

Harvard University Policy on Conflicts of Interest and Commitment For Senior Officers and Administrators

I. Introduction: Harvard's Approach

Members of Harvard University often interact in their private capacities with industry, government, community groups, professional organizations, and other non-Harvard entities during their service to or employment with Harvard. While these interactions typically reflect favorably on the individual and Harvard, measures are necessary to avoid situations where these relationships could compromise or appear to compromise important academic values or the University's business decisions. To assure Harvard's many constituents of the integrity of its academic, research, and business endeavors, the University has had long-standing policies directing its most senior officials, among others, to act in a manner consistent with their responsibilities to the University and to avoid circumstances where their financial or other personal ties to outside organizations could present an actual or potential conflict of interest or could discredit Harvard's good name and reputation.¹

Harvard's senior officials are in special positions of authority to influence the University's academic mission, strategic vision, administrative priorities, and business decisions. These individuals are expected to consider their responsibilities to the University as their primary professional obligations. This Policy is intended to give guidance to Harvard's senior officials about areas of conflicts of interest and conflicts of commitment so that conflicts, real or perceived, may be identified early, disclosed, and resolved appropriately.

To accomplish this objective, this Policy establishes a disclosure system whereby potential conflict situations will be identified upon the initial appointment or hire of a senior official and thereafter, at least once a year on a prescribed form (the "Disclosure Statement"). Such a system promotes an understanding of the situations that may give rise to conflicts and raises the issue at least annually as a reminder of each senior official's responsibilities.

Ideally, this Policy will promote an affirmative awareness of these topics, and the Disclosure Statement will be a vehicle by which actual and potential conflicts can be appropriately identified and resolved through early and open communication and discussion. In this spirit, and because conflicts do not necessarily manifest themselves at scheduled times, potential conflict situations and new relationships and activities are expected to be disclosed promptly as they arise, in addition to being set forth in the annual Disclosure Statements.

Because the University's academic breadth and business activities are so diverse and complex, it is not possible to capture every potential conflict in the appended form of

¹ One such policy is the *Policy Statement on Conflicts of Interest* voted by the Corporation on November 8, 1975, and which applied to the Governing Boards, as well as Vice Presidents, Deputy Treasurer, and Assistant Treasurer of the University. That 1975 policy is hereby replaced.

disclosure. Senior officials must be alert to areas of conflict that may be novel or unusual or particular to their functions. Senior officials who have questions about how this Policy applies to a particular situation, or about the Disclosure Statement itself, should seek advice from the Office of the General Counsel.

II. Application of the Policy to Senior Officers and Senior Administrators

This Policy applies to Senior Officers and Senior Administrators. These positions are defined as follows:²

“Senior Officers” are the President, Provost, Vice Presidents, Secretary to the Corporation, and Deans listed in Appendix A.

“Senior Administrators” are the following individuals:

- Director of University Health Services, Chief Information Officer, University Marshal, Director of Memorial Church, Executive Director of the American Repertory Theater, Curator of the Nieman Foundation, and Director of Harvard University Art Museums;
- Those senior staff members who report directly to Senior Officers, unless the particular Senior Officer determines that another conflict policy applicable to these administrators is better suited for the identification, disclosure, and resolution of conflicts; and
- The heads of Operational Subsidiaries, who are accountable in some form to the Deans of the Faculties with which they are associated. Operational Subsidiaries are listed in Appendix A.

When referred to collectively in this Policy, Senior Officers and Senior Administrators will be referred to as “Senior Officials.”

III. The Policy

The Policy covers two related, but distinct, conflicts – conflicts of interest and conflicts of commitment.

Conflicts of Interest

Each Senior Official shall at all times act in a manner consistent with his or her responsibilities to the University and shall exercise due care to avoid situations that create conflicts between his or her private interests and those of the University. A “Conflict of

² Other defined terms applicable to this Policy are listed alphabetically in Appendix B. Examples of conflicts are listed in Appendix C.

Interest” may arise when a Senior Official, his or her Family Member,³ or an entity with which the Senior Official or Family Member is Associated:

- (i) has an existing or potential financial or other external interest that impairs or might reasonably appear to impair the Senior Official’s independence of judgment in the discharge of his or her responsibilities to the University; or
- (ii) may receive a material financial or other benefit from the use or disclosure of non-public information pertaining to the University.

