

**DELTA DENTAL PLAN OF NEW HAMPSHIRE, INC.**  
**CORPORATE DIRECTORS' CODE OF CONDUCT**

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I.	<u>General Legal and Fiduciary Duties of Directors</u>	1
A.	Duty of Loyalty .....	1
1.	Conflicts of Interest.....	2
a.	Participating Membership Agreements .....	2
b.	Use of Corporate Assets or Competition.....	2
c.	Financial or Personal Interest.....	2
d.	Dealings with Corporate Employees.....	3
2.	Corporate Opportunity.....	3
B.	Duty of Care.....	4
1.	Conduct of Meetings.....	4
a.	Attendance.....	4
b.	Active Participation.....	5
c.	Appropriate Decorum.....	5
d.	Procedure.....	5
e.	Open Communication.....	5
II.	<u>Board Structure and Operations</u> .....	6
A.	General Character and Conduct of Directors.....	6
1.	Character.....	6
2.	Conduct.....	6
3.	Gifts.....	6
4.	Avoid Appearance of Conflicts.....	7
5.	Accessibility.....	7
6.	Disclosure Obligations.....	7
a.	Conflict of Interest Statement.....	7
b.	Disclosure of Conflict of Interest Transaction.....	7
B.	Conflict of Interest and Eligibility Qualifications.....	7
C.	Team Player.....	8
D.	Committee Assignments .....	8
1.	Assignments by Chair.....	8
2.	Regular Attendance, Active Involvement and Open Communication on Committees.....	8
3.	Disclosure Obligations .....	8
III.	<u>Confidentiality</u> .....	9
IV.	<u>Political Activities</u> .....	9
A.	Generally.....	9
B.	Conflicts of Interest .....	9
V.	<u>Violations</u> .....	10
VI.	<u>Post-Directorship Activities</u> .....	10
A.	No Unfair Advantage .....	10
B.	Confidentiality.....	10

## **CORPORATE DIRECTORS' CODE OF CONDUCT**

### I. General Legal and Fiduciary Duties of Directors.

Consistent with the Enabling Legislation, RSA 420-F, and Delta Dental Plan of New Hampshire, Inc.'s (the "Corporation") Articles and By-Laws, the directors of the Corporation are responsible for managing the business and affairs of the Corporation, including managing the activities and assets of the Corporation in the best interest of the Corporation and the public purposes for which the Corporation exists. In that regard, in addition to the broad interests of the Corporation, the directors should consider the interests of the membership, contract holders and subscribers. Stated broadly, the principal responsibility of a director is to promote the best interests of the Corporation and its membership, contract holders and subscribers in directing the Corporation's business and affairs, giving primary consideration to long-term business objectives, while remaining cognizant of public expectations, trends in the law and ethical standards, as well as the effect of corporate policies and operations on the Corporation's employees, the public and the environment. A director should exercise independent judgment for the overall benefit of the Corporation and its membership, contract holders, subscribers and employees.

#### A. Duty of Loyalty.

Generally, the duty of loyalty requires that directors exercise their powers and act in the best interest of the Corporation. The directors must not act in their own interest or in the interest of another person (including a family member) or organization. Directors, as individuals independent of the Corporation, should not exploit corporate opportunities or misuse inside information. In the event a director anticipates taking advantage of a corporate opportunity or using inside information in a manner not entirely consistent herewith, such as supporting a competitive, legislative or regulatory initiative inconsistent with Board-decided positions, the director shall promptly notify and provide reasonably detailed information of the proposed action to the Chair of the Board ("Chair") and the Chief Executive Officer ("CEO") of the Corporation. The Chair shall promptly convene a meeting of the Executive Committee to ascertain whether in its opinion the director's proposed action is in the best interests of the Corporation. Management shall promptly notify the director of the Executive Committee's determination. Directors must not use or misuse their positions for personal gain at the expense of complete loyalty to the interests of the Corporation. There is not an absolute prohibition against deriving benefit from the director relationship with the Corporation; however as discussed below, conflicts may arise and, at a minimum, require full and fair disclosure and may result in ineligibility to serve as a director. Directors have the duty to act reasonably, in good faith and with honesty in connection with the exercise of their responsibilities.

