SWARTHMORE COLLEGE CONFLICT OF INTEREST POLICY FOR BOARD MEMBERS AND KEY EMPLOYEES

I. Purpose

Swarthmore College is a liberal arts institution of higher education that esteems excellence, truth and integrity. Considering the trust and confidence the College places in them, and consistent with Pennsylvania law and the Internal Revenue Code of 1986, as amended (the "Code"), the individuals who serve as Managers of the Board of Managers, as members to the Committees of the Board of Managers, and as Officers of the College are expected to act with the highest integrity and owe duty of loyalty to the College. These individuals have a fiduciary responsibility to conduct themselves in accordance with the highest standards of good faith, diligence and due care, and in a manner reasonably believed to be in the best interest of the College in all respects. Consistent with these principles, it is the policy of the College and the Board of Managers that all Managers, Officers, and others as specified in *Section III. Covered Persons* below have a duty to disclose all possible conflicts of interest. The Audit and Risk Management Committee is responsible for assessing and managing potential conflicts in accordance with this policy. This Policy is intended to supplement, but not replace, any state and federal laws governing conflicts of interest applicable to nonprofit and charitable organizations.

II. Conflict of interest

A conflict of interest arises when there is an actual or perceived divergence between a Covered Person's own interests and the fiduciary duty for the Covered Person to act in the best interest of the College. Conflicts may arise when a Covered Person or the College contemplates engaging in a proposed transaction, investment, arrangement or other activity where (a) the College would be a participant and a Covered Person or a Covered Person's Associate would have a beneficial interest, or (b) the Covered Person has a personal interest that is actually or could be perceived as interfering or influencing the Covered Person's performance of his or her responsibilities to the College. For example, a conflict of interest might arise from a business relationship between the College and a Covered Person or between the College and an entity where a Covered person serves as an officer, director, general partner, trustee, key employee, or has a financial interest. Another example of a conflict of interest might also arise where a Covered Person serves as an officer, a member of a governing board, or a trustee of a competitor of the College.

A Covered Person's beneficial interest can be financial or non-financial. A Covered Person has a financial interest if that person has, directly or indirectly, through business, investment or such Covered Person's Associate, for example: (i) an ownership or investment interest in any entity with which the College has a transaction or arrangement; (ii) a compensation arrangement with the College or any entity or individual which the College 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 College is negotiating a transaction or arrangement. Compensation includes direct or indirect remuneration as well as gifts or favors that are substantial in nature.

A Covered Person has a non-financial interest if the person has, directly or indirectly, through business, investment or such Covered Person's Associate, a non-financial benefit or advantage that the Covered Person would not have obtained absent their relationship with the College. For example: (i) a person seeks to obtain preferential treatment by the College; (b) a person seeks to make use of confidential information obtained from the College; (c) a person seeks to take advantage of an opportunity that the person has reason to believe would be of interest to the College; or (d) the College adopts a policy that provides significant non-financial benefit to the person.

III. Covered Persons

This policy applies to the following persons, whether their role is existing or newly appointed: (1) voting members of the Board of Managers; (2) Managers Emeriti; (3) Key Employees; and (4) non-Managers serving as members of Committees of the Board of Managers. "Key Employee" means any employee who is in a position to exercise substantial influence over the affairs of the Colleges within the meaning of Section 4958(f)(1)(A) of the Code, and Section 53.4958-3(c), (d) and (e) of the Treasury Regulations. A Key Employee includes the College's Officers as defined in the Bylaws, and any employee with ultimate responsibility to implement decisions of the Board of Managers, supervise management, administration or operations of the College, or manage the College's finances. A Key Employee also includes (i) any employee who is a "substantial contributor" (as such term is defined in Section 4958 of the Code) to the College; (ii) any employee whose compensation is based on revenues derived from the College's activities; (iii) any employee who has or shares authority to control or determine a substantial portion of the Colleges' capital expenditures, operating budget or compensation for employees; and (iv) any employee who manages a discrete segment of the College that represents a substantial portion of the activities, assets, income or expenses of the College as compared to the College as a whole.