In determining whether a potential conflict of interest exists, the fact that the situation could subject the University to criticism, embarrassment, or litigation should be considered. A conflict of interest may also involve a situation where a Senior Official’s Outside Activities are inconsistent with his or her responsibilities to the University.

In addition, when a Senior Official accepts personal gifts⁴ from individuals or organizations that do business or seek to do business with Harvard, or that seek other forms of association or benefits from Harvard, this situation could raise a question as to whether the Senior Official’s decisions are made with the University’s best interests foremost in mind. Therefore, to prevent any question of bias or favoritism, Senior Officials may not accept personal gifts in these situations, unless they meet the following criteria or unless they are disclosed and approved in accordance with this Policy:

- (i) the gift does not exceed \$75 in value; or
- (ii) the gift is part of a broad-based promotion on the part of the giver involving standardized, nonsignificant gifts to persons holding particular positions.

This Policy will generally require that gifts valued in excess of \$75 be made available to employees in general, be put to charitable use, or if neither solution is possible, be

³ “Family Member” means a person living in the same household as a Senior Official who is also the Senior Official’s spouse, domestic partner, parent, sibling, child, or other relative. Because Senior Officials must affirmatively make inquiry and include the interests of Family Members in their Disclosure Statements, it is appropriate to limit this definition so that the disclosure obligation relates to people whose interests are close and readily ascertainable, in that they share the same household. However, if a Senior Official learns of a potential conflict situation involving a relative who does not meet the definition of Family Member, the Senior Official should disclose this conflict situation like any other under this Policy. For example, an emancipated child no longer living at home or the spouse of this child is not a “Family Member” for purposes of this Policy; however, a Senior Official should disclose any activity of this child or spouse that could give rise to a conflict promptly upon learning of it.

⁴ A “gift” is any transfer of an item of value (including a trip, personal belongings, or special concessions in connection with personal business) for less than fair market value, including a personal discount. Business dinners or other business outings are not considered “gifts,” unless the business component is not significant or the social component does not comport with the overall professional standard of avoiding actual or apparent conflicts of interest.

returned after consultation with the person to whom the Senior Official is expected to report conflicts.

Gifts and other potential conflicts of interest must be disclosed and approved *before* the interested Senior Official participates in any way in the matter to which the conflict relates. Other practical implementation aspects of the disclosure and resolution of potential conflicts of interest will be discussed in further detail in Part IV below.

Conflicts of Commitment

While Senior Officials often are able to make beneficial contributions of their time and talents to non-Harvard endeavors, they should be mindful that undertaking Outside Activities (as that term is defined in this Policy) could interfere with their primary obligations and commitments to the University. This aspect of the Policy involves a conflict of commitment. “Outside Activities” include leadership participation in professional, community, or charitable activities; any self-employment; any participation in business partnerships; or any employment or consulting arrangements with entities other than Harvard University. Outside Activities may be either compensated or uncompensated.

Senior Officials should be sensitive to situations where Outside Activities may reasonably appear to present a conflict of commitment and err on the side of disclosure in these instances. In general, any service on any board – for-profit, non-profit, advisory, honorary, or otherwise – will constitute an Outside Activity, and all efforts must be made so that such service does not materially interfere with the Senior Official’s responsibilities and loyalty to Harvard.

Although Outside Activities will generally be allowed, certain activities are subject to limits. While participation in Outside Activities does not necessarily require prior written approval, the following Outside Activities do require prior written approval before any such participation begins:

- If the Senior Official reasonably expects to earn \$10,000 or more per year from one or more Outside Activities (other than remuneration for creating written works for publication or receipt of royalties under Harvard’s or another non-profit organization’s royalty-sharing policy); and
- Any service on any board – for-profit, non-profit, advisory, honorary, or otherwise.

When a Senior Official engages in Outside Activities, he or she is expected to disclose them in the manner set forth in Section IV below. In addition, the Senior Official will be expected to engage in a process that results in either assurances that there will be no material interference with University responsibilities or a decision to withdraw from such Outside Activities.

