



Conflict of Interest Policy

University trustees commonly have a range of professional and personal associations with and interests in other entities. To assure the University's many constituents of the integrity of its endeavors, trustees should avoid situations in which such associations or interests could compromise or reasonably appear to compromise important academic values or the University's business decisions. Accordingly, it is the policy of the University that trustees shall act in a manner consistent with their responsibilities to the University and avoid circumstances in which their financial or other ties to outside entities could present an actual, potential or apparent conflict of interest ("conflict of interest") or impair the University's reputation.

No policy statement can address specifically every conceivable situation that might entail a conflict of interest. As a general principle, trustees should avoid any actions or situations that might result in or create the appearance of using their association with the University for private gain, according unwarranted preferential treatment to any outside individual or organization, losing independence or impartiality, or adversely affecting the University's reputation or public confidence in its integrity.

1. Presumed conflicts of interest.

For purposes of this Policy, a conflict of interest is presumed to arise when the University has or is considering a transaction or other business relationship with a trustee or a trustee's family member (defined to include a spouse, child or household member) or with an outside entity in which the trustee or family member has a material financial interest. A financial interest is presumed to be material if it entails:

- Any ownership or investment interest (including stock, options, a partnership interest or any other ownership or investment interest) valued at more than \$10,000, except equity in a publicly traded company amounting to less than a 5% ownership interest in the company;
- Receipt of non-dividend compensation (including salary, consulting fees, royalty payments or other remuneration) of more than \$10,000 in any 12 month period in the past 3 years, or the expectation of such compensation in the future;

- Real property, personal property, intellectual property or any other interest valued at \$10,000 or more;
- A position of real or apparent authority in an outside entity, such as director, officer, trustee or partner.

A trustee is not deemed to have a material financial interest in a publicly-traded entity by reason of an investment in that entity by another publicly-traded entity, such as through a mutual fund, of which the trustee does not control investment decisions.

A conflict of interest may also arise when a trustee or family member has or is considering an investment in an entity, such as a fund or partnership, that is not publicly traded and in which the University has or is considering an investment. Because such parallel investments may create at least an appearance that the trustee is benefiting from the University's participation in the entity, trustees should promptly disclose to the Board any material financial interest in any such entity in which the trustee otherwise knows the University has or is considering an investment. Ordinarily, the trustee should not participate in any decision of the Board or of any Board committee regarding such investment by the University; such participation may, however, be permitted upon a finding, by vote of two-thirds of the trustees present at a duly constituted Board meeting, that the interests of the University fully warrant such participation.

2. Disclosure of financial interests.

A trustee who has a known material financial interest in a pending or proposed transaction or business arrangement involving the University shall promptly disclose to the Board the existence of the interest and other material information that the trustee may have regarding the transaction or arrangement. In addition, each trustee shall annually sign and submit to the Secretary of the University a statement disclosing all material financial interests, known to the trustee, of the trustee or a family member, in any outside entity with which the trustee knows the University has or is considering a transaction or other business relationship, or affirming that the trustee knows of no such interests.

3. Determination whether conflict of interest exists.

The Secretary shall review annual disclosure statements to determine whether a material financial interest has been disclosed. If a material financial interest has been disclosed, the Secretary shall promptly submit to the Chair of the Board Audit Committee or, if the interests involve the Chair of the Audit Committee, another member of the Audit Committee, such disclosure forms together with any additional information about the current or proposed transaction or business relationship that may give rise to a conflict of interest that the Secretary in consultation with the Audit Committee believes may be informative.

The Audit Committee shall review the matter and determine whether there is a conflict of interest. If the interests being reviewed involve a member of the Audit Committee, the member shall not participate in or be present during the Committee's consideration of the matter except as requested by the Committee to answer questions or provide information. The Audit Committee may review such information as it deems pertinent, including posing questions to the interested trustee involved. If the Audit Committee determines that there is a conflict of interest, it shall so advise the interested trustee, who shall have an opportunity to address the matter with the Audit Committee. If the Audit Committee or the trustee involved believes that to do so is indicated, the matter may be referred to the Board.

