

Rush University Medical Center Governance Principles

The governance of Rush University Medical Center is vested in the voting members of the Board of Trustees. The Board is the ultimate decision-making body of the corporation and provides general oversight and guidance of the corporation in accordance with applicable law, the Articles of Incorporation, the By-Laws, the Mission Statement of Rush and these Governance Principles. The Executive Committee of the Board shall have and exercise all of the authority of the Board in the management of Rush, except to the extent that such authority shall be limited by resolution of the Board, the By-Laws or by applicable law.

The day-to-day management of Rush is conducted by its officers and employees under the direction of the President and Chief Executive Officer (CEO) and subject to the oversight of the Chairman, the Executive Committee, and the Board.

Corporate Mission, Vision and Core Values

The mission of Rush University Medical Center is to provide the very best care for our patients. Our education and research endeavors, community service programs and relationships with other hospitals are dedicated to enhancing excellence in patient care for the diverse communities of the Chicago area now and in the future.

The vision is that Rush University Medical Center will be recognized as the medical center of choice in the Chicago area and among the very best clinical centers in the United States.

Core Values that support the mission and vision are Innovation, Collaboration, Accountability, Respect and Excellence. Taken together they spell "I CARE."

Functions of the Board

The primary function of the Board is oversight. The Board, through its committees, acts as an advisor and counselor to senior management and defines and enforces standards of accountability - all with the ultimate objective of enabling senior management to execute their responsibilities fully. The following are the Board's primary responsibilities:

- * Selecting, evaluating and compensating the CEO; overseeing CEO succession planning as well as monitoring management's succession planning for key executive positions.
- * Providing counsel and oversight on the selection, evaluation, development and compensation of senior management.
- * Reviewing, monitoring and where appropriate, approving fundamental organizational, business and financial strategies and their implementations.
- * Monitoring accounting and financial reporting practices of Rush and reviewing its financial and other controls.
- * Overseeing compliance with applicable laws and regulations.
- * Overseeing the processes that are in place to safeguard Rush's assets and mitigate major risks.

In performing these functions, the Board is entitled to rely on the advice, reports and opinions of management, counsel, auditors and outside experts. The Board and its committees shall be entitled, at the expense of Rush, to engage such independent legal, financial or other advisors as they deem appropriate without consulting or obtaining the approval of any officer of Rush.

Composition of the Board

Qualifications and Selection of Trustees

The Nominations and Governance Committee is responsible for selecting candidates for Board membership, subject to Board approval, and for extending invitations to join the Board. In selecting candidates, the Board endeavors to find individuals of high integrity who have a solid record of accomplishment in their chosen fields and who display the independence of mind and strength of character to effectively represent the best interests of Rush. Candidates are selected for their ability to exercise good judgment, and to provide practical insights and diverse perspectives. Consistent with its charter, the Nominations and Governance Committee is responsible for screening candidates, for establishing criteria for nominees, and for recommending to the Board a slate of nominees for election to the Board at the Annual Meeting.

Management and Medical Staff Trustees

The only management member of the Board shall be the CEO. The CEO shall resign from the Board at the time that service as CEO ends. In order to facilitate communications between the medical staff and the Board, medical staff members are eligible for election as Trustees.

Orientation of New Trustees

The Board shall have an appropriate orientation process for new Trustees that includes background material and meetings with senior management.

Term Limits; Retirement Age

The Board does not believe it should establish term limits or adopt a mandatory retirement age. While term limits and a mandatory retirement age could help ensure that there are fresh ideas and viewpoints available to the Board, they have the disadvantage of removing Trustees who have been able to develop over a period of time significant insight into Rush and its operations. Consequently, term limits and mandatory retirement age may sometimes force out Trustees who are able to greatly contribute to Rush by their continued service. The Nominations and Governance Committee, in consultation with the Chairman, will evaluate the contributions of existing Board members and the need for new Trustees and, if appropriate, suggest the retirement of a Board member or his or her election as a Life Trustee.

Board Leadership

CEO and Chairman

The Board shall elect the Chairman, who shall not be an employee of Rush. The Board shall also elect the CEO, who shall be a full time employee of Rush.

Executive Officers

The CEO shall select all senior officers subject to the approval of the Board.

Board Meeting Procedures

Meetings

The Board shall meet four times a year. Additional meetings may be scheduled as necessary or appropriate. The Executive Committee shall meet as frequently as prescribed in the bylaws (Article VII, Section 3). Additional meetings may be scheduled as necessary. The Secretary shall attend all meetings of the Board and Executive Committee and record the minutes. The Chairman may invite such other officers and guests as he determines to attend such meetings.

