

Conflict of Interest Policy
Akamai University
Board Approved: 25 July 2012

Article I: Purpose

The purpose of the Conflict of Interest Policy is to protect the University's interest when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer or director of the University. This policy is intended to supplement but not replace any applicable laws governing conflicts of interest applicable to nonprofit and tax-exempt agencies.

Article II: Definitions

Interested Person. Any director, principal officer, or member of a committee with board delegated powers, who has a direct or indirect financial interest, as defined below, is an interested person. If a person is an interested person with respect to any entity of which the University is a part, he or she is an interested person with respect to all entities.

Financial Interest. A person has a financial interest if the person has, directly or indirectly, through business, investment, or family: an ownership or investment interest in any entity with which the University has a transaction or arrangement, or a compensation arrangement with the University or with any entity or individual with which the University has a transaction or arrangement, or a potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the University is negotiating a transaction or arrangement. Compensation includes direct and indirect remuneration as well as gifts or favors that are not substantial in nature.

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.

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.

Procedures for Addressing the Conflict of Interest. 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. The chairperson of the governing board shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement. Exercising due diligence, the person or committee shall determine whether the University 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. 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 or committee shall determine by a majority vote of the disinterested directors whether the

transaction or arrangement is in the University's best interest and for its own benefit and whether it is fair and reasonable to the University and shall make its decision as to whether to enter into the transaction or arrangement in conformity with such determination.

Violations of the Conflicts of Interest Policy. If the governing 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 or committee 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 governing board and all committees with board-delegated powers shall contain:

- 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
- The board's or committee's decision as to whether a conflict of interest in fact existed
- 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 who receives compensation, directly or indirectly, from the University for services is precluded from voting on matters pertaining to that member's compensation. A voting member of any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the University for services is precluded from voting on matters pertaining to that member's compensation.

Article VI: Annual Statements

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

- Has received a copy of the conflicts of interest policy
- Has read and understands the policy
- Has agreed to comply with the policy, and
- Understands the University is 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 University 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:

- Whether compensation arrangements and benefits are reasonable, based on competent survey information, and the result of arms length bargaining.
- 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 University's charitable purposes and do not result in inurement, impermissible private benefit.

Article VIII: Use of Outside Experts

In conducting the periodic reviews as provided for in Article VII, the University may, but need not, use outside advisors. If outside experts are used, their use shall not relieve the board of its responsibility for ensuring periodic reviews are conducted.

References

Internal Revenue Service, U.S. Dept. of Treasury (IRS), <http://www.irs.gov/> © 1996-2006