

SIGNAL BEHAVIORAL HEALTH NETWORK CONFLICTS OF INTEREST POLICY

ARTICLE I PURPOSE

The purpose of this conflicts of interest policy (this “Policy”) is to protect against actual or perceived conflicts of interest from influencing Signal Behavioral Health’s (“Signal” or the “Corporation”) corporate activities.

This Policy is intended to supplement but not replace any applicable state laws governing conflicts of interest applicable to nonprofit and charitable corporations. This Policy is intended to supplement the Bylaws of Signal. This Policy is effective as of the 22 of September, 2022.

This policy applies to all Members, Officers, and Directors of Signal, and persons with a substantial ownership or controlling interest in Signal (“Covered Persons”), and their immediate Family Members.

ARTICLE II DEFINITIONS

Section 1. “Board” means the Board of Directors of the Corporation.

Section 2. “Covered Person” means all Members, Officers, Directors and members of any committee with Board-delegated powers and persons with a substantial ownership or controlling interest in Signal. If a Member has a Conflict of Interest, then any Director or member of a committee who was nominated by such Member for that position shall be deemed to have the same Conflict of Interest as the Nominating Member.

Section 3. “CEO” means the Chief Executive Officer of Signal.

Section 4. “Director” means each member of the Board.

Section 5. “Community Director” means Directors who are not owners or employees of any Member or contracted provider (each “Director” or “Community Director”).

Section 6. “Family Member” includes an individual’s spouse, children, grandchildren, spouses of children and grandchildren and parents.

Section 7. “Member” means a member of the Corporation as listed in the Corporation’s Bylaws, as amended and restated from time to time.

Section 7. “Member Director” means a Director appointed to the Board to represent a Member.

Section 8. “Nominated Party” means a Director who was nominated by a Nominating Member to such position.

Section 9. “Nominating Member” means the Member that nominated the Director with respect to his or her service to the Corporation.

Section 10. “Officer” means the elected officers of the Corporation consisting of a president, a vice president, a secretary/treasurer, and such other officers as the Board of Directors may from time to time designate and, for purposes of this Policy, the CEO.

Section 11. “Provider” means any person, public or private institution, agency, or business concern providing medical care, services, or goods authorized under articles 4, 5 and 6 of C.R.S. title 25.5 and holding, where applicable, a current valid license or certificate to provide such services or to dispense such goods and enrolled under the state medical assistance program is a Provider.

Section 12. “Provider-Related Transactions” means a transaction in which a provider may have control, influence, or decision-making authority on how funding is distributed to any provider or the establishment of any provider or provider network.

ARTICLE III CONFLICTS OF INTEREST

Section 1. Types of Conflicts of Interest. Conflicts of Interest are those circumstances in which the interests of a Covered Person may potentially or actually conflict with the interest of the Corporation or may be perceived as potentially conflicting with the interests of the Corporation. Interests include not only the Covered Person’s own interests but also the interests of any covered Person’s family member and, if a Covered Person was nominated by a Member with respect to his or her position at the Corporation, the interests of the Nominating Member. Because the Corporation’s Board of Directors are composed, in part, of employees or independent contractors of Members, a conflict of interest shall not be deemed to arise solely because a matter under consideration involves the potential for significant benefit to a Member, with the exception of Provider-Related Transactions. Except with regard to Provider-Related Transaction, a Conflict of Interest only exists when the Board or the appropriate committee decides that a Conflict of Interest exists, pursuant to the procedures set forth in Article IV.

Section 2. Creation of Conflicts of Interest. For purposes of this policy, the following circumstances have the potential to create a Conflict of Interest:

(a) *Inside Information:* A Conflict of Interest may exist if a Covered Person or Family Member discloses or uses confidential or inside information of or about the Corporation particularly for the profit or advantage of a Covered Person or a Covered Person’s Family Member

(b) *Financial Interest.*

i. An individual or Member has a “financial interest” if the individual or Member has, directly or indirectly, through business, investment, or family:

A. an ownership or investment interest in any entity with which Signal has a transaction or arrangement or with which Signal is negotiating a transaction or arrangement;

B. a compensation or other financial arrangement with any entity or individual with which Signal has a transaction or arrangement or with which Signal is negotiating a transaction or arrangement; or

C. a potential ownership or investment interest in, or potential compensation or financial arrangement with, any entity or individual with which Signal has a transaction or arrangement or with which Signal is negotiating a transaction or arrangement.

