Policy 4.112
Conflict of Interest - Trustees, Principal Officers and Key Employees

Responsible Official: VP for Human Resources
Administering Division/Department: Human Resources
Effective Date: August 26, 2009
Last Revision: January 09, 2017

Policy Sections:

I. Overview
II. Applicability
III. Policy Details
IV. Related Links
V. Contact Information
VI. Revision History

Overview

Because of the nature of Emory’s relationships with other entities and individuals and the active role that Emory’s trustees, directors, Principal Officers and Key Employees take in the community, potential conflicts of interest may occur.

The members of all Emory Boards of Trustees and Directors, voting members of any committees thereof, Principal Officers and Key Employees shall disclose any and all potential conflicts of interest with respect to any personal, business arrangements or transactions involving Emory. Emory shall promptly address such potential conflicts of interest in a fair and effective manner.

The applicable Emory Board of Trustees or Board of Directors shall take appropriate steps to ensure that payments made to them, their affiliated organization or Related Persons as defined below by Emory are made at fair market value and involve reasonable compensation.

Applicability

This policy applies to the members of the Board of Trustees, the Board of Directors, voting members of any committee thereof, Principal Officers and Key Employees.

Policy Details

1. **Purpose.** The purpose of the Conflict of Interest Policy is to protect Emory’s interest when it enters into a transaction or arrangement that might benefit, directly or indirectly, the private interests of a member of the Board of Trustees, Board of Directors, a voting member of a committee thereof, a Principal Officer, or a Key Employee (“Decision Maker”) or a Related Person, as defined below. This policy is intended to supplement but not replace any applicable state or federal laws governing conflicts of interest and to supplement but not replace such provisions in Emory’s Bylaws, as amended from time to time.

2. **Definitions.**

   **Conflict of Interest.** For purposes of this policy, a “Conflict of Interest” exists when a Decision Maker is in the position to approve or influence Emory’s policies or actions that could directly or indirectly benefit, financially or otherwise, (a) the Decision Maker; (b) a Related Person; (c) any organization in which the Decision Maker or a Related Person is, or has the potential to be, a director, officer, trustee, member, partner, agent, employee, independent
contractor or more than a five percent (5%) investor or owner; or (d) an entity or individual that controls or is controlled by an entity that is described in (c) above and which would reasonably be expected to exert an influence on the judgment of a Decision Maker. For purposes of this definition, “control” is defined as 35% voting or controlling interest.

Conflict of Interest Committee. “Conflict of Interest Committee” includes the Executive Compensation and Conflict of Interest Committee of the Board of Trustees of Emory University, and any other appropriate Board of Directors, committee or body of an Emory entity which reviews, or is appointed by an Emory entity to review, potential Conflicts of Interest.

Decision Maker. A “Decision Maker” is defined as a member of the Board of Trustees or Board of Directors, voting member of a committee thereof, a Principal Officer or a Key Employee.

Emory. “Emory” includes Emory University, Emory Healthcare, Inc., and all entities controlled directly or indirectly by such entities.

Key Employee. As defined in the current Form 990 instructions, a “Key Employee” includes any persons, other than officers, directors and trustees, who (a) have reportable compensation exceeding $150,000 for the current year; (b) have have shared organization-wide control or influence similar to that of an officer, director or trustee, manages a discrete segment or activities that represents 10% or more of the activities, assets, income or expenses of Emory, or has authority to control or determine ten percent or more of Emory’s capital expenditures, operating budget or compensation for employees; and (c) were within Emory’s top twenty highest paid person for the year who satisfied both (a) and (b) above.

Principal Officer. A “Principal Officer” is defined as all officers whose names or positions are reported on the Form 990.

Related Party Transaction. A transaction with a Decision Maker or Related Person serves as a director, officer, trustee, member, partner, agent, employee, independent contractor, or more than thirty-five percent investor or owner. Related Person. A “Related Person” is defined as any member of the immediate family of a Decision Maker, including spouse (or parent or sibling thereof), grandparents, parents, domestic partner, children, grandchildren, and brothers or sisters, and spouses of these individuals. A “Related Person” also includes an individual having the same home as the Decision Maker.

3. Duty to Disclose. All Decision Makers shall promptly disclose any actual or potential Conflict of Interest, and their relationship with the entity or individual giving rise to such actual or potential Conflict of Interest, pertaining to any decisions, transactions or matters involving Emory. Such disclosures and any and all material facts concerning the actual or potential Conflict of Interest shall be made (a) as soon as becoming aware of any actual or potential Conflict of Interest; (b) prior to voting, or discharging his or her duty, on a matter involving the Conflict of Interest; and/or (c) before the transaction involving the Conflict of Interest is entered into.

Members of the Board of Trustees or Board of Directors shall make such disclosure to the applicable Secretary or the Chair of the Committee on Executive Compensation and Trustees’ Conflict of Interest or other applicable committee. Principal Officers and Key Employees shall make such disclosure to the person to whom they report. In addition, all Decision Makers shall annually complete and return an annual Conflict of Interest statement, which shall include an affirmation that (a) the Decision Maker has received, read, understood and agrees to comply with this Conflict of Interest Policy; and (b) the Decision Maker understands that Emory is a 501(c)(3) tax-exempt organization, and in order to maintain its federal tax-exempt status, it must continuously engage primarily in activities that accomplish one or more of its tax-exempt purposes. The Secretary of each corporation shall maintain such statements in a confidential file.

