POLICIES AND PROCEDURES

Title: Conflict of Interest Policy

Responsibility Of: Chief Compliance Officer

Oversight By: General Counsel

Approved By: [Signature]

President & Chief Executive Officer

POLICY

This Policy provides a framework for identifying and resolving actual and apparent Conflicts of Interest. Northwestern Medical Faculty Foundation ("NMFF") seeks to: (1) ensure that all individuals participating in NMFF's decisions and activities act in the best interest of NMFF and its patients; (2) protect the assets of the NMFF, including NMFF's reputation and image; and (3) ensure compliance with applicable legal requirements. Accordingly, Covered Persons shall exercise the utmost good faith in all transactions touching upon their duties to NMFF, its patients, and its property. In their dealings with and on behalf of NMFF, they are held to a strict rule of honest and sincere dealing between themselves and NMFF. They shall not use their positions, or knowledge gained therefrom, so that a conflict might arise between NMFF's interest and that of the individual.

This Policy is divided into three sections: (1) Definitions, (2) Annual Conflict of Interest Questionnaire and Acknowledgment, and (3) Standards and Procedures. Section 3, Standards and Procedures has two parts. Section 3A applies to members of the Board of Directors ("Directors") and committees vested with Board Authority ("Board Committees"), and focuses on the procedures for handling Conflicts of Interest related to Board and Board Committee actions. Section 3B applies more broadly to Directors, physician Members, physician consultants, and management (i.e. vice presidents, administrative directors, department administrators, managers, and any other individuals with procurement authority), and addresses the handling of Conflicts of Interest that may arise in the day-to-day operations of NMFF and the professional activities of NMFF employees.

PROCEDURE

1. Definitions.

   a. Compensation. Compensation includes direct and indirect remuneration, in cash or in kind as well as personal loans. Examples include (but are not limited to) the following: royalties (non-publication), consulting fees, teaching/speaking fees,
expert witness fees, education or research grants, honoraria for sponsored training events and related reimbursement, marketing or promotional support, and monies received for product development activities or participation on advisory committees. “Indirect remuneration” includes situations where Compensation is made through or to another entity or individual (including through a business investment or an Immediate Family Member). For example, indirect compensation would include payments (e.g., dividends) from a company that a Covered Person owns and that receives royalties from the Covered Person’s inventions. Compensation does not include gifts, meals and business courtesies that are permitted under NMFF’s Business Integrity Policy.

b. **Covered Persons.** Covered Persons are Directors and members of Board Committees, and, for purposes of this Policy other than Section 3A, also include physician Members, physician consultants, and management of NMFF (i.e., vice presidents, administrative directors, department administrators, managers, and any other individuals with procurement authority).

c. **Conflicts of Interest.** A Conflict of Interest exists if a Covered Person has an Interest that could reasonably be expected to affect the Covered Person’s independence of judgment with respect to NMFF business. The term Conflict of Interest includes situations in which an Interest may compromise, or have the possible appearance of compromising, the Covered Person’s professional judgment.

d. **Entity.** An Entity includes any partnership, corporation, limited liability corporation, unincorporated association, or other institution or organization, whether for-profit or not-for-profit. An Entity includes, by way of example:

- a Referral Source;
- a Vendor/Referral Recipient;
- sponsors of Northwestern University (“NU”) teaching or research activities;
- outside organizations that contribute gift funds to NU which are under the respondent’s control or of direct benefit to your teaching or research activities;
- outside organizations that have received or will receive a license through NU to intellectual property that you invented.

e. **Immediate Family Members.** Immediate Family Members include a Covered Person’s spouse and children. Immediate Family Members also include the following persons if they live with the Covered Person, the Covered Person manages their financial affairs, or the Covered Person is aware without inquiry that they hold the interest or position in question: the Covered Person’s parents, siblings, grandchildren, and their spouses; the Covered Person’s spouse’s parents, siblings, children, grandchildren, and their spouses; and any other person of significant influence.
**Interest.** A Covered Person is deemed to have an Interest under the circumstances listed below:

i. The Covered Person has (or plans to have), directly or indirectly, an Ownership or Investment Interest in an Entity that does business or could potentially do business with NMFF.

