

## 10.3.1 CONFLICT OF INTEREST POLICY

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**Approval Authority:** Board of Trustees  
**Responsible Executive:** General Counsel and Secretary to the Board  
**Responsible Office:** Office of General Counsel and Secretary to the Board  
**Effective Date:** May 21, 2019

### I. Purpose of this Policy

Stevens Institute of Technology is committed to the highest standards of ethics and integrity in all activities and operations undertaken on behalf of the University. Trustees and employees are expected to carry out their varied responsibilities in the best interests of Stevens and in compliance with applicable laws and University policies. In making decisions and taking action on behalf of Stevens, trustees and employees must seek to avoid Conflicts of Interest as well as the appearance of a Conflict of Interest.

While Stevens encourages faculty and staff to pursue continuing education and professional interests, it is possible that an individual's outside interests and outside activities may result in a Conflict of Interest or a Conflict of Commitment. In addition, certain relationships which exist at the institutional level may give rise to institutional conflicts of interest, as described below. Overseeing and managing conflicts of interest and commitment is a shared responsibility which supports the integrity of the University's programs and activities.

This Policy provides standards and clarifies the responsibilities of all trustees and employees related to Conflicts of Interest, Conflicts of Commitment and Institutional Conflicts of Interest.

For purposes of this Policy, faculty and staff are collectively referred to as employees. With respect to faculty, certain additional policies of the University contained within the Faculty handbook are referred to in this Policy, where appropriate.

All capitalized terms used in this Policy are defined below in Section III.

### II. Policy

Trustees and employees must ensure that all activities and transactions carried out on behalf of the University are conducted in the best interests of the University and in accordance with applicable law and University policies. The University recognizes that trustees and employees frequently engage in activities or encounter situations where the potential for, or an actual or perceived, Conflict of Interest or Conflict of Commitment will exist.

Where an actual or potential Conflict of Interest or Conflict of Commitment has been identified, the trustee or employee must disclose the matter using the disclosure process described in section II.G of this Policy. In the event that supervisors or other members of the University community have concerns about potential Conflicts of Interest or Commitment or the perception of such a conflict, they may raise the matter pursuant to the same disclosure process. Wherever possible, a plan will be adopted by the University to manage, reduce or eliminate the Conflict and the

University will work with the trustee or employee to ensure implementation of the plan.

Trustees and employees should also be mindful of actual or potential Institutional Conflicts of Interest and report such conflicts or potential conflicts to the Office of General Counsel.

A. Individual Conflicts of Interest

To avoid an actual or potential conflict between an individual's personal or professional interests and Stevens' interests, trustees and employees should refrain from taking action or making decisions on behalf of the University in situations in which their individual interests may compromise, or appear to compromise, their professional judgment.

Stevens relies on its trustees and employees to recognize and disclose any situation that could raise a Conflict of Interest. This Policy does not purport to illustrate every situation that could give rise to a Conflict of Interest but offers guidelines for determining, and a process to address and resolve, actual and potential conflicts. Every trustee and employee should carefully consider their actions in view of the following guidelines:

1. A Conflict of Interest will arise in a situation in which a trustee or employee engages, directly or indirectly, in personal or professional activities that are in competition with or adverse to Stevens. Such situations include (a) holding, directly or indirectly, an ownership or other financial interest, or having an employment, management, or fiduciary role (such as serving as an officer or director) in an enterprise with which Stevens has a business, research or other relationship or that is a competitor or adverse to or potentially adverse to Stevens; (b) representing in a professional capacity an individual or an enterprise that is a competitor or adverse or potentially adverse to Stevens, and/or (c) appropriating or diverting a business or financial opportunity that Stevens is pursuing, is considering pursuing or reasonably might be interested in pursuing if it were aware of the opportunity.
2. A Conflict of Interest will arise in a situation in which a trustee or employee has, directly or through a Family or Household Member, a material interest in a supplier of goods, services or research or other funding to Stevens, or a material interest in a contractor or potential contractor with Stevens, and acts on behalf of Stevens in any transaction involving that relationship.
3. A Conflict of Interest will arise in a situation in which a trustee or employee participates in the selection, award, or administration of a contract with any person or entity with whom they are negotiating regarding potential employment.
4. A Conflict of Interest will arise in a situation in which a trustee or employee obtains, uses or discloses non-public information learned or accessed through their role at Stevens for personal gain or for a purpose that may be disadvantageous to Stevens.
5. A Conflict of Interest will arise in a situation in which an employee solicits and/or accepts gifts, favors or hospitality of excessive value from a vendor or prospective vendor such that the acceptance of such gifts, favors or hospitality could reasonably be

viewed as influencing their decision-making or compromising their judgment in taking action on behalf of Stevens. Ordinarily, the acceptance of promotional items that are routinely distributed by vendors and are of nominal value (approximately \$50 or less) and the acceptance of ordinary business courtesies, such as payment for a meal or an invitation to an event, would not be viewed as influencing decision-making or compromising judgment so long as the meal or event is not lavish or excessive.

