

Policy on Ethics and Conflict of Interest

(Effective as of January 1, 2002; Updated on April 1, 2006; July 28, 2009; and July 18, 2012)

1. Statement of Purpose and Disclosure of Potential Conflicts of Interest

The goal of this Policy is to clarify the obligations of members of the Administration and Staff of Babson College and its Affiliates to disclose and avoid conflicts of interest. The members of the College's Administration and such Staff designated under Section 5.D. below (each such administrator and staff, an "Employee") must disclose any Substantial Interest he or she has in any corporation, partnership, limited liability company or other association or entity (each, a "Business") that had in the prior fiscal year, currently has or seeks to have a financial relationship with the College or any Affiliate. Each Employee shall submit a Disclosure Statement for each fiscal year annually, which shall be promptly updated to disclose any new or proposed financial relationships with the College arising after it is filed.

2. College Assets and Resources

Sound business conduct requires that each employee, as a basic condition of employment, assume responsibility for safeguarding and preserving the assets and resources of the College, particularly those for which he or she is responsible. The following policy statements serve to remind us of that basic commitment and responsibility.

- A. All revenues generated by the College, and all expenditures for goods and services, must be recorded and accounted for within the financial accounting system of the institution.
- B. No false or artificial entries are to be made in the accounting records of the College for any reason. Moreover, no payment on behalf of the College is to be approved or made with the understanding that any part of such a payment is to be used for any purpose other than that described by the documents supporting the payment.
- C. The use of College funds or assets for any personal, unlawful, or improper purpose is prohibited.
- D. No unrecorded or undisclosed bank accounts are to be established by any department to fund, or to assist in funding, any authorized College activity.
- E. The use of any College equipment, supplies, or facilities for a revenue generating activity that benefits an individual employee is strictly prohibited without the express written approval of the Vice President for Campus and Community Affairs and the President.
- F. No person in a supervisory or management position is to use the authority of that position to assign an employee to perform non-employment-related tasks.

3. Use of College Tax Exempt Number

As a nonprofit institution, Babson College is not required to pay Massachusetts sales tax on applicable purchases. To identify this status, the state government provides the College with a tax exempt number which is to be presented to vendors at the time of all applicable sales transactions. The Babson College tax exempt number appears on College purchase orders and procurement cards, and may be provided verbally to vendors when other purchasing methods are employed. Personal use of the Babson College tax exempt number is strictly prohibited and may result in disciplinary action.

4. Statement of Policy

- A. The College shall not enter into a financial relationship with a Business in which an Employee has a Substantial Interest nor will an Employee participate in structuring the contract terms or specifications or influence the approval of such financial relationship unless the financial

relationship: (i) results from a competitive bid and the competitive bid is evaluated by persons other than the Employee; (ii) involves a contract for goods or services sold to the general public upon uniform terms and conditions and at a uniform price and the terms, and such conditions and price are evaluated by persons other than the Employee; and (iii) is deemed by the Conflicts Committee to be in the best interest of the College.

- B. An Employee shall not have responsibility for, or influence the administration of, or payments under, the College's or an Affiliate's financial relationship with a Business in which the Employee has a Substantial Interest.
 - C. An Employee shall not accept a gift or other consideration at less than fair value from a Business that has entered into or is negotiating a financial relationship with the College or an Affiliate, if the Employee participated in structuring the contract terms or specifications or was responsible for approval of such relationship. Gifts of nominal value such as an occasional meal or tickets to cultural or sporting events are not included in this restriction.
 - D. An Employee must seek prior written approval of the President or the Vice President for Campus and Community Affairs before representing a party who has an adverse relationship with the College in matters concerning the College.
5. Procedures for Evaluating Conflicts of Interest
- A. Initial Review of Annual Conflict of Interest Disclosure Statements. Disclosure Statements shall be reviewed initially by a committee comprised of the Provost, the Controller, the Vice President of Human Resources, and the General Counsel. The initial review shall (i) confirm that all Employees and others required to file a Conflict of Interest Disclosure Statement have done so and (ii) whether any conflict of interest or potential conflict of interest has been reported. Any matter identified in (ii) shall be reported to the Chair.
 - B. Scope of Review. The Conflicts Committee shall evaluate any alleged violations of this Policy. The Conflicts Committee shall also determine whether any proposed financial relationship is advisable, notwithstanding the existence of a conflict of interest. All findings of the Conflicts Committee shall be recorded in the minutes of its proceedings.
 - C. Membership of Conflicts Committee. A Conflicts Committee shall be formed, comprised initially of the College's Vice Presidents for Campus and Community Affairs, Business and Financial Affairs, and the Provost. The President may, in consultation with the Audit Committee of the Board of Trustees, alter the make-up of the Conflicts Committee. In the event any member of the Conflicts Committee is the subject of an inquiry concerning a potential conflict, such member shall not participate in the deliberations of the Conflicts Committee, and the President may appoint one or more disinterested temporary members to determine whether such member has a conflict. Additional members (up to a total of seven members) may be appointed to the Conflicts Committee by the President in his or her discretion if the potential conflict involves a financial relationship that would exceed three years in duration or obligate the College to make payments in excess of \$100,000 in any given 12 month period. The Conflicts Committee shall report (i) to the President and Board of Trustees on an annual basis concerning its activities under this Policy and (ii) to the Chairman of the Board of Trustees with respect to any actual conflict of interest that is reviewed by the Conflicts Committee. To assure that the best interests of the College are always placed first in the case of any Financial Relationship that must be disclosed this Policy, the Conflicts Committee shall conduct an annual examination and review of any such arrangement to assure that it is in the best interests of the College.