#### 1. Conflicts of Interest.

Directors should be alert and sensitive to any interest he/she may have that might be considered to conflict with the best interests of the Corporation. When a director, directly or indirectly, has a financial or personal interest in a contract or transaction to which the Corporation is to be a party, or is contemplating entering into a transaction that involves use of corporate assets, or competition against the Corporation, or the director has a relationship with a person, entity or organization with whom the Corporation may undertake a transaction, the director is considered to be "interested" in the matter. Any such resulting transaction shall be termed a "conflict of interest transaction" for purposes of the proceedings of the Board.

a. Participating Membership Agreements.

A dentist member of the Board shall not be deemed to be in a "conflict of interest transaction" as a result of such dentist director's participating membership agreement with the Corporation. However, when a dentist member of the Board is a member of the Professional Relations Committee, he or she should recuse him or herself with respect to decisions regarding participating dentists with whom the dentist member of the Board has a personal or close business relationship. Also, dentist members of the Board should not discuss pending professional relations matters with the involved dentist or his or her colleagues before a decision is made.

b. Use of Corporate Assets or Competition.

In the event that a director is contemplating entering into a transaction that involves use of corporate assets, or competition against the Corporation, the interested director shall (i) make a full and fair disclosure to the Board as to the nature of the transaction or competition and all facts concerning the transaction or competition known to the interested director, and (ii) seek approval of such "conflict of interest transaction" by a majority of disinterested directors before pursuing any such transaction or competition. The interested director should recuse himself or herself from any discussion of such matters at the request of an affirmative vote of a majority of disinterested directors present at any such meeting at which the matter arises, and shall abstain from voting on any such matter. The Board should then act on the matter with complete candor, accuracy, and inclusiveness, before the contemplated action is taken.

c. Financial or Personal Interest.

When a director, directly or indirectly, has a financial or personal interest in a contract or transaction to which the Corporation is to be a party, or the director has a relationship with a person, entity or organization with whom the Corporation may undertake a transaction, the interested director shall make a full and fair disclosure to the Board as to the nature of his/her relationship with the person, entity or organization with whom the Corporation is concerned/involved in the "conflict of interest transaction" and describe to the Board all material facts concerning the matter known to the interested director and should recuse himself or herself from any discussion of such matters at the request of an affirmative vote of a majority of

disinterested directors present at any such meeting at which the matter arises, and abstain from voting on any such matter. The Board should then act on the matter with complete candor, accuracy, and inclusiveness, before the contemplated action is taken.

The Chair shall use his/her best efforts to bring to the attention of the Board, any anticipated conflict of interest arising from the disclosure in the conflict of interest statement submitted at least annually by directors. (Directors should update their conflict of interest statements as frequently as the need arises.)

The fact that an interested director may have participated and voted in a proceeding, albeit improperly (i.e., when an obvious conflict existed), shall not automatically void the proceeding or vote, but shall make the proceeding and vote voidable in the Board's discretion.

d. Dealings with Corporate Employees.

Directors should refrain from offering products or services through the Corporation to employees of the Corporation. Such dealings may create conflicts of interest or the appearance of conflicts of interest and may compromise relationships among the Board, employees and the Director. Although the practice is not encouraged, a Director may have individual employees of the Corporation as clients so long as the business relationships are not solicited through the Corporation and are not obtained through use of the Director's position as a member of the Board. A Director should disclose to the Board, in the Director's conflict of interest statement, any relationships with officers or individuals in senior management of the Corporation, to the extent that requirements of confidentiality permit.

2. Corporate Opportunity.

In some circumstances the duty of loyalty requires that a director make a business opportunity available to the Corporation before the director may pursue the opportunity for the director's own or another's account. Whether such an opportunity must first be offered to the Corporation will depend on one or more of the following factors:

- The circumstances in which the director became aware of the opportunity;
- The significance of the opportunity to the Corporation and the degree of interest of the Corporation in the opportunity;
- Whether the opportunity relates to the Corporation's existing or contemplated business; and
- Whether there is a reasonable basis for the Corporation to expect that the director should make the opportunity available to the Corporation.

