

ETHICS POLICY FOR THE TRUSTEES OF DAVIDSON COLLEGE

I. Preamble

This Ethics Policy was adopted on October 8, 2004 by the Board of Trustees (the “Board”) of the Trustees of Davidson College (“Davidson College” or the “College”).

The Board is committed to maintaining the highest legal and ethical standards in the conduct of the business of Davidson College and to protecting the integrity and reputation of the College, its Trustees, and employees. Under established principles of law and sound business ethics, the Trustees are responsible for exercising their duties honestly, in good faith, and with a reasonable amount of diligence and care. Accordingly, the Trustees have an obligation to keep the welfare of the College at all times paramount in order to ensure that they do not compromise their independence of judgment, to preserve the confidence of all the College’s constituencies in the integrity of the Board, and to protect and fulfill the Davidson College mission. North Carolina General Statutes Sections 55A-8-30 through 55A-8-33 govern the Trustees, and this policy intends to comply with the requirements described therein. In the event there is an inconsistency between the requirements and procedures prescribed herein and those in Sections 55A-8-30 through 55A-8-33, the statute will control.

II. Conflicts of Interest

Every Trustee has a duty of loyalty to Davidson College. Therefore, other activities and financial interests must be arranged so as not to interfere with the primacy of that commitment. This policy will assist individual Trustees in identifying actual or potential Conflicts of Interest and provide the Board with a procedure to address such Conflicts.

- (1) Conflicts of Interest Defined. For purposes of this policy, the following circumstances shall be deemed to create Conflicts of Interest:
 - (A) Direct Interest.
 - (i) A Trustee or a Family Member has an existing or potential interest in a Transaction that impairs or might reasonably appear to impair his or her independent, unbiased judgment in the discharge of his or her responsibilities to Davidson College; or
 - (ii) A Trustee or a Family Member has a relationship with the other parties to the Transaction that impairs or might reasonably appear to impair his or her independent, unbiased judgment in a manner adverse to Davidson College.

(B) Indirect Interest.

- (i) A Trustee has a Material Financial Interest or is a general partner in another entity which is a party to the Transaction;
or
- (ii) A Trustee is a director, officer, manager, or trustee in another entity which is a party to the Transaction, and the Transaction is of sufficient importance that it is or should be considered by the Board.

(2) Definitions.

- (A) A “Conflict of Interest” or “Conflict” is any circumstance described in Section (1) above.
- (B) A “Family Member” includes a Trustee’s spouse, parents, children, domestic partner, and any person residing in a Trustee’s household.
- (C) A “Material Financial Interest” is a direct or indirect ownership interest by a Trustee or a Family Member of more than five percent of any corporation, partnership, limited liability company, unincorporated association or other entity.
- (D) A “Transaction” is any agreement to which Davidson College is a party or a relationship in which Davidson College is a party that involves the sale or purchase of real property, goods, services, or rights of any kind, the providing or receipt of a loan or grant, or the establishment of any other type of pecuniary relationship.

(3) Procedures.

- (A) Prior Disclosure. The disclosure of a Conflict of Interest should occur prior to entering into the proposed Transaction and prior to any consideration of the proposed Transaction by the Board.
 - (i) Disclosure Regarding a Transaction Subject to Board Action. Prior to Board action on a Transaction involving a Conflict of Interest, a Trustee having a Conflict of Interest, and who is in attendance at the meeting, shall disclose all facts material to the Conflict of Interest.

A Trustee who plans not to attend a meeting at which the Trustee has reason to believe that the Board will act on a matter in which the Trustee has a Conflict of Interest shall disclose to the Chair of the Board all facts material to the

Conflict of Interest. The Chair of the Board shall report the disclosure at the meeting.

- (ii) Disclosure Regarding a Transaction Not Subject to Board Action. A Trustee who has a Conflict of Interest with respect to a Transaction that is not subject to Board action shall disclose to the Chair of the Board any Conflict of Interest that such Trustee has with respect to the Transaction. Such disclosure shall be made as soon as the Conflict of Interest is known to the Trustee.
- (iii) Untimely Disclosure. If a Trustee fails to disclose the Conflict of Interest before the Board acts on the matter, the Trustee shall promptly submit a statement to the Board setting forth all facts material to the Conflict of Interest along with an explanation concerning the untimely nature of the notice.
- (iv) Failure to Disclose. If the Board has reasonable cause to believe that a Trustee failed to disclose an actual or potential Conflict of Interest, the Board shall inform the Trustee of the basis of such belief and afford the Trustee an opportunity to explain the alleged failure to disclose.

After hearing the Trustee's explanation and conducting such investigation as may be warranted under the circumstances, the Board may determine that the Trustee failed to disclose an actual or potential Conflict of Interest. In such event, the Board shall vote on the appropriate disciplinary and corrective action.

