

Conflict of Interest

# Trustee Conflict of Interest Policy

## Scope

Applies to all members of the Mayo Clinic Board of Trustees. Also applies to all members of the Mayo Clinic Community Accountable Care Organization, LLC Governing Board (ACO Board) as well as ACO Corporate Officers.

## Purpose

Mayo Clinic has adopted and continuously updates extensive Conflict of Interest Policies which are required by Federal Regulation and by Mayo Clinic principles pertaining to Conflict of Interest.

These policies are managed through the Mayo Clinic Conflict of Interest Review Board (“MCCIRB”). The MCCIRB reports to the Mayo Clinic Board of Governors. MCCIRB minutes and recommendations for management of conflicts of interest are subject to review and approval by the Board of Governors.

In addition, as outlined in this Trustee Conflict of Interest Policy, conflict of interest matters involving Mayo Clinic Trustees are subject to additional review by the Governance & Nominating Committee of the Mayo Clinic Board of Trustees and, as necessary, by the full Board of Trustees.

The purpose of this “Trustee Conflict of Interest Policy” is as follows:

- a. Facilitate Trustee Compliance: Facilitate Trustee Compliance with Mayo Clinic Conflict of Interest Policies by disclosure requirements, management strategies, and procedures that relate to the internal and public members of the Board of Trustees.
- b. Supplement Mayo Clinic Conflict of Interest Policies and Legal Requirements: Supplement—and not replace—Mayo Clinic’s Conflict of Interest Policies as well as any applicable state or federal laws that may impose more restrictive conflict of interest standards in particular circumstances.
- c. Supplement Mayo Clinic Conflict of Interest Review and Management Procedures: Supplement—and not replace—existing Mayo Clinic Conflict of Interest review and management procedures. This includes:
  - i. administrative procedures to identify potential conflict of interest transactions (through an evolving database of disclosure information that is compared to purchasing and other proposed transactions and relationships to identify potential conflicts of interest) and
  - ii. initial review and decision of the MCCIRB regarding all identified potential conflicts of interest.

## Policy

Each member of the Mayo Clinic Board of Trustees has a fiduciary duty to act in the best interests of Mayo Clinic and to avoid conflict of interest or the appearance of conflict of interest with respect to exercise of a Trustee’s duties and responsibilities as a Trustee. Each Trustee is prohibited from individually attempting to influence internal Mayo Clinic business and policy decisions or using Mayo Clinic confidential information except in the exercise of the individual’s fiduciary duties as a Trustee.

### 1. Annual and Ongoing Disclosure

#### a. Annual Disclosure

Each Trustee shall file annually with the MCCIRB a Disclosure Statement regarding all matters identified by the MCCIRB or by the Governance & Nominating Committee of the Board of Trustees as necessary to effectively enforce the Policy. A copy of the current Annual Disclosure Form is incorporated in this Policy as Attachment 1.

Trustees shall continue to file annual disclosures for one year after the conclusion of their service on the Board of Trustees.

In addition, if payments made to a Trustee within five years of the conclusion of their service on the Board of Trustees require the Trustee to be listed on the Mayo Clinic IRS Form 990, an annual disclosure will be required.

The annual disclosure shall be filed within the timeframe specified by the MCCIRB. Information disclosed shall initially include the following:

- i. Policy Acknowledgement: Acknowledgement that the Trustee has received, reviewed, and agrees to comply with the Trustee Conflict of Interest Policy which shall be attached to the Disclosure Form.
- ii. Employee, Officer, or Director: Any for-profit or non-profit entity or business in which the Trustee is an employee, officer, or director, or in which a "Covered Family Member" is an officer or director.
- iii. Individual Ownership Interests of the Trustee or of a "Covered Family Member"
  1. Ownership Greater than Thirty-Five Percent (35%)

An ownership interest in a public or non-public entity of greater than thirty-five percent (35%) regardless of whether the entity is known to sponsor research or conduct business with any Mayo-affiliated entity.

2. Public Entity Ownership Greater than One Percent (1%)

An ownership interest in any public entity that is more than one percent (1%) of the total ownership interest of the entity if the entity (1) sponsors or plans to sponsor research with any Mayo-affiliated entity or (2) conducts or plans to conduct any business transactions with any Mayo-affiliated entity.

