

Horace Mann School

Conflict of Interest and Confidentiality Policy

Preamble. The Board of Trustees (the "Board"), Officers, and Key Employees of the Horace Mann School (the "School") owe a duty of loyalty and trust to the School, which requires that in their positions, they act in the interest of the School and not in their personal interests. Trustees, Officers, and Key Employees may not use their positions or information they have about the School or the School's property or information obtained through their positions in a manner that allows them to secure or attempt to secure an economic benefit, either directly or indirectly, for themselves or their relatives or associates. In sum, it is the policy of the School that no transaction between it and its Trustees, Officers, and Key Employees be tainted with an actual or perceived conflict of interest. The School will not enter into any such transaction or arrangement unless it is determined by the Board in the manner described below to be fair, reasonable and in the best interests of the School at the time of such determination.

Confidentiality. Trustees, Officers, and Key Employees will maintain a high degree of confidentiality regarding the privacy of students, families, applicants, alumni, donors, School employees, other Trustees, Officers, Key Employees and the School itself (the "School Parties"). This confidentiality obligation includes, but is not limited to, issues of or relating to any of the School Parties' finances, operations, employment, employees, counseling, child custody, learning disabilities, grades, reports, assessments, fundraising, and other School-related matters (the "Confidential School Information"). Trustees, Officers, and Key Employees will not discuss or disclose any Confidential School Information, during or after termination of their service with the School, absent the express permission of the Chair of the Board. This confidentiality obligation includes, but is not limited to, a prohibition of any discussion or disclosure by Trustees, Officers, or Key Employees to members of the press, absent the express permission of the Chair of the Board. Trustees, Officers, and Key Employees will not use any Confidential School Information to further their own interests or the interests of their family or friends.

Related Party Transactions and Duty to Disclose

A Related Party Transaction (as defined below) is not necessarily a prohibited transaction. Under this Policy, if the School contemplates entering into a Related Party Transaction, the Board or a committee thereof must determine if the transaction is fair, reasonable, and in the best interests of the School at the time of such determination. If at any time during his or her service, a Related Party (as defined below) acquires a Financial Interest (as defined below) or when any matter for decision or approval comes before the Board in which a Related Party has a Financial Interest, that Financial Interest or potential Related Party Transaction must be promptly disclosed in writing to each member of the Board and the Chair, together with the material facts. The Board will then follow the procedures set out in the Audit Committee Review section below.

Failure to disclose to the Board a known Financial Interest or a known potential Related Party Transaction may be grounds for removal from the Board or termination from the School.

Disclosure and Voting

Disclosure, Non-Participation, and Review. Any Related Party shall disclose in good faith all material facts of his or her Financial Interest to the Board. All transactions, agreements, or other arrangements between the School and a Related party, and any other transactions which may involve a potential conflict of interest shall be reviewed by the Independent Directors (as defined below) of the Board. All Related parties with a Financial Interest shall leave the room in which such deliberations are conducted. The Board will then determine whether the contemplated Related Party Transaction is fair, reasonable, and in the best interests of the School at the time of such determination. The School will not enter into any Related Party Transaction unless it is determined to be fair, reasonable, and in the best interests of the School at the time of such determination.

Consideration of Alternate Transactions and Comparability Data

If the contemplated Related Party Transaction pertains to compensation for services or the transfer of property or other economic benefit to a Related Party, the Board must determine that the value of the economic benefit provided by the School to the Related Party does not exceed the value of the consideration received in exchange by obtaining and reviewing appropriate comparable data prior to entering into the transaction. Where the contemplated Related Party Transaction does not involve compensation, transfer of property or benefits to a Related Party, the Board must consider alternative transactions to the extent possible.

Comparability Data

When considering the comparability of compensation, for example, the types of relevant comparability data which the Board may consider include, but are not limited to (1) compensation levels paid by similarly situated organizations; (2) the availability of similar services within the same geographic area; (3) current compensation surveys compiled by independent firms; and (4) written offers from similar institutions competing for the same person's services. When the transaction involves the transfer of real property as consideration, the relevant factors include, but are not limited to (i) current independent appraisals of the property; and (ii) offers received in a competitive bidding process.