IV. Covered Relationships

This policy applies to any transactions or business relationships, whether financial or otherwise, between the College and a Covered Person, or between the College and a *Covered Person's Associate*. A Covered Person's Associate refers to:

a. Any immediate family member of the Covered Person, including a spouse, parent, sibling, spouse of a sibling, child, stepchild, grandparent, grandchild, spouse of a child or grandchild, in-law, or domestic partner, or such person claimed as a dependent for federal income tax purposes, and any relative residing in the same household as the Covered Person. There may be other family members as to whom disclosure should also be made to avoid the appearance of a conflict, and the Covered Person shall discuss any such person with the Chair of the Audit and Risk Management Committee to determine whether disclosure is warranted. It is understood that a Covered Person may not know about a Covered Relationship between a person described in this subsection and the College. Once the Covered Person knows or should have known about the Covered Relationship, then the Covered Person's duty to disclose that relationship arises;

b. Any entity (including, but not limited to, a corporation, association, firm, joint venture, LLC, partnership, limited partnership) in which the Covered Person has a financial interest, which includes any interest, direct or indirect, which a Covered Person and/or the Covered Person's family member (described in subsection a.) own, in the aggregate, 5% or more in equity or voting interest in the entity;

c. Any trust, estate, or other beneficial entity in which the Covered Person has a 5% or more beneficial interest or serves as a trustee or fiduciary;

d. Any entity in which the Covered Person serves as an officer, director, general partner, trustee, or employee;

V. Duty to Disclose, Refrain from Influence, and Recusal

Swarthmore College depends on leadership for its continuing ability to attract and retain members of its Board of Managers who are willing to give of their time for its benefit and who have a very wide range of other interests and associations. This vital service should not be rendered impossible because of the possibility of a conflict of interest. Any possible conflict of interest should be handled through full disclosure, together with an absence of involvement or influence by the Covered Person in any decision in which the interest is involved as follows:

a. Covered Persons shall have the duty to promptly disclose any known possible conflict of interest (and all related material facts) to the Audit and Risk Management Committee at the time the interest first becomes a matter of consideration by the College, the Board or by any Board committee.

b. Covered Persons shall annually complete a Conflict of Interest Questionnaire provided by the College, and shall update the Questionnaire promptly as necessary to reflect changes during the course of the year.

c. Completed Questionnaires and other disclosures of possible conflicts shall be subject to review by the Audit and Risk Management Committee, the Vice President for Finance and Administration, the General Counsel, and any other designees of the Audit and Risk Management Committee, such as other appropriate college personnel or outside legal counsel and/or auditors who may be appointed to advise the Audit and Risk Management Committee.

d. A summary of the completed questionnaire shall be shared annually with the Audit and Risk Management Committee and the Board of Managers. Between reporting periods, all new conflicts shall be reported as they arise to the Chair of the Audit & Risk Management Committee, who will determine if the conflict requires immediate action or can be deferred to the next scheduled meeting of the Committee.

e. Any Covered Person having a possible conflict of interest in a Covered Relationship must not use personal influence in the matter, must be recused and leave from committee or Board discussions about the matter, and, if a vote is taken, must not vote thereon nor be counted even in determining the quorum for that portion of the meeting.

f. Upon request of the Audit and Risk Management Committee, the Covered Person may provide information or answer the questions of Managers, but thereafter the Covered Person shall leave the room where the meeting is taking place prior to further discussion of, or a vote on, the transaction or arrangement involving the possible conflict of interest.

