



Policy on Ethics and Conflicts of Interest for Governance Members

1. Statement of Purpose

To assure confidence in the integrity of Babson College (the “*College*”) and its Affiliated Entities, the College adopts this Policy to provide Governance Members with guidelines to avoid the existence or appearance of a Conflict of Interest and to provide Governance Members with mechanisms to manage Financial Relationships and potential conflicts.

The College recognizes that Governance Members are inevitably involved in the affairs of other enterprises. Since the *Responsibilities of Members of the Board of Trustees* include the responsibility to “promote Babson to corporate, foundation, and higher education leaders...”, it is vital that such involvements be pursued in a manner that is not in conflict with Governance Members’ obligations to the College or their fiduciary duties under applicable law. It is of critical importance that Governance Members, when performing their Institutional Responsibilities, serve the best interests of the College and its Affiliated Entities, rather than their own personal interests.

2. Defined Terms

Affiliated Entity means a Business Entity in which the College holds an equity or analogous interest and (i) exercises organizational control or (ii) in which, while not exercising organizational control, has made a substantial contribution in terms of resources or intellectual property or for which College employees provide services. For the purposes of this Policy, a support organization for the College under Internal Revenue Code Section 509 (a) (3) is deemed to be an Affiliated Entity.

Appearance of Conflict of Interest means a situation or matter in which a reasonable person might conclude that a Governance Member’s exercise of or ability to perform his or her Institutional Responsibilities may be influenced or compromised by a personal interest, whether or not the Governance Member has a Financial Interest.

Board means the Babson College Board of Trustees or the Board of Directors of an Affiliated Entity, as the context so admits.

Business Entity means any corporation, trust, limited liability company, association, partnership, joint venture, not-for-profit corporation, or any other entity or individual engaged in any kind of business.

Chair means the Chair of the Babson College Board of Trustees or of the Board of Directors of an Affiliated Entity, as the context so admits.

Committee means any committee or subcommittee of the Board.

Babson College Policy on Ethics and Conflicts of Interest for Governance Members

Conflict of Interest means a situation or matter in which a Governance Member's exercise of or ability to perform his or her Institutional Responsibilities may be influenced or compromised by a personal interest, whether or not the Governance Member has a Financial Interest.

Executive Committee means the Executive Committee of the Babson College Board of Trustees.

Financial Interest means any actual or potential ownership, investment, compensation, fiduciary, or pecuniary interest in or arrangement between any entity or individual and a Governance Member and/or Immediate Family Member, except that "Financial Interest" does not include:

- i. investment by a Governance Member and/or Immediate Family Member in any publicly traded security, bond, or policy in a mutual fund, bank or insurance company, provided that such investment does not exceed one percent of the total shares, assets, or value;
- ii. holding deposit or savings accounts or loans or extensions of credit in the normal course of business on terms that are generally available to the public; or
- iii. any other *de minimis* financial interest that is so minor, remote or inconsequential that a reasonable person would conclude that a Governance Member's official actions would not be influenced or compromised.

Financial Relationship means a relationship, understanding or agreement, whether or not memorialized in writing, that involves or results in payments, compensation, or benefits.

Governance Member means any of the following:

- i. A member of the Board of Trustees or a member of the governing board of any Affiliated Entity ("***Board Member***");
- ii. The president, vice presidents, associate vice presidents, assistant vice presidents and corporate officers of the College or the president, vice presidents, associate vice presidents, assistant vice presidents or corporate officers of any Affiliated Entity (excluding the president of the College and the president of such Affiliated Entity, collectively, "***Officers***") or any additional official of the College or an Affiliated Entity as designated, from time-to-time, by the Audit Committee of the Board of Trustees ("***Audit Committee***"); or
- iii. Any person appointed to a Board Committee ("***Non-Trustee Committee Member***"), whether or not such person has been granted voting rights.

Immediate Family Member means the parent, spouse, domestic partner, sibling, and/or dependent child of a Governance Member.