4. Determining Whether a Conflict of Interest Exists. At the time of disclosure by the Decision Maker, the Secretary, the Chair of the Board of Trustees or Board of Directors, or officer to whom such disclosure was made shall consult with the members of the appropriate Conflict of Interest Committee depending on the Decision Maker’s position with Emory. The Conflict of Interest Committee may (a) review the potential conflict; (b) gather additional facts, as necessary; and (c) vote on whether an actual conflict exists. However, before the Conflict of Interest Committee discusses and votes on whether there is a Conflict of Interest, the Decision Maker and any Related Person must leave the meeting.

If there is a Conflict of Interest, the Decision Maker and any Related Person may not participate, directly or indirectly, in the deliberation or vote on the decision to enter into the transaction.

5. Procedures for Addressing a Conflict of Interest.

a. If the Conflict of Interest Committee determines that a Conflict of Interest exists, the Decision Maker with the Conflict of Interest may make a presentation to such Conflict of Interest Committee, but after such presentation, the Decision Maker shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement that resulted in the Conflict of Interest.

b. The appropriate Conflict of Interest Committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.
c. After exercising due diligence, the appropriate Conflict of Interest Committee shall determine whether Emory can, with reasonable efforts, obtain a more advantageous transaction or arrangement under circumstances that would not give rise to a Conflict of Interest.

d. The appropriate Conflict of Interest Committee may approve the transaction or arrangement only upon a finding, by a majority vote of the disinterested persons, that the proposed transaction or arrangement is in Emory’s best interest, is for Emory’s benefit, and is fair and reasonable to Emory.

e. From time to time, situations may occur which do not fall within this policy’s definition of Conflict of Interest, but which may nonetheless give rise to an actual or apparent conflict of interest. In such instances, a Trustee may report and seek advice from the Secretary or Chair of the Conflict of Interest Committee, who may in turn refer the matter to the full Conflict of Interest Committee.

6. Record Keeping. The meeting minutes of the Board of Trustees, Board of Directors, or appropriate Conflict of Interest Committee, or any other meeting, shall contain:

a. The names of the persons who disclosed or otherwise were found to have an actual or potential Conflict of Interest, the nature of the actual or potential Conflict of Interest, any action taken to determine whether a Conflict of Interest was present, and the decision as to whether a Conflict of Interest in fact existed.

b. The names of the persons who were present for discussions and votes relating to the transaction or arrangement, the content of the discussion, including any alternatives to the proposed transaction or arrangement, and a record of any votes taken in connection with the proceedings.

c. If appraisals (for tangible property) or third party comparable data (for compensation) were considered, the nature and source of the data.

7. Violations of the Conflict of Interest Policy.

a. If a Conflict of Interest Committee has reasonable cause to believe that a Decision Maker has failed to disclose an actual or potential Conflict of Interest, it shall inform the Decision Maker of the basis for such belief and afford the Decision Maker an opportunity to explain the alleged failure to disclose.

b. If, after hearing the response of the Decision Maker and making such further investigation as may be warranted under the circumstances, the Conflict of Interest Committee determines that the Decision Maker has in fact failed to disclose an actual or potential Conflict of Interest, it shall take appropriate disciplinary and corrective action.

8. Compensation. A Decision Maker must recuse himself or herself from discussing and voting on matters pertaining to his or her own, or a Related Person’s, compensation received directly or indirectly from Emory.

9. Appropriation of Opportunities. If a Decision Maker becomes aware of a business, investment or other potentially valuable opportunity that rightfully belongs to Emory, and not to the Decision Maker individually or another entity with which the Decision Maker is affiliated, the Decision Maker shall appropriately disclose such opportunity. Members of the Board of Trustees or Board of Directors shall make such disclosure to the applicable Secretary or Conflict of Interest Committee, and Principal Officers and Key Employees shall make such disclosure to the person to whom they report.

10. Principal Officers and Key Employees. In addition to the requirements set forth above, Principal Officers and Key Employees are subject to, and must comply with, Policy 4.87, Conflict of Interest. To the extent any Principal Officer or Key Employee does not have a “dean, director or vice president”, that Principal Officer of Key Employee should disclose per Policy 4.87 to his or her immediate supervisor, and in the case of the President of the University, to Chair of the Board of Trustees.

Related Links

- Current Version of This Policy: http://policies.emory.edu/4.112

Contact Information

<table>
<thead>
<tr>
<th>Subject</th>
<th>Contact</th>
<th>Phone</th>
<th>Email</th>
</tr>
</thead>
<tbody>
<tr>
<td>Divisional Director, Organizational Development/Employee Relations</td>
<td>Jeanne D. Thigpen</td>
<td>404-727-7644</td>
<td><a href="mailto:persjdt@emory.edu">persjdt@emory.edu</a></td>
</tr>
</tbody>
</table>

Revision History
Emory University policies are subject to change at any time. If you are reading this policy in paper or PDF format, you are strongly encouraged to visit policies.emory.edu to ensure that you are relying on the current version.