VI. Process for Addressing a Possible Conflict of Interest

a. Upon disclosure of a Covered Person's possible conflict of interest, the Audit and Risk Management Committee shall determine if a conflict of interest exists by reviewing the Covered Person's interest and all related material facts, and by obtaining any additional information about the transaction or business relationship with the College that the Committee believes may be informative. If the Audit and Risk Management Committee determines that a conflict of interest exists, then the Committee shall determine how to address the conflict.

b. If the Audit and Risk Management Committee determines that a conflict of interest exists, if need be, the Chair of the Committee may designate a person or persons to, investigate alternatives to the proposed transaction or business relationship and whether the transaction or business relationship is at least as beneficial to the College's interests as other viable and comparable alternatives without the potential for conflict. The designated committee shall report its findings to the Audit and Risk Management Committee.

c. After exercising due diligence in reviewing the findings of the designated committee, the Audit and Risk Management Committee shall determine whether proceeding or continuing with the transaction or business relationship is fair and reasonable and in the best interest of the College. In making this determination, the Audit and Risk Management Committee will consider whether the transaction or business relationship is at least as beneficial to the College's interests as other viable and comparable alternatives without the potential for conflict. At the conclusion of its review, the Audit and Risk Management Committee shall make a recommendation to the Chair of the Board, Vice Chair of the Board, the Chair of the Audit and Risk Management Committee and the Vice Chair of the Audit and Risk Management Committee, who will then decide whether to:

(i) Disapprove and disallow the transaction or business relationship;

(ii) Approve the transaction or business relationship, provided that, for the duration of the transaction or business relationship with the College, the Covered Person is recused from all relevant discussions and decisions about the transaction or business relationship, and, as appropriate, immediately lapses service to the College: (1) as a member of the Board (including Emeriti Managers), (2) as a member of the relevant Board committee(s), (3) as an Officer of the College, or (4) as a Key Employee;

(iii) Approve the transaction or business relationship with other restrictions as appropriate;

(iv) Approve the transaction or business relationship with no restrictions; or

(v) Submit the issue to the entire Board for consideration.

In reaching a decision, the Chair of the Board, Vice Chair of the Board, the Chair of the Audit and Risk Management Committee and the Vice Chair of the Audit and Risk Management Committee may consult with any individuals they deem appropriate, including but not limited to the chair or members of the affected Board committee(s), appropriate college personnel, outside legal counsel and/or auditors. Either the Chair of the Board or the Chair of the Audit and Risk Management Committee shall report the decision to the Board, as appropriate.

d. The minutes both of the Board and of the Committee meeting at which the matter is considered shall include the disclosure of the Covered Person's interest, the nature of the interest, that the Covered Person involved took no part in the decision, any action taken to determine 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), a record of any votes or decisions in connection with the proceedings, and a determination of whether proceeding with the conflict, if found, is fair and reasonable and in the best interest of the College.

VII. Investment Committee Considerations

a. As a matter of policy, the Investment Committee will not make investments in separately managed accounts, partnerships, commingled funds, or other investment vehicles with investment firms in which a Covered Person, who is a member of the Investment Committee, or the Covered Person's Associate has an ownership interest or employment relationship and the potential to profit directly from such investment.

b. With respect to a Covered Relationship in which a possible conflict of interest already exists, or arises upon a Covered Person becoming a member of the Investment Committee, the Covered Person involved shall (1) promptly disclose the possible conflict of interest (and all related material facts) to the Chair of the Audit and Risk Management Committee; (2) annually disclose the interest on the Conflict of Interest Questionnaire; and (3) during review of the interest, be recused from all discussions and decisions about the investment, fund, or account, and shall leave the room where the discussions are taking place. The Audit and Risk Management Committee shall determine if a conflict of interest exists and, if so indicated, shall determine how to address the conflict in accordance with *Section VI. Process for Determining Whether a Conflict of Interest Exists*.

VIII. Violations of the Conflicts of Interest Policy

a. If the Audit and Risk Management Committee has reasonable cause to believe that a Covered Person has knowingly failed to disclose an actual or potential conflict of interest, the Committee or its designees shall inform the Covered Person of the basis for such belief and afford the Covered Person an opportunity to explain the alleged failure to disclose.

b. If, after hearing the response of the Covered Person and making such further investigation as may be warranted in the circumstances, the Audit and Risk Management Committee determines that the Covered Person has knowingly failed to disclose a conflict of interest, it shall recommend to the Nominating and Governance Committee that the Board take appropriate disciplinary and/or corrective action.