6. No trustee or employee, or any entity with which they are associated, may benefit from or exercise control over funds from gifts to Stevens donated by themselves or any entity with which they or their Family or Household Members are associated, or activities that have resulted, directly or indirectly, from such gifts.
7. A Conflict of Interest will arise in a situation in which a trustee or employee has a personal or professional relationship with a potential vendor, applicant for employment, applicant for student admission, applicant for financial aid, research sponsor or other person or entity with a potential relationship with the University, and the trustee or employee takes any action in connect with such potential relationship.

#### B. Conflicts Involving Family or Household Members

Stevens seeks the most qualified employees for its faculty and staff positions and recognizes that Family or Household Members of Stevens' trustees and employees may occasionally be selected for vacant faculty and staff positions. More frequently, Family or Household Members of trustees and employees are students at the University. Family or Household Members should not be selected for faculty or staff positions if selection would create a direct or indirect supervisor/subordinate relationship between the employee and the Family or Household Member. Similarly, Family or Household Members should not be hired if their employment has the potential for creating an adverse impact on the work performance of any Stevens' employee or division or would create an actual or perceived Conflict of Interest.

The following guidelines are designed to ensure that preferential treatment is not given to Family or Household Members when applying for positions or, once hired, in their role as employees. Guidance is also provided for handling situations where a trustee or employee's Family or Household Member is a student at the University.

1. A Conflict of Interest arises in a situation in which an employee has hiring or supervisory authority over a Family or Household Member or in a situation in which a trustee or employee acts on behalf of Stevens in any matter involving a Family or Household Member including, but not limited to, matters affecting a Family or Household Member's employment, evaluation or advancement at Stevens.
2. A Conflict of Interest arises in a situation in which a trustee or employee participates in any decision regarding a student who is a Family or Household Member, including but not limited to decisions relating to assigning scholarships, grants or other awards.
3. A Conflict of Interest occurs when a faculty member or instructor has direct oversight for academic grading in a course in which a Family or Household Member is enrolled.

### C. Conflict of Commitment

Stevens realizes the value to both employees and the University of engaging in outside activities of a professional nature. In addition, from time to time employees will wish to undertake personal or economic commitments which involve their time and effort. Such activities may conflict with University interests or the employee's ability or willingness to perform the full range of responsibilities associated with their position, and constitute a Conflict of Commitment to the University. Generally, full-time exempt non-faculty employees are not expected to have additional paid employment or be substantively involved with outside business activities including but not limited to service as a director or consultant to an outside entity. Time commitment expectations for faculty and related procedures are set forth in the University's Faculty Handbook, Section 3.1.3, Policy on Faculty Commitment and Professional Activities. A Conflict of Commitment constitutes a Conflict of Interest for purposes of this Policy.

Any non-faculty employee who wishes to engage in an outside activity, must obtain written approval for such proposed activity from their immediate supervisor, the relevant Vice President and the Vice President of Human Resources prior to engaging in the activity. Depending on an employee's status as exempt or non-exempt, or full-time or part-time, a particular outside activity may present a Conflict of Commitment for some employees and not others. Please consult with the Division of Human Resources if you have questions or concerns about your expected commitment of time to the University.

### D. Conflict of Interest in Research and Entrepreneurial Activities

The research activities of Stevens give rise to a special category of actual and potential Conflicts of Interest where the research activities of an employee may lead to the creation of intellectual property and/or the creation of a business entity which licenses Stevens' intellectual property, among other examples.

An individual Conflict of Interest may arise when the faculty member or other researcher's activities may compromise, or have the appearance of compromising, their professional judgment in conducting or reporting on research or in matters relating to the development and management of intellectual property created at Stevens. Depending on the particular context, a Conflict of Interest may affect, or appear to affect, the collection, analysis and/or interpretation of data, the hiring of staff, the procurement of materials, the choice of protocol or the use of statistical methods. Examples of Conflicts of Interest include the following:

1. It is a Conflict of Interest for an employee to accept research sponsorship from, or provide research sponsorship (e.g., a subcontract) to, an outside entity in which they or a Family or Household Member have a financial or other interest.
2. It is a Conflict of Interest for an employee, their supervisors or Family or Household Members of the employee or supervisor, to invest personally or own stock or other interests in privately held outside entities of their subordinates or students.