ii. The Covered Person has (or plans to have), directly or indirectly (i.e. through business investment or an Immediate Family Member), a Compensation arrangement with any person or Entity with which NMFF does business or could potentially do business with NMFF.

iii. The Covered Person or an Immediate Family Member is the party (or one of the parties) contracting or dealing with NMFF.

iv. The Covered Person or an Immediate Family Member is a competitor of -- or is affiliated with a person or an Entity that is a competitor of-- NMFF or a party proposing to contract or deal with NMFF.

v. An Immediate Family Member is employed by NMFF.

vi. The Covered Person or an Immediate Family Member is in the same or related business as NMFF.

vii. The Covered Person or an Immediate Family Member has an influential interest in an Entity with which NMFF does business or could potentially do business. This would include, by way of example, serving as a member, officer, director or committee member.

viii. The Covered Person participates in any outside activity that could interfere significantly with the Covered Person’s work time obligation to NMFF.

ix. The Covered Person (a) is in an employment relationship with, (b) is subject to the direction or control of, or (c) receives compensation or other payment subject to approval by, a person who has an Interest in a transaction or proposed transaction with NMFF.

x. The Covered Person approves a transaction providing benefits to a person with an Interest with respect to a proposed transaction, which person in turn has approved or will approve a transaction providing economic benefits to the Covered Person.

xi. The Covered Person has a close personal or business connection with another person of a bias-producing nature, i.e., a relationship that could cause the person to place the interests of that individual above the interests of NMFF (“Personal Relationship”).
g. **Ownership or Investment Interests.** An Ownership or Investment Interest includes arrangements where the Covered Person has (or plans to have), directly or indirectly, an Ownership or Investment Interest (including stock options and profit sharing plans) in any Entity. An “indirect Ownership Interest or Investment” includes any interest or investment held through a business investment or an Immediate Family Member. For example, a Covered Person would have an indirect ownership interest in a nursing home if he or she is a shareholder in a holding company that is, in turn, the sole shareholder of the nursing home. An Ownership or Investment Interest does not include an interest comprised solely of publicly traded securities in a publicly traded company or publicly traded mutual fund, provided such interest does not exceed five percent (5%) of any class of shares or other securities outstanding.

h. **Referral Source.** Referral Source means any person or Entity that is a source or potential source of patient referrals to NMFF, such as community physicians who refer patients to NMFF for specialty services.

i. **Vendor/Referral Recipient.** Vendor/Referral Recipient means any person or Entity that sells to or obtains business or referrals from NMFF, or could potentially sell to or obtain business of referrals from NMFF, including pharmaceutical companies, medical device companies, hospitals, nursing homes, ambulatory surgical centers, imaging facilities, health care suppliers, non-medical suppliers and their employees or agents.

2. **Disclosure.**

a. **Annual Disclosure.** On an annual basis, each Covered Person shall disclose all of his/her Interests of which he/she is aware to the General Counsel, provided that:

i. The Covered Person need not disclose amounts received for providing services to an entity if the amounts are less than thresholds determined from time to time by the General Counsel and Chief Compliance Officer; provided, however, that the General Counsel and Chief Compliance Officer may require that all amounts be disclosed.

ii. Relationships with the following entities need not be disclosed unless otherwise determined at the discretion of General Counsel: any local, state or federal governmental agency; Northwestern University; Northwestern Memorial Hospital; the Rehabilitation Institute of Chicago; and the Veterans Administration. However, indirect relationships through these entities, such as a research grant from a Vendor/Referral Recipient that is made through Northwestern University, must be reported as a relationship with the Vendor/Referral Source.
Disclosures shall include any relevant and material facts known to such Covered Person that might reasonably be construed to be adverse to or potentially adverse to NMFF’s interests.

b. **Disclosure Form.** Disclosures shall be made using a disclosure form, which may be amended from time to time by the General Counsel. The General Counsel may ask for additional information in order to coordinate disclosures with Northwestern Memorial Hospital and/or Northwestern University. Department Chairs or other appropriate supervisors (as determined by the General Counsel) shall receive copies of annual disclosure forms completed by Covered Persons within their respective Departments. The Compliance and Audit Committee shall receive copies of annual disclosure forms of Directors and members of Board Committees.

