

Franklin W. Olin College of Engineering, Inc.

Conflict of Interest Policy

Exempt Administrative Employees

September, 2012

Purpose of Policy and Duties of Exempt Administrative Employees

The Exempt Administrative Employees (Employees) of Franklin W. Olin College of Engineering (College) owe a duty of loyalty to the College which requires that in serving the College they act, not in their personal interests or in the interests of others, but rather solely in the interests of the College. Employees must have an undivided allegiance to the College's mission and may not use their position as Employees, information they have about the College, or the College's property, in a manner that allows them to secure a pecuniary or other material benefit for themselves or their Family Members.¹ Accordingly, no Employee may use his or her position at the College for personal gain or to benefit another at the expense of the College, its mission or its reputation.

A Conflict of Interest may arise when a person has an existing or potential financial interest or other material interest that impairs, or might appear to impair his or her independence or objectivity in the discharge of responsibilities and duties to the College. This policy is intended to protect the College's interests when it is contemplating entering into a contract, transaction or arrangement that might benefit the private interests of a member of the College's Board of Trustees or an Officer of the College. This policy is also meant to aid Employees of the College in performing the duties imposed upon them by the laws of the Commonwealth of Massachusetts and the United States of America with respect to their management responsibilities and fiduciary obligations to the College.

Every Employee must discharge his or her duties in good faith, with the degree of care that an ordinarily prudent person in a like position would exercise under similar circumstances. This requires using common sense, being diligent and attentive to the College's needs, and making thoughtful decisions in the best interest of the College. No Employee may take personal advantage of a business opportunity that is offered to the College unless the College first determines not to pursue such opportunity.

Each Employee must protect the confidential information of the College and must not use confidential information of the College for his or her personal benefit, or use such confidential information or his or her position as an Employee to the detriment of the College. Confidential information is information obtained through the Employee's position that has not become public information.

¹ For the purposes of this Policy, Family Member means spouse, children and their spouses, brothers or sisters (by whole or half blood) and their spouses, parents or step-parents.

Direct or Indirect Financial or Other Material Interest

1. Contracts, transactions or arrangements of the College in which an Employee has a direct or indirect financial or other material interest shall not be absolutely prohibited, but they shall be subject to review to determine that it is in the best interests of the College.
2. For the purposes of this Policy, an Employee has a direct or indirect financial or other material interest in a proposed or existing contract, transaction or arrangement if he or she, or one of his or her Family Members:
 - (a) has a substantial financial interest directly in the proposed or existing contract, transaction or arrangement; or
 - (b) has a substantial financial interest in any other organization that i) is a party to the proposed or existing contract, transaction or arrangement; or ii) is in any way involved in the proposed or existing contract, transaction or arrangement, including through the provision of services in connection therewith (an “involved organization”); or
 - (c) holds a position as trustee, officer, member, partner, or employee in any such party or involved organization.

An Employee's or their Family Member's financial interest will be considered substantial if it involves:

- (a) an ownership or investment interest representing more than 1% of the outstanding shares of a publicly traded company or 5% of the outstanding shares or comparable interest of a privately owned company with which the College has or is negotiating a contract, transaction or arrangement or which is an involved organization with respect to the contract, transaction or arrangement; or
- (b) an ownership or investment interest, which produces income for or constitutes part of the net worth of the Employee or a Family Member of the Employee which totals \$10,000 or more annually, in any entity with which the College has or is negotiating a contract, transaction or arrangement or which is an involved organization with respect to the contract, transaction or arrangement; or
- (c) a compensation arrangement which totals \$10,000 or more annually with any entity or individual with which the College has or is negotiating a contract, transaction or arrangement or with any involved organization with respect to the contract, transaction or arrangement.

Disclosure of Interest

3. Each Employee of the College shall promptly disclose any direct or indirect financial or other material interest which he or she or Family Member has or reasonably expects to have in any proposed or existing contract, transaction or arrangement with the College prior to the start of

any negotiations with respect to such matter. A direct or indirect financial interest required to be disclosed under this Policy shall be disclosed in writing to the Executive Vice President and Treasurer. Such disclosure shall include all material facts and supply any reasons why the contract, transaction or arrangement might be or not be in the best interest of the College.

4. Upon disclosure, the Executive Vice President and Treasurer will discuss any perceived conflicts of interest and appropriate remedies with the affected Employee. Conditions or restrictions may be imposed by the Executive Vice President and Treasurer at his/her discretion to manage, reduce or eliminate actual or potential conflicts of interest.

Appeal to the President

5. An affected Employee may appeal a decision or action of the Executive Vice President to the President of the College within fifteen (15) days of being notified of the decision or action. The President may designate individuals to assist him/her in the appeal process. A final decision on the appeal will be made within sixty (60) days from the date of the appeal.