D. For purposes of this section, “ownership” means an individual who is a legal proprietor of an organization, including a provider or individual who owns assets of an organization, or has a financial stake, interest, or governance role in the organization.

ii. A financial interest is not necessarily a conflict of interest. An individual or Member who has a financial interest has a conflict of interest only if the appropriate Board or Subcommittee decides that a conflict of interest exists pursuant to the procedures described in Article IV below.

(c) *Corporate Opportunity.* A conflict of interest may exist when a Covered Person or the Covered Person’s Family Member seeks to direct, use, usurp or otherwise undermine a corporate opportunity or enables another Covered Person or other organization including, but not limited to, an employer, affiliate, Provider or other affiliated or unaffiliated person or entity, to do so in order to create a competitive advantage for the party that is not the corporation. For purposes of this policy, Corporate Opportunity means a business opportunity that, in the determination of the Board:

i. The Corporation is financially able to undertake;

ii. It is in the Corporation’s line of business and would be practical value to the corporation;

iii. The Corporation has an interest in or a reasonable expectation of the opportunity, and the Covered Person, by taking the opportunity, will create a conflict with the Corporation; and

iv. The opportunity, in fairness should belong to the Corporation.

(d) *Compensation.* No Covered Person or Family Member shall solicit or accept any pay, commission, money, or gifts under circumstances in which the acceptance may result, with respect to the Covered Person’s service with the Corporation:

i. An undertaking to give preferential treatment to any person;

- ii. Any loss of complete independence or impartiality;
 - iii. The making of a decision outside of official channels; or
 - iv. Which the person knows, or which a reasonable person in his/her position should know under the circumstances, is primarily for the purpose of rewarding him/her for official action taken.
- (e) *Provider-Related Transactions.* Notwithstanding anything to the contrary herein, Member Directors shall not be entitled to control, influence or have any decision-making authority, including but not limited to voting, on Provider-Related Transactions. For the avoidance of doubt, Provider-Related Transactions shall include but not be limited to: (i) the approval of any amendment or extension of any provider agreement with a provider owned in whole or in part by any Member, (ii) the approval of any initial provider agreement or provider application to join the Corporation's provider network, and (iii) the approval a removal or termination of any provider from the Corporation's provider network
- (f) *Dual Employment Prohibited.* Employees of contracted providers of the Corporation shall not also be employees of the Corporation unless the employee is the medical director of the Corporation.
- (g) *Board Composition Requirements.* The Corporation's Board of Directors shall not be comprised of more than fifty percent (50%) Members affiliated with a contracted Providers.
- (h) *Additional Potential Conflicts of Interest.* Many other circumstances which could not possibly be listed here could give rise to a potential Conflict of Interest. These would include any instances where a Covered Person or the Covered Person's Family Member uses his or her relationship with the Corporation to create a competitive advantage for a party that is not the Corporation, at the Corporation's expense.

ARTICLE IV PROCEDURES

Section 1. Duty to Disclose. In connection with any actual or possible Conflict of Interest, a Covered Person must disclose the existence of the Conflict of Interest and all material facts related to such financial interest to the officers and members of the Board or Subcommittee considering the proposed transaction or arrangement.

Section 2. Failure to Disclose. If the Board or Subcommittee has reasonable cause to believe that a Covered Person has failed to disclose an actual or possible Conflict of Interest, it shall inform such person of the basis for such belief and afford the person an opportunity to explain the alleged failure to disclose. The analysis of such disclosure of an alleged Conflict of Interest shall process as if it had been disclosed under this Section.

