

CONFLICT OF INTEREST POLICY FOR BANK DIRECTORS

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CONFLICT OF INTEREST POLICY FOR BANK DIRECTORS

I. **Purpose:**

The purpose of this policy is to provide guidance to the Board of Directors of the Federal Home Loan Bank of Boston in avoiding conflicts of interest and in complying with the provisions of Section 7 of the Federal Home Loan Bank Act, as amended (12 U.S.C. Section 1427) and Section 1261.11 of the regulations of the Federal Housing Finance Agency.

II. **Scope:**

This policy applies to all members of the Board of Directors of the Bank.

III. **Policy Statement:**

A. **In General.**

All Directors must adhere to the following requirements:

- (1) Each Director is to administer the affairs of the Bank fairly and impartially and without discrimination in favor of or against any member or nonmember borrower.
- (2) A Director is prohibited from using his or her official position for personal gain.
- (3) A Director shall disclose all actual or apparent conflicts of interests.
 - (a) The Board shall determine whether an actual conflict exists after receiving full disclosure.
 - (b) The Board's deliberations shall occur outside the affected Director's hearing.
 - (c) If an actual conflict is found to exist, the Director shall be recused from all further considerations relating to the matter in which the conflict exists.
- (4) A Director shall ensure that any required reports pursuant to the regulations of the Federal Housing Finance Agency ("Finance Agency"), the Securities and Exchange Commission and this policy are filed.
- (5) A Director shall disclose to the Board of Directors any financial interests he or she has, as well as any financial interests known to the Director of any immediate family member or business associate of the Director, in any matter

to be considered by the Board of Directors and in any other business matter or proposed business matter involving the Bank and any other person or entity.

- (a) A Director shall fully disclose the nature of his or her (or his or her family member's or business associate's) financial interest in the matter and shall provide to the Board of Directors any information requested to aid in the Board's consideration of such interest.
 - (b) A Director shall refrain from considering or voting on any issue in which the Director, any immediate family member, or any business associate has a financial interest.
- (6) A Director shall not disclose or use confidential information he or she receives solely by reason of the Director's position with the Bank to obtain any benefit for the Director or for any other person or entity.
 - (7) A Director shall not accept, and shall discourage the Director's immediate family members from accepting, any Gift that the Director believes or has reason to believe is given with the intent to influence the Director's actions as a member of the Bank's Board of Directors, or where acceptance of such Gift gives the appearance of intending to influence the Director's actions as a member of the Board. If a Director's family member receives a Gift (even though discouraged from doing so), then the Director must disclose the fact to the Board and recuse himself or herself from participating (during the twelve month period following the receipt of the Gift) in the consideration of any matter that could reasonably be viewed as benefiting the giver of the Gift.
 - (8) A Director shall not accept compensation for services performed for the Bank from any source other than the Bank.
 - (9) No Director may solicit or accept political contributions from corporate officers. However, a Director may solicit political contributions from other Federal Home Loan Bank Directors or from directors and officers of member institutions. The Bank will not endorse or recommend any candidate.

B. Independent Director Conflict of Interests

- (1) Employment interests.
 - (a) During any independent director's term of service, such director may not:
 - (i) serve as an officer, employee, or director of any member of the Bank, or of any recipient of advances from the Bank, or
 - (ii) serve as an officer of any Federal Home Loan Bank.

(b) An independent director or nominee for any independent directorship shall disclose all such interests to the Bank's Board of Directors.

(2) Holding companies.

Service as an officer, employee, or director of a holding company that controls one or more members of, or one or more recipients of advances from, the Bank is not deemed to be service as an officer, employee or director of a member or recipient of advances if the assets of all such members or all such recipients of advances constitute less than 35 percent of the assets of the holding company, on a consolidated basis.

(3) Attribution.

For purposes of determining compliance with this section, the Bank shall attribute to the independent director any officer position, employee position, or directorship of the director's spouse.

C. Support for Nomination or Election; Prohibition.

- (1) A Bank director, officer, attorney, employee, or agent, acting in his or her personal capacity, may support the nomination or election of any individual for a member directorship, provided that no such individual shall purport to represent the views of the Bank or its board of directors in doing so.
- (2) A Bank director, officer, attorney, employee or agent and the board of directors and Advisory Council (including members of the Council) of the Bank may support the candidacy of any individual nominated by the board of directors for election to an independent directorship.
- (3) Except as provided in paragraphs (1) and (2) of this section, no director, officer, attorney, employee, or agent of the Bank shall:
 - (a) Communicate in any manner that a director, officer, attorney, employee, or agent of the Bank, directly or indirectly, supports or opposes the nomination or election of a particular individual for a directorship; or
 - (b) Take any other action to influence the voting with respect to any particular individual.