Failure to Disclose

6. If the Executive Vice President and Treasurer has reasonable cause to believe that an Employee has failed to disclose a direct or indirect financial or other material interest or co-investment interest subject to this Policy, he/she shall inform the Employee of the basis for such belief and afford the Employee an opportunity to explain the alleged failure to disclose. If, after hearing the response of such individual and making such further investigation as may be warranted in the circumstances, the Executive Vice President and Treasurer determines that the Employee has in fact failed to disclose a direct or indirect financial or other material interest or co-investment interest subject to this Policy, he/she shall take appropriate action.

Annual Disclosure Statement

7. Each Employee has a duty to place the interest of the College foremost in any dealing with the College and has a continuing responsibility to comply with the requirements of this Policy. Not later than the first day of November of each year, each Employee shall acknowledge his or her familiarity with this Policy and shall disclose in writing to the Executive Vice President and Treasurer any existing financial or other material interests or co-investment interests subject to this Policy by completing a Conflict of Interest Disclosure Statement. The Conflict of Interest Disclosure Statements shall be reviewed by the Executive Vice President and Treasurer. The Conflict of Interest Disclosure Statements shall be retained in the confidential files of the Executive Vice President and Treasurer.

Policy Supplements Applicable Laws

8. This Policy is intended to supplement but not replace any applicable state or federal laws governing conflicts of interest applicable to nonprofit charitable corporations.

Annual Conflict of Interest Disclosure

Exempt Administrative Employees

Submission of this form is required annually in accordance with Franklin W. Olin College of Engineering's (Olin College) Conflict of Interest Policy. The information you disclose will be kept confidential to the extent permitted by law, but if a Conflict of Interest has been identified, that information must be disclosed to any federally funded sponsored project in which you are listed as senior personnel, if applicable.

Name: _____

Title: _____

Supervisor: _____

Do you or your Family Members¹ have a Significant Financial Interest² in a Business Entity³ that in the prior fiscal year and the current fiscal year has had, now has, or seeks in the current fiscal year, to have a Financial Relationship⁴ with Olin College or an Affiliated Entity⁵? Yes No

You do not have to disclose payments from Franklin W. Olin College of Engineering for yourself or your Family Members. You also do not have to disclose payments from public or non-profit organizations if they are for lectures, seminars, or service on an advisory committee. Financial interests in a company that are a result of your holding shares in a mutual fund⁶, or being a member of the Olin College retirement plan or similar pooled funds, do not need to be reported, as long as you do not control the selection of investments.

IF YES, please provide the information below:

<u>Name & Identity of Owner**</u>	<u>Name of Business Entity</u>	<u>Nature of Ownership Interest</u>	<u>Nature of Financial Relationship</u>
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

**** Specify familial relationship and/or indicate (GM) for Governance Member⁷**

Signature: _____ **Date:** _____

Please submit signed form to: **Stephen Hannabury, MH 303 (no later than October 26, 2012)**

Select terms are defined below.

Defined Terms:

¹ **Family Member**, for the purposes of this Policy, Family Member means spouse, children and their spouses, brothers or sisters (by whole or half blood) and their spouses, parents or step-parents.

² **Significant Financial Interest** means

- (i) ownership by a Governance Member, or by the Governance Member's parent, spouse or child, collectively, of an interest of 5% or more in a Business Entity³;
- (ii) annual income or payment, or expected annual income or payment, by the Governance Member or by the Governance Member's parent, spouse or dependent child, collectively, of more than \$10,000 from a Business Entity; or
- (iii) service by the Governance Member or by the Governance Member's parent, spouse or child, as an officer, manager, trustee, director, agent or employee of a Business Entity, except that uncompensated service as a director of a not-for-profit corporation is not a Substantial Interest.

³ **Business Entity** means any corporation, trust, limited liability company, association, partnership, joint venture, not-for-profit corporation, or any other entity or individual doing business.

⁴ **Financial Relationship** means a relationship, understanding or agreement with Olin College or an Affiliated Entity, whether or not memorialized in writing, that involves or results in payments or benefits to, or is for the benefit of, a Governance Member.

⁵ **Affiliated Entity** means any Business Entity in which Olin College holds an interest.

⁶ **Holdings in a mutual fund** or other investment vehicle are not considered an ownership interest in the entity operating the fund, and income from a mutual fund or other investment vehicle is not considered income from the entity operating the fund. However, an equity interest in the entity operating the mutual fund or other investment vehicle is considered an ownership interest.

⁷ **Governance Member** means any of the following:

- (i) A member of the Board of Trustees or a member of the governing board of any Affiliated Entity.
- (ii) The president, vice presidents and clerk of Olin College or any of the president, vice presidents or clerk of any Affiliated Entity or any additional official of Olin College or an Affiliated Entity as designated, from time-to-time, by the Audit Committee of the Board of Trustees.