If a conflict of interest determination is referred to the Board, either following review by the Audit Committee or if disclosure is made in the first instance to the Board (for example, where a trustee becomes aware of a possible conflict of interest during or just before a meeting of the Board), unless the trustee elects recusal, the Board shall decide whether a conflict of interest exists. The Board may question the interested trustee, and the trustee shall have an opportunity to address to the Board whether there is a conflict. The interested trustee shall leave the Board meeting while the disinterested members of the Board determine, by majority vote, whether the financial interest gives rise to a conflict of interest. If it is determined that no conflict of interest exists, the interested trustee may rejoin the meeting and participate fully in the discussion of and vote on the proposed transaction or arrangement.

4. Consideration of matters involving conflict of interest.

If the Board determines that a trustee has a conflict of interest in a matter before the Board, the Board may permit the interested trustee to make a presentation regarding the matter, but the interested trustee shall be required to leave the meeting prior to the discussion of, and the vote on, the proposed transaction or arrangement. The Board shall approve the transaction or arrangement only upon a finding, by a majority vote of the disinterested trustees, that the transaction or arrangement is in the University's best interest, is for the University's benefit, and is fair and reasonable to the University. The Board may engage such consultants as it deems necessary or useful to assist its determination of these issues.

5. Record of proceedings.

Whenever the Board holds a meeting at which a trustee's financial interest in a matter is disclosed, a determination regarding the existence of a conflict of interest is made, or a transaction or arrangement with respect to which a trustee has a conflict of interest is considered, the Board's consideration of these issues shall be reflected in the minutes of the meeting.

6. Gifts

Trustees shall not encourage or accept gifts, favors or gratuities, for themselves or family members, from any individual or entity that to the trustee's knowledge has, or seeks to have, a business relationship with the University.

7. Appropriation of University opportunities.

If a trustee becomes aware of a business, investment or other potentially valuable opportunity that rightfully belongs to the University, and not to the trustee individually or another entity with which the trustee is affiliated, the trustee shall bring the opportunity to the attention of the Board.

8. Confidentiality.

Trustees may not use confidential information acquired as a result of service to the University for any purpose unrelated to University business, or provide such information to any third party, without the consent of the Board. Wrongful use of University information includes, but is not limited to, use or disclosure of information to engage, invest or otherwise participate in any business, project, venture or transaction other than through the University.

9. Actions not void or voidable.

No transaction or action undertaken by the University shall be void or voidable, or may be challenged as such by an outside party, by reason of having been undertaken in violation of this Policy or the principles set forth herein.

Trustee Disclosure Statement

Please report below any actual, apparent or potential conflict of interest you or a family member (defined to include a spouse, child or household member) may have, including, but not limited to, any known material financial interest in any entity that you know to have a current or proposed transaction or business arrangement with American University. A financial interest is presumed to be material if it entails:

- Any ownership or investment interest (including stock, options, a partnership interest or any other ownership or investment interest) valued at more than \$10,000, except equity in a publicly traded company amounting to less than a 5% ownership interest in the company;
- Receipt of non-dividend compensation (including salary, consulting fees, royalty payments, or other remuneration) of more than \$10,000 in any 12 month period in the past 3 years, or the expectation of such compensation in the future;
- Real property, personal property, intellectual property or any other interest valued at \$10,000 or more; or
- A position of authority in an outside entity, such as director, officer, trustee or partner.

A trustee is not deemed to have a material financial interest in a publicly-traded entity by reason of an investment in that entity by another publicly-traded entity, such as through a mutual fund, of which the trustee does not control investment decisions.

Each trustee has an ongoing obligation to notify the Board promptly of any actual, apparent or potential conflict of interest as it arises. (Attach additional sheets if necessary.)

I have received and read a copy of the American University Board of Trustees Conflict of Interest Policy. I affirm that, other than the interests reported above, I am aware of no actual, apparent or potential conflict of interest (including known interests of family members), including no known material financial interest within the meaning of the Conflict of Interest Policy in any entity that I know to have a current or proposed transaction or business arrangement with American University.

Trustee: _____
(Print Name)

Date: _____ Signed: _____

Please submit this form to the Secretary of the University.