Institutional Responsibilities means the duties or responsibilities of a Governance Member associated with his or her appointment, position, or work (whether voluntary or not) for the College or an Affiliated Entity.

3. **Disclosure of Potential and Actual Conflicts of Interest**

Each Governance Member must identify and disclose:

Babson College Policy on Ethics and Conflicts of Interest for Governance Members

- i. any Financial Interest in any Business Entity that to his or her knowledge has had, currently has, or seeks to have any Financial Relationship with the College or an Affiliated Entity;
- ii. any Financial Relationship involving the Governance Member and an employee of the College; and
- iii. any Conflict of Interest or Appearance of Conflict.

A Governance Member shall make the foregoing disclosures promptly, and in no event more than fifteen (15) days from the date upon which the Governance Member becomes aware of the circumstances giving rise to such disclosure. In the case of a Board Member, Non-Trustee Committee Member, or the President of the College, such disclosure shall be made in writing to the Board Chair and/or the Chair of the Audit Committee. In the case of any other employee of the College who is a Governance Member, such disclosure shall be made in writing to the President of the College.

In addition, each Governance Member shall complete annually a Conflict of Interest Disclosure Statement and promptly file a supplement to the same to disclose any new or proposed Financial Relationship in which the Governance Member has a Financial Interest or any potential new Conflict of Interest or Appearance of Conflict of Interest that arises after an annual Disclosure Statement is filed. Such Disclosure Statement and any supplement(s) shall be submitted to the Chair of the Audit Committee or his or her designee using the form supplied by the College.

Whenever any situation or matter comes before a Committee or a Board which requires disclosure by a Governance Member in accordance with this Policy, or in advance of any meeting at which any such situation or matter is expected to arise, the Governance Member shall remind the Committee or Board of such situation or matter and observe the Policy on Recusal. Such reminder shall be part of the minutes or other record of the Committee or Board Meeting.

4. Policy on Recusal

Whenever any situation or matter comes before a Committee or a Board which requires disclosure by a Governance Member in accordance with this Policy, the Governance Member shall:

- i. disclose any information which suggests that the situation or matter may not be in the best interests of the College or an Affiliated Entity and respond to any questions addressed to him or her concerning the situation or matter;
- ii. refrain from participation in any discussion or deliberation concerning the situation or matter; and
- iii. recuse him or herself from any decision or vote concerning the situation or matter.

In addition, the Chair of the Committee or Board shall determine whether the affected Governance Member should physically remove himself or herself from any discussion or meeting involving the situation or matter and may take such other actions as the Chair may consider appropriate.

Recusal of the Governance Member shall be part of the minutes or other record of the Committee or Board Meeting.

5. Policy on Financial Relationships

The College or an Affiliated Entity shall not enter into a Financial Relationship with a Business Entity in which a Governance Member has a Financial Interest unless:

- i. The Financial Relationship and/or Financial Interest and all details relevant thereto are disclosed by the Governance Member in advance; and
- ii. The Financial Relationship results from a competitive bid process; or
- iii. The Financial Relationship involves a contract for goods or services sold to the general public upon uniform terms and conditions and at a uniform price; or
- iv. The Financial Relationship is authorized by the Conflicts Committee and deemed to be advantageous or otherwise to be in the best interest of the College or an Affiliated Entity.

In addition to observing the Policy on Recusal, a Governance Member shall not: (i) have responsibility for, nor influence or attempt to influence the administration of, or payments under, a Financial Relationship with a Business Entity in which the Governance Member has a Financial Interest; or (ii) participate in structuring the contract terms or specifications or influence the approval of any such Financial Relationship.

A Governance Member shall not accept a gift or other thing of value from a Business Entity that has entered into, seeks or expects to enter into, or is negotiating a Financial Relationship with the College or an Affiliated Entity if the Governance Member participated in structuring the contract terms, proposal or specifications or approval of the Financial Relationship. Gifts of nominal value such as payments for an occasional meal, occasional tickets to cultural or sporting events, or occasional tickets to charity events are not included in this restriction but remain subject to disclosure reporting requirements if applicable.