Section 3. Determining Whether a Conflict of Interest Exists. After disclosure of the financial interest and all material facts related thereto, the Covered Person shall leave the Board or Subcommittee meeting while the determination of a conflict of interest is discussed and voted upon. The remaining Board or Subcommittee members shall decide by a majority vote if a conflict of interest exists. If there is a determination that a conflict of interest exists, the procedures contained in Article IV, Section 4, shall be applicable.

Section 4. Procedures for Addressing and Voting on the Conflict of Interest.

(a) *Provider Services Contracts.*

- i. As set forth in the Bylaws of the Corporation, and only to the extent the Board is tasked with such provider network-related and funding transactions, only Community Directors may exercise responsibility for the approval of provider agreements and/or funding distribution determinations between the corporation and the contracted Providers, including, but not limited to, the Members.

(b) *Other Conflicts of Interest.*

- i. A Covered Person may make a presentation at the Board or Subcommittee meeting, but after such presentation, he/she shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement that results in the conflict of interest.
- ii. The chairperson of the Board or Subcommittee may, if appropriate, appoint a disinterested person or committee to investigate the terms and conditions of the proposed transaction or arrangement.
- iii. If the underlying matter is a financial interest, the Board or Subcommittee shall determine by a majority vote of the Community Directors of the Board or Subcommittee whether the transaction or arrangement is in Signal's best interest, for its own benefit, and whether it is fair and reasonable. In conformity with the above determination, it shall make its decision as to whether to enter into the transaction or arrangement.
- iv. If the underlying matter is not a financial interest, the Board or subcommittee shall determine the appropriate consequence, including but not limited to recusal of the individual from discussion of related matters or removal of person as an officer, Director or Member, pursuant to the Bylaws of the Corporation.

Section 5. Violations of the Conflicts of Interest Policy.

A. If the Board or subcommittee has reasonable cause to believe that a Covered Person has failed to disclose actual or possible conflicts of interest in conformance with this Policy, it shall inform such person of the basis for such belief and afford the person an opportunity to explain the alleged failure to disclose.

B. If, after hearing the response of the alleged Covered Person and after making such further investigation as may be warranted under the circumstances, a subcommittee or the Board determines that the person has in fact failed to disclose an actual or possible conflict of interest, the Board may, pursuant to the Bylaws, by a two-thirds majority vote of Directors at a meeting in which quorum has been established, take appropriate disciplinary and corrective action up to and including the removal of such Covered Person from the Board for cause involving dereliction of duty and breach of fiduciary duty. The Board may also pursue against the Covered Person any available remedies in law or equity.

ARTICLE V RECORDS OF PROCEEDINGS

The minutes of the Board and all Subcommittees shall contain:

A. The names of the persons who disclosed or otherwise were found to have a financial interest in connection with an actual or possible conflict of interest, the nature of the financial interest, any action taken to determine whether a conflict of interest was present, and the Board's or Subcommittee's 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, the content of the discussion, including the discussion of the terms and conditions of the proposed transaction or arrangement, and a record of any votes taken in connection therewith.

ARTICLE VI ANNUAL STATEMENTS

Each Member, officer and Director of the Corporation shall annually sign a statement that affirms that such person:

- A. Has received a copy of this conflicts of interest policy;
- B. Has read and understands the policy; and
- C. Has agreed to comply with the policy.

CONFLICTS OF INTEREST POLICY
ANNUAL AFFIRMATION

Print Name: _____

The undersigned is a:

- Director of the Board (Member Director)
- Director of the Board (Community Director)
- Officer

of Signal, and, in such capacity hereby affirms that he/she:

- Has received a copy of Signal's Conflict of Interest Policy (the "Policy");
- Has read and understands the Policy;
- Agrees to comply with the Policy;
- Understands that his/her conduct is subject to the general standards of conduct for the directors and officers of a nonprofit corporation under applicable Colorado and federal law; and
- Has disclosed all potential conflicts of interest on the Conflict of Interest Declaration form.

Signature: _____

Date: _____