

# THE COOPER UNION FOR THE ADVANCEMENT OF SCIENCE AND ART

## CONFLICTS OF INTEREST POLICY

### PURPOSE.

It has always been and it will continue to be the policy of the Board of Trustees (the “Board”) of The Cooper Union for the Advancement of Science and Art (“Cooper Union” or “University”) that all Trustees, officers, and key employees (as defined below) of Cooper Union (together, “Covered Persons”) shall serve Cooper Union with the highest loyalty, and shall conduct the affairs of Cooper Union in the best interests of Cooper Union without favoritism or preference based on personal considerations.

It is in the best interest of Cooper Union to be aware of and properly manage all conflicts of interest and appearances of a conflict of interest. This Conflict of Interest Policy (“Policy”) is designed to help Covered Persons (defined below) of the University to identify situations that present potential conflicts of interest and to provide Cooper Union with a procedure to appropriately manage conflicts in accordance with legal requirements and the goals of accountability and transparency in Cooper Union’s operations.

### II. APPLICABILITY.

All Covered Persons (defined below) must abide by the University’s Conflict of Interest Policy.

Covered Persons. Covered Persons include: each member of the Board of Trustees of Cooper Union, each member of a Board committee, each Officer of Cooper Union, and any key person (defined as a person, other than a Trustee or Officer who a) has responsibility, or exercises powers or influence over the affairs of Cooper Union as a whole similar to the responsibilities, powers, or influence of Trustees and Officers; b) manages Cooper Union, or a segment of Cooper Union that represents a substantial portion of the activities, assets, income, or expense of Cooper Union, or c) determines a substantial portion of Cooper Union’s capital expenditures, operating budget, or investment decisions).

### III. POLICY STATEMENT.

1. Covered Persons have an obligation to:

- (i) recognize and avoid activities, relationships and situations which involve or may appear to involve actual or potential conflicts of interest, and behavior that may cause embarrassment to the University or compromise its integrity or reputation;
- (ii) arrange their outside obligations, financial interests and activities so as not to conflict with their commitment to the University;
- (iii) conduct the affairs of the University in a manner consistent with its commitment to the University;

- (iv) not use their position at Cooper Union to advance their personal interests or those interests of a Related Party (defined below);
- (v) not use their official positions to secure unwarranted privileges or advantages for themselves, a Related Party or others; and
- (vi) recognize and avoid activities and relationships that involve or might appear to involve conflicts of interest and behavior that may cause embarrassment to the University or compromise its integrity.

2. Related Party. The term “Related Party” means:

- (i) The following living relatives of each Covered Person:
  - a. His or her ancestors
  - b. His or her siblings and half-siblings
  - c. The spouses or domestic partners of his or her siblings and half-siblings
  - d. His or her spouse or domestic partner<sup>1</sup>
  - e. His or her children, grandchildren, and great-grandchildren<sup>2</sup>
  - f. The spouse or domestic partner of each of his or her children, grandchildren, and great-grandchildren
- (ii) Any entity or trust of which any Covered Person and/or any individuals described in paragraph 1 above serves as a director, trustee, officer, general partner, or employee; and
- (iii) Any entity or trust in which any Covered Person and/or any individuals described in paragraph 1 above have a direct or indirect ownership or beneficial interest in excess of 5%.

#### **IV. GUIDING PRINCIPLES.**

The following principles are intended to guide Covered Persons in recognizing these situations:

- (i) The University and its Covered Persons will abide by the letter and spirit of all applicable laws and regulations and will act in such a manner that the full disclosure of all facts related to any activity will reflect favorably upon the University.

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<sup>1</sup> The term “domestic partner” is defined pursuant to New York Public Health Law Section 2994-A. Individuals who are in relationships but are unmarried should contact Cooper Union to obtain the complete definition.

<sup>2</sup> Adoptive children, grandchildren, and great grandchildren are included within this definition

- (ii) The University and its Covered Persons will adhere to the highest ethical standards of conduct in all activities and will act in a manner that enhances the University's standing as a vigorous and ethical contributor within the community.
- (iii) The University will promote relationships based on mutual trust and respect and provide an environment in which individuals may question a practice without fear of adverse consequences.
- (iv) The University will deal fairly and honestly with those who are affected by its actions, including not only its students but also other members of the Cooper community, such as faculty and staff, and treat them as such Covered Person would expect to be treated if the situation were reversed.
- (v) The University and its Covered Persons will consider reputation risk to Cooper Union that could arise from its activities and will not take any actions reasonably likely to result, on balance, in an adverse effect to the University. Further, the University and its Covered Persons will not pursue any course of action that involves a violation of the law or a violation of these conflict of interest principles. Actions which may have an adverse effect on the University may be reviewed for compliance to this Policy and any applicable laws by the Audit Committee's Review Board (defined below in Section VIII(1)(ii)).
- (vi) Each Covered Person will disclose any potential conflict of interest such Covered Person may have regarding their responsibilities to the University and will remove the conflict as required and appropriate.

The potential for an actual conflict of interest, or the appearance thereof, extends across a wide range of activities in the University. Conflicts of interest which must be avoided by Covered Persons include, but are not limited to the categories listed in the sections below.

## **V. OUTSIDE ACTIVITIES.**

Conflicts occur because many Covered Persons should be expected to have, and do in fact generally have, multiple interests, affiliations, and positions of responsibility within the community. These outside activities could have an impact on the University or perception related to the University.

- (i) Outside activities which conflict with commitments to the University, imply that the University endorses an organization or activity, or constitute an unauthorized use of the University's resources or name are prohibited.
- (ii) Partisan political activity prohibited by federal and state law or regulations, when on University property, or using University resources or the University name are prohibited.
  - a. It is understood and encouraged that Covered Persons can and do participate in political campaigns in their individual capacities, on their

own time and without any use of University resources. However, such persons must take steps to ensure that their individual participation will not be attributed to the University or make use of University resources.

- b. The University does not endorse political candidates or participate in political campaign activities. No Covered Person may participate in any political campaign on behalf of the University or engage in any other activity that would lead an outsider to believe that the University is supporting or opposing a candidate for public office. This prohibition covers activities such as making campaign contributions, organizing or encouraging the purchase of tickets to political fundraising events, using University facilities or resources for campaign-related activities, and publishing, making, or distributing statements for or against any candidate, where such activities are, or may appear to be, undertaken on behalf of the University.
- c. It is important to distinguish between personal and organizational political activities. As a responsible citizen, the University occasionally will speak out on issues of importance to it. Senior management is responsible for developing the University's position on relevant legislative and regulatory issues. Unless specifically requested by the University to represent it before legislative or other governmental bodies, Covered Persons must clearly label any personal communication with legislators as their own beliefs. Covered Persons that are contacted by