



TENNESSEE HOSPITAL ASSOCIATION CODE OF BUSINESS CONDUCT

Adopted by the
THA Board of Directors
July 2003
Amended December 2004
Amended September 2015
Amended November 2016
Amended November 2017
Amended September 2018
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THA Code of Business Conduct

INTRODUCTION

The Tennessee Hospital Association's (THA) Code of Business Conduct provides an overview of the values that should guide the behavior of the association and a summary of the key policies for conducting business in an honest, legal and ethical manner.

This code, together with detailed supporting documents, collectively describes the manner in which THA -- as a corporate entity, its members, directors, officers and employees -- will conduct business. This code may not answer every legal or ethical question, nor is it intended to do so. However, it is a set of fundamental principles that form the building blocks necessary to promote the best interests of THA. This code, as well as all supporting policies and documents, applies to all directors, officers, members and employees of THA, THA Center for Innovative Solutions, Inc. (TCIS), Tennessee Hospital and Education Research Foundation (THERF), Tennessee Center for Health Workforce Development (TCWD) and Tennesseans for a Responsible Future (TRF).

THA CORPORATE MISSION STATEMENT

Our Mission

The mission of THA is "to lead our members in advocacy for and support of community-based hospitals and health systems and to assist them in delivering accessible, cost-effective, quality health services."

Our Values

- We support our members through activities and programs that advance the quality of healthcare.
- We are socially responsible and invest our time and resources in activities that bring measurable value to the members we serve.
- We will make every effort to demonstrate the highest levels of honesty, integrity and fairness in the performance of our duties.
- We strive to work with diverse individuals who possess an intense work ethic, high moral standards, and who are recognized by their dependability and commitment to excellence.
- We are passionate about the healthcare industry and desire to promote the very best industry-wide practices in a fair and honest manner.
- We will avoid any action or discussion that may unfairly restrain trade or unduly encumber competition within our industry.
- We are responsive to the needs of our members and do everything we can to ensure their success.

- We are committed to providing a workplace where employees are given the direction, tools and freedom to accomplish great things.

Our Standards

THA is committed to fairness and unbiased treatment of its business partners and employees. To prove the strength of our commitment, we pledge to follow these principles at all times and in all situations. Our directors, officers and employees are committed to ensuring:

- Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships.
- Compliance with applicable laws, rules and regulations.
- Prompt internal reporting of violations of this code.
- Accountability for adherence to this code and the law.

Compliance with the Law and Code of Business Conduct

THA seeks to achieve and maintain a reputation for honesty, integrity and fairness. Such a reputation is earned and must be supported with an ongoing commitment.

Every employee, member, officer and director (hereinafter referred to as “covered persons”) should be guided by the highest standards of ethical conduct in his or her relationships with THA, employees, fellow members, business partners and the general public. Every employee, member, officer and director must understand he or she ultimately is responsible for their acts and omissions. As a condition of employment or affiliation with THA, every employee, member, officer and director is expected to comply with THA’s Code of Business Conduct and all underlying policies and procedures.

It is the corporate policy of THA that all covered persons are to fully comply with all applicable laws, rules and regulations at all times in their conduct of THA business. However, mere compliance with the law is a minimum standard of conduct. In today’s complex world and sophisticated legal environment, there may not always be a simple choice between absolute right and wrong. Therefore, every covered person shares the responsibility to carry out his or her duties not merely in strict compliance with the law, but in a manner above reproach.

Covered persons must obey both the language and spirit of the law, and avoid efforts to circumvent its intent by dubious means or questionable interpretations. If ever there is any doubt about laws or regulations that may apply to a particular situation, it is each covered person’s duty to make the appropriate inquiries, which might include seeking a legal opinion from THA’s general counsel.

Every covered person is expected to be alert to ethical and legal ambiguities. It is each covered person's personal responsibility to immediately report violations or suspected violations of this code, applicable laws or regulations and/or company policies, including suspected misconduct, fraud, misuse of company assets or other violations of THA's Code of Business Conduct, as provided in the reporting requirements section of this code.

Corporate Assets

A. Protection and Use of Corporate Assets and Property

THA has established accounting control standards and procedures to ensure assets are protected and properly used, and financial records and reports are accurate and reliable. This is part of the responsibility entrusted to all THA employees. Every THA employee is responsible for supporting, maintaining and complying with the required internal controls relevant to his or her responsibilities.

Control and judicious use of THA's assets, including funds held for members and affiliates, as well as proprietary or confidential information, is a fundamental responsibility of each covered person. Covered persons should safeguard physical property and other assets against unauthorized use or removal, as well as against loss by criminal act or breach of trust.

Employees also should read and remain in compliance with the sections of the THA Employee Handbook entitled "Confidential Information" and "Information Systems Policy."

B. Travel and Business Expenses

Travel and business expenditures should be consistent with the needs of THA. Covered persons are reimbursed for reasonable expenses incurred while traveling on THA business. Covered persons are expected to spend THA funds judiciously, sparingly and not personally gain from such transactions.