- (v) Unclear Whether a Conflict Exists. In the event that it is unclear whether a Conflict of Interest exists, the Trustee with the potential Conflict of Interest shall disclose the circumstances to the Chair of the Board who shall determine whether the potential Conflict of Interest should be disclosed pursuant to this policy.

(B) Nonparticipation of the Interested Trustee; Disinterested Board Vote.

- (i) After disclosure of a potential Conflict of Interest, disinterested members of the Board shall determine whether a Conflict of Interest exists. A Trustee who has a Conflict of Interest shall not participate in or be permitted to hear the Board's discussion of the matter, except to disclose material facts and to respond to questions. Such

Trustee shall not attempt to exert his or her personal influence with respect to the matter, either at or outside the meeting.

- (ii) If the Board concludes that a Conflict of Interest exists, the Board shall determine by voting whether the Transaction should be validated. A Conflict of Interest Transaction is authorized, approved, or ratified if it receives the affirmative vote of a majority of all the disinterested Trustees, without regard to any quorum requirement. The interested Trustee should leave the meeting during deliberations and abstain from voting. However, the presence of, or a vote cast by, a Trustee with a Conflict of Interest in the Transaction does not affect the validity of the vote if the Transaction is otherwise authorized, approved, or ratified in the manner otherwise prescribed.
- (C) Documentation. The Board Secretary shall keep accurate minutes reporting:
- (i) that a Conflict of Interest was disclosed;
 - (ii) whether the Trustee having a Conflict of Interest participated in the discussion of, or a vote regarding, the Transaction involving such Conflict; and
 - (iii) if the Transaction was approved, that the remaining, disinterested Board members reviewed the Transaction and approved it, believing it was in the best interest of Davidson College.
- (D) The Purchase and Sale of Securities. Conflict of Interest issues will normally not affect Trustees in the purchase and sale of securities. Typically Trustees will not have knowledge of specific transactions within the portfolios overseen by Davidson College. Should a Trustee become aware of such a transaction through his or her Davidson College activities, that Trustee should refrain from any purchase or sale of the security until three days after the purchase or sale by the Davidson College portfolio manager has been completed.

III. Confidentiality; Corporate Opportunity

- (1) A Trustee shall exercise care not to disclose:
 - (A) confidential information acquired in connection with the Trustee's status; or

- (B) information the disclosure of which might be adverse to the interests of Davidson College.
- (2) A Trustee shall not use corporate property, information, or the status of his or her position to solicit business for others or otherwise obtain a private financial, social, or political benefit which would be inconsistent with the Davidson College mission.

IV. Fair Dealing

Every Trustee shall deal fairly with Davidson College's students, officers, faculty, employees, and suppliers. No Trustee shall take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts, or any other unfair-dealing practice.

V. Proper Use of Assets

Every Trustee shall protect Davidson College's assets and ensure their efficient use. All College assets should be used in a manner consistent with the mission of Davidson College.

VI. Reporting Illegal or Unethical Behavior

In accordance with Davidson College's goal of promoting ethical behavior, a Trustee is obligated to report violations of this policy and of laws, rules, and regulations affecting Davidson College to the Chair of the Board. If a Trustee is uncertain about whether a particular situation is unethical or illegal, the Trustee shall disclose the circumstances to the Chair of the Board who will assist in determining the best course of action.

VII. Review of Policy; Annual Disclosure

- (1) The Board shall require each new Trustee to review a copy of this policy and to acknowledge in writing that the Trustee has done so.
- (2) Each Trustee shall annually complete a disclosure form identifying any relationships, positions, or circumstances in which the Trustee is involved that the Trustee believes could contribute to an ethical conflict arising.

The Board shall treat any such information regarding business interests of a Trustee or Family Member as confidential. Such information shall generally be available only to the Chair of the Board, and any committee appointed to address ethical issues, except to the extent additional disclosure is necessary in connection with the implementation of this policy.

ANNUAL STATEMENT OF DISCLOSURE AND COMPLIANCE

I have reviewed the Ethics Policy for the Trustees of Davidson College. If a possible ethical conflict arises in my responsibilities to Davidson College, I recognize that I have the obligation to call it to the attention of the Board of Trustees as set forth in the policy and to abstain from any participation in the matter.

The following is a listing of all organizations, institutions, corporations, partnerships, or other associations in which I have a Material Financial Interest or with which I am affiliated as a member of a board of directors or similar governing body, trustee, officer, employee, or consultant.

Organization/Entity

Position/Affiliation

Please describe below any relationships, positions, or circumstances in which you are involved that you believe could contribute to an ethical conflict arising.

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

Name

Signature

Date