

Conflict of Interest Policy for Administrators and Certain Other Positions

Administrators and other employees of Phillips Exeter Academy who have purchasing responsibilities are expected to act on behalf of and in the best interests of the Academy in their varied professional responsibilities. Potentially, a conflict of interest occurs when an individual's personal or private interests might lead them to behave in a manner that is in conflict with the Academy's best interests. Broadly, this includes any behavior that might reasonably cause an observer to question whether the individual's professional actions or decisions are influenced by considerations of significant personal interest, financial or otherwise.

Where a potential conflict of interest exists, it is the responsibility of the employee involved to disclose in writing the circumstances resulting in the conflict to their supervisor, the Director of Human Resources, and/or the CFO.

For the purpose of this statement an individual is considered to have a conflict of interest when the individual, or any of their Family or Associates, either (i) proposes to engage in a business transaction with the Academy, (ii) has an existing or potential financial or other interest that impairs or might appear to impair the individual's independence of judgment in the discharge of responsibilities to the Academy, or (iii) may receive a material financial or other benefit from knowledge or information confidential to the Academy.

The "Family" of an individual includes their spouse, parents and children, and if living in the same household, other relatives. An "Associate" of an individual includes any person, trust, organization or enterprise of, in or with which the individual or any member of their Family (i) is the director, officer, partner or trustee, or (ii) has a financial interest that enables them, acting alone or in conjunction with others, to exercise control or to influence policy significantly, or (iii) has any other material association.

Persons in positions that have purchasing responsibilities at Phillips Exeter Academy will be advised of this policy and shall sign a statement acknowledging understanding of and agreement to this policy.

Persons in positions that have purchasing responsibilities, acting either as individuals or as a member of an Academy committee or department, shall adhere to the following guidelines in considering matters in which an individual or a member of a committee or department, or persons therein affiliated, may have an existing or potential financial or other interest that could impair or appear to impair that administrator's independent judgment or objectivity:

- A. Persons in positions that have purchasing responsibilities shall disclose to their supervisor, the Director of Human Resources, and/or the CFO any relevant facts that might give rise to a conflict of interest with respect to any matter that comes before them. Without limiting the foregoing, such persons shall disclose any business relationship they, or members of their Family or Associates, may have with an existing or potential vendor, contractor or consultant retained by or being considered by the Academy. Under New Hampshire law, and with certain exceptions, any benefit provided to a trustee, officer or director of the Academy (or their Family or Associates) must be approved by

the board of directors. Under Federal law, and again with certain exceptions, any benefit to a director, officer, trustee, certain employees with significant administrative responsibilities (and certain other individuals considered to be insiders) must be approved by the Trustees, or another similar decision-making board of the Academy, to ensure that there is no “excess benefit” to the person or related parties (over the value provided to the organization). As a result, in order to ensure that the Academy is able to comply with these rules, the following will apply to persons with purchasing responsibility.

- B. Persons that have purchasing responsibilities so affected shall provide full disclosure of the transaction contemplated, including but not limited to details regarding the contract, how the price was determined for the purchase, and whether other sources for the purchase were considered.
- C. Persons that have purchasing responsibilities so affected shall abstain from any committee, department or Trustees’ discussions of relevant matters, unless the committee, department or Trustees specifically requests that the person remain for the sole purpose of responding to questions. Any person who has purchasing responsibilities so affected shall abstain from voting on any such matter.
- D. Persons in positions that have purchasing responsibilities so affected shall withdraw from the meeting during the committee, department or Trustees’ consideration of the relevant matter or matters, unless requested by the committee, department or Trustees to remain for the sole purpose of responding to questions.
- E. Deliberations and decisions concerning actions taken under this Handbook, including reports by members of the committee or department and actions taken by the committee or department, shall be reflected in writing, whether by memorandum, minutes or otherwise.

Additionally, receiving gifts, gratuities, entertainment or anything given as a result of a business relationship for which the recipient does not pay fair market value, may create a conflict of interest by compromising an individual’s ability to make objective and fair business decisions. In order to ensure that the highest ethical standards of conduct are upheld, employees should not accept gifts, services or gratuities from vendors or potential vendors. PEA employees in administrative and other positions who have purchasing responsibilities shall return or donate unsolicited, material gifts and such action should be documented. Gifts of *de minimis* or nominal value under \$250 are acceptable, though individuals should use professional judgment and common sense before accepting such tokens.

It is the policy of Phillips Exeter Academy to comply in all respects with the requirements of New Hampshire RSA 7:19-a regarding pecuniary benefit transactions as defined in said statute as well as federal excess benefit transaction rules and Intermediate Sanctions Rules, found in 26 U.S.C. 4958 and Treasury Regs., section 26.4958-1, *et seq.* Thus, the New Hampshire and federal statutory requirements dealing with pecuniary benefits and excess benefit transactions (RSA 7:19-a, II and 292:6-a, and 26 USC 4958 and Regs. section 26.4958-1, *et seq.*) are hereby incorporated in full into and made an integral part of this Conflict of Interest Policy; copies of the relevant New Hampshire statutes and federal statutes are available upon request, so that every Academy administrator is aware of the statutory requirements. These requirements extend to both direct and indirect financial interests, as defined by the relevant statutes.