3. A Conflict of Interest will arise in a situation in which an employee or an employee's Family or Household Member owns an equity interest in an outside entity that licenses or is in negotiations to license Stevens' intellectual property.
4. It is a Conflict of Interest for an employee who serves on the board of, consults for or otherwise has an interest in an outside entity, to negotiate with Stevens regarding the terms of a license or other agreement between Stevens and such outside entity.
5. A Conflict of Interest may arise in a situation in which an employee decides, pursuant to Stevens' Patent or Copyright Policy, whether to assign a particular item of intellectual property to Stevens or to an entity for which they consult.

Please see the following policies for additional statements regarding Conflicts of Interest: Gift Acceptance Policy; Faculty Handbook, Section 3.1.3 Policy on Faculty Commitment and Professional Activities, Section 10.5 Conflicts of Interest, Section 10.5.1 Types of Conflict of Interest and Section 10.5.2 Conflict of Interest in Government-Sponsored Research. See also the US Public Health Service's Financial Conflict Of Interest Policy at the following: <https://my.stevens.edu/osp/coi/policy.html>.

#### E. Faculty Involvement with Start-up and Industry Activities

With respect to faculty only, an exception may be made from the general rule specified above in Section II.A.1.a on a case-by-case basis to permit a faculty member to serve a management or fiduciary role such as an officer or director for a start-up company or other business enterprise on a compensated or uncompensated basis; provided that (x) the relevant dean and the Provost have approved the activity, (y) a written conflict management plan has been adopted and (z) such activity shall not continue for longer than two (2) years, except in the case of extraordinary circumstances, as determined and approved by the Provost. This exception is intended to primarily address potential conflicts of interest; however, the policy on faculty conflict of commitment contained in the Faculty Handbook may operate to require a leave of absence or other modification of a faculty appointment.

#### F. Institutional Conflicts of Interest

To advance its mission and strategic plan, Stevens engages in relationships with a broad range of donors and sponsors. Stevens may also have relationships with these same donors and sponsors which involve financial benefit to Stevens in the form of revenue from the commercialization of Stevens-owned research results or intellectual property, royalty payments, significant equity interests, corporate-sponsored educational and research projects and charitable gifts. While such relationships are legitimate educational, research and business activities, they may give rise to an Institutional Conflict of Interest in situations in which there is a secondary relationship with the third party. Stevens strives to ensure that such relationships do not compromise, or appear to compromise, the integrity of the University's research and educational mission and, accordingly, has established a process to identify and manage actual and potential Institutional Conflicts of Interest, as described below.

Institutional Conflicts of Interest may arise under the following circumstances:

1. Stevens accepts a significant gift (greater than \$1,000) from an enterprise that sponsors or otherwise stands to benefit from research conducted at Stevens. In this circumstance, a question could be raised as to whether the researchers' objectivity was impaired in conducting or reporting the results of the research.
2. Stevens enters a license agreement with, or maintains an equity interest in, a company sponsoring research at Stevens. Similar to the prior example, in this circumstance, a question could be raised as to whether the researchers' objectivity was impaired in conducting or reporting the results of the research because the University could benefit if the license or equity interest increased in value based on the results of the research.
3. A Stevens division or unit with responsibility for a vendor relationship solicits a significant gift from that vendor, or a prospective vendor. In this circumstance, a question could be raised as to whether the University's procurement process is conducted fairly.

G. Disclosure and Management of Conflicts of Interest

1. *Disclosure of Individual Conflicts of Interest*

Trustees and employees have an affirmative obligation to disclose any actual or potential Conflict of Interest as circumstances arise, and at least annually in the manner described in this Section.

