

NORTHWEST KIDNEY CENTERS

CONFLICT OF INTEREST POLICY

The purpose of this Policy is to protect Northwest Kidney Centers (“NKC”) when it is considering a transaction or arrangement that might benefit the private interests of any trustee, officer, Regional Council member, Senior Council member, committee member, medical director or senior management employee (as defined by the NKC Executive Committee), of either NKC or Northwest Kidney Centers Foundation (each of whom is hereafter referred to as a “Person”). This Policy is intended to guide NKC and such Persons to avoid Conflicts of Interest, and when they occur, to disclose them fully and to resolve them through appropriate procedures. Nothing in this Policy relieves any person of any duty or obligation arising under law or the Articles of Association or Bylaws of NKC. This Policy supplements, but does not replace, any applicable laws governing conflicts of interest applicable to nonprofit and charitable corporations.

1. DUTIES OF PERSONS COVERED BY THIS POLICY

a. **Duty of Care.** Every Person shall discharge his or her duties in good faith and with the degree of care that an ordinarily prudent person in a like position would exercise under similar circumstances.

b. **Duty of Loyalty.** Every Person shall act with loyalty to NKC, meaning that no Person may use his or her corporate position to make personal profit or gain other personal advantage. No Person may engage in a transaction or arrangement with NKC that confers unfair gains or secret profits. No Person may personally take advantage of a business opportunity that is offered to NKC, or to the Person by virtue of his or her position with NKC, unless the Board of Trustees determines (after full disclosure and a disinterested and informed evaluation) not to pursue that opportunity.

c. **Confidentiality.** No Person shall disclose any confidential information related to NKC’s business to any person or entity unless disclosure is appropriate and necessary to the legitimate business of NKC.

d. **Conflicts of Interest.** No Person may engage in any transaction or arrangement or undertake a position with other organizations that involves a conflict of interest, except in compliance with this Policy. Each Person should avoid both actual conflicts and the appearance of conflicts of interest. Every Person shall:

- (i) Disclose all actual and potential conflicts as set out below at Section 3; and
- (ii) Recuse himself/herself from voting on any transaction or arrangement in which he/she has a potential or actual conflict of interest, and shall not be present when any such vote is taken.

2. DEFINITION OF CONFLICT OF INTEREST

a. Potential Conflict. A Person may have a conflict of interest with respect to a particular transaction or arrangement whenever he or she, or any of his or her immediate family members, directly or indirectly:

(i) Receives compensation or other funding directly or indirectly from NKC and the transaction or arrangement involves such compensation or funding;

(ii) Has or anticipates having a compensation arrangement with any entity or individual that either: (a) sells goods or services to, or purchases services from NKC; (b) has any other transaction or arrangement with NKC; or (c) competes with NKC;

(iii) Has or anticipates having any ownership interest, investment interest, or serves or anticipates serving as a director, trustee or officer of, any entity that either: (a) sells goods or services to, or purchases services from NKC; (b) has any other transaction or arrangement with NKC; or (c) competes with NKC; or

(iv) Has accepted any gift, entertainment, or other favor where such acceptance might create the appearance of influence on the Person (other than gifts of nominal value, which are clearly tokens of respect and friendship unrelated to any particular transaction).

b. No Conflict. A Person does not have a conflict of interest if the Person owns securities of a publicly traded company with which NKC has a transaction or arrangement if:

(i) Such securities are less than 10% of the outstanding securities of the publicly traded company; and

(ii) Their fair market value is less than 10% of the Person's annual gross income.