Voting

The Board shall, after considering alternate transactions and/or comparability data, determine in good faith by vote of the Independent Directors of the Board whether the transaction or arrangement is fair, reasonable, and in the best interest of the School at the time of such determination. The transaction shall be approved by not less than a majority vote of the Independent Directors of the Board present at the meeting. The Board shall make its decision as to whether to enter into the transaction or arrangement and shall document the meeting contemporaneously as described below.

All Related Parties with a Financial Interest must not be present for deliberations and voting on the transaction or arrangement in which he or she has a Financial Interest. However, Related Parties are not prohibited from providing information regarding the transaction to the Board prior to the Board's deliberations. Only Independent Directors of the Board shall vote on Related Party Transactions. No Trustee or Officer shall vote, act, or attempt to influence improperly the deliberations on any matter in which he or she has been determined by the Board to have a Financial Interest. Any attempt to vote, act, or improperly influence deliberations by a Related Party on any matter with which such

person has a Financial Interest may be grounds for removal from the Board or termination from the School.

Compensation.

A voting member of the Board or an Officer who receives compensation directly or indirectly from the School for services or a Trustee serving as a voting member of any Committee whose jurisdiction includes compensation matters is precluded from voting or acting on matters pertaining to that Trustee's or Officer's compensation.

No voting member of the Board or any Committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the School, either individually or collectively, is prohibited from providing information to any Committee regarding compensation.

Audit Committee Review

The Board may delegate to the Audit Committee, which shall be composed solely of Independent Directors, the adoption, implementation, and compliance with this Policy. The Board may delegate to the Audit Committee review and approval of any Related Party Transaction involving a Related Party and the School, as contained in this Policy; provided that if the Related Party Transaction is of a magnitude that would otherwise require full Board approval, the Committee shall submit the Related Party Transaction to the Board for consideration, providing its recommendation as to whether or not to approve it. In the event the Board delegates the review and approval of Related Party transactions to the Audit Committee, all references to the Board in this Policy shall be deemed to refer to such Committee and all references to a majority of the Board shall be deemed to refer to a majority of the Audit Committee.

Records of Proceedings

The minutes of all meetings of the Board and all Committee meetings at which a Related Party Transaction is considered shall contain:

- The names of the persons who disclosed or otherwise were determined to have a potential or actual Financial Interest and/or conflict of interest, the nature of the potential or actual Financial Interest and/or conflict of interest, any action taken to determine whether a Financial Interest or conflict of interest exists, and the Board's decision as to whether a Financial Interest and/or conflict of interest exists.
- The names of the persons who were present for discussions and votes relating to any determinations regarding Related Party Transactions, including whether the Related Party left the room during such discussions, the content of such discussions, including discussion of alternative transactions, and whether or not the transaction with the Related Party was approved by the Board.
- The minutes shall be documented contemporaneously to the decision and discussion regarding the Financial Interest or conflict of interest.

Initial and Annual Written Disclosures

Prior to a Trustee or Officer's initial election to the Board, or an Officer or Key Employee's employment at the School, and thereafter on an annual basis, all Trustees, Officers, and Key Employees shall disclose in writing to the Secretary of the School:

- i. Any entity of which such person or a Relative (as defined below) of such person is an officer, director, trustee, member, owner, or employee and with which the School has a relationship;
- ii. Any Financial Interest such person may have in any corporation, organization, partnership or other entity which provides professional or other goods or services to the School for a fee or other compensation; and
- iii. Any position or other material relationship such Trustee, Officer, or Key Employee, or Relative of such person, may have with any not-for-profit corporation with which the School has a business relationship.

A copy of each disclosure statement shall be kept in the School's files and made available to any Trustee, Officer, or Key Employee on request.

In addition, each Trustee, Officer, and Key Employee shall annually sign and submit to the Secretary of the School a statement which affirms such person: (a) has received a copy of this Policy, (b) has read and understands the Policy, and (c) has agreed to comply with the Policy.