If a director believes that a contemplated transaction might be found to be a corporate opportunity, the director shall make full disclosure to the Board by notifying the Chair and the CEO of the Corporation in writing and seek authorization of the full Board in order to pursue the opportunity. As soon as practicable following receipt of written notice by the interested director, the Chair shall then notify the full Board in writing and call a special meeting of the Board if circumstances warrant immediate attention of the matter, and if not, the Chair shall place the matter on the agenda of the next regular meeting of the Board. An affirmative vote of a majority of disinterested directors present at a Board meeting where a quorum is present shall constitute approval of any such "conflict of interest transaction" referred to in this Section 2.

B. Duty of Care.

Directors must exercise reasonable skill and attention in the completion of their responsibilities with a standard of care and skill that an ordinarily prudent person would exercise under similar circumstances. Because the Corporation is a non-profit organization, but not charitable, the fiduciary standard applied to the Corporation's directors is that governed by corporate standards. In that regard, the directors serve in a fiduciary capacity, but not that of trustees. The duty of care requires acting in an informed and reasonable manner. However, it does not mean that directors guarantee the success of every action or decision.

1. Conduct of Meetings.

a. Attendance.

In order to fully and fairly promote the interests of the Corporation, the Board must meet regularly in order to manage the business and affairs of the Corporation. In between meetings, directors will expect to be actively involved at the committee level. Regular attendance at Board meetings is essential to the smooth and proper functioning of the Board. Directors should make all reasonable efforts to attend Board meetings either in person or by telephonic conference. Regular Board meetings are held quarterly and special Board meetings may be called as required. In the event a director is unable to attend a meeting, the director shall make reasonable efforts to inform himself or herself of the proceedings of the meeting which he or she was unable to attend in order to be in a position to participate actively in and promote the interests of the Corporation at the next scheduled meeting.

If a director is unable to attend three (3) duly called meetings during any one (1) year period, the director is automatically removed from the Board.

(The Chair and/or CEO will make every effort to inform Board members in advance when they are in danger of missing a third meeting. In addition, Board policy permits a Board member to participate at a Board meeting via telephone.)

b. Active Participation.

Directors are nominated and selected for numerous reasons, including their knowledge, experience, skill and insight. The Corporation can realize these benefits only through the active participation of directors in the discussion and activities of the Board. Directors are encouraged to make inquiry of other directors, management and advisors of the Corporation and to provide information, comment and insight as they deem fair and appropriate. No director will disclose to the Corporation, its members, directors, committee members, officers and employees the confidential or proprietary information of any third party.

c. Appropriate Decorum.

The conduct of Board meetings and the demeanor of directors in the conduct of such meetings is important to the smooth and appropriate functioning of the Board. Mutual respect, including the fair opportunity to be heard and the obligation to listen, further the complete discussion and resolution of issues. Although it is acknowledged that all directors will not agree on all issues, discussions/debate among directors should exhibit respect, honesty and fairness to resolve differences.

d. Procedure.

All meetings shall be conducted in a fair and reasonable manner. The Chair shall conduct the meeting and in the event of any dispute as to the procedure for conduct of a meeting, the Board shall rely on the most recent edition of ***Modern Rules of Order, with the additional Rule 16 adopted by the Board***, with regard to the form and precedence of motions, discussion and voting. Each director shall generally be familiar with the ***Modern Rules of Order as supplemented*** relative to the conduct of meeting.

e. Open Communication.

It is the responsibility of each director to participate in and make his/her point of view known during Board meetings, particularly if his/her point of view is or appears to be in the minority. If a director feels that the Chair is not acknowledging his/her minority opinion, or if the Chair fails to call on this director, such director should remind the Chair that open communication is a fundamental right of each director and that this Code of Conduct has recognized such fundamental right in this paragraph (“Open Communication”) of this Code of Conduct in order for his/her voice to be heard during the Board meeting. If, after a Board meeting, a director has subsequent thoughts which affect the director’s previously expressed position or are inconsistent with the Board’s decision, the director should notify the CEO of such thoughts. Under no circumstances shall a director undertake actions to circumvent a decision of the Board.