IX. Compensation

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

X. Annual Statements

Each Covered Person shall annually sign a statement which affirms that such person: (a) has received a copy of the College's current conflict of interest policy; (b) has read and understand the policy; (c) has agreed to comply with the policy; and (d) understands that the College is a charitable organization and that in order to maintain its federal tax exemption it must engage primarily in activities that accomplish one or more of its tax-exempt purposes.

XI. Periodic Reviews

Periodic reviews shall be conducted to ensure that the College operates in a manner consistent with its charitable purposes and that it does not engage in activities that could jeopardize its status as an organization exempt from federal income tax. The periodic reviews shall, at a minimum, include whether compensation is reasonable and the result of arm's-length bargaining.

a. Use of Outside Experts

When conducting the periodic reviews, 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.

Adopted by resolution of the Board of Managers on May 2, 2015 to be effective July 1, 2015; Amended and made effective by resolution on February 25, 2023.

SWARTHMORE COLLEGE CONFLICT OF INTEREST POLICY FOR BOARD MEMBERS AND KEY EMPLOYEES DEFINITIONS

Covered Person: The term "Covered Person" applies to the following persons, whether their role is existing or newly appointed: (1) voting members of the Board of Managers; (2) Managers Emeriti; (3) Key Employees; and (4) non-Managers serving as members of Committees of the Board of Managers.

Covered Person's Associate: The term "Covered Person's Associate" includes each of the following:

a. Any immediate family member of the Covered Person, including a spouse, parent, sibling, spouse of a sibling, child, stepchild, grandparent, grandchild, spouse of a child or grandchild, in-law, or domestic partner, or such person claimed as a dependent for federal income tax purposes, and any relative residing in the same household as the Covered Person[1].

b. Any entity (including, but not limited to, a corporation, association, firm, joint venture, LLC, partnership, limited partnership) in which the Covered Person has a *financial interest*, which includes any interest, direct or indirect, which a Covered Person and/or the Covered Person's family member (described in subsection a.) owns, in the aggregate, 5% or more in equity or voting interest in the entity.

c. Any trust, estate, or other beneficial entity in which the Covered Person has a 5% or more beneficial interest or serves as a trustee or fiduciary.

d. Any entity in which the Covered Person serves as an officer, director, general partner, trustee, or employee

Key Employee: The term "Key Employee" means any employee who is in a position to exercise substantial influence over the affairs of the Colleges within the meaning of Section 4958(f)(1)(A) of the Code, and Section 53.4958-3(c), (d) and (e) of the Treasury Regulations. A Key Employee includes the College's Officers as defined in the Bylaws, and any employee with ultimate responsibility to implement decisions of the Board of Managers, supervise management, administration or operations of the College, or manage the College's finances. A Key Employee also includes (i) any employee who is a "substantial contributor" (as such term is defined in Section 4958 of the Code) to the College; (ii) any employee whose compensation is based on revenues derived from the College's activities; (iii) any employee who has or shares authority to control or determine a substantial portion of the Colleges' capital expenditures, operating budget or compensation for employees; and (iv) any employee who manages a discrete segment of the College that represents a substantial portion of the activities, assets, income or expenses of the College as compared to the College as a whole.

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[1]There may be other family members as to whom disclosure should also be made to avoid the appearance of a conflict, and the Covered Person shall discuss any such person with the Chair of the Audit and Risk Management Committee to determine whether disclosure is warranted. It is understood that a Covered Person may not know about a Covered Relationship between a person described in this subsection and the College. Once the Covered Person knows or should have known about the Covered Relationship, then the Covered Person's duty to disclose that relationship arises.