c. **Compliance Statement.** Each Covered Person shall annually sign a statement attached to the disclosure form, which affirms that the information contained in the disclosure form is true and accurate, and that such Covered Person: (1) has received copies of NMFF’s Conflict of Interest Policy and Business Integrity Policy (the “Policies”); (2) has read and understands the Policies; (3) agrees to comply with the Policies; (4) understands that NMFF is a charitable organization and that to maintain its federal tax-exempt status it must engage primarily in activities that accomplish its tax-exempt purposes; and (5) has disclosed any matters required to be disclosed under the Policies and agrees to report promptly to the General Counsel any change in the responses to the questions in the disclosure form.

d. **Updates.** If a Covered Person obtains an Interest, or ceases one, he/she shall promptly update his/her annual disclosure form. Department Chairs or other appropriate supervisors will receive copies of updates relating to Covered Persons within their respective Departments. The Compliance and Audit Committee will receive copies of updates relating to Directors and members of Board Committees prior to the next Compliance and Audit Committee meeting.

e. **New Hires.** Newly-hired Covered Persons shall complete a disclosure form prior to commencement of employment.

f. **Disclosure Prior to Participation in Decision or Activity.** Regardless of whether an Interest has been disclosed in a disclosure form or update, a Covered Person shall disclose to the General Counsel and other appropriate individuals within NMFF a potential Conflict of Interest prior to participation in any NMFF process that may be affected by the Conflict of Interest. For example, Covered Persons shall disclose any potential Conflict of Interest that arises in connection with the activities of any committee upon which they serve. In addition, and by way of example, a Covered Persons shall disclose his/her Interest to the General Counsel prior to engaging in the following activities:
i. The Covered Person’s hiring of an Immediate Family Member on behalf of NMFF;

ii. The Covered Person’s engaging on behalf of NMFF a firm or entity that employs or is controlled by the Covered Person’s Immediate Family Member;

iii. The Covered Person’s obtaining an Ownership or Investment Interest in an Entity that does business or could potentially do business with NMFF.

g. Additional Information. The General Counsel, Chief Compliance Officer, and Compliance and Audit Committee may request a Covered Person to provide additional information regarding any potential or actual Conflict of Interest.

h. Questions. Any Director may raise a question about any Covered Person’s possible Conflict of Interest at any time. A Director may express his/her concern at any Board or committee meeting, or may notify the Chair of the Board or the General Counsel of his/her concerns.

i. Reporting and Investigation. All NMFF employees and Covered Persons have an obligation to report any situation that they believe to be a potential or actual Conflict of Interest under this Policy. Such reports shall be made in accordance with NMFF’s Policy on Noncompliant Behavior and Prohibition of Retaliation.

j. The General Counsel and Chief Compliance Officer shall report to the Compliance and Audit Committee results of the Annual Disclosures of all Directors and members of Board Committees as well as any updates revealing a Conflict of Interest. The General Counsel and Chief Compliance Officer shall provide to the Compliance and Audit Committee a summary report of Annual Disclosures of all other Covered Persons.

3A. Standards and Procedures for the Board of Directors and Board Committees.

a. Addressing the Conflict of Interest. At any meeting of the Board of Directors or a Board Committee where an Interest of a Director or member of a Board Committee presenting an actual, apparent or potential Conflict of Interest is disclosed or known to the Board or Committee, the affected Covered Person shall not participate or attend, vote on, or use his/her personal influence on, the discussions, deliberations and vote with respect to, the corresponding transaction, arrangement or related matters affecting NMFF.

If appropriate, the Chair of the Board or committee shall appoint a non-interested person or committee or subcommittee, respectively to investigate alternatives to the proposed transaction or arrangement.

In order to approve the transaction or arrangement, the Board or Board Committee must determine by a majority vote of disinterested Directors or committee members that:
i. the proposed transaction or arrangement is in NMFF's best interest and for its own benefit;

ii. the proposed transaction or arrangement is fair and reasonable to NMFF; and

iii. after exercising due diligence, a more advantageous transaction or arrangement is not reasonably attainable under circumstances that would not give rise to a Conflict of Interest.

b. Records of Proceedings. The minutes of the meetings of the Board or Board Committee shall include:

i. the names of the Covered Persons who disclosed or otherwise were found to have an actual or possible Conflict of Interest;

ii. the nature of the Interest;

iii. any action taken to determine whether a Conflict of Interest was present;

iv. the decision as to whether a Conflict of Interest in fact existed;

v. the names of the persons who were present for discussions and votes relating to the transaction or arrangement;

vi. the content of the discussion, including any alternatives to the proposed transaction or arrangement; and

vii. a record of any votes taken in connection therewith.