- D. Reporting of Potential Conflicts. Alleged violations of this Policy may be reported to the Conflicts Committee. If the Conflicts Committee determines that an Employee of the College or an Affiliate has violated the Policy, it shall make a written recommendation on a course of action and present its findings to the President of the College or the applicable Affiliate. Any Employee who is alleged to have violated this Policy shall receive notice of the allegation and may attend the meeting of the Conflicts Committee to discuss the potential conflict. A determination that this Policy has been violated may be appealed in writing to the President of the College or an Affiliate, respectively, within thirty (30) days of the date on which written notice of the alleged violation is issued to the Employee in question.
- E. Coverage of Policy. The President of the College, in consultation with the Audit Committee of the Board of Trustees, shall review annually the list of Employees who are subject to this Policy and where appropriate, in his or her discretion, may modify or supplement said list.
- F. Publication of Policy. The Vice President for Campus and Community Affairs will distribute and present this Policy annually to all Employees at the College and at all Affiliates who are designated under subsection 5.D. above.
6. Sanctions for Violation of Policy
If the President of the College or of an Affiliate, if applicable, affirms the findings of the Conflicts Committee that an Employee of the College or Affiliate has violated this Policy, the President of the College or such Affiliate may, consistent with the terms of employment for that Employee, discipline, demote or dismiss the Employee, and shall report the violation and the disciplinary action to the Executive Committee of the College's Board of Trustees.

Confidential Information Agreement

I understand that in the course of my employment at Babson College I may have access to confidential and sensitive documents, data and information in paper or electronic form or which is provided to me orally about or belonging to (i) Babson College, its students, employees, vendors and affiliates and (ii) other matters and parties (collectively, "Confidential Documents and Information"). Confidential Documents and Information includes, but is not limited to, student education records, financial information, trade secrets, social security numbers, medical records, health information, ADA/disability information and conviction history. I ACKNOWLEDGE AND AGREE TO THE FOLLOWING:

- I will protect the confidentiality of, and will not misuse, all Confidential Documents and Information provided to me or to which I have access, whether in oral, written, or electronic form.
- I will not access, change, use, discuss or disclose Confidential Documents and Information, except to the extent necessary in my official capacity to perform my job, and will not use access, change, use, discuss or disclose Confidential Documents and Information for the personal gain of others or myself.
- By accessing or storing Confidential Documents and Information I am in effect the custodian of it, and I am responsible for adequately protecting its security and confidentiality.
- I will not share, change or destroy any Confidential Documents and Information unless it is part of my job to do so. If any of these tasks are part of my job, I will follow the correct department procedure or the instructions of my supervisor.
- If a demand from an oversight agency, law enforcement or government agency is made upon me for Confidential Documents and Information, I will immediately advise my supervisor.
- I will only print Confidential Documents and Information from Babson College files or information systems when necessary for legitimate work-related purposes and will safeguard the same. I am accountable for such written Confidential Documents and Information until it is properly filed or destroyed.
- I am responsible to protect my password or other access to Confidential Documents and Information. I will keep my computer password secret and I will not share it with any unauthorized

individual. I understand that my use of an electronic system may be periodically monitored and audited to ensure compliance with this Agreement and other College policies.

- I understand that I have an obligation to check with my supervisor if there is any doubt as to whether documents, data and information constitute Confidential Documents and Information.
- I will not disclose Confidential Documents and Information to any unauthorized person without prior permission from my supervisor and will take all reasonable precautions to prevent its disclosure to unauthorized persons.
- I understand that I have an obligation to report to my supervisor if I think someone is misusing Confidential Documents and Information.
- I understand that I must also comply with any laws, regulations, and College policies that address confidentiality.
- I agree that upon request by Babson College or upon termination of my employment for any reason, I will immediately provide to Babson all copies and versions of Confidential Documents and Information in my possession and/or control.
- I understand that I have an obligation to adhere to all relevant state and federal laws, as well as Babson College's policies, with regard to Confidential Documents and Information to which I have access.
- I understand that failure to comply with this agreement may result in corrective action up to, and including, termination of employment. I understand that I may also be subject to other remedies.