to the employee or members of the employee's family,
2. An adverse effect on the employer's interest, or
3. Improper gain or advantage to a third party.

All employees must avoid situations that present actual conflicts of interest. However, it is equally important to appropriately manage – through full disclosure and avoidance of influence - a potential conflict so as not to create the perception of a conflict of interest. The guidelines included in this policy are provided to assist employees with the identification and management of situations that could result in conflicts of interest.

Any employee who believes that he or she may have a conflict of interest, actual or potential, should report all pertinent information to the employee's supervisor. Employees must use the Conflict of Interest Disclosure Form to communicate this information to their supervisor. The



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supervisor should consult with the JHHSC Vice President for Corporate Compliance or the JHHSC Chief Compliance Officer.

Employees who are required to comply with The Johns Hopkins Health System Corporation Intermediate Sanctions Policy – generally employees with the title of Vice President or higher – need not follow the procedures of this policy. They must, however, continually update the disclosures required under the Intermediate Sanctions Policy.

GUIDELINES

Generally, a conflict of interest exists when an employee has a relationship that would cause an objective third party to question whether the employee can make business decisions on behalf of and acting solely in the best interest of the employee’s employer. However, conflicts of interest may take many forms and individual interpretations of the concept may differ. In an effort to minimize the subjectivity of the term “conflict of interest”, these guidelines are provided to assist employees during the examination of their actions and activities in relation to outside interests to determine if a potential conflict of interest exists.

A potential conflict of interest arises when an employee or an employee’s family member (as defined below) is a compensated or uncompensated officer, director, trustee, partner, associate, employee, personal representative, receiver, guardian, custodian, legal representative, or agent of an organization that provides or proposes to provide services or supplies to JHHSC or its affiliates and the employee is in a position to influence, directly or indirectly, the selection of the vendor.

Example: A director in the Facilities Department has a daughter who is employed by an interior design company. The interior design company is engaged by JHH to provide consulting services. The employee has the ability to influence the selection of the vendor.

A potential conflict of interest can also arise when either an employee or an employee’s family member is, directly or indirectly, the beneficial owner of any of the capital account or stock of a partnership, corporation, limited liability corporation, sole proprietorship, or other business entity that either provides or proposes to provide services or supplies to JHHSC or its affiliates and the employee is in a position to influence, directly or indirectly, the selection of the vendor. This does not include publically traded corporations in which the employee has less than a three percent (3%) ownership interest.

Example: The spouse of a manager in the Finance Department owns 25% of the stock of a corporation providing accounting services to JHHSC. The employee has the ability to influence the selection of the vendor.

A potential conflict of interest becomes an actual conflict when the employee involved in the conflict influences the employer’s decision, or directly or indirectly participates in the decision to enter into a business arrangement with the conflicted entity.

Example: The spouse of an employee in the Finance Department owns 25% of the stock of a corporation providing accounting services to JHHSC. The Finance Department employee is one of



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four JHHSC employees who are responsible for identifying and engaging an accounting firm. The Finance Department employee promotes the firm in which his spouse owns stock without disclosing the relationship. The Finance Department employee also votes to engage the firm in which his spouse owns stock.

A conflict of interest will not arise simply because a family member of an employee is affiliated with or has a financial interest in a vendor that provides or proposes to provide services or supplies to JHHSC or an affiliate. In order for there to be a conflict of interest, the employee must be in a position to influence, directly or indirectly, the selection of the vendor. The following is an example of a situation that does not result in a conflict of interest.

Example: The spouse of a staff accountant in the Finance Department is an employee of a public accounting firm. The public accounting firm is proposing to conduct a financial analysis for the Finance Department. The staff accountant in the Finance Department does not have the ability to influence the selection of the vendor.

For purposes of this policy, “family members” include an employee’s spouse or partner, siblings, spouses of siblings, parents, step parents, grandparents, children, step children, grandchildren, great grandchildren, and spouses of children, grandchildren, and great grandchildren.

The mere appearance of a potential conflict of interest does not necessarily imply inappropriate behavior. However, when the question of a conflict of interest arises, it must be acknowledged, appropriately disclosed, and either eliminated or managed properly.

If an employee has a potential conflict of interest, it must be disclosed to his or her supervisor. The supervisor will be responsible for notifying the JHHSC Vice President for Corporate Compliance or the JHHSC Chief Compliance Officer.

The employee involved in the potential conflict may not participate in any process leading to the approval or disapproval of the transaction creating the conflict – including any vote or other submission of opinion. In addition, the employee must not indirectly attempt to influence the decision-making process.

Employees who fail to disclose potential conflicts of interest and avoid any direct or indirect influence in accordance with this policy shall be appropriately disciplined. Discipline will be commensurate with the seriousness of the action and may include termination.

REFERENCES

Policy HR 105, Outside Activities For Compensation (JHHSC/JHH Human Resources Policy and Procedures Manual)



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RESPONSIBILITIES

Employee

Examine actions and activities in relation to outside interests and relationships to determine if there are reasonable grounds to conclude that a potential conflict of interest may exist.

If there is a reasonable basis for such a conclusion, complete a Conflict of Interest Disclosure Form. Submit the completed Conflict of Interest Disclosure Form to the employee's supervisor.

Refrain from any attempts to either directly or indirectly influence the decision-making process in which there exists a potential for conflicts of interest.

Refrain from participating in any discussions leading to the approval or disapproval of the transaction creating the conflict, except to disclose material facts relating to the conflict.

Abstain from voting on the transaction creating the conflict or transmitting any other opinion, including not being present in the room when the vote is taken, unless the vote is by secret ballot.

Affirm, on an annual basis, compliance with this policy through the Performance Management Process.

Supervisor

Review the employees' Conflict of Interest Disclosure Form. Sign and date the form.

Forward completed Conflict of Interest Disclosure Form to the Legal Department for review.

Monitor employees' activities to ensure that potential conflict of interest does not result in an actual conflict through participation in the decision-



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making process.

Legal Department

Review completed Conflict of Interest Disclosure Forms.

Determine if any action must be taken to protect JHHSC or its affected affiliates.

Communicate action required, if applicable, to the employee and the employee's supervisor.

Communicate the potential conflict of interest to the Vice President responsible for the department that is considering the transaction that resulted in the conflict.

Enter the information from the Conflict of Interest Disclosure Forms into a database.

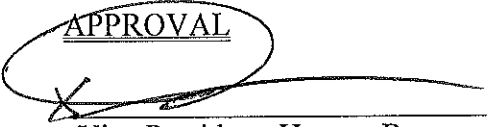
SPONSOR

Vice President Human Resources, JHHSC

REVIEW CYCLE

Three (3) years

APPROVAL



Vice President, Human Resources

10/1/08

Date