3. All Non-Public Entity Ownership

Any ownership interest in a non-public entity (taxable or non-profit) or fund regardless of percentage of ownership or value of the ownership interest if the entity (1) sponsors or plans to sponsor research with any Mayo-affiliated entity or (2) conducts or plans to conduct any business transactions with any Mayo-affiliated entity.

#### b. Ongoing Disclosure

Each Trustee shall have an ongoing obligation to promptly disclose to the Chair of the MCCIRB (507-538-8288) or to the Mayo Clinic Chief Legal Officer (507-538-1103) new information required by the Annual Disclosure.

#### c. Confidential Treatment of Disclosure Information

All disclosure statements and related documentation shall be maintained in confidence, and access shall be limited to persons who have a reasonable need to know for purposes of administering and enforcing this Policy.

#### d. Conflict of Interest Review Board Recommendations

The MCCIRB shall review all annual and ongoing disclosures received from Trustees, shall make such further investigation as it deems appropriate with regard to interests disclosed, and shall recommend such management steps as it deems appropriate to ensure that potential conflicts of interest are identified and managed in compliance with this Policy.

#### e. Annual Summary of Disclosure Information and Determination of "Independence" Regarding Trustees

The Chair of the MCCIRB shall annually provide to the Governance & Nominating Committee a summary of all relevant information contained in the annual disclosure statements (and shall periodically update the summary whenever relevant information is disclosed through ongoing disclosures or otherwise becomes known) and shall make a recommended finding as to whether each public member of the Board of Trustees is an "Independent Trustee" as defined in this Policy.

Upon receipt of the annual summary and any ongoing updates, the Governance & Nominating Committee shall make a determination whether each Trustee is an "Independent Trustee" as defined in this Policy and the Chair of the Governance & Nominating Committee shall report its findings to the full Board of Trustees.

## 2. Disclosure, Recusal and Management of Specific Conflicts of Interest

### a. Disclosure

In addition to annual and ongoing disclosures, a Trustee must make full disclosure to the Chair of the MCCIRB and to the Chief Legal Officer of any transaction or relationship involving the Trustee or a "Covered Family Member" which the Trustee knows or has a reasonable basis to believe may compromise

or may have the appearance of compromising the ability of the Trustee or of Mayo Clinic to make decisions regarding the transaction or relationship with only the best interests of Mayo Clinic and its patients in mind.

b. Bi-Lateral Recusal

Any Trustee involved in an actual or potential “conflict of interest” defined under the Policy shall not participate in any discussion or action regarding the matter at any level within Mayo Clinic or at any level within any third party organization involved in the potential conflict of interest.

The Trustee shall respond to requests for factual information required by Mayo Clinic or by the third party organization in connection with its decision-making and management procedures pursuant to this Policy.

Such recusal shall be documented in all minutes of meetings related to the matter at Mayo Clinic and, when appropriate, at the third party organization.

c. Conflict of Interest Review Board Recommendation

Each potential conflict of interest involving a Trustee shall first be reviewed by the MCCIRB pursuant to its policies and procedures. The MCCIRB shall make a recommendation whether the proposed transaction or relationship is permissible and, if so, shall recommend such management steps as it deems appropriate.

The involved Trustee shall not be present during consideration of the matter by the MCCIRB except to answer questions of the MCCIRB as may be necessary. The involved Trustee shall not be present during final deliberations on the matter by the MCCIRB.

d. Governance & Nominating Committee Review

The Chair of the MCCIRB and/or the Chief Legal Officer shall prepare a summary of any proposed conflict of interest transaction or relationship that involves a Trustee.

The summary shall set forth sufficient detail regarding the proposed transaction:

- i. the nature of the Trustee’s conflict of interest,
- ii. current and independent benchmark or other data related to the proposed transaction or relationship,
- iii. an assessment as to whether it appears that Mayo Clinic could reasonably and practicably obtain a more advantageous transaction or arrangement from a person or entity that would not give rise to a conflict of interest, and
- iv. such other information as may be required by the Governance & Nominating Committee.

In the event any member of the Governance & Nominating Committee has a potential conflict of interest regarding the transaction or relationship, the Trustee member of the Governance & Nominating Committee with a potential conflict of interest shall:

- i. not be present during consideration of the matter by the Governance & Nominating Committee except to answer questions of the Governance & Nominating Committee as may be necessary.
- ii. not be present during final action on the matter by the Governance Committee.