Agendas and Meetings

The Chairman, in consultation with the CEO, shall establish the agenda for each Board and Executive Committee meeting and distribute the agenda in advance of each meeting. Trustees may suggest additional agenda items and may raise subjects that are not on the agenda at any meeting. At least one Executive Committee meeting each year will be devoted to review of Rush's long term strategic plans.

Materials Distributed in Advance

Information that is important to the Board's or committee's understanding of the business to be conducted shall be distributed to members in advance of each meeting.

Executive Session

An Executive Session of the Executive Committee (i.e., a session without any member of management or the medical staff being present and without minutes being taken) shall generally be held either at the beginning or at the end of each regular Executive Committee meeting, but in any event, no less than twice each year.

Conflicts of Interest and Corporate Compliance

Conflicts of Interest

Trustees shall avoid any situation that may give rise to a conflict of interest or the appearance of a conflict of interest. If an actual or potential conflict of interest arises, the Trustee shall promptly inform the Chairman of the Audit Committee and recuse himself or herself from any Board deliberations or decisions related to the matter that is the subject of the conflict of interest. If an actual or potential conflict cannot be resolved by a Trustee's recusal from participation in discussions or deliberations related to the matter or in any other reasonable manner, the Trustee shall submit a resignation to the Chairman of the Board. The Executive Committee shall determine whether to accept or reject such resignation. The Audit Committee shall also resolve any conflict of interest question involving the CEO or any other executive officer.

Corporate Compliance

The Board endorses business conduct which complies with applicable laws, rules and regulations. It supports such conduct through the creation of a comprehensive corporate compliance program including but not limited to the appointment of a corporate compliance officer, the promulgation and publication of corporate compliance policies, the utilization of internal monitoring and auditing systems reasonably designed to detect criminal or other improper conduct, the fair and consistent enforcement of disciplinary mechanisms and, if warranted, the voluntary disclosure of criminal conduct to appropriate federal and state departments and agencies.

Committee Matters

Standing Committees of the Board

The Board has the following standing committees: Audit, Compensation and Human Resources, Executive, Facilities, Finance, Investment, Quality of Care and Nominations and Governance.

In addition, to perform its function of oversight of Rush University and Rush Medical College, the College of Nursing, the College of Health Sciences, and the Graduate College, the Board has established a Board of Overseers.

The Board may at any time increase or decrease the number of members of a committee, create additional committees or terminate the existence of a committee. The Board may also establish ad hoc committees from time to time as circumstances warrant.

Committee Charters

Each standing committee shall have a written charter which shall be approved by the Executive Committee on the recommendation of the Nominations and Governance Committee. Each committee charter shall state the purpose of the committee and reflect the responsibilities that the committee has undertaken.

Committee Membership

The membership of each committee and their chairs shall be appointed by the Board annually at its annual meeting.

Committee Meetings

The chairs of the various committees, in consultation with their committee members, shall determine the frequency and agenda of committee meetings. The chair of each committee shall report on the activities of the committee to the Executive Committee following the committee meetings.

Assignment and Rotation of Members

There are no fixed terms for committee membership and the Board does not feel that rotation of committee members should be predetermined since there may be reasons at any given time for a Board member to continue membership on a committee. However, the Board does recognize that rotation of committee members is appropriate at periodic intervals and will review committee membership annually.

Evaluation of the CEO

The Executive Committee, in Executive Session, shall establish performance objectives for the CEO for the following year and perform an annual evaluation of the CEO against the performance objectives for the preceding year. The objectives and results of the evaluation should be communicated to the CEO by the Chairman of the Board.

Evaluation of Other Executive Officers

The CEO shall review with the Executive Committee annually the performance objectives established for other executive officers and performance against these objectives.

Executive Committee and Board Self-Evaluation

The Executive Committee and Board shall each periodically evaluate its own performance by such means as it chooses, including the use of a questionnaire.

Succession Planning

The Executive Committee should have in place a CEO succession plan and should receive periodic reports from the CEO on the development of senior management members.

Board Access

In order to fulfill their oversight responsibilities, Trustees shall have free access to Rush officers and employees. The Board encourages the CEO to invite members of management to make

presentations at Board and Executive Committee meetings in order to provide insights into Rush's operations. The Board shall also establish reasonable access to officers, employees, medical staff members and faculty members by which such individuals may, in confidence, communicate concerns to the Board. Concerns relating to accounting, legal, compliance or officer conduct shall be sent immediately to the Chairman and to the chair of the Audit Committee.

Approval and Amendment

These Governance Principles shall become effective upon approval by the Board and may be amended from time to time by the Board.

As approved February 11, 2004
Amended September 14, 2005
Last amended September 12, 2007