

**Hackensack University Health Network
Governance Policy Manual**

Outside Business Activities of the Board and Management

Policy #: 0005

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Purpose: To encourage participation by corporate officers, trustees, governors and management personnel in outside business activities (e.g., non-profit boards and volunteer service) when doing so is (a) supportive of the charitable mission of the Hackensack University Health Network and its Subsidiaries (the "Corporation"); (b) does not interfere with the performance of an individual's duties and obligation to the Corporation; and (c) does not create a "conflict of interest", as that term is defined in the Corporation's Policy on Conflict of Interest.

To establish a procedure by which the Board may monitor participation in Outside Business Activities by individual members of the Board, individual corporate officers and management personnel to implement a specific approval process regarding same, and to preserve and protect the charitable mission and public reputation of the Corporation.

To acknowledge the potential for controversy, and embarrassment to the Corporation and its charitable mission that could arise in the event that a member of the Board of the Corporation, corporate officer or management personnel was determined to be participating in an activity outside of the scope of his/her Board service and/or employment with the Corporation, which participation was inconsistent with the mission of, or governance or full-time employment service to, the Corporation.

To restrict the ability of a corporate officer or management personnel serving in a position functionally equivalent to that of a corporate officer, to serve on the board of for-profit organizations.

To facilitate a resolution of challenges that may occur when a board member's participation in outside business activities materially interferes with the performance of his duties and obligations to the Corporation.

Policy: A Covered Person shall not participate in Outside Business Activities without the express written approval of the Corporation. Any compensation payable to a Covered Person from an Approved Outside Business Activity shall belong to said Covered Person unless (a) such Covered Person is serving in the Approved Outside Business Activity due to his or her position with the Corporation or an affiliate (e.g., a Board position dedicated to whomever is at that time serving as the Medical Center CEO); or (b) if doing so would be inconsistent with applicable law and regulations governing the corporation and its affiliates, as determined in the view of the Executive Vice President and General Counsel.

No corporate officer or management personnel in a position functionally equivalent to that of a corporate officer shall serve as a board member of a for-profit corporation in which the corporation or its affiliates does not hold an ownership interest. Additionally, no corporate officer or management personnel

shall serve in any role in a political action committee (PAC) or other such entity that would be in conflict with the charitable mission or tax exempt purpose of the corporation or its affiliates.

Definitions:

Covered Persons. This Policy shall apply to all Board members, and to all management personnel and all persons who serve in a position functionally equivalent to that of a corporate officer (whether as an employee or independent contractor, of (i) the Corporation (ii) any Corporation or other legal entity for which the Corporation serves as sole or controlling member or “controlling” (i.e., greater than 50%) shareholder or partner; and (iii) any Corporation or other legal entity for which the legal entity described at 2 (a) (ii), above serves as sole or controlling corporate member or controlling shareholder or partner.

Outside Business Activities: An “Outside Business Activity” for purposes of this Policy, shall include service as a director, trustee, officer, committee member, employee, independent contractor, consultant, advisor, agent or similar position with another not-for profit organization. The Policy shall not be construed to prohibit or discourage volunteer service in the ordinary course; only such outside activity (volunteer or not) which by its nature would interfere with a Covered Person’s regular duties with the Corporation, present a conflict of interest, or would otherwise be inconsistent with the mission and charitable purpose of the Corporation.

Approved Outside Business Activity: Shall mean an Outside Business Activity which has been disclosed to and approved by the Board or the Corporation. No Covered Person may use any confidential or proprietary information concerning the Corporation in connection with an Approved Outside Business Activity.

Disclosure of Outside Business Activity: It shall be an affirmative obligation of each Covered Person to submit to the Governance Committee (c/o Executive Vice President and General Counsel) a Request for Approval of Outside Business Activity prior to accepting any Outside Business Activity. The submission shall be made consistent with the attached disclosure statement and made a part of this Policy. Those outside business activities pre-existing as of the date a Covered Person assumes his or her position as such with the Medical Center shall be disclosed to the Board on the same form and continuing service in such Outside Business Activity shall be subject to Board approval. A Covered Person shall not participate in the consideration of approval of any proposed Outside Business Activity.

Criteria for Board Consideration. In evaluating a Request for Approval of Outside Business Activity, the Board shall consider the following factors, among others:

- i. The specific nature, terms and conditions of the proposed Outside Business Activity;

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- ii. The anticipated time commitment from the Outside Business Activity and whether it creates the potential to interfere with the regular duties of the Covered Person (to the Corporation);
- iii. The extent to which the Outside Business Activity, if approved, would further the mission and charitable purpose of the Corporation (including but not limited to) whether the Outside Business Activity, if approved, would further the professional development of the Covered Person or enhance the reputation of the Corporation;
- iv. The nature of the compensation to the Covered Person (if any) from the Outside Business Activity;
- v. Whether the Outside Business Activity, if approved, would create a potential conflict of interest for the Covered Person under the Board's Conflict of Interest Policy;
- vi. Whether the Outside Business Activity, if approved, would require that the Covered Person use materials, facilities or resources of the Corporation in the performance thereof;
- vii. The results of the most recent performance evaluation of the Covered Person (as may be applicable); and
- viii. Such other factors as the Board may determine relevant.

Continuing Obligation: It shall be the continuing obligation of the Covered Person to immediately disclose to the Board any material change in the form or nature (including but not limited to) change in scope of duties, change in form of compensation and change in focus of the business activity in an Approved Outside Business Activity. Such disclosure should be made on the attached form.

Violation: Conduct by a Covered Person contrary to this Policy shall constitute a breach of terms of employment (or the independent contractor relationship, as the case may be) or of membership on the Board a committee thereof and may lead to disciplinary action (including in situations deemed by the Board as "egregious," separation from employment with the Corporation).

Policy Applications: The Board shall at all times adhere to the Governance Policies of the Corporation (including but not limited to) the Confidentiality, Appropriation of Corporate Opportunity and Conflict of Interest policies in considering requests for approval of Outside Business Activities pursuant to this Policy. The Board shall also involve the Executive Vice President and General Counsel in its deliberation under paragraph 5 of the Policy.

Reviewed: 09/06, 1/10

Request for Approval of Outside Business Activity

Covered Party: _____

Corporate Entity: _____

Position/Title: _____

The purpose of this form is to facilitate the review and, if appropriate, approval of any request you may have to participate in an Outside Business Activity, as defined in the attached Governance Policy, "Outside Business Activities of Board and Senior Management" ("Policy").

Accordingly, please complete the following questions as thoroughly as possible, date and sign the completed form and return it to the Office of the Vice President and General Counsel. All initially capitalized words and phrases herein shall have the same meaning as ascribed to them in the Policy.

1. What is the nature of the Proposed Outside Business Activity? Describe the name of the entity and title/scope of position you are being asked to assume (e.g., employee, independent contractor, volunteer, Governor or officer).
2. What is the nature of the entity's business? Is it a competitor of the Corporation or an Affiliate of the Corporation?
3. If the entity is a charitable organization, what is the nature and scope of its charitable mission? To what extent is such mission consistent with, or inconsistent with, the charitable mission of the Corporation?
4. If the entity is a charitable organization, will you be required to participate in fundraising or other charitable solicitation activities?
5. Is any compensation or honoraria associated with the proposed Outside Business Activity? If the answer is "yes," please describe the nature of the compensation or honoraria.
6. What is your understanding of your qualification for the Outside Business Activity?
7. How long is the term of the proposed Outside Business Activity? What do you anticipate the related time commitment to involve? Does it create the potential for interfering with the performance of your responsibilities to the Corporation?
8. To what extent would the Outside Business Activity further the mission and charitable purpose of Corporation?
9. Would the Outside Business Activity create a potential for a conflict of interest to arise under the Board's Conflict of Interest Policy?
10. Would the Outside Business Activity require use of Corporation materials, facilities, resources or confidential information in the performance thereof?

NAME: _____

SIGNATURE: _____

POSITION: _____

DATE: _____