

UNITED STATES NAVAL ACADEMY FOUNDATION, INC.
2016 POLICY ON CONFLICTS OF INTEREST

1. Purpose. The purpose of this policy is to protect the interests of the United States Naval Academy Foundation, Inc. (the “Foundation”) when it contemplates entering into a transaction or arrangement that might benefit the private financial interests of an individual associated with the Foundation as an officer or director.

2. Definitions.

2.1. “Affiliate” means: (i) The United States Naval Academy, (ii) The United States Naval Academy Alumni Association, Inc., (iii) the Naval Academy Athletic Association, or (iv) any other entity that the Foundation financially supports.

2.2. “Conflict of Interest” or “conflict” means a conflict, or the appearance of a conflict, between the private financial interests and the official responsibilities of an officer or director.

2.3. “Family Member” means an individual’s spouse, child, grandchild, great-grandchild, brother, sister, parent and any person living in that individual’s household.

2.4. “Financial Interest” means a circumstance where an officer or director, directly or indirectly, through business, investments or a family member has: (i) an ownership or investment interest in any entity with which the Foundation or an affiliate has a transaction or arrangement; (ii) a compensation arrangement with the Foundation, an affiliate, or with any entity or individual with which the Foundation or an affiliate has a transaction or arrangement; or (iii) a potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the Foundation or an affiliate is negotiating a transaction or arrangement. As used herein, compensation includes direct and indirect remuneration as well as gifts and favors that are not insubstantial. A financial interest is not necessarily a conflict of interest and may be deemed so only by the board.

2.5. “Interested Person” means an officer or director who has a financial interest.

3. Duty to Disclose. In connection with any actual or potential conflict, an interested person shall disclose the existence of the financial interest to the board and be given an opportunity to disclose all material facts about the proposed transaction or arrangement to the board.

4. Determining Whether a Conflict of Interest Exists. After an interested person discloses to the board a financial interest and all relevant facts pertaining to it, the board (or a committee formed by the board to evaluate the potential conflict) shall meet, review the facts, and deliberate to determine whether an actual conflict exists. The determination shall be made by majority vote of the all disinterested members of the board, or the committee, as the case may be.

5. Procedures for Addressing the Conflict of Interest. Upon a determination under the foregoing paragraph that a conflict exists, the board shall appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement to which the conflict relates. After exercising this due diligence, the board shall determine whether the Foundation can obtain with reasonable efforts a more advantageous transaction from a source that would not give rise to a conflict. If a more advantageous transaction which would not create a conflict is not reasonably possible, the board shall determine by a majority vote of the disinterested directors whether the transaction or arrangement is fair, reasonable and in the Foundation's best interests. In conformity with the above determination, the board shall make its decision as to whether to enter into the transaction or arrangement.

6. Prohibited Activities. No officer or director shall: (i) accept from an entity or individual with whom the Foundation or an affiliate has transactions or arrangements any gift, favor, or other thing of value, other than items that are incidental and low in cost, including such reasonable items as typical meals in connection with business meetings or inexpensive promotional gifts; or (ii) use information acquired in connection with that individual's Foundation duties for personal benefit.

7. Violations. If the Board has reasonable cause to believe that an interested person has failed to disclose an actual or potential conflict of interest, it shall inform the individual of the basis for such belief and afford the individual an opportunity to explain the alleged failure to disclose. If, after hearing the individual's response and after making further investigation as warranted by the circumstances, the board determines that the individual has failed to disclose an actual conflict, it shall take appropriate disciplinary and corrective action.

8. Records of Proceedings. The minutes of the board (and all committees of the board formed to evaluate potential conflicts) shall contain: (i) the names of the individuals who disclosed or otherwise were found to have a financial interest in connection with an actual or potential conflict of interest, the nature of the financial interest, and any action taken to determine whether a conflict existed; and (ii) the names of the individuals who were present for discussions, and the votes relating to the transaction or arrangement.

9. Annual Statement. Officers and directors shall submit to the secretary of the board each year a signed statement in a form substantially similar to the statement attached hereto as Exhibit A.

10. Confidentiality. Information concerning actual or potential conflicts of interest hereunder shall be held in confidence unless the best interests of the Foundation dictate otherwise. Any disclosure beyond the board and the Foundation's president shall be made only upon majority vote of the board.

11. Fiduciary Duty. All officers and directors owe a fiduciary duty to the Foundation in connection their service to the organization. Such individuals shall act at all times in a manner consistent with this fiduciary duty and shall exercise particular care that no detriment to the interests of the Foundation results from a conflict growing out of a private financial interest.

EXHIBIT A

UNITED STATES NAVAL ACADEMY FOUNDATION, INC. **2016 ANNUAL CONFLICT OF INTEREST STATEMENT**

I, the undersigned, being an officer or director of the United States Naval Academy Foundation, Inc. (the "Foundation"), do hereby declare and affirm that:

1. I have received, read, understand, and agree to comply with the 2014 United States Naval Academy Foundation, Inc. Policy on Conflicts of Interest (the "Policy").
2. I am not an "Interested Person" as that term is defined in the Policy.
3. I do not transact business, directly or indirectly, with the Foundation or an "Affiliate" as that term is defined in the Policy.
4. I have no "Family Member," as that term is defined in the Policy, who is employed by the Foundation or transacts business, directly or indirectly, with the Foundation or an "Affiliate."
5. I have not been the subject of a "Conflict of Interest," as that term is defined in the Policy, during the past twelve (12) months.

I hereby list below any exceptions to the above statements:

Should I become aware of any facts inconsistent with the assertions made above, I will promptly notify the Secretary of the Board of Directors, and make full disclosure thereof.

Signature

Board / Officer / Committee Member Name Printed

Date

Please return this form to:

Abby Repko

USNA Foundation

291 Wood Road/Beach Hall

Annapolis, Maryland 21402

Or Fax: (410) 295-4107 or email: abby.repko@usna.com