3. DISCLOSURE, EVALUATION AND RESOLUTION

a. Disclosure. Each Person shall promptly disclose all material facts of every actual or potential conflict of interest (i) existing when he or she is offered, elected or hired to become a Person, (ii) occurring after the acceptance of a position as a Person, and (iii) annually through a conflict of interest survey, a copy of which is attached hereto as Attachment A. All disclosures involving a transaction or arrangement being considered at a meeting of the Board or a committee shall be made to all members present at such meeting. All other disclosures shall be made to the Chief Executive Officer and/or Chair of the Board of Trustees. A Person who is in doubt as to the existence of a conflict of interest is encouraged to disclose all facts pertaining to the transaction or arrangement before undertaking the transaction or arrangement or making any decision in the matter.

b. Evaluation. The Chief Executive Officer or the Chair of the Board shall disclose to the Executive Committee all conflicts of interest reported to him or her under this Policy. The

Executive Committee will evaluate the disclosures to determine whether they involve actual conflicts of interest and may attempt to develop alternatives to remove the conflict from the situation. The Executive Committee shall report to the Board regarding the actions undertaken by the Executive Committee pursuant to this section, and the Board shall review such actions and may undertake additional evaluation in its discretion. The Person who has the actual or potential conflict of interest shall not be present or shall leave any meeting where the conflict is being voted upon, but may be present, at the Executive Committee's or Board's discretion, prior to the vote or discussion of the vote to make a presentation to the Executive Committee or Board, disclose additional facts, or respond to questions.

c. Resolution. NKC may enter into a transaction or arrangement in which a Person has a conflict of interest only if:

(i) The Person has disclosed such conflict of interest in accordance with this Policy and a majority (or such other number required by NKC's Articles of Incorporation or Bylaws, but in any event not fewer than two) of those Trustees or committee members who have no interest in the transaction or arrangement approves the transaction or arrangement after determining, in good faith and after reasonable investigation, that the transaction or arrangement is fair and reasonable to NKC and is in the best interest of NKC. Such approval must be given at a duly held meeting of either the Board or a committee specifically appointed by the Board for such purpose, and the notice for the meeting shall describe the transaction or arrangement in question. At this meeting, no Person with a conflict of interest with respect to the transaction or arrangement may participate in any deliberation of or be present for the vote regarding any such transaction or arrangement (provided, however, that any such Person may appear at a meeting to answer questions concerning the transaction or arrangement; and

(ii) The Board relies upon appropriate comparability data, such as an independent appraisal or an independent compensation study, in reaching its determination as to the fairness and reasonableness of the transaction or arrangement.

d. Transaction Fair to NKC. It shall not be a violation of this Policy if all the requirements for formal approval, outlined above, are not satisfied, so long as the transaction or arrangement is in fact fair to NKC, furthers NKC's charitable purposes, and does not result in inurement, impermissible private benefit, or an excess benefit transaction under laws applicable to organizations exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code.

4. RECORDS OF PROCEEDINGS

The minutes of the Board or any committee described in Section 3(c)(i) above shall contain: (i) the names of the persons who disclosed an actual or potential conflict of interest or otherwise were found to have a conflict of interest, the nature of the conflict of interest, any action taken to determine whether a conflict of interest was present, and the Board's or committee's decision as to whether a conflict of interest in fact existed; and (ii) the names of the persons who were present for discussions and votes relating to the transaction or arrangement, the content of the discussion, including any alternatives to the proposed transaction or arrangement, and a record of any votes taken in connection therewith.

5. COMPLIANCE AND ENFORCEMENT

Each Person shall sign a statement that affirms that he or she has received a copy of this Policy, has read and understands it, and has agreed to comply with it.

If the Board has reasonable cause to believe that a Person has failed to comply with this Policy, the Board may inform the Person of the basis for such belief and afford him or her an opportunity to explain the alleged failure to disclose. If, after hearing the response of the Person and making such further investigation as may be warranted in the circumstances, the Board determines that the Person has in fact failed to comply with this Policy, it shall take appropriate disciplinary and corrective action, including removal from office, contract termination or termination of employment. The Board shall have final authority in all matters relating to conflicts of interest.

CERTIFICATE OF ADOPTION

The foregoing Conflict of Interest Policy was adopted the Board of Trustees of Northwest Kidney Centers at a meeting duly held on the 27 day of Sept, 2007.

By: Craig R. Sordani
Secretary