10.3.1 Conflict of Interest Policy

Policy Name: Conflict of Interest
Approval Authority: Board of Trustees
Responsible Executive: Chair of Board of Trustees
Responsible Office: Secretary to the Board
Effective Date: February 13, 2006

Revisions/Updates:

1. Policy Statement

Addresses issues of actual, potential or perceived conflicts of interest involving trustees, officers, and employees of the Institute. Establishes a requirement for the filing of a disclosure form by trustees, officers, and employees at least annually.

2. Reason/Purpose for Policy

Relationships between members of the Steven’s community and outside entities are becoming increasingly varied and complex. The Institute's concern with conflict of interest has grown over the years, leading to the adoption of an initial policy on March 4, 1997, amended on October 17, 1997, March 3, 1998 and June 22, 1998. Consistent with the growing scale and complexity of Stevens’ operations, and heightened national sensitivity to these issues, the Institute has adopted this further revised policy.

The purpose of this policy is to further emphasize the Institute's commitment to ethical conduct and compliance with the law, to provide basic standards of ethical behavior, to regulate and help resolve actual, potential, or perceived conflicts which might arise, and to help prevent and detect wrongdoing. Failure to do so risks loss of public confidence and damaged reputation regarding the Institute's fairness and honesty in its activities and relationships.

3. Policy Scope:

This policy applies to:
- All trustees of Stevens Institute of Technology
- All employees of Stevens Institute of Technology (officers, faculty and staff)

4. Related Documents:
- Code of Ethics (10.2.1)
- Faculty Handbook (20.1)

5. Contacts:
- Chair of the Audit Committee
- Institute Auditor
- Vice President for Human Resources

6. The Policy

6.1 General

It is the policy of the Institute that its trustees, officers, faculty, staff, and others undertake their responsibilities on the Institute’s behalf with diligence and professionalism, and comply with the highest standards of honesty, integrity, and fairness. They must avoid ethical, legal, financial, or any
other actual or apparent conflicts of interest and ensure that their personal activities and interests do not conflict with their obligations to the Institute or its welfare.

Conflicts of interest may arise when a trustee, officer or other employee undertakes activities or has personal interests that may interfere with his or her objective performance of his or her responsibilities to the Institute. Even the appearance of a conflict of interest is to be avoided.

While it is impossible to illustrate every situation of potential conflict of interest, this policy offers guidelines and a process to address and resolve actual and potential conflicts. Every member of the community must carefully consider his or her actions in view of these guidelines.

### 6.2 Guidelines Regarding Potential Conflict of Interest Situations

Examples of relationships which could be deemed to be potential conflicts of interest include:

- Having an interest in an entity with which the Institute does business;
- Being on the opposite side of any business transaction with the Institute;
- Investing in an entity in which the Institute has an interest;
- Any other financial interest, direct or indirect, in an outside entity, that is incompatible with the discharge of an individual’s duties to the Institute;
- Any other personal interest, direct or indirect, that is incompatible with the discharge of an individual’s duties to the Institute.

An incompatible financial or personal interest may include, but is not limited to the following,

- Outside employment when it could be incompatible with the person’s duties to the Institute;
- A debtor/creditor relationship with the Institute;
- Significant utilization of Institute resources for other than Institute purposes, whether or not such utilization results in personal gain;
- Accepting material inducements or gratuities from vendors doing business with or seeking to do business with the Institute;
- A leadership role in an organization, where such relationship or interest might reasonably be expected to impair a trustee’s, officer’s or employee’s objectivity and independence of judgment in the exercise of his or her official duties, or might reasonably be expected to create an impression or suspicion among the public having knowledge of his or her acts that he or she may be engaged in conduct in violation of his or her trust as a trustee, officer, or employee.

A potential conflict of interest may exist should any of these, or similar, circumstances apply to an individual subject to this policy, or to any member of his or her immediate family.

A unique set of potential conflicts-of-interest may arise when an institute, such as Stevens, sponsors a significant research program, particularly regarding equity ownership in companies. Conflicts most commonly arise when a new company licenses STEVENS’ intellectual property, but can also occur when STEVENS’ intellectual property is not involved.

During the time that such companies are still privately held, faculty and supervisors should not invest personally or own stock in business ventures of their subordinates or students, since there is a conflict of interest between the manager’s supervision of the student or subordinate (e.g., assigning grades, approving promotions, determining salary levels, allocating space, etc.) and the manager’s business partnership with the student or subordinate.

