



Director, Officer, and Senior Leadership Conflict of Interest Policy Statement July 1, 2024–June 30, 2025

Article I: Purpose

The Board of Directors of the Colburn School (“School”) has adopted the following policy designed to avoid inappropriate conflicts between the private interests of Board members, officers, senior leadership, and the interests of the School.

Specifically, the purpose of this Conflict of Interest Policy is to protect the School’s interest when entering into a transaction or arrangement that might benefit the private interest of an officer or director of the School. This policy is intended to supplement but not replace any applicable state laws governing conflicts of interest applicable to nonprofit and charitable schools.

Article II: Definitions

Interested Person: Any director, principal officer, or member of a committee with Board-delegated powers, as well as any member of the senior leadership team, who has a direct or indirect financial interest, as defined below, is an interested person.

Financial Interest: A person has a financial interest if the person has, directly or indirectly, through business, investment, or family:

- A. An ownership or investment interest in any entity with which the School has a transaction or arrangement, or
- B. A compensation arrangement with the School or with any entity or individual with which the School has a transaction or arrangement, or
- C. A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the School is negotiating a transaction or arrangement.

Compensation includes direct and indirect remuneration as well as gifts or favors that are not substantial in nature.

A financial interest is not necessarily a conflict of interest. Under Article III, Section 2, a person who has a financial interest may have a conflict of interest only if the Board decides that a conflict of interest exists.

Article III: Procedures

Duty to Disclose: In connection with any actual or possible conflict of interest, an interested person must disclose the existence of the financial interest and be given the opportunity to disclose all material facts to the directors and members of committees with governing Board delegated powers considering the proposed transaction or arrangement.

1. Determining Whether a Conflict of Interest Exists

After disclosure of the financial interest and all material facts, and after any discussion with the interested person, he/she shall leave the Board meeting while the determination of a conflict of interest is discussed and voted upon. The remaining Board members shall decide if a conflict of interest exists.

2. Procedures for Addressing the Conflict of Interest

- A. An interested person may make a presentation at the governing Board meeting, but after the presentation, he/she shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement that results in the conflict of interest.
- B. The chairperson of the governing Board shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.
- C. After exercising due diligence, the Board shall determine whether the School can obtain a more advantageous transaction or arrangement with reasonable efforts from a person or entity that would not give rise to a conflict of interest.
- D. If a more advantageous transaction or arrangement is not reasonably attainable under circumstances that would not give rise to a conflict of interest, the Board shall determine by a majority vote of the disinterested directors whether the transaction or arrangement is in the School's best interest and for its own benefit and whether it is fair and reasonable to the School and shall make its decision as to whether to enter into the transaction or arrangement in conformity with such determination.

3. Violations of the Conflicts of Interest Policy

If the Board has reasonable cause to believe a member has failed to disclose actual or possible conflicts of interest it shall inform the member of the basis for such belief and afford the member an opportunity to explain the alleged failure to disclose.

If, after hearing the response of the member and making such further investigation as may be warranted in the circumstances, the Board determines that the member has in fact failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

Article IV: Records of Proceedings

The minutes of the Board and all committees with Board-delegated powers shall contain:

- A. The names of the persons who disclosed or otherwise were found to have a financial interest in connection with an actual or possible conflict of interest, the nature of the financial interest, any action taken to determine whether a conflict of interest was present, and the Board's decision as to whether a conflict of interest in fact existed; and
- B. The names of the persons who were present for discussions and votes relating to the transaction or arrangement, the content of the discussion, including any alternatives to the proposed transaction or arrangement, and a record of any votes taken in connection therewith.

Article V: Compensation

A voting member of the Board of directors or senior leadership who receives compensation, directly or indirectly, from the School for services is precluded from voting or acting on matters pertaining to that member's compensation.

A voting member of any committee or senior leadership whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the School for services is precluded from voting or acting on matters pertaining to that member's compensation.

Article VI: Annual Statements

Each director, principal officer, senior leadership member, and member of a committee with Board delegated powers shall annually sign a statement which affirms that such person:

- A. Has received a copy of the Conflict of Interest Policy,
- B. Has read and understands the Policy,
- C. Has agreed to comply with the Policy, and
- D. Understands the School is a charitable organization and that in order to maintain its federal tax exemption it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

Article VII: Periodic Reviews

To ensure the School operates in a manner consistent with charitable purposes and that it does not engage in activities that could jeopardize its status as an organization exempt from federal income tax, periodic reviews shall be conducted. The periodic reviews shall, at a minimum, include the following subjects:

- A. Whether compensation arrangements and benefits are reasonable, based on competent survey information, and the result of arms-length bargaining; and
- B. Whether partnerships, joint ventures arrangements, and arrangements with management service organizations conform to written policies, are properly recorded, reflect reasonable payments for goods and services, further the School's charitable purposes and do not result in inurement, or impermissible private benefit.

Article VIII: Use of Outside Experts

In conducting the periodic reviews as provided for in Article VII, the School may, in its discretion, use outside advisors. If outside experts are used, their use shall not relieve the Board of its responsibility to conduct periodic reviews.

In the course of their service, the Directors, Officers, and Senior Leadership of the Colburn School should always conduct themselves in accordance with applicable law and with the highest integrity and ethical behavior. Directors and Officers obviously have a right to engage in outside interests. However, to the extent that any outside interests might influence the business of the School and create the potential for an actual or perceived conflict of interest, law and good practice indicate that a disclosure should be made to the Board in accordance with the School's Conflict of Interest Policy. Accordingly, this Disclosure Statement will be sent annually to all Directors, Officers, and Senior Leadership.