CONFLICTS OF INTEREST POLICY FOR EMPLOYEES

It is the policy of Saint John’s University (SJU) that all employees who make decisions that influence the financial actions of the University or its students must do so in accordance with the highest professional and ethical standards. In order to preserve the integrity and reputation of the University, all employees are expected to avoid giving an unfair advantage, or even the appearance of an unfair advantage, to any person or organization doing business with the University or its students. To comply with this policy, all employees must be aware of and seek to avoid any situation where an employee’s personal interests conflict with the interests of the University and/or the students it serves, and where the University’s interests conflict with the purchasing interests of its students. It is particularly important for an employee to avoid the appearance of conflicts of interest when the employee is in a position to:

1. enter into contracts on behalf of the University; or
2. influence the purchasing decisions of students at the University.

Persons Covered by this Policy: This Conflicts of Interest Policy for Employees applies to all employees of the University, except persons who are governed by the Conflicts of Interest Policy for Board of Trustees and Key Employees. The Conflicts of Interest Policy for Board of Trustees and Key Employees applies to members of the Board of Trustees, cabinet members, officers, executive-level employees¹, and non-Trustee committee members as set forth in that policy.

Areas in Which a Conflict of Interest May Arise: The appearance of a conflict of interest may arise when a person or organization with whom the University does business (a “Vendor”) has, or could reasonably be believed to have, improper influence over the actions or judgment of an employee.

a. Examples of Vendors

Employees should be especially alert to conflicts of interest that may arise in their relations with:

(1) Vendors that supply goods and services to the University, or to students of the University in connection with their attendance at the University;

¹ An “executive-level employee” is an employee who satisfies the IRS definition of “key employee” for Form 990 reporting purposes, as amended from time to time. Currently, the definition includes employees who meet all three of the following tests:
   (1) receives reportable compensation from the University and its related organizations in excess of $150,000; and
   (2) has responsibilities, powers or influence over the University as a whole that is similar to an officer or director; manages a discrete segment or activity of the University that represents 10% or more of the activities, assets, income, or expenses of the University; or has or shares authority to control or determine 10% or more of the organization’s capital expenditures, operating budget, or employee compensation; and
   (3) is one of the 20 employees with the highest reportable compensation from the University and related organizations.
(2) Vendors from whom the University leases property, equipment or real estate; or from whom its students lease property, equipment or real estate in connection with their attendance at the University;

(3) Vendors of student loans or other financial aid, or representatives of such Vendors, with whom the University is dealing or planning to deal.

b. **Examples of Relationships That May Produce the Appearance of a Conflict**

A Vendor’s influence, or apparent influence, over an employee is most likely to result from either a personal or a financial relationship between the employee and the Vendor with whom the employee deals. A Vendor’s influence or apparent influence over an employee also can result from offers made by the Vendor to finance trips, travel, seminars, educational materials, or the like, that may in fact benefit the University or its students, but that also may be perceived as providing personal benefit to the employee or inappropriate benefit to the University.

The following relationships may be considered to produce the appearance of a conflict of interest, even if a legal conflict of interest is not created:

(1) An employee, or a family member\(^2\) of an employee, has material financial interest in the Vendor. For these purposes, a “material financial interest” is an investment or ownership interest of 10% or greater in the Vendor.

(2) An employee, or a family member of an employee, has a compensation arrangement with the Vendor. A compensation arrangement specifically includes any payment to an employee from a Vendor in return for service on an advisory board or advisory panel related to the Vendor’s business.

(3) An employee, or a family member of an employee, is an officer, director, or employee of the Vendor and can exercise substantial influence over the actions of the Vendor.

(4) An employee, or a family member of an employee, has received a gift or favor of more than nominal value (generally in excess of $50) from a Vendor. Occasional gifts from Vendors, such as food or flowers, that are intended to be and are shared with a department are not considered to create a conflict so long as they are: (1) infrequent; and (2) reasonable. An employee who has questions about whether it is appropriate to accept a gift or whether a gift creates a potential conflict, should ask his/her supervisor.

(5) An employee, or a family member of an employee, has accepted entertainment from a Vendor, unless the entertainment is linked to a business relationship that supports the University’s objectives and it is 1) reasonable, 2) occurs infrequently, 3) does not

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2 “Family member” includes a spouse (including domestic partners), brothers or sisters, spouses of brothers or sisters, parents, children, and grandchildren.
involve expenses of more than $100 per employee, including any guest expenses, and 4) representatives of the Vendor are present at the event.

(6) A Vendor has paid for, or reimbursed an employee for, goods or services of more than a nominal value, even if those goods or services assist the employee in carrying out his or her duties for the University, or lodging, meals, travel, or tuition in connection with a conference, travel abroad, recruiting trip, or training seminar.

(7) A Vendor who offers services or goods to the University’s students in connection with their attendance at the University has provided a financial or other benefit to the University for which the University has not paid a fair market value price.

**Requirement to Report a Potential Conflict of Interest:** The University cannot guard against a Vendor’s improper influence over the actions of the University or an employee unless the University is aware of potential conflicts of interest. Therefore, where an employee receives a benefit that is listed above, the employee must disclose such event to his or her direct supervisor. Where any employee of the University becomes aware that any of situations above has occurred, or that a potential conflict of interest may exist, regardless of whether the conflict involves the employee himself or herself, or another, must disclose the situation to his or her direct supervisor. The supervisor, in consultation with the CFO as determined appropriate, will assist in determining whether there is an actual conflict of interest, and if there is, will determine the course of action necessary to protect the interests of the University and/or its students. The University may, in its sole discretion, require an employee who is determined to have a conflict of interest or potential conflict of interest with respect to a particular matter to absent themselves from discussions of and/or voting or decision making on said matter.

The University acknowledges that in small town communities such as ours, the appearance of conflicts may be inevitable and our employees have personal relationships which might inadvertently cause events listed above to occur from time to time. This policy does not strictly prohibit the University from entering into contracts where a potential conflict or actual conflict exists. What this policy requires is that employees properly disclose conflicts and potential conflicts so that the University can manage conflicts to ensure that the business and purchasing decisions being made are in the best interests of the University and are not being made for the personal benefit of any individual.

**Violations of the Conflicts of Interest Policy:** An employee who fails to disclose a material relationship required to be disclosed under this policy is subject to discipline up to and including termination of employment.

*Approved by SJU Board of Trustees – May 20, 2013*