The Secretary of NMFF shall keep minutes of the discussions and deliberations as part of the minutes of NMFF.

c. Corrective and Disciplinary Action. If the Board or Board Committee has reasonable cause to believe that a Covered Person has failed to disclose an actual or possible Conflict of Interest, it shall inform the Covered Person of the basis for such belief and afford the Covered Person an opportunity to explain the alleged failure to disclose. If, after hearing the response of the Covered Person and making such further investigation as may be warranted by the circumstances, the Board or Board Committee determines that the Covered Person has in fact failed to disclose an actual or possible Conflict of Interest, it shall take appropriate disciplinary and corrective action.

3B. Standards and Procedures for All Covered Persons.

a. Determining Whether a Conflict of Interest Exists. At any time that an Interest of a Covered Person, including a Director or Board Committee member when the Board or Committee is not in session, presenting an actual, apparent or potential
Conflict of Interest is identified, whether through voluntary disclosure by the Covered Person pursuant to Section 2 of this Policy or by disclosure by a person other than the subject Covered Person, the matter shall be referred to the General Counsel. The General Counsel shall confer with the Chief Compliance Officer, who may request that the Covered Person provide additional information regarding the potential or actual Conflict of Interest and the proposed transaction or arrangement. The Chief Compliance Officer, in consultation with the General Counsel and other appropriate individuals, shall determine whether the disclosure shows that a Conflict of Interest, or the appearance of a Conflict of Interest, exists, taking into consideration the facts and circumstances of the situation including without limitation the materiality of the conflict. If the Conflict of Interest involves the Chief Compliance Officer and/or General Counsel, then the Chief Executive Officer shall be consulted.

b. **Addressing the Conflict of Interest.** If a Conflict of Interest is deemed to exist, the Chief Compliance Officer, in consultation with the General Counsel, shall determine the appropriate course of action that may include, but is not limited to the following:

i. notifying the Board, a Board Committee or the Compliance and Audit Committee if the Conflict of Interest relates to a transaction, arrangement or other topic to be addressed by the Board or a Board Committee;

ii. prohibiting or restricting the Covered Person from participating in specified activities;

iii. determining that the Covered Person shall not participate or attend, vote on, or use his/her personal influence on, the discussions, deliberations and vote with respect to, such transaction, arrangement or related matters affecting NMFF;

iv. appointing a non-interested person or committee or subcommittee, to investigate alternatives to the proposed transaction or arrangement;

v. requiring a non-interested person or committee determine that: (a) the proposed transaction or arrangement is in NMFF’s best interest and for its own benefit; (b) the proposed transaction or arrangement is fair and reasonable to NMFF; and (c) after exercising due diligence, a more advantageous transaction or arrangement is not reasonably attainable under circumstances that would not give rise to a Conflict of Interest; or

vi. requiring disclosures of the Conflict of Interest to appropriate individuals including patients.

c. **Records of Proceedings.** The determinations of the Chief Compliance Officer and General Counsel and compliance with the course of action recommended by the Chief Compliance Officer and General Counsel shall be documented in writing and maintained by the General Counsel. Documentation shall include:
i. the names of the Covered Persons who disclosed or otherwise were found to have an actual or potential Conflict of Interest;

ii. the nature of the Conflict of Interest;

iii. any action taken to determine whether a Conflict of Interest was present;

iv. the decision as to whether a Conflict of Interest in fact existed.

The Chief Compliance Officer shall report periodically to the Compliance and Audit Committee a summary of his/her actions taken pursuant to this Policy. An annual report summarizing the disposition of Conflicts of Interest under this Policy shall be provided to the Board of Directors.

d. **Corrective and Disciplinary Action.** A Covered Person who has failed to disclose actual or potential Conflicts of Interest shall be subject to appropriate disciplinary and corrective action, including fines, reduction of incentive compensation, and up to termination of employment or affiliation with NMFF.