Definitions

- **Affiliate.** An affiliate of the School is a person or entity that is directly or indirectly through one or more intermediaries, controlled by, or in control of, the School.
- **Financial Interest.** A person has a Financial Interest if such person would receive an economic benefit, directly or indirectly, from any transaction, agreement, compensation agreement, including direct or indirect remuneration as well as gifts or favors that are not insubstantial or other arrangement involving the School.
- **Independent Director.** A member of the Board who:
 - Has not been an employee of the School or an Affiliate within the last three years;
 - Does not have a Relative who has been a Key Employee of the School or an Affiliate within the last three years;
 - Has not received and does not have a Relative who has received more than \$10,000 in compensation directly from the School or an Affiliate in any of the last three years;
 - Does not have a substantial Financial Interest in and has not been an employee of, and does not have a Relative who has a substantial Financial Interest in or was an Officer of, any entity that has made payments to or received payments from, the School or an Affiliate in excess of the lesser of: (a) \$25,000 or (b) 2% of the School's consolidated gross revenue over the last three years (payment does not include charitable contributions, dues or fees paid to the School for services which the School provides

as part of its nonprofit purposes, provided that such services are available to the public on the same terms);

- Is not and does not have a relative who is a current owner, whether wholly or partially, director, officer or employee of the School's outside auditor or who has worked on the School's audit in the past three years;
 - Is not in an employment relationship under control or direction of any Related Party and does not receive payment subject to approval of a Related Party;
 - Does not approve a transaction providing economic benefits to any Related Party who in turn has approved or will approve a transaction providing economic benefits to the member of the Board.
- Key Employee. A Key Employee is a person who is, or has within the last five years, been in a position to exercise substantial influence over the affairs of the School. This includes, but is not limited to:
 - Voting members of the Board;
 - Presidents, Heads, CEO's, COO's or employee of any other title with similar responsibilities;
 - Treasurers and Chief Financial Officers or an employee of any other title with similar responsibilities; or
 - A "highly compensated" employee, within the meaning of section 4958 of the Internal Revenue Code and guidance issued by the Internal Revenue Service, to the extent such provisions are applicable, who is in a position to exercise substantial influence over the affairs of the School.
- Officer. A person who has the authority to bind the School as designed in the bylaws of the School.
- Related Party. Persons who may be considered a Related Party of the School or an Affiliate under this Policy include:
 - Trustees, Officers, or Key Employees of the School or an Affiliate of the School, or any other person who exercises the powers of Trustees, Officers, or Key Employees over the affairs of the School or of any Affiliate of the School;
 - Relatives of Trustees, Officers or Key Employees;
 - Any entity in which a person in (i) or (ii) has a 35% or greater ownership or beneficial interest or, in the case of a partnership or professional corporation, a direct or indirect ownership interest in excess of 5%;
 - Founders of the School;

- Substantial contributors to the School (within the current fiscal year or past five fiscal years);
- Persons owning a controlling interest (through votes or value) in the School;
- Any non-stock entity controlled by one or more Key Employees.
- Related Party Transaction. Any transaction, agreement, or any other arrangement with the School or an Affiliate of the School in which a Related Party has a Financial Interest. Any Related Party Transaction will be considered a conflict of interest for purposes of this Policy.
- Relative. A Relative is a spouse, ancestor, child (whether natural or adopted), grandchild, great grandchild, sibling (whether whole or half blood), or spouse or domestic partner of a child (whether natural or adopted), grandchild, great grandchild or sibling (whether whole or half blood) or a domestic partner as defined in Section 2994-A of the New York Public Health Law.

Adopted by the Board of Trustees at meeting on _____.

**Horace Mann
Conflict of Interest Disclosure Statement and
Confidentiality Agreement**

I have received the Conflict of Interest and Confidentiality Policy (the "Policy") of Horace Mann School, read and understand it, and I agree to comply with its provisions. In compliance with the Policy, the undersigned submits this disclosure statement, indicating all known and potential conflicts of interest:

Please fill out the below questions to the best of your knowledge:

1) Please disclose any entity of which you (or a Relative) are a trustee, officer, director, member owner or employee, with which the School has a relationship. (the list should include the name of your relative, if relevant, the name of the entity, and your or your relative's position held)

2) Please disclose any position or other material relationship you have with any not-for-profit with which the School has a business relationship.

3) Please disclose any transaction or arrangement in which the School is a participant and in which you might have a Financial Interest.

4) Please disclose any Financial Interest you or a Relative may have in any corporation, organization, partnership or other entity which provides professional or other goods or services to the School for a fee or other compensation.

Please attach additional paper if necessary to respond. I certify that to the best of my belief and knowledge the answers to the above questions are true and correct. I further acknowledge that it is my obligation to keep my response to the above questions current at all times by notifying the Board in writing of any changes.

Date: _____

Signature: _____

Name: _____