

CHILDREN'S HOSPITAL FOUNDATION CONFLICTS OF INTEREST POLICY

Purpose

The purpose of this policy is to establish guidelines and procedures applicable to transactions or arrangements that might benefit the private interest of a director or officer of Children's Hospital Foundation (CHF). This policy is intended to supplement, but not replace, any applicable laws governing conflicts of interest applicable to nonprofit and charitable organizations.

Definitions

1. "Interested Person". Any director or officer, who has a material direct or indirect interest, as defined in this policy, is an interested person.

2. "Financial Interest". A person has a financial interest if the person has, directly or indirectly, through business, investment or family: (a) a material ownership or investment interest in any entity which CHF has a transaction or arrangement; or (b) a material compensation arrangement with CHF or with any entity or individual with which CHF has a transaction or arrangement. A person shall not be deemed to have a "financial interest" due to an employment arrangement with, or serving as a director or officer of, another nonprofit corporation which is exempt from federal income taxation under the Code.

3. "Material". An interest is deemed to be "material" if there is a substantial likelihood that a reasonable person would consider it important in deciding what action to take.

Procedures

1. Disclosure. An Interested Person shall disclose to the directors the existence and nature of his or her financial interest in any proposed transaction or arrangement involving CHF.

2. Procedures for Addressing Conflicts of Interest. The board or committee considering a transaction or arrangement involving an interested person shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement. The board or committee shall determine whether CHF may, without undue burden, delay or expense, 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. If a more advantageous transaction or arrangement is not reasonably attainable under the 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 best interest of CHF and whether the transaction is fair to CHF.

3. Violations. If the board or the committee has reasonable cause to believe that an interested person has failed to disclose a conflict of interest as required by this policy, the board or committee shall inform the interested person of the basis of such belief and afford the interested person an opportunity to explain the alleged failure to disclose. If, after hearing the response of the interested person and making such further investigation as may be warranted in the circumstances, the board or committee determines that the interested person has in fact failed to disclose a conflict

of interest as required by this policy, the board or committee shall take appropriate disciplinary and corrective action.

4. Record of Proceedings. The minutes of the board or committee shall contain: (a) the names of the persons who disclosed or otherwise were found to have a financial interest in connection with a conflict of interest, the nature of the financial interest, any action to determine whether a conflict of interest was present, and the decision as to whether a conflict of interest in fact existed, and (b) the names of the persons who were present for discussions and votes relating to the transaction or arrangement, and a record of any votes taken in connection herewith.

Compensation Decisions

A director or committee member who receives compensation, directly or indirectly, from CHF shall not vote on matters pertaining to his or her compensation.

Annual Statements

Each director, officer, and member of a committee with board-delegated powers shall annually sign a statement which affirms that such a person (a) has received a copy of the conflicts of interest policy, (b) has read and understands the policy, (c) has agreed to comply with the policy, and (d) understands that CHF 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.

Validation of Contracts

No contract or transaction between CHF and one or more of its directors or officers or between CHF and another organization in which one or more of its directors or officers are directors, officers or members or have a substantial financial interest shall be void or voidable solely for this reason or solely because the director or officer is present at or participates in the meeting of the board which authorizes the contract or transaction or solely because his, her or their votes are counted for such purposes if:

(a) The material facts as to his, her or their interest and as to the contract or transaction are disclosed or are known to the board of directors or committee, and the board or committee, in good faith, authorizes the contract or transaction by a vote sufficient for such purpose without counting the vote of the interested director(s) or officer(s); or

(b) The contract or transaction is fair as to CHF as of the time it is authorized, approved or ratified by the board of directors or committee.

Directors and officers who are interested persons may be counted in determining the presence of a quorum at a meeting of the board of directors or a committee meeting that authorizes the contract or transaction.

Limitations

This policy is intended for internal governance of CHF and does not create rights in favor of any third party nor create any private right of action. This policy shall not limit or restrict any right of indemnification, immunity, or other rights or protections available or afforded to any director, officer or other person by law, in CHF's organizational documents, by contract, or otherwise.