## **II. Board Structure And Operations**

### **A. General Character and Conduct of Directors.**

#### **1. Character.**

The character traits of each director reflect upon, not only the particular Board member, but the entire Board and the Corporation, particularly from the perspective of the membership and the public. In addition, it is important in the interaction among directors and with the Corporation and membership that certain fundamental characteristics be exemplified in directors. These characteristics include, but are not limited to, the following:

- Integrity
- Competence
- Diligence
- Commitment
- High Professional Standing
- Good Standing in Community
- No Criminal Record (felonies)
- Respect
- Non-Discrimination
- Strength of character
- Independent mind
- Practical wisdom
- Mature judgment
- Effective communication

#### **2. Conduct.**

Each director shall be familiar with the Board's adopted rules of order and generally conduct himself/herself in relation to the Board, the Corporation and the public in accordance with the "*Rules of the Game, Inside the Corporation Board Room*" by Thomas L. Whisler.

#### **3. Gifts.**

Directors shall not accept gifts from any third party except unsolicited gifts of nominal value which have no effect on the director's impartiality.

4. Avoid Appearance of Conflicts.

Just as directors should avoid conflicts, directors should take reasonable efforts to avoid the appearance of conflicts.

5. Accessibility.

Directors shall provide the Corporation with home and office telephone and fax numbers, email addresses and mailing addresses, and make themselves reasonably available for attendance in person or by telephonic conference at Board and committee meetings.

6. Disclosure Obligations.

a. Conflict of Interest Statement.

Directors shall be obligated to submit a conflict of interest statement in a form as developed from time to time by the Board. The conflict of interest statement shall be distributed to directors in advance of their taking office and shall be completed, signed and delivered by each director upon taking office at least annually and at such other dates as circumstances of a director have changed and require modification to fully and fairly disclose conflicts of interest.

b. Disclosure of Conflict of Interest Transaction.

Each Board member has the duty to provide a full and fair disclosure of any conflict of interest transaction which may arise from time to time.

B. Conflict of Interest and Eligibility Qualifications. (See qualification requirements in the Articles and By-Laws.)

A person who does not meet the qualifications requirements of a director is ineligible to serve as a director. A person's financial interests, competitor/supplier involvement, employment, government service/lobbying and investment interests may result in a person not being eligible to be a director of the Corporation.

Any director convicted of a felony while serving on the Board will immediately and automatically be disqualified from serving on the Board. Any current director who is charged with a felony while serving must immediately inform the Chair of the Board and the Chair of the Corporate Governance Committee who shall determine whether the continued service of the accused director while the charge is pending is in the best interest of the Corporation.

C. Team Player.

Many of the specific parameters of being a team player are outlined in Whisler's "Rules of the Game." To paraphrase, "Respect for others' opinions, clarity in presenting one's own, and a sense of stewardship are the marks of a good director. Agreement and rational decisions are possible only through analysis and dialogue. Be thoughtful, be participative. Don't discuss company business with others. If you value your reputation as a director, don't discuss anything that isn't already in the public domain. No crusaders. The basic function of the Board of directors is to assure that corporate goals are achieved. Study the information given to you; you have been chosen to be a director because you have proven your competence, wisdom and good judgment. The fight for corporate survival and growth takes place in a world of rapid change involving new and knowledgeable competitors, new technologies, volatile political conditions."

With these reflections from governance experts as background, it is important for each director to understand what being a team player means to the Corporation. Once a consensus is reached, after a careful evaluation of the facts and open discussion at a Board meeting, each director should support the corporate direction even if he/she voted against a particular project/initiative/decision.

D. Committee Assignments.

1. Assignments by Chair.

Each director acknowledges that the Chair has the authority to assign committee positions to the various directors (only Executive Committee assignments are approved by the Board). The Chair agrees to make such committee assignments in relationship to such directors' skill set and circumstances vis a vis corporate needs. Directors agree to willingly accept such assignments by the Chair.