Faculty -- particularly department heads and laboratory/center directors -- have a special responsibility with respect to questions of determining ownership of intellectual property from research by investigators whom they supervise. All faculty and staff should weigh carefully their and the inventor’s obligations to STEVENS in deciding whether the invention falls under STEVENS ownership. It is a direct conflict if a faculty member, department head, or laboratory/center director responsible
for determining the ownership of intellectual property intends to invest in or be a co-founder of a company with the inventor.

It is a conflict for an investigator/inventor to negotiate with STEVENS regarding the terms of a license before the matter of ownership has been definitively resolved. Faculty and staff who are founding companies should not personally negotiate the licensing terms with STEVENS. An attorney or a company executive with no connection to STEVENS should be appointed for this task.

Faculty and staff who own equity in a company should not attempt to influence the licensing terms that STEVENS offers to the company.

Faculty and staff who hold board positions with companies should recuse themselves on issues involving licensing terms with STEVENS.

Regarding outside employment, faculty and staff who consult should remember that their primary employer is STEVENS and that they have a heightened responsibility to their primary employer when deciding whether to assign their inventions to STEVENS or to a company for whom they consult.

Regarding sponsored research, it is a conflict for STEVENS faculty or staff to accept research sponsorship from a company in which they have a significant financial interest. Similarly, it is a conflict for STEVENS faculty or staff to provide research sponsorship (such as a subcontract) to a company in which they have a significant financial interest. The conflict arises because the outcome of the research could materially affect the personal wealth of the researcher or an immediate family member. This policy should not prevent an investigator from receiving research support from a large publicly held company just because the researcher or a family member owns some shares in the company.

Essential to effective administration and adherence to this policy are:

- disclosure of outside activities and interests to designated Institute officers, including financial interests, that might give rise to conflicts; and ,
- readily available advice and counsel to individuals and to Institute department heads on any situation.

To this effect, matters arising under this policy involving Institute trustees and officers are subject to the review of the Chairman of the BOT, while matters involving any other parties are subject to the review of a Compliance Committee consisting of the Chief Academic Officer, the Vice President for Enrollment Management and Business Affairs, the Chief Financial Officer, the Institute Internal Auditor and such other members as may be appointed by the President. In the instance a conflict situation involves a research issue or utilization of Stevens’ intellectual property, the Compliance Committee will include the Vice President for Institute Technology Initiatives.

6.3 Disclosure

All persons subject to this policy have an affirmative obligation to disclose any interest, including but not limited to a financial interest, in any outside activities or business that may conflict or compete with those of the Institute. This affirmative disclosure obligation extends to the immediate family member(s) of a trustee, officer, faculty or staff member. Reporting shall be undertaken as follows:

- **Trustees and Officers** are required, at least annually, to file a Conflict of Interest Disclosure Form certifying he or she has read the Conflict of Interest Policy and agrees to be governed by it. The form will be provided to the Secretary of the Board for forwarding to the Chairman of the Board for review, with copy to the Institute Auditor and Audit Committee. The Chairman of the Board subsequently reviews each, with advice from the Audit Committee, to determine what remedial action, if any, may be required. In the event any new relationship which could give rise to a
conflict of interest develops between such annual filings, trustees and officers are required to promptly report such new relationships in accordance with the foregoing procedure;

- **Faculty and Managerial Staff** are required, at least annually and in the event of a new occurrence, to complete a Conflict of Interest Disclosure Form and provide such form to the Applicable Dean or Vice President. Managerial staff members are managers having expenditure approval authority of $5,000 or more. Deans and Vice Presidents will forward forms to the Institute Auditor and Compliance Committee for review. The Committee subsequently reviews each to determine what remedial action, if any, may be required;

- **Staff** must report potential conflicts of interest by filing a completed Conflict of Interest Disclosure Form with the Institute Auditor who will subsequently review each with the Officer in charge of the individual’s department to determine what remedial action, if any, may be required. Especially complex situations may be forwarded to the Compliance Committee for further review.

### 6.4 Advice and Counsel

Some situations are sufficiently complex that judgments may differ as to whether there is or may be a conflict of interest, and individuals may inadvertently place themselves in situations where conflict exists. Accordingly, anyone with a personal interest that may constitute a conflict with the interests or welfare of the Institute should seek advice and guidance before the fact by reviewing the circumstances with the Chair of the Audit Committee (for Trustees and officers), Dean (for faculty), or immediate supervisor (for staff). In the case of sponsored research, the Dean should consult with the Vice President for Institute Technology Initiatives and the Director of Sponsored Research, or other such person as may be designated by the President. Doubtful situations or those of unusual complexity can be forwarded to the Compliance Committee for further review and resolution. The Institute Auditor is also available for consultation.