IV. Practical Implementation of This Policy

1. Disclosure Responsibilities Relating to Conflicts

a. Nature and Timing of Disclosures

Under this Policy, each Senior Official is required to:

- when initially appointed or hired, and annually thereafter, acknowledge in writing that he or she has reviewed this Policy and is complying with it, in letter and in spirit;
- when initially appointed or hired, and annually thereafter, complete the attached Disclosure Statement; and
- disclose actual or potential conflicts of interest or of commitment at any time when the Senior Official becomes aware of them.

b. Dissemination of This Policy and the Disclosure Statement

The Office of the General Counsel will be responsible for disseminating this Policy and collecting signed Disclosure Statements at the time a Senior Officer is first appointed or hired. In the case of Senior Administrators, the Senior Officers to whom they report will be responsible for disseminating this Policy and collecting signed Disclosure Statements at the time a Senior Administrator is first appointed or hired. Completed Disclosure Statements will be sent to the Office of the General Counsel.

Annually, the Office of the General Counsel will disseminate this Policy and provide annual Disclosure Statements to all Senior Officials in September or October.⁵ Completed annual Disclosure Statements shall be due to the Office of the General Counsel in October or November of each year.

After receiving the disclosures from the Senior Officials, the Office of the General Counsel will summarize the material information contained in the Disclosure Statements for the appropriate Senior Officers.

c. Report of Situations as They Arise

Whether it is a potential conflict of interest or a conflict of commitment:

- when a Senior Officer is required by this Policy to report a situation as it arises, the Senior Officer shall make this disclosure to the Vice President and General Counsel; and

⁵ Senior Officials are responsible for ensuring that the Office of the General Counsel is informed of newly appointed Senior Administrators and for making clear whether those Senior Administrators are subject to this Policy or a local conflict of interest policy.

- when a Senior Administrator is required by this Policy to report a situation as it arises, the Senior Administrator shall make this disclosure to the Senior Officer to whom he or she reports and to a designated person in the Office of the General Counsel.

As indicated above, this obligation to report situations as they arise is in addition to the annual completion of a Disclosure Statement.

2. Conflict Resolution

With respect to Senior Officers, the resolution of any conflict or perceived conflict that is identified by the Office of the General Counsel will be determined in consultation with the Secretary to the Corporation.⁶ With respect to Senior Administrators, the resolution of any conflict or perceived conflict identified by the Senior Officer and/or by the designated person in the Office of the General Counsel will be determined by the Office of the General Counsel in consultation with the Senior Officer (or that Senior Officer's designee).

3. Application of Other Policies to Certain Individuals

A Senior Official who is also a Dean may also be subject to his or her School's conflict of interest policy. A Senior Official who is also a faculty member is subject to the University's Statement with Respect to Holders of Academic Appointments and may also be subject to his or her School's conflict of interest policy for faculty. In all cases where individuals are subject to more than one policy, the individual is responsible for satisfying the obligations of each policy. Questions about the interplay between policies may be directed to the Office of the General Counsel.

V. General

This Policy is available by contacting the Office of the General Counsel or by going to: www.ogc.harvard.edu.

This Policy is to be interpreted in a manner that will best serve the interests of the University. This Policy may be revised to reflect developments in the law, questions of interpretation, and application of practical experience, as well as new policies of the University. This Policy is intended to provide guidance to Senior Officials about conforming to Harvard's practices and standards. It is not intended to alter any applicable legal standards.

⁶ With respect to a situation that involves the Secretary to the Corporation, the President or his designee will work with the General Counsel to address the issue. With respect to a situation that involves the General Counsel, the President or his designee will work with the Secretary to the Corporation to address this issue.

If a Senior Official is uncertain about the applicability or interpretation of the foregoing standards or the propriety of any possible action, then he or she should raise the issue with the designated person in the Office of the General Counsel. The telephone number for the Office of the General Counsel is (617) 495-1280.

Appendix A

Deans

Dean of the Faculty of Arts and Sciences
Dean of the Faculty of Business Administration
Dean of the School of Dental Medicine
Dean of the Faculty of Design
Dean of the Faculty of Divinity
Dean of the Faculty of Education
Dean of the School of Engineering and Applied Sciences
Dean of the Faculty of Law
Dean of the Faculty of the John Fitzgerald Kennedy School of Government
Dean of the Faculty of Medicine
Dean of the Faculty of Public Health
Dean of the Radcliffe Institute for Advanced Study

Operational Subsidiaries

Harvard Business School Publishing Corporation
Harvard Business School Interactive, Inc.
Harvard Center for Neurodegeneration and Repair

Appendix B

The following terms used in the Policy are defined as follows:

“Associated” means the following type of relationship to a trust, partnership, corporation, association, or other organization or enterprise:

- (i) when the person is a director, trustee, officer, employee, or partner of such an entity; or
- (ii) when the person has a financial interest that represents 5% of the entity’s ownership or assets (or, in the case of a publicly held corporation, 1% of the corporation’s outstanding capital stock), or any interest that enables him/her materially to influence policies of such an entity.