2. Regular Attendance, Active Involvement and Open Communication on Committees.

To further the interests of the Board and the Corporation and to interact with non-Board members, each director agrees to serve on one or more committees. Each director's commitment to the committee is the same as that to the Board, including regular attendance, active involvement and open communication by the directors.

3. Disclosure Obligations.

Just as conflicts can arise at the Board, conflicts can arise at the committee level. As a result, full and fair disclosure to other committee members is required and the conflicted director shall refrain from voting on any particular conflicting matter. The Chair and committee members shall use reasonable efforts to avoid committee assignments which will likely conflict with or appear to conflict with the director's personal interest.

### III. Confidentiality

Directors recognize and acknowledge that the proceedings of Board and committee meetings and all materials distributed at any such meetings are confidential and proprietary to the Corporation and shall not be disclosed to or discussed with third parties. Directors acknowledge that the minutes of Board and committee meetings, as reviewed and accepted by the Board, create the official public record of the proceedings of the Board or such committee. Except as recorded in the minutes, or the attachments thereto, the proceedings of Board or committee meetings and submitted materials or reports are confidential and shall not be disclosed to or discussed with third parties. A director shall deal in confidence with all matters involving the Corporation until such time as there has been general public disclosure. A director should refer third party information inquiries to the CEO or other individual designated by the Corporation.

### IV. Political Activities

#### A. Generally.

Directors may, as individuals, take active interest in local, state and national government and participate in political activities consistent with applicable law. However, when directors speak on public issues, directors must make certain that they do not give the appearance that they are speaking or acting on the Corporation's behalf or as the Corporation's spokesperson, and they should not reference their title/association with the Corporation. No political activities by any director shall imply or suggest endorsement of that position or candidate by the Corporation or by any other director. Directors shall not be inhibited from personal political involvement with any particular party, candidate, special interest group or campaign, unless such involvement violates this Code of Conduct or conflict of interest policies.

#### B. Conflicts of Interest.

(i) Directors shall disqualify themselves from any decision about a candidate, party, special interest group or campaign for whom they are currently and actively involved in political activities, and from any decision relating to the Corporation's position on legislation, administrative rules and regulations, in the event the director has a conflicting interest. Financial support alone for a candidate, party, special interest group or campaign shall not be a reason for disqualification.

(ii) Directors shall incur no expense, including photocopying, telecommunications, food or similar expense, or schedule use of the Corporation's facilities for political activities without the express permission of the Corporation's Chair or CEO.

(iii) Directors shall not disclose any confidential or strategic information received during Board meetings or via report, to any governmental or regulatory agency, or similar body, to any individual in a position to influence political or regulatory decisions, or to the media, in any manner, including written, verbal and electronic.

(iv) Unless previously authorized by the Board or expressly authorized by this Code of Conduct, directors shall not take a position before or make a statement to any governmental or regulatory agency, or similar body, to any individual in a position to influence political or regulatory decisions, or to the media that is inconsistent with or contrary to a decision of the Board or position of the Corporation.

V. Violations

Any violation of this Code of Conduct shall constitute "cause" under Section 3.03 of the Bylaws of the Corporation and subject such director to removal as provided thereunder.

VI. Post-Directorship Activities.

A. No Unfair Advantage.

Except as approved by the affirmative vote of two-thirds of the Board, no director shall be offered a paid position at Northeast Delta Dental, nor shall he/she be eligible to increase substantially business dealings with Northeast Delta Dental for a period of one (1) year after termination of his/her directorship. Honorary directors are excepted pursuant to Section 3.12 of the By-Laws.

B. Confidentiality.

No director, upon termination of his/her directorship, will disclose any confidential or proprietary information of the Corporation to any third party. The Corporation reserves all legal and equitable remedies, including injunctive relief, to ensure the non-disclosure of such information and reserves the right to pursue legal fees from the former director to enforce the Corporation's rights hereunder.