



CONFLICT OF INTEREST POLICY

Approved by Resolution of
The Board of Managers of
THE CORPORATION OF HAVERFORD COLLEGE

To Be Adopted February 8, 2019

The Board of Managers (the “**Board**”) of The Corporation of Haverford College (the “**College**”) has adopted the following Conflict of Interest Policy to establish policies and procedures to protect the College’s interests and its status as a nonprofit corporation and charitable organization when the College is contemplating entering into a transaction or arrangement that might benefit the private interest of a Manager or key employee of, or a substantial contributor to, the College, or might result in a possible excess benefit transaction. This policy is intended to supplement but not replace any applicable state and federal laws governing conflict of interest applicable to nonprofit and charitable organizations.

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CONFLICT OF INTEREST POLICY
FOR
THE CORPORATION OF HAVERFORD COLLEGE

Article I
Purpose

This Conflict of Interest Policy (the “**Conflicts Policy**”) of The Corporation of Haverford College (the “**College**”) is intended to protect the College’s interest when it is contemplating entering into a transaction or other arrangement that might benefit the private interest of a Covered Individual (as defined herein), or might result in a possible excess benefit transaction. This policy is intended to supplement but not replace any applicable state and federal laws governing conflict of interest applicable to nonprofit and charitable organizations.

Covered Individuals have a duty to avoid potential or apparent conflicts of interest. To avoid the appearance of impropriety, it is important for Covered Individuals to be open and honest with the College’s Board and key employees at all times. It is particularly important for Covered Individual officers to disclose the following facts:

- whether they have a potential conflict of interest with respect to any transaction, business decision or other matter in which the College is involved;
- whether they have a financial, business or personal interest in an entity with which the College is or will be doing business;
- whether individuals related to them have a financial, business or personal interest in an entity with which the College is or will be doing business; or
- whether they serve as a director, member or employee of either a competitor of the College or a corporation with which the College is or will be doing business.

The Board should proceed with caution when any of the above facts are present because there may be a conflict of interest. A Covered Individual who has an Interest with respect to a particular transaction should disclose it to the Board and appropriate officers of the College and abstain from participating in the negotiations and decisions surrounding that transaction. To avoid the appearance of impropriety, the Covered Individual who has the Interest should not be present in the room during any discussions that relate to the transaction.

Article II
Definitions

1. Covered Individual

Each member of the College’s Board of Managers, each key employee of the College and any substantial contributor to the College is deemed to be a “**Covered Individual**” and subject to the terms, procedures and requirements of this Conflicts Policy.

2. Interested Person

Any Covered Individual who has a direct or indirect Interest (as defined below) is deemed to be an “**Interested Person**” for purposes of this Conflicts Policy.

3. Interest

A Covered Individual has an “**Interest**” if that person has, directly or indirectly, through his or her business, investments, or immediate family or dependents any of the following:

- a. an ownership or investment interest in any entity with which the College has a transaction or other arrangement;
- b. a compensation arrangement with the College or with any entity or individual with which the College has a transaction or other arrangement; or
- c. a potential ownership or investment interest in, or compensation arrangement with, any entity or individual with whom the College is negotiating a transaction or other arrangement. Compensation arrangements include direct and indirect remuneration as well as gifts or favors that are not insubstantial.

An Interest is not necessarily a conflict of interest. Under Article IV, Section 2, a Covered Individual who has an Interest may have a conflict of interest only if the Board or an appropriate committee determines that a conflict of interest exists.

Article III
Duties of Interested Persons

1. Duty of Care.

The Pennsylvania Nonprofit Corporation Law requires all Interested Persons to exercise business decisions with adequate information and reasonable diligence when considering all available information. Specifically, the law requires that Interested Persons render their services “in good faith” and “with such care, including reasonable inquiry, skill and diligence, as a person of ordinary prudence would use under similar circumstances.”

2. Duty of Loyalty.

Pennsylvania law also requires all Interested Persons to maintain a duty of loyalty to the College. Interested Persons must always perform their duties in good faith with the best interests of the College in mind. This means that they must not seek to derive private gain from business transactions that involve the College or advance their own Interests at the expense of the College. Acts of self-dealing constitute a breach of fiduciary duty which may result in personal liability to the College. Interested Person should avoid conflicts of interest and even the appearance of impropriety. Interested Persons who take advantage of corporate opportunities to make profits for themselves at the expense of the College may be liable for the profits they received at the College’s expense.

3. Fiduciary Duty.

Interested Persons have a fiduciary responsibility when handling finances and investments of the College. That simply means they must exercise the degree of care, caution and diligence that prudent persons would exercise in handling their own personal investments and finances. Interested Persons who have or claim to have special knowledge or skills in the area of investment will be held to a higher standard. Fiduciaries who carelessly or negligently invest funds may be personally liable for any losses sustained.

Article IV
Procedures

1. Duty to Disclose

In connection with any actual or possible conflict of interest, an Interested Person must disclose the existence of an Interest and be given the opportunity to disclose all material facts to the Board and members of committees with Board-delegated powers considering the proposed transaction or other arrangement. Some illustrative examples of situations where an actual or potential conflict of interest may arise include, but are not limited to, the following:

- A Manager is employed by Omega Insurance, the brokerage firm that writes or places most of the College's property insurance.
- A Manager serves as an officer, director, or key employee of a firm or partnership that serves as an investment manager for the College's endowment.
- The daughter-in-law of an officer of the College is a principal in Alpha Travel Services, a partnership with whom the College is considering doing business.
- An officer of the College is a personal friend and a member of the same church and country club as the owner of a local construction company that regularly bids on College projects.
- A substantial contributor to the College owns an investment interest in a business or enterprise in which the College is also considering an investment.