“Conflict of Commitment” arises when a Senior Official undertakes Outside Activities that interfere with the Senior Official’s primary obligations and commitments to the University.

“Conflict of Interest” may arise when a Senior Official, his or her Family Member, or an entity with which the Senior Official or Family Member is Associated:

- (i) has an existing or potential financial or other external interest that impairs or might reasonably appear to impair the Senior Official’s independence of judgment in the discharge of his or her responsibilities to the University; or
- (ii) may receive personally a material financial or other benefit from the use or disclosure of information confidential to the University.

“Family Member” means a person living in the same household as a Senior Official who is also the Senior Official’s spouse, domestic partner, parent, sibling, child, or other relative.

A **“Gift”** is any transfer of an item of value (including a trip, personal belongings, or special concessions in connection with personal business) for less than fair market value, including a personal discount. Business dinners or other business outings are not considered “gifts,” unless the business component is not significant or the social component does not comport with the overall professional standard of avoiding actual and apparent conflicts of interest.

“Outside Activities” include leadership participation in professional, community, or charitable activities, any self-employment, any participation in business partnerships, or any employment or consulting arrangements with entities other than Harvard University. Outside Activities may be either compensated or uncompensated. In general, any service on any board – for-profit, non-profit, advisory, honorary, or otherwise – will constitute an Outside Activity.

Appendix C

In order to facilitate the identification and disclosure of potential conflicts, this Appendix contains examples of situations that may give rise to conflicts. These examples are not an attempt to develop an exhaustive set of rules on potential conflicts, but are intended as illustrations of the activities that may fall under the Policy. Each actual situation will depend on its specific facts. Senior Officials who have questions about how this Policy applies to a particular situation should seek advice from the Office of the General Counsel.

EXAMPLE 1: *A donor of a major gift to the University offers to a Senior Official the use of the donor's beach house for a long weekend. The use of the house is a gift that exceeds \$75 in value. Nevertheless, on these facts, the use of the house can be accepted without further disclosure or other arrangements because the donor is not "doing business with" Harvard or seeking an advantage or benefit from Harvard. In fact, the donor is a Harvard benefactor. The use of the house would constitute a gift that would require disclosure and consultation, however, if the Senior Official were a decision-maker relating to naming rights or other forms of recognition that would be offered to the donor of the gift.*

EXAMPLE 2: *The owner of a local supplier that sells chemicals to Harvard for use in its laboratories offers a Senior Administrator the use of a beach house for a long weekend. Under these facts, the use of the house is a gift that exceeds \$75 in value. Before this gift may be accepted, the Senior Administrator should raise the issue as a potential conflict of interest because the vendor is doing business with Harvard. The acceptance of the gift may depend on factors such as whether the Senior Administrator participates in such purchasing decisions or whether he or she supervises the Harvard unit that makes such purchasing decisions.*

EXAMPLE 3: *A Senior Official is asked to undertake the chairmanship of a capital campaign for a private school her children attend. This responsibility will require numerous time commitments, some occurring during regular business hours. Before agreeing to this, the Senior Official should disclose the situation so that any conflict of commitment concerns can be evaluated and resolved.*

EXAMPLE 4: *A Senior Official is a longtime member of an environmental rights organization. The organization announces its intention to stop the University from constructing a laboratory on the campus. The effort involves, among other things, a letter-writing campaign to elected officials. The Senior Official is listed on the letterhead of the environmental organization, along with other prominent individuals. The Senior Official should disclose this situation as a potential conflict of interest and commitment.*

EXAMPLE 5: *A Senior Administrator is asked to serve as a consultant to a company that has several technology licenses from Harvard and is likely to seek more. This proposal should be disclosed. The conflict-management process will focus on the nature of the consulting work and the connection, if any, between the Senior Administrator and licensing decisions*