A Governance Member shall seek prior written approval of the Executive Committee before representing a party who/which has an adverse relationship with the College or an Affiliated Entity in matters concerning the College or an Affiliated Entity.

6. Conflicts Committee

The Board Chair shall appoint a Conflicts Committee to review any situation or matter that arises or must be disclosed under this Policy. The Conflicts Committee shall be empowered to gather information, documents, and materials relevant to its review.

The Conflicts Committee shall be comprised of the following members: the Chair of the Audit Committee, one additional member of the Audit Committee, and one Trustee. The Board Chair shall designate the chair or co-chairs of the Conflicts Committee. The Vice President for Campus and Community Affairs shall assist the Conflicts Committee in the administration of this Policy, but shall not serve as a member. In the event the Chair of the Audit Committee is the subject of an inquiry under this Policy, he or she shall not participate in the Conflicts Committee, and the Board Chair shall appoint a disinterested Trustee to serve in his or her stead. Additional members (up to a total of six members) may be appointed to the Conflicts Committee by the Board Chair in his or her discretion.

Babson College Policy on Ethics and Conflicts of Interest for Governance Members

In accordance with the terms of this Policy and the scope of its charge by the Board Chair, the Conflicts Committee shall have the authority to:

- i. evaluate and take action to mitigate, remedy, and/or address any potential or actual Conflict of Interest and/or Appearance of Conflict of Interest;
- ii. evaluate and determine whether and under what circumstances the College or an Affiliated Entity may enter into a Financial Relationship with an employee of the College or a Business Entity in which a Governance Member has a Financial Interest; and/or
- iii. recommend or take such other action consistent with this Policy as it may deem necessary and appropriate to promote or enhance confidence in the integrity of the College and its Affiliated Entities relating to the performance of Institutional Responsibilities by any Governance Member.

All determinations and actions of the Conflicts Committee shall be part of the minutes or other record of its proceedings. The Conflicts Committee shall report all such determinations and actions to the Board Chair, subject to oversight by the Audit Committee.

7. **Miscellaneous Provisions**

Reporting of Alleged Violations: Alleged violations of this Policy may be reported directly to the Chair of the Audit Committee, the Board Chair, or to a telephonic, e-mail or web-based system established thereby for such purposes. (The College has established a relationship with Ethics Point as a mechanism for anonymous reporting:

https://secure.ethicspoint.com/domain/en/report_custom.asp?clientid=14489)

Initial Review of Conflict of Interest Disclosure Statements: Annual Conflict of Interest Disclosure Statements and any supplements thereto shall be reviewed initially by the Chair of the Audit Committee and/or his or her designee, in consultation with others as they may deem appropriate. The initial review shall confirm: (i) that all Governance Members and others required to file a Conflict of Interest Disclosure Statement have done so; and (ii) whether any potential Conflict of Interest or Appearance of Conflict of Interest has been reported. Any matter identified in (ii) shall be reported to the Board Chair, except that matters pertaining to the Board Chair shall be reported to the Vice-Chair of the Board and/or the General Counsel of the College. The Audit Committee shall be responsible for oversight of the Annual Conflict of Interest Disclosure Statement reporting process.

List of Governance Members: The Audit Committee shall periodically review the list of Governance Members who are subject to this Policy and where appropriate, in its discretion, may modify or supplement said list. Affiliated Entities may adopt their own conflict of interest policies to the extent consistent with this Policy.

Publication of Policy: The Chair of the Audit Committee and/or the Vice President for Campus and Community Affairs shall distribute this Policy from time to time to all Governance Members at the College and at all Affiliated Entities.

8. Violations of Policy By a Governance Member; Notice, Appeals and Remedial Action

Before reaching any determination that a Governance Member has violated this Policy, the Conflicts Committee shall provide notice of the potential violation to the Governance Member and afford such Governance Member a reasonable opportunity to provide additional information, documents, or materials relevant to the potential violation(s).

