

1. CONFLICT OF INTEREST

All University employees are expected to perform their responsibilities diligently, legally, honestly, in good faith, in accord with principles of loyalty and fidelity to LUMS, and in furtherance of LUMS' mission of education, research and scholarship. Employees who have an actual or potential conflict of interest in performing their duties for the University have an obligation to disclose the conflict in writing in a timely fashion, so that the University can determine how best to avoid or manage the conflict. Employees must be sensitive to situations that may pose a conflict of interest or the appearance of a conflict of interest so that they are perceived at all times as objective, ethical, free from bias or undue influence, professional and fair in performing their duties.

A conflict of interest exists where an outside activity of the employee competes with or diminishes the interest of the University or interferes with the employee's performance of duties on behalf of the University. A conflict of interest also occurs when the outcome of a decision that should be made in the best interest of the University conflicts with the personal or economic interest of the employee. Among such decisions that may present conflicts are those determining or recommending the use of suppliers or vendors, the use of University resources, or the use of one's own work time.

To avoid a conflict of interest, employees must not be in a position of making or participating in the making of a decision as part of their University responsibilities if the personal or economic interest of themselves, members of their families or others with whom they have a personal relationship (including outside organizations) may be directly affected by the outcome. An employee may not participate, directly or indirectly, in decisions involving a benefit (such as employment, promotion, compensation, work assignments, supervision, other working conditions, or purchasing or use of goods, services or equipment) for those persons or entities in a personal relationship with the employee, including the following:

1. Family members, defined as being a spouse, a person with whom the employee has an intimate relationship, persons related by blood, adoption or marriage to the employee (including children, grandchildren, parents, siblings, aunts, uncles, cousins, nieces, nephews and their spouses), and persons residing in the same household,
2. Persons or entities with a business or professional relationship with the employee,
3. Any company or other entity in which the employee or a family member has an ownership interest of 5% equity or Rs.100,000, whichever is less (excluding such interests held through mutual funds for which the individual has no control over the investment decisions of the fund), or any entity for which the employee serves as an officer, partner, director, or employee, and
4. A company or entity with which the employee has a consulting or other business relationship and that seeks to do business with LUMS.

In order to avoid a conflict of interest or the appearance of a conflict, the definition of "relationship" covered by this policy should be interpreted expansively. In considering whether a relationship falls within this policy, employees should disclose the facts in writing pursuant to this policy and seek guidance.

This policy is meant to provide general guidance, but the existence of an actual or apparent conflict usually depends on the facts and circumstances of the particular

situation. Employees who have concerns about a conflict or potential conflict or are uncertain as to the impact or appearance of their activities should always consult with their supervisor or the director of Human Resources prior to engaging in the activity.

Other University policies that govern or provide guidance on various issues relating to conflicts of interest should also be consulted if applicable.

1.1. Particular Issues of Potential Conflict

1.1.1. Gifts and Gratuities

Employees should not accept any personal gifts, favors or hospitality that reasonably could be viewed as influencing their decision-making processes or compromise their judgment in actions affecting the University. Gifts of promotional items that are routinely distributed by vendors to customers and are of de minimus value (Rs. 1000 or less) may be accepted. Gratuities or gifts of money, cash equivalents or securities (other than those for the benefit of the University and processed according to University policies and procedures) may not be accepted at any time.

1.1.2. Business Events and Meals

Employees may accept ordinary business courtesies, such as payment for a meal or an invitation to an event, if the value is reasonable and not excessive. If a vendor or supplier offers to pay for or reimburse an employee for an employee's reasonable costs of transportation, lodging and/or meals as part of the employee conducting University business, the employee should first discuss the matter with the employee's supervisor to be sure that there is no actual or apparent conflict of interest in accepting such payment and whether it may be more prudent for the University to pay such expenses under all of the facts and circumstances. Even if such payments for travel for employees are appropriate, employees may not accept such payments for their family members or other traveling companions.

1.1.3. Service on Outside Boards and with Outside Entities

Service on outside boards and entities or participation in professional, charitable or civic organizations outside the University may mutually benefit the organization, the community and the University. An employee must always remember, however, that his or her primary obligation is to the University, and an employee must avoid any situation where the nature or amount of outside activity could, either directly or by appearance, impair the employee's impartiality or effectiveness in performing University responsibilities. Professional activities generally related to the employee's position at the University, such as participation in conferences, workshops or symposia as a speaker, organizer or attendee or participating in an advisory or visiting committee, would not ordinarily present a conflict of interest as long as such matters do not unreasonably detract from the employee's fulfilling his or her job duties or conflict with the University's objectives or goals. Other outside activities, including non-partisan public service activities, generally are not part of an employee's job and should not, except on an occasional basis, be carried out during normal working time or involve the use of University resources, unless the employee is asked to perform such service by the University or the University has approved such activity. Even in connection with the worthiest outside activities, employees should be sure that they do not state or imply that

they are speaking for the University. Consulting arrangements (with or without pay) or other outside business interests where there is a risk of an actual or potential conflict of interest must be disclosed in writing to and discussed with one's supervisor. (Issues of conflict of interest and commitment in such consulting arrangements for faculty are discussed in greater detail in Faculty Policy No. 205-08.)

1.2. Process for Disclosure and Resolution of Conflicts

For faculty with actual or potential conflicts of interest or commitment, the process set out in Faculty Policy No. 205-08 should be followed.

For all other employees, an individual with an actual or potential conflict of interest should make a timely, full and truthful disclosure in writing of all relevant facts and circumstances so that the University can adequately evaluate the conflict and determine the appropriate management plan. If an actual or potential conflict of interest arises (or if facts and circumstances change relating to the management of a conflict), the employee must make an immediate written disclosure. The disclosure should be to the employee's immediate supervisor, who may also seek guidance from the Provost, or the director of Human Resources. (Actual or potential conflicts involving the Vice Chancellor, Provost, deans, or senior administrators shall be reported to the Board of Trustees) The supervisor and the employee should craft an appropriate written plan to manage any conflict (which may include disqualification of the employee from the particular decision), and the supervisor must review the nature of the conflict and the proposed plan with and obtain the approval in writing of the supervisor's manager on the handling of the conflict. Any issues involving an actual or potential conflict of interest that cannot be satisfactorily resolved at that level or about which the manager wishes guidance must be referred to the Provost for appropriate resolution. The Provost or directors may implement more extensive reporting and disclosure requirements for operations under their oversight or control.

/sd/ Ahmad J. Durrani
Ahmad. J. Durrani, Vice Chancellor

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