Managers who approve travel and business expense reports are responsible for the propriety and reasonableness of those expenditures, ensuring expense reports are promptly submitted, and verifying the receipts and explanations properly support reported expenditures. Employees also should remain in compliance with the THA travel and expense policy.

C. Data and Confidentiality

It is the policy of THA to ensure all confidential information related to operations, activities and business affairs of THA, its members and affiliates is protected and only used as necessary to conduct THA business. If, during the course of employment or affiliation with THA, a covered person acquires confidential or

proprietary information about THA or any of its members or affiliates, this information is to be handled in strict confidence and only used in the conduct of business with those who have a need to know. All THA board discussions are confidential unless specifically designated otherwise.

Employees may have access to confidential information regarding THA, its members or affiliates. It is one of an employee's primary responsibilities to be sure they do not divulge such information and use it only in the performance of their responsibilities. Employees should never access confidential information unless doing so is required by their job duties. If an employee needs to send confidential information to someone electronically, they should contact THA information services staff for assistance to securely send this information.

Confidential information, whether obtained verbally, in writing or by observation, including, but not limited to, nonpublic proprietary information, confidential financial information, business operations (including, but not limited to, HIPAA-related information, protected health information (PHI)), personally identifiable information (PII), business plans, member lists, intellectual property, legal work product, confidential business affairs of THA, its members, business partners or vendors, information technology processes and procedures, contracts and grants, as well as written and verbal confidential communications with third parties and individuals within THA, shall be kept confidential. However, the THA president or chief operating officer may waive the requirements for confidentiality **in this section** provided the waiver does not violate any state or federal law.

Discussions and materials provided in THA board meetings are confidential to the board and THA employees. Unless information is otherwise public or permission is granted from the THA president or chair of the board, board members and THA employees should not share or release information obtained in board meetings. This section does not prohibit board members from sharing information with their staffs, system owners, hospital boards or contractors working directly with the hospital. However, any of these entities also should be prohibited from sharing confidential information outside of the interactions with the facility.

A release or disclosure of confidential information only shall be made to the minimum extent necessary to satisfy a legitimate request or demand. In the event of receipt of a subpoena, court order or other demand, the recipient shall immediately inform the THA general counsel or chief operating officer. When responding to a demand, only the minimum necessary information to satisfy the demand shall be provided. This requirement of confidentiality shall survive termination of a relationship with THA.

In the same manner, THA shall regard employment information as confidential, and will respect the need for protecting each employee's privacy by providing guidelines for the proper receipt, possession, use, retention and transmittal of

personal information concerning employees as may be necessary to enable THA to make appropriate judgments regarding prospective employees, current employees, retirees and/or the beneficiaries of certain corporate benefit programs. THA will collect and retain only such personal information that is necessary to administer personnel and benefits programs, and/or to remain in compliance with relevant federal and state employment laws.

Employees should read and comply with the section of the THA Employee Handbook entitled "Employee Records."

The confidentiality requirements of this section do not prohibit the disclosure of a trade secret or other confidential information: (1) to a government official, either directly or indirectly, or to an attorney solely for the purpose of reporting or investigating a suspected violation of law; or (2) in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. In addition, an individual who files a lawsuit for retaliation by an employer for reporting a suspected violation of law may disclose the trade secret to the attorney of the individual and use the trade secret information in the court proceeding if the individual: (1) files any document containing the trade secret under seal; and (2) does not disclose the trade secret, except pursuant to court order.

Political Activities and Contributions

Political advocacy in support of the interests of THA and its members is the cornerstone of the association's existence. THA encourages covered persons to exercise their political rights. While exercising those rights, however, covered persons must recognize that relationships with potential and incumbent public officials can be very sensitive and potentially embarrassing to THA. Employees also should read and maintain compliance with the section of the THA Employee Handbook entitled "Employee Political Activity."

A. Coordinated Advocacy

THA and its members are very successful when they work together and present a united voice on advocacy issues. THA and its members should continue to work together to address all advocacy issues at both the state and federal levels. Even when members fail to agree, THA expects all of its members to coordinate with THA staff on all advocacy issues.

As a matter of policy, THA will oppose legislation that is considered to have a negative impact on member hospitals. If a member initiates legislation that is harmful to another member, the policy of THA will be to actively oppose such legislation, given the fact that the history of such legislative activity has been a bypass of the appropriate channels for addressing the issue(s) at hand. A member who intends to initiate legislation that is harmful to another member hospital may bring the issue to the THA Executive Committee prior to filing of the

legislation for discussion. However, absent compelling rationale to cause a reconsideration of opposition, THA actively will oppose such legislation.

B. Contributions

No contribution of THA funds, property or services to any political party or committee, or to any candidate for or incumbent holder of any office of any governmental body shall be made by a covered person unless it is a lawful contribution made by operation of a THA or American Hospital Association (AHA) political action committee or pre-approved contributions of corporate funds to support or oppose public referenda or similar ballot initiatives.

