

Hudson Link for Higher Education in Prison, Inc.

Conflict of Interest Policy for Directors, Officers and Key Employees

Adopted March 3, 2015

Capitalized terms have the meaning set forth in the Appendix to this Policy.

Hudson Link for Higher Education in Prison, Inc. (the “Corporation”) is a not-for-profit corporation formed under the laws of the State of New York. The directors, officers, and Key Employees of the Corporation have a duty to serve the purposes to which the Corporation is dedicated and to conduct the affairs of the Corporation in a manner consistent with such purposes and not to advance their personal interests. This Policy is intended to ensure that the directors, officers, and Key Employees act in the Corporation’s best interest and comply with applicable legal requirements. This Policy is designed to promote the identification, disclosure, evaluation and disposition of any real, potential, or apparent conflicts of interest that might, in fact or in appearance, call into question their duty of undivided loyalty to the Corporation.

1. Definitions.

- 1.1 “**Affiliate**” means a person or entity that is directly or indirectly through one or more intermediaries, controlled by, in control of, or under common control with the Corporation.
- 1.2 “**Audit Committee**” means the committee of the Board comprised of at least three (3) independent Directors designated to oversee the accounting and financial reporting process of the Corporation and the audit of the Corporation’s financial statements.
- 1.3 “**Board**” means the Corporation’s Board of Directors.
- 1.4 “**Covered Arrangement**” means each proposed transaction, agreement or other arrangement (including any compensation arrangement) in which:
 - a. (a) one or more Related Parties would have an interest and (b) the Corporation or any Affiliate would be a participant (including any Related Party Transaction, as defined below); or
 - b. there could be an actual or perceived conflict of interest for some other reason, including any transaction, agreement or other arrangement in which the interests of a Related Party could be seen as competing with the interests of the Corporation.
- 1.5 “**Key Employee**” means any person who is in a position to exercise substantial influence over the affairs of the Corporation, as referenced in Internal Revenue

Code Section 4958(f)(1)(A) and further specified in IRS Treasury Regulation Section 53.4958-3(c) and (d), or succeeding provisions.

1.6 “**Related Parties**” means:

- a. a director, officer, or Key Employee of the Corporation or any Affiliate of the Corporation;
- b. any Relative of any director, officer, or Key Employee or any Affiliate of the Corporation; or
- c. any entity in which a person in (i) or (ii) above 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%.

1.7 “**Related Party Transaction**” means any transaction, agreement or any other arrangement in which a Related Party has a financial interest and in which the Corporation or any Affiliate of the Corporation is a participant.

1.8 “**Relative**” means a spouse, domestic partner (as defined in Section 2994-A of the New York Public Health Law), child, grandchild, great grandchild, sibling (whether whole or half-blood), or spouse or domestic partner of a child, grandchild, great grandchild or sibling (whether whole or half-blood).

2. Circumstances that Constitute a Conflict of Interest

All Covered Arrangements are circumstances that constitute a perceived, potential, or actual conflict of interest and, as such, are subject to the terms of this Policy.

3. Procedures for Disclosing, Addressing, and Documenting Covered Arrangements

- (a) *Procedures Applicable to the Individual.* When a director, officer, or Key Employee has a direct or indirect interest in a Covered Arrangement, he or she:
 - (i) must immediately disclose in good faith in writing the existence and circumstances of the Covered Arrangement (including the material facts concerning his or her interest) to the Board or the Audit Committee;
 - (ii) must refrain from attempting to influence the deliberations or voting on the Covered Arrangement; and
 - (iii) may not participate in or attend the deliberations or vote by the Board of Directors or the Audit Committee on the Covered Arrangement.

At the request of the Audit Committee, the director, officer, or Key Employee may present background information or answer questions on the Covered Arrangement.

- (b) *Procedures Applicable to the Corporation.* Once the Audit Committee becomes aware of a Covered Arrangement, the following procedures apply:
- (i) *Fairness and Reasonableness.* Before approving a Covered Arrangement, the Audit Committee must determine that the Covered Arrangement is fair, reasonable, and in the Corporation's best interest.
 - (ii) *Comparability Data.* The Audit Committee must obtain and rely on comparable market data, to the extent available, in making the determination that the Covered Arrangement is fair, reasonable, and in the Corporation's best interest.
 - (iii) *Alternative Transactions.* The Audit Committee must consider alternative transactions, to the extent available, if the Covered Arrangement is a Related Party Transaction in which a Related Party has a "substantial financial interest" within the meaning of New York law.
 - (iv) *Voting.* All determinations and approvals with respect to a Covered Arrangement require the affirmative vote of not less than a majority of the members of the Audit Committee present at a meeting of the Audit Committee (provided a quorum is present and no greater portion is required by applicable law or the Corporation's Certificate of Incorporation or By-Laws). Notwithstanding the foregoing and as set forth in the By-laws, the salaries of officers may be set only by the affirmative vote of a majority of the entire Board.
 - (v) *Contemporaneous Documentation.* All disclosures, considerations of alternative transactions, and recusals with respect to a Covered Arrangement together with the basis for all determinations, approvals and resolutions of the Audit Committee must be contemporaneously documented in writing (including in the minutes of any meeting at which the Covered Arrangement was discussed and voted on). This documentation must include an account of the consideration of comparable market data and alternative transactions, agreements, or arrangements, to the extent considered or available.
 - (vi) *Disclosure to the Board.* The Audit Committee must promptly disclose to the Board the existence of the Covered Arrangement

and its disposition (including compliance with the requirements of this Policy).

3. Disclosure Statement

Prior to the initial election, appointment, or hiring of any director and annually thereafter, such director must complete, sign, and submit to the Secretary of the Corporation a written disclosure statement identifying to the best of his or her knowledge:

- (a) any entity of which such director is an officer, director, trustee, member, owner (either as a sole proprietor or a partner), or employee and with which the Corporation has a relationship;
- (b) any transaction in which the Corporation is a participant and in which the director might have a conflicting interest; and
- (c) any other interests that could give rise to conflicts of interest.

Completed disclosure statements will be available for inspection by any member of the Board and may be reviewed by the Corporation's legal counsel. The Secretary of the Corporation will provide a copy of all completed disclosure statements to the Chair of the Audit Committee.

4. Adoption, Implementation and Compliance

The Board may make changes to this Policy from time to time, as it deems appropriate. The Audit Committee will oversee the implementation of, and compliance with, this Policy.

5. Administration

A copy of this Policy must be furnished to each director, officer, and Key Employee of the Corporation promptly upon its adoption and annually thereafter. In addition, each new director, officer, and Key Employee must be furnished with a copy of this Policy prior to the commencement of his or her duties and annually thereafter.