Following its review of any supplemental information, documents or materials provided by the affected Governance Member, if the Conflicts Committee determines that a Governance Member has violated this Policy, written notice of such violation and any recommended corrective action shall be provided to the Governance Member. The Governance Member may appeal the Conflicts Committee's determination in writing to the Executive Committee within fifteen (15) days of receipt of such written notice. The appeal shall set forth the basis for the appeal and include all documents or materials that substantiate the appeal. The Executive Committee may affirm, modify, or overturn the Conflicts Committee's determination(s), or remand back to the Conflicts Committee for further consideration or action. The determination of the Executive Committee is final and not subject to further appeal under this Policy.

Following any appeal and final determination by the Executive Committee, if applicable, the Conflicts Committee shall report its determination that a Governance Member has violated this Policy and its recommended corrective action as follows:

Violation by an Officer: If the President of the College (or the President of an Affiliated Entity, if applicable) affirms the determination of the Conflicts Committee that an Officer has violated this Policy, the President of the College or Affiliated Entity (as applicable) may, consistent with the terms of employment for that person, discipline, demote or dismiss the Officer, and the President shall report the violation and the disciplinary action to the Executive Committee.

Violation by a Board Member: If the Conflicts Committee determines that this Policy has been violated by a Board Member, the determination shall be reported to the Chair, who shall inform the Board. The Board may, in addition to any other rights the College may have under law or under the policies of the College or an Affiliated Entity, take one or more of the following actions:

- i. Reprimand or censure the Board Member (orally or in writing);
- ii. Remove the Board Member from any office the Board Member holds or from any committee position or assignment;
- iii. Recommend the removal of the Board Member from the Board of Trustees subject to any required vote in the Amended and Restated Bylaws of the College;
- iv. Seek the Board Member's removal from any office or assignment to the Board of an Affiliated Entity; and/or
- v. Take such other action as it deems appropriate consistent with the Amended and Restated Bylaws of the College (or the organizational documents of the Affiliated Entity, if applicable), as the same may be amended from time-to-time.

Violation by a Non-Trustee Committee Member: If the Conflicts Committee determines that this Policy has been violated by a Non-Trustee Committee Member, the determination shall be reported to the Executive Committee, who shall inform the chair of the Committee on which such

Babson College Policy on Ethics and Conflicts of Interest for Governance Members

member serves or served. The Executive Committee may, in addition to any other rights the College may have under law or under the policies of the College or an Affiliated Entity, take one or more of the following actions:

- i. Reprimand or censure the Non-Trustee Committee Member (orally or in writing);
- ii. Remove the Non-Trustee Committee Member from any Committee chairmanship or appointment;
- iii. Seek the Non-Trustee Committee Member's removal from any office or assignment to the governing board of an Affiliated Entity; and/or
- iv. Take such other action as it deems appropriate consistent with the Amended and Restated Bylaws of the College (or the organizational documents of the Affiliated Entity, if applicable), as the same may be amended from time-to-time.

Violation by the President (of the College or an Affiliated Entity): If the Executive Committee affirms the determination of the Conflicts Committee concerning a violation of this Policy by the President of the College or an Affiliated Entity, the Board of Trustees (or the governing board of the Affiliated Entity, if applicable) may take such actions as it deems appropriate consistent with (i) the Amended and Restated Bylaws of the College (or the organizational documents of the Affiliated Entity, if applicable) and (ii) the terms of employment for the President, as each may be amended from time-to-time.

In addition to or in conjunction with any of the foregoing, the Conflicts Committee may recommend or take such other action consistent with this Policy as it may deem necessary and appropriate to promote or enhance confidence in the integrity of the College and its Affiliated Entities relating to the performance of Institutional Responsibilities by any Governance Member, including suggesting or directing training or other general remedial action as warranted.

9. Effective Date

This Policy on Ethics and Conflicts of Interest for Governance Members shall be effective as of May 1, 2013 and as amended as of May 15, 2020. This Policy and the amendments thereto shall not have retroactive effect as to Financial Relationships in existence on their respective effective dates, but shall apply to any extensions, renewals, or material modifications thereof.