Contributions to THA's political action committees are totally voluntary. Covered persons shall be responsible for maintaining current understanding of applicable state and federal laws and regulations relating to such contributions and shall comply with such laws and regulations

Business Relations

THA is committed to the principle of fair competition and dealing openly and honestly with individuals and organizations. THA values each member's affiliation, and shall provide exceptional service and value to keep it. THA pledges to foster an environment that is fair, ethical and honorable, and ensure full and consistent compliance with all antitrust and competition laws applicable to THA business.

Gifts, Gratuities and Entertainment

Giving or accepting gifts and entertainment sometimes can be construed as an attempt to influence the other party. Therefore, it is THA's policy not to accept gifts from any company that currently is doing business, seeking to do business or would reasonably be expected to do business with THA. This prohibition does not apply to travel, lodging, meals or fees in connection with bona fide business, education or marketing-related trips or to nominal gifts or consideration that have been disclosed to and approved by the employee's supervisor. THA employees shall exercise prudent judgment at all times to avoid any situation that might be subject to question.

Gifts from THA to employees of any company or governmental entity that currently is doing business, seeking to do business or would reasonably be expected to do business with THA may be restricted by the relevant policies of that company. THA will not knowingly make gifts that violate state or federal law or any other company's policy.

Conflict of Interest

Each covered person shall avoid a conflict of interest involving his or her responsibilities to THA and any outside interest. Appearances often count so be mindful that the fairness and appropriateness of a person's conduct may be judged by how it appears to others. A good rule of thumb is a potential conflict of interest exists any time a third party viewing an individual's actions might believe the actions are not motivated solely by the person's responsibilities to THA, but by another "personal" or "outside" interest.

It is the policy of THA to avoid a conflict of interest in appearance and in fact. If an individual believes a conflict of interest exists, it must be disclosed to THA. If an employee, disclosure shall be made to the employee's supervisor. If a board member, disclosure shall be made to the chair officers of the THA board of directors. All other potential conflicts of interest shall be disclosed to THA's general counsel or chief operating officer.

In the event a THA employee, officer or board member has a conflicting interest relative to a business transaction being considered by the board, then that employee, officer or board member shall inform the chair of the board in writing, as soon as the conflict is known.

Such disclosure shall state the existence and nature of the conflicting interest and all facts known to the employee, officer or board member respecting the subject matter of the transaction that a person free of such conflicting interest reasonably would believe to be material in deciding whether to proceed with the transaction.

However, information that is subject to a legally enforceable obligation of confidentiality or a professional ethics rule is not required to be disclosed in the disclosure statement relative to that information.

A "conflicting interest" exists if a THA employee, officer or board member, the employer of a THA board member, or the spouse, parent, sibling or child of a THA employee, officer or employee: (a) has a material financial interest in the entity with which THA is considering a business transaction that would be reasonably expected to impair the objectivity of the judgment of the employee, officer or board member when participating in the action on the authorization of the transaction; or (b) has a material relationship, such as a familial (as defined by law), financial, professional, employment or other relationship that would be reasonably expected to impair the objectivity of the employee's, officer's or board member's judgment when participating in the action to be taken.

Each employee, officer and member of the THA board of directors shall sign a conflict of interest policy provided by THA and consistent with Tennessee Code Annotated, Title 48, Chapter 18, Part 701 et seq.

Outside Employment and Loans: No THA officer or employee may work for a company that currently is doing business, seeking to do business or would reasonably be expected to do business with THA or any THA subsidiary. Employees shall review and maintain compliance with the THA Employee Handbook in relation to outside employment. Such employment by a member of an officer or employee's family shall be disclosed to THA. THA shall not extend a loan or letter of credit to any board member, officer or employee.

Service on Boards: If a THA officer or employee serves on the board of directors (or comparable body) of any company that currently is doing business, seeking to do business or would reasonably be expected to do business with THA or any of its subsidiaries, the officer or employee shall disclose that service to the THA board of directors and THA president.

Reporting Code of Business Conduct Violations

As stated herein, it is each covered person's personal responsibility to report actual or suspected violations of the THA Code of Business Conduct, including suspected misconduct, fraud, misuse of THA assets or other violations. In the case of employees, such reports shall be made to the employee's manager or supervisor, THA chief operating officer or human resources officer. THA shall take all such reports seriously, and each will be investigated accordingly. THA policy prohibits any retribution or retaliation against a covered person for making such reports unless a report is found not to have been made in good faith, which shall subject the maker of the report to discipline.

Enforcement

The THA Code of Business Conduct is intended to present principles of legal and ethical business behavior. It is by no means a complete and exhaustive list, but THA believes it is sufficient to direct covered persons through most ethical considerations.

In the event a legal or ethical violation does occur, however, violators should expect disciplinary action, as well as applicable legal actions and fines.

Waivers

Waivers to these standards only may be granted as provided herein or by the THA board of directors or THA president in writing. Any granted waiver shall be appropriately disclosed to the officers of the THA board and the officers of the THA corporation.