

Conflict of Interest Policy for Corporate Actions

Effective Date: June 8, 2018

1. Purpose

The purpose of this conflict of interest policy is to protect the interests of Mid-Atlantic Region Commission on Higher Education (“MARCHE” or the "Corporation") as a nonprofit charitable corporation under Pennsylvania law. This Policy applies to corporate actions of MARCHE and the activities of its board of directors (the "Commission"). MARCHE's "Conflict of Interest: Peer Evaluators and Commissioners" governs the service of commissioners, employees and volunteers to the organization as an accrediting agency recognized by the United States Department of Education, including service related to accreditation activities, training and consulting and the Middle States Association board of trustees and committees.

This Policy applies when the Corporation is considering a business transaction or arrangement that might benefit the private interest of a commissioner, a Commission or staff officer, committee member or senior management employee of the Corporation. This policy is intended to supplement (and not supercede) any other conflict of interest policy of the Commission relating to accreditation related activities. It is not intended to replace any applicable federal or state laws governing conflicts of interest applicable to nonprofit and charitable corporations. In the event that this policy appears to be inconsistent with or silent as to any applicable federal or state legal requirement, it shall be interpreted so as to be consistent with and comply with such requirements.

2. Definitions

(a) Interested Person: Any commissioner, corporate officer, senior management employee or member of a committee with board delegated powers who has a direct or indirect financial interest is an "interested person". A senior management employee for purposes of this policy includes the chief executive officer, chief operating officer, treasurer and chief financial officer of the organization and any other any person who, regardless of title, has substantial influence over the decisions of the Commission or the management, administration, or operation of the organization.

(b) Financial Interest: An interested person has a "financial interest" that is subject to this policy if the person has, directly or indirectly, through business, investment or family (including the spouse, children and members of the interested person's household): (a) an ownership or investment interest in any entity with which the Corporation has a business transaction or arrangement, (b) a compensation arrangement with the Corporation or with any entity or interested person with which the

Corporation has a business transaction or arrangement, or (c) a potential ownership or investment interest in, or compensation arrangement with, any entity or interested person with which the Corporation is negotiating a business transaction or arrangement. Compensation includes direct and indirect remuneration as well as gifts or favors that are substantial in nature. A financial interest is not necessarily a conflict of interest. An interested person who has a financial interest may have a conflict of interest only if the Commission or a committee decides that a conflict of interest exists.

(c) Procedures

(i) **Duty to Disclose:** In connection with any actual or possible conflicts of interest, an interested person must disclose to the Corporate Secretary the existence of his or her financial interest. The interested person must be given the opportunity to disclose all material facts to the Commission or committee with board delegated powers considering a proposed transaction or arrangement in which the interested person has a financial interest.

(ii) **Determining Whether a Conflict of Interest Exists:** After disclosure of the financial interest and all material facts, and after any discussion with the interested person, he/she shall leave the Commission or committee meeting while the determination of a conflict of interest is discussed and voted upon. The remaining Commission or committee members shall decide if an irreconcilable conflict of interest exists.

(d) Procedures for Addressing the Conflict of Interest:

(i) An interested person may make a presentation at the Commission or committee meeting, but after such presentation, he/she shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement that results in the conflict of interest.

(ii) The chairperson of the Commission or committee may, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.

(iii) If a more advantageous transaction or arrangement is not reasonably attainable under circumstances that would not give rise to a conflict of interest, the Commission or committee shall determine by a majority vote of the disinterested directors whether the transaction or arrangement is in the Commission's best interest and for its own benefit and whether the terms of the transaction are fair and reasonable to the Commission. The Commission or committee shall make its decision as to whether to enter into the transaction or arrangement in conformity with such determination.

(e) Violations of the Conflict of Interest Policy:

(i) If the Commission or committee has reasonable cause to believe that an interested person has failed to disclose actual or possible conflicts or interest, it shall inform the interested person of the basis for such belief and afford the interested person an opportunity to explain the alleged failure to disclose.

(ii) If, after hearing the response of the interested person and making such further investigation as may be warranted in the circumstances, the Commission or committee determines that the interested person has in fact failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

3. Records of Proceedings

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

(a) The names of the persons who disclosed or otherwise were found to have a financial interest in connection with an actual or possible conflict of interest, the nature of the financial interest, any action taken to determine whether a conflict of interest was present, and the Commission'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 votes 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 votes taken in connection therewith.

4. Compensation

A voting member of the Commission who receives compensation, directly or indirectly, from the Corporation for services is precluded from voting on matters pertaining to that member's specific compensation.

5. Annual Statements

Each commissioner, corporate officer, senior management employee and member of a committee with Commission-delegated powers shall annually sign a statement which discloses any existing conflicts of interest with the business of the Commission and affirms that such person:

- (a) has received a copy of the conflicts of interest policy,
- (b) has read and understands the policy,
- (c) has agreed to comply with the policy, and
- (d) understands that the Commission 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.

6. Periodic Reviews

To ensure that the Commission 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, periodic reviews shall be conducted. The periodic reviews shall, at a minimum, include the following subjects:

- (i) Whether compensation arrangements and benefits paid by the Corporation to commissioners, corporate officers and senior management employees are documented in writing, reasonable, not in excess of fair market value, and the result of arm's-length bargaining.
- (ii) Whether the Corporation's acquisitions of real property and other related transactions or acquisitions result in any private inurement or impermissible excess benefit to an interested person.
- (iii) Whether partnership and joint venture arrangements and arrangements with other service organizations conform to written policies, are properly documented, reflect reasonable payments for goods and services, further the Commission's charitable purposes and do not result in private inurement or impermissible excess benefit to an interested person.
- (iv) Whether agreements with other providers, employees, and third party payers further the Commission's charitable purposes and do not result in private inurement or impermissible excess benefit to an interested person.

7. Use of Outside Experts:

In conducting the periodic reviews provided for in Section 6, the Commission may, but need not, use outside advisors. If outside experts are used their use shall not relieve the Commission of its responsibility for ensuring that periodic reviews are conducted.



Conflict of Interest for Corporate Actions Disclosure Statement

In accord with the Commission's policy statement, Conflict of Interest for Corporate Actions, please read carefully the disclosure statement below and, to the best of your judgment, disclose any conflicts or potential conflicts of interest at the bottom, and sign and return the form to the Commission office as soon as possible. The purpose of this disclosure statement is to protect the interests of the Mid-Atlantic Region Commission on Higher Education (MARCHE), doing business as the Middle States Commission on Higher Education (MSCHE), as a non-profit charitable corporation under Pennsylvania law. This statement applies to corporate actions of MARCHE/MSCHE and the activities of its Board of Directors (the Commission) when the Corporation is considering a business transaction or arrangement that might benefit the private interest of a Commissioner, a Commission or staff officer, committee member, or senior management employee of the Commission.

Please indicate below your status with MARCHE/MSCHE:

- Commissioner
- Principal Officer
- Senior Employee
- Member of a Committee with Commission-Delegated Powers

I have read and fully understand the Conflict of Interest for Corporate Actions policy. To the best of my knowledge, I have disclosed below all situations and circumstances which may be considered conflicts of interest or potential conflicts of interest. Also, during my service to MARCHE/MSCHE, I will voluntarily disclose any situation or circumstance which may, in my judgment, be considered a conflict or potential conflict of interest as it arises.

Attach separate sheet(s), if necessary:

Signature _____

Please Print or Type Your Name

Date _____