IV. Administration:

A. Roles and Responsibilities

- (1) Owner. The Bank's Ethics Officer shall be the owner of this Policy, responsible for maintaining (including reviewing and recommending updates) this Policy.

- (2) Governance Committee's Role. Administration of this Policy will lie with the Governance/Government Relations Committee of the Board of Directors ("Governance Committee"), which will make recommendations to the Board for (a) addressing conflicts when they arise; and (b) ensuring that all reports required to be filed by individual Directors pursuant to Finance Agency regulations and this policy are filed.
- (3) Authorized Approver. The Board of Directors (acting upon the recommendation of the Governance Committee of the Board of Directors) shall be authorized to approve all changes to this Policy.

B. Governance

- (1) Re-Adoption Frequency. The Owner of this Policy will be responsible for presenting this Policy for re-adoption by the Authorized Approver at least once every year, whether or not any changes have been made. The Owner will also present this Policy for re-adoption by the Authorized Approver at any time that the Owner determines that a change is appropriate.
- (2) Review Frequency: The Owner of this Policy is expected to review this Policy on at least an annual basis, and to revise/update this policy (for re-adoption by the Authorized Approver) whenever the Owner deems such a revision/update to be necessary or appropriate.

C. Exception Management/Policy Interpretations

- (1) Approval of Exceptions. All exceptions under this Policy must be approved by Governance Committee of the Board of Directors and reported to the Authorized Approver.
- (2) Responsibility for Interpretations. The Governance Committee of the Board of Directors with the support of the Bank's Ethics Officer is responsible for all interpretations of this Policy.

V. Compliance Monitoring.

The Governance Committee of the Board of Directors with the support of the Ethics Officer shall be responsible for setting up and maintaining procedures designed to monitor compliance with this Policy.

VI. Applicable Laws and Regulations:

The following provisions of the Federal Home Loan Bank Act and FHFA Regulations are applicable to this Policy:

- Section 7 of the Federal Home Loan Bank Act, as amended (12 U.S.C. Section 1427)

- 12 C.F.R. Sections 1261.9, 1261.10 and 1261.11

VII. Related Policies; Procedures:

The following Bank policies cover subject matter that is related to this Policy:

- Code of Ethics and Business Conduct
- Corporate Governance Principles
- Related Person Transactions Policy

VIII. Glossary/Definitions:

The following defined terms are used in this Policy:

- (1) Immediate family member means parent, sibling, spouse, child, or dependent, or any other relative sharing the same residence as the Director.
- (2) Financial interest means a direct or indirect financial interest in any activity, transaction, property, or relationship that involves receiving or providing something of monetary value, and includes, but is not limited to any right, contractual or otherwise, to the payment of money, whether contingent or fixed. It does not include a deposit or savings account maintained with a member, nor does it include a loan or extension of credit obtained from a member in the normal course of business on terms that are generally available to the public.
- (3) Business associate means any individual or entity with whom a Director has a business relationship, including, but not limited to:
 - (a) Any corporation or organization of which the director is an officer or partner, or in which the director beneficially owns ten percent or more of any class of equity security, including subordinated debt;
 - (b) Any other partner, officer, or beneficial owner of ten percent or more of any class of equity security, including subordinated debt, of any such corporation or organization; and
 - (c) Any trust or other estate in which a director has a substantial beneficial interest or as to which the director serves as trustee or in a similar fiduciary capacity.
- (4) Member means an entity admitted to membership in the Federal Home Loan Bank of Boston.
- (5) Gift includes but is not limited to:

- (a) Gifts of more than token value;
- (b) Entertainment or hospitality, the cost of which is in excess of what is considered reasonable, customary, and accepted business practices; or
- (c) Any other items or services for which a director pays less than market value.

IX. Policy History Log:

Date	Purpose	Author	Approved by
12/17/2010	Annual review	Carol Pratt	Governance Committee; Full Board of Directors
12/16/2011	Annual revisions and reformatting to new Bank template	Carol Pratt	Governance Committee, Full Board of Directors
6/29/2012	Re-format to conform with Bank-wide formatting style	Carol Pratt	Governance Committee and Board of Directors
12/20/2013	Annual Review	Carol Pratt	Governance Committee and Board of Directors
10/24/2014	Annual Review – conform to regulation and eliminate redundancy	Carol Pratt	Governance Committee and Board of Directors
10/23/2015	Annual Review – further changes to conform to regulation	Carol Pratt	Governance Committee and Board of Directors
10/28/2016	Annual Review by Owner, no substantive changes	Carol Pratt	Governance Committee and Board of Directors