

**VIRGINIA HOSPITAL & HEALTHCARE ASSOCIATION
AND AFFILIATES
POLICY ON DIRECTORS' CONFLICTS OF INTEREST**

(Approved by VHHA Board of Directors November 1, 2006)

Directors are expected to discharge their duties, including their duties as members of committees, in accordance with their good faith judgment of the best interests of the Virginia Hospital & Healthcare Association (VHHA) and its affiliates, including VHHA Services, Virginia Hospital Research & Education Foundation (VHREF), HosPAC and Virginia Health Care Waste Management Cooperative, Inc.

This policy identifies circumstances and sets forth procedures to be followed when a director's interests conflict with those of VHHA. This policy shall apply to all members of the VHHA Board of Directors and of the boards of each of its affiliated entities.

This policy shall apply when a director has an interest in a transaction by VHHA or its affiliates for the purchase of goods or services. An interest in a transaction shall be deemed to exist when the director or the director's spouse, parent or child (i) is a party to the transaction or is an officer, director or general partner of an entity that is a party to the transaction, or (ii) is otherwise reasonably likely to gain a significant financial or personal benefit as a result of the board's action on the transaction. Ownership of less than 5% of the outstanding publicly traded shares of an entity is not considered an "interest" for purposes of this policy.

It is recognized that directors have a relationship with VHHA, and therefore no conflict of interest arises out of any transaction that is undertaken in the normal course of business between VHHA and its members.

Any director having an interest in a transaction by VHHA shall disclose such interest to the President or the chairman of the board. If a director is unsure if a conflict exists in a specific instance, he shall consult with the President or the chairman of the board to determine if a conflict exists.

Further, if a conflict exists, the director shall abstain from participating in any VHHA action associated with the conflict, including voting on any question related to the transaction. Such director may express an opinion regarding the matter after having disclosed the related interest but shall not exert undue influence over any decision on the question. Further, the director shall not participate in the implementation or management of the matter.

When any interested director abstains from voting on a transaction due to a conflict of interest, the transaction may be approved by the majority vote of the disinterested directors even though they may constitute less than a quorum. The minutes of the meeting shall reflect each interested director's disclosure of a conflict of interest and the director's abstention from voting.

I have reviewed this policy and agree to abide by its terms.

Member, HosPAC Board of Directors

Date