2. Determining Whether a Conflict of Interest Exists

After disclosure of the Interest and all material facts, and after any discussion with the Interested Person, the Interested Person shall leave the Board or committee meeting while the determination of the existence of a conflict of interest is discussed and a decision is reached. The remaining disinterested Managers or committee members (*i.e.*, those who do not have an Interest) shall decide if a conflict of interest exists.

3. Procedures for Addressing a Conflict of Interest

- a. An Interested Person may make a presentation at the Board or committee meeting but, after the presentation, the Interested Person shall leave the meeting during the

discussion of, and decision about, the transaction or arrangement involving the possible conflict of interest by disinterested Managers or committee members.

b. The chairperson of the Board or the committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.

c. After exercising due diligence, the Board or the committee shall determine whether the College can obtain, with reasonable efforts, a more advantageous transaction or arrangement from a person or entity that would not give rise to a conflict of interest.

d. If a more advantageous transaction or arrangement is not reasonably obtainable under circumstances not producing a conflict of interest, the Board or committee shall determine by a decision of the disinterested Managers or committee members whether the transaction or arrangement is in the College's best interest, for its own benefit, and whether it is fair and reasonable. In conformity with the above determination, the Board or committee shall make a decision whether or not to enter into the transaction or arrangement.

4. Violations of the Conflicts Policy

a. If the Board or committee has reasonable cause to believe a Covered Individual has failed to disclose actual or possible conflicts of interest, it shall inform the Covered Individual of the basis for such belief and afford the Covered Individual an opportunity to explain the alleged failure to disclose.

b. If, after hearing the Covered Individual's response and after making further investigation as warranted by the circumstances, the Board or committee determines the Covered Individual has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

Article V **Records of Proceedings**

The minutes of the Board and all committees with board-delegated powers shall contain:

a. The names of the Covered Individuals who disclosed or otherwise were found to have an Interest in connection with an actual or possible conflict of interest, the nature of the Interest, any action taken to determine whether a conflict of interest was present, and the Board's or committee's decision as to whether a conflict of interest in fact existed.

b. The names of the persons who were present for discussions and decisions 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 decisions taken in connection with the proceedings.

Article VI
Compensation

A Covered Individual who receives compensation, directly or indirectly, from the College for services is precluded from participating in decisions about matters pertaining to that Covered Individual's compensation.

A Covered Individual serving on any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the College for services is precluded from participating in decisions about matters pertaining to that Covered Individual's compensation.

No Covered Individual whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the College, either individually or collectively, is prohibited from providing information to any committee regarding compensation.

Article VII
Annual Statements

Each Covered Individual shall annually sign a statement (a copy of which is attached hereto as Exhibit A) which affirms such Covered Individual:

- a. has received a copy of this Conflicts Policy;
- b. has read and understands this Conflicts Policy;
- c. has agreed to comply with this Conflicts Policy; and
- d. understands the College is a charitable organization and, 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 VIII
Periodic Reviews

To ensure the College operates in a manner consistent with its charitable purposes and does not engage in activities that could jeopardize its tax-exempt status, periodic reviews shall be conducted. The periodic reviews shall, at a minimum, include the following subjects:

- a. Whether compensation arrangements and benefits are reasonable, based on competent survey information, and the result of arm's length bargaining.
- b. Whether partnerships, joint ventures, and arrangements with management organizations conform to the College's written policies, are properly recorded, reflect reasonable investment or payments for goods and services, further charitable purposes, and do not result in inurement, impermissible private benefit, or in an excess benefit transaction.

Article IX
Use of Outside Experts

When conducting the periodic reviews as provided for in Article VIII, the College 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.

Exhibit A to Haverford College Conflict of Interest Policy

Conflict of Interest Certification and Disclosure Form

Name: _____

Position (e.g., employee/volunteer/trustee): _____

Date: _____

Certification

By signing this form below, I certify that:

1. I have received a copy of the organization’s Conflict of Interest Policy;
2. I have read and understand the Conflict of Interest Policy;
3. I agree to comply with the Conflict of Interest Policy; and
4. I understand that the College is a charitable organization and in order to maintain its federal tax exemption it must engage primarily in activities that accomplish one or more of its exempt purposes and not engage in activities and transactions that provide impermissible benefits to individuals or entities.

Conflict of Interest Disclosure

Please certify below that you either have no actual or possible conflict of interest to report, or describe below any relationships, transactions, positions you hold (volunteer or otherwise), or circumstances that you believe could contribute to an actual or possible conflict of interest between the College and your personal interests, financial or otherwise:

_____ I have no conflict of interest to report.

_____ I have the following actual or possible conflict(s) of interest to report.

1. Please specify below any actual transactions you are aware of between the College and any entity or person with which you have a business, investment, or family relationship.

(Please attach a supplemental statement if you have additional actual or possible conflicts of interest to disclose.)

2. For the purposes of determining possible future conflicts of interest, please also specify other nonprofit and for-profit boards on which you and/or your spouse sit, any for-profit businesses for which you or an immediate family member are an officer or director, or a majority shareholder, and the name of your employer and any businesses you or a family member own.

1. _____

2. _____

3. _____

(Please attach a supplemental statement if you have additional actual or possible conflicts of interest to disclose.)

I hereby certify that the information set forth above is true and complete to the best of my knowledge.

Signature: _____

Date: _____