- a. Trustees and officers are required to disclose all actual and potential Conflicts of Interest as they arise and, at least annually, to file a Conflict of Interest Disclosure Form with the General Counsel and Secretary certifying that they have read the Conflict of Interest Policy and agree to be governed by it.
- b. Faculty are required to disclose all actual and potential Conflicts of Interest as they arise and, at least annually, to file a Conflict of Interest Disclosure Form with their Dean and the Provost certifying that they have read the Conflict of Interest Policy and agree to be governed by it. This certification is in addition to, but may be part of the annual Faculty Activity Report submitted by faculty.
- c. Managerial Staff are required to disclose all actual and potential Conflicts of Interest as they arise and, at least annually, to file a Conflict of Interest Disclosure Form with the Director of Internal Audit certifying that they have read the Conflict of Interest Policy and agree to be governed by it.
- d. All other staff must report potential Conflicts of Interest when they arise by filing a Conflict of Interest Disclosure Form with the Director of Internal Audit.

## 2. *Management of Individual Conflicts of Interest*

- a. On at least an annual basis and whenever an actual or potential Conflict of Interest is reported, the General Counsel and Secretary will review disclosures of trustees and officers and consult with the Chair of the Board of Trustees' Audit Committee (the "Audit Committee Chair"), to determine whether an actual or potential Conflict of Interest exists and plan, as needed, for such Conflict to be managed, reduced or eliminated.
- b. On at least an annual basis and whenever an actual or potential Conflict of Interest is reported, the Provost or designee will review disclosures of faculty members and consult with the General Counsel and Secretary to determine whether an actual or potential Conflict of Interest exists and plan, as needed, for such Conflict to be managed, reduced or eliminated.
- c. On at least an annual basis and whenever an actual or potential Conflict of Interest is reported, the Director of Internal Audit will review disclosures of Managerial Staff and other staff and consult with the General Counsel and Secretary to determine whether an actual or potential Conflict of Interest exists and plan, as needed, for such Conflict to be managed, reduced or eliminated.
- d. The General Counsel and Secretary and the Director of Internal Audit will generate a report of all actual and potential Conflicts of Interest disclosed through the process described in Section G(2)(a)-(c) and associated management plans and present such report to the Audit Committee on an annual basis.

## 3. *Management of Institutional Conflicts of Interest*

On at least an annual basis, the Director of Internal Audit will review royalty earnings, major gifts, major purchases, significant equity interests, industry sponsored research projects and any other material contractual relationship of the University to evaluate whether any Institutional Conflicts of Interest may arise from such interests. The Director of Internal Audit will refer potential Institutional Conflicts of Interest to the General Counsel and Secretary, who will review such interests and, as necessary, consult with the Audit Committee Chair to determine whether an actual or potential Institutional Conflict of Interest exists and plan, as needed for such Conflict to be managed, reduced or eliminated. A report of all actual and potential Institutional Conflicts of Interest and associated management plans will be presented to the Audit Committee on an annual basis.

## 4. *Additional Considerations Regarding Trustee Conflicts of Interest*

In very rare circumstances, an actual or apparent Conflict of Interest on the part of a trustee or employee may be permissible if, in the judgment of the non-conflicted members of the Board of Trustees, the involvement of the conflicted trustee or employee in the matter would provide a compelling benefit to Stevens. For example,

the Board of Trustees may find that a financial transaction brings a unique and compelling benefit to Stevens that may not be achievable without the participation of the conflicted trustee or employee. In analyzing the transaction, the Board of Trustees should also consider whether allowing the Conflict of Interest to exist would threaten the integrity and reputation of Stevens, negatively impact Stevens' business processes or result in other negative consequences.

### **III. Definitions**

**Conflict of Commitment:** A "Conflict of Commitment" exists where an employee's outside personal or professional activities, whether paid or unpaid, are so demanding of time or attention that they interfere with or potentially interfere with the employee's ability to fulfill their obligations and commitment of time to the University.

**Conflict of Interest:** A "Conflict of Interest" exists where the personal, professional, financial or other interests of a trustee or employee potentially or actually diverge from, or appear to diverge from, their obligations to Stevens.

**Family or Household Member:** A "Family or Household Member" includes the following: spouse, domestic partner, child, parent, sibling, in-law, aunt, uncle, niece, nephew, grandparent, grandchild, step-child or step-parent, or a member of the immediate household of a person. Family or Household Member also includes a romantic partner, regardless of household status.

**Institutional Conflict of Interest:** An "Institutional Conflict of Interest" exists where the financial interests of the University or a University official, acting within their authority on behalf of the University, may affect or appear to affect research, teaching, outreach or other University activities.

**Managerial Staff:** "Managerial Staff" are employees of the University who have expenditure authority of \$5,000 or more or who influence decisions related to procurement, contracting, investments, admissions, financial aid, employee hiring and compensation, benefits, gifts or grants or contracts administration.