The Governance & Nominating Committee shall consider all potential conflicts of interest involving a Trustee in compliance with the following three-step process:

- i. Independent review by the Governance & Nominating Committee;
- ii. Consideration of independent comparability data including third-party analysis/appraisal when deemed appropriate or necessary by the Governance & Nominating Committee; and
- iii. Documentation of independent action by a majority vote of the Governance & Nominating Committee and, before approving the proposed transaction or relationship, finding that the transaction or relationship is fair and reasonable, and that it is in the best interests of Mayo Clinic.

e. Board of Governors Review

The Secretary of the Governance & Nominating Committee will forward its findings to the Mayo Clinic Board of Governors for review. The Board of Governors shall also review the recommendation of the MCCIRB and shall have the opportunity to consult with the Chair of the MCCIRB.

The involved Trustee shall not be present during consideration of the matter by the Board of Governors except to answer questions as may be necessary. The involved Trustee shall not be present during final

deliberations on the matter by the Board of Governors.

The Board of Governors will notify the Governance & Nominating Committee as to whether it endorses the findings of the Governance & Nominating Committee or proposes a modification to those findings.

f. Final Decision and Oversight

- i. If the Board of Governors endorses the findings of the Governance & Nominating Committee, or if the Governance & Nominating Committee accepts the modifications proposed by the Board of Governors, the Governance & Nominating Committee's action shall be deemed the final decision regarding potential conflict of interest matters involving Trustees; however, it is also deemed essential under this Policy that the full Board of Trustees be informed regarding all such potential conflict of interest transactions and have full access to all related information.
- ii. If the Governance & Nominating Committee does not accept the modifications proposed by the Board of Governors, then the full Board of Trustees will be responsible for making a final decision on the matter. In reaching its decision, the full Board of Trustees will review the same materials submitted to the Governance & Nominating Committee and the Board of Governors. The Trustee whose potential conflict of interest is at issue will not be present during the discussion except to answer questions and shall not be present for the final decision. Approval of the proposed transaction or relationship will require a majority vote of the full Board of Trustees and a finding that the transaction or relationship is fair, reasonable, and in the best interests of Mayo Clinic.
- iii. To the extent the final decision involves a conflict of interest management plan, the plan will be developed by the MCCIRB and compliance with the plan will be monitored by an oversight committee chaired by the Chair of the Board of Trustees and comprised of one public member and two internal members of the Board of Trustees and the Chair and Secretary of the MCCIRB.

g. Delegation of Authority.

The Governance & Nominating Committee and Board of Governors may delegate authority to the MCCIRB to review certain conflict of interest matters without additional review by the Governance & Nominating Committee and the Board of Governors.

However, with regard to any such conflict of interest matter delegated to the MCCIRB, the Governance & Nominating Committee and Board of Governors will review the matter as specified in paragraphs 2.d through 2.f of this policy if requested to do so by the MCCIRB.

h. Annual Report of Transactions with "Disclosed" Entities

The Chair of the MCCIRB shall provide annually to the Governance & Nominating Committee and to the Board of Trustees a report of all transactions and relationships identified by the MCCIRB between any Mayo Clinic affiliated entity and any individual or entity listed in the Annual or Ongoing Disclosures provided by Trustees.

3. Trustee-related Investments

a. Trustee-related investments deemed manageable with appropriate review by the Conflict of Interest Review Board

Treasury Services shall submit to the Mayo Clinic Conflict of Interest Review Board all proposed Trustee-related investments for review and development of a management strategy to mitigate any potential conflict of interest. Such investments include, but are not limited to, the following:

- i. An existing investment in a private equity and/or hedge fund for which a new Trustee is a limited or general partner.
- ii. A proposed investment in a private equity and/or hedge fund in which a Trustee, spouse or dependent child is a limited partner.
- iii. A proposed investment in a private equity and/or hedge fund in which a Trustee's non-dependent child is a limited or general partner.
- iv. A proposed investment in a private equity and/or hedge fund in which a Trustee, spouse or dependent child has an advisory or consulting relationship.
- v. A proposed investment in a mutual fund or other form of comingled funds sponsored by a company with which a Trustee, spouse or dependent child is affiliated.

b. Trustee-related investments generally prohibited

Mayo Clinic shall not make the following trustee-related investments without a special exception granted by the Conflict of Interest Review Board and the Governance & Nominating Committee of the Board of Trustees:

- i. An investment in a private equity and/or hedge fund for which a Trustee, spouse or dependent child serves as a general partner.
- ii. An investment in a private equity and/or hedge fund for which a Trustee, who is a member of the Investment Committee, or his/her spouse or dependent child is a limited or general partner.

All potential investments regarding Trustee-related companies must be submitted to the Conflict of Interest Review Board for review and development of a management strategy. Specific exceptions may be granted by the Conflict of Interest Review Board with concurrence from the Governance & Nominating Committee in exceptional circumstances. All exceptions must be reported to the full Board of Trustees.

#### 4. Violations of the Conflict of Interest Policy

If the MCCIRB, the Mayo Clinic Board of Governors, or the Governance & Nominating Committee has reasonable cause to believe that a Trustee has failed to comply with this Policy, it shall inform the Trustee of the basis for such belief and afford the Trustee an opportunity to explain the alleged compliance failure.

If, after hearing the Trustee's response and after making further investigation as warranted by the circumstances, the Governance & Nominating Committee determines that the Trustee has failed to comply with this Policy, it shall recommend to the full Board of Trustees appropriate corrective action and/or discipline.

## Policy Notes

N/A

## Related Procedures

N/A

## Related Documents

[Mayo Clinic Conflict of Interest Policies](#)

Annual Conflict of Interest Disclosure Form

## Definitions

**Conflict of Interest:** Any situation in which an Individual Interest or other personal consideration involving a Trustee (or any former Trustee who completed service as a Trustee within the prior five years) may compromise or may have the appearance of compromising the ability of the Trustee or of Mayo Clinic to make decisions regarding the situation with only the best interests of Mayo Clinic and its patients in mind.

**Covered Family Member:** A spouse, ancestor, brother, sister, child, grandchild, great grandchild, or the spouse of any of the foregoing family members.

**Independent Trustee:** A current Trustee determined by the Governance & Nominating Committee to be unaffiliated with Mayo Clinic and its Subsidiaries (other than serving as a Trustee) and who:

- a. receives no compensation (other than Public Trustees receiving expense reimbursement and medical benefits as provided by Mayo Clinic policies and except for Internal Trustees who receive compensation, benefits, and other payments as provided by Mayo Clinic policies); and
- b. has no direct or indirect material relationship with Mayo Clinic or any of its Subsidiaries as determined by the Governance & Nominating Committee.

**Material Relationship:** The following and such additional relationships as the Governance & Nominating Committee and the Board of Trustees specifically determine to constitute "material relationships": Any Trustee who (or whose Covered Family Member) is an executive officer of a company with annual payments to or from Mayo Clinic or any of its Subsidiaries more than the greater of two percent (2%) of either company's annual gross revenue or one million dollars (\$1,000,000.00).

**Trustee and Trustees:** Refers to both internal and public members of the Board of Trustees.

## References

N/A

## Owner

[Monica M. Sveen Ziebell](#), M.B.A. on behalf of the Conflict of Interest Review Board

## Contact

Chair, Mayo Clinic Conflict of Interest Review Board

Chief Legal Officer

Chair, Governance & Nominating Committee of Board of Trustees

## Revision History

Date	Synopsis of Change
08/13/2019	Revised - Added ACO statement to Scope as required by CMS and checked document into the Policy and Procedure Management System.
11/27/2018	Scheduled Review - Placed in current Policy Template; updated Purpose and select Policy statements.
05/11/2007	<p>Approval for need to establish document:</p> <p>Mayo Clinic Conflict of Interest Review Board: April 18, 2007; Amended September 29, 2011; Amended January 13, 2016; Amended February 3, 2017; Amended October 4, 2018</p> <p>Mayo Clinic Board of Governors: April 23, 2007; Amended October 15, 2018</p> <p>Mayo Clinic Board of Trustees: May 11, 2007; Amended November 11, 2011; Amended February 19, 2016; Amended February 17, 2017; Amended November 9, 2018</p>

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Workflow Approver Name(s): Sveen Ziebell, Monica M., M.B.A.

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Comments: Per Accreditation guidance provided in March 2020, Decorah IA does not need to be listed as a Site location in the Policy Library, as it is covered under the Rochester Healthcare Organization (HCO) designation and is no longer a MCHS site. Mayo Clinic closed its hospital and Emergency Department in Springfield, as well as its clinics in Springfield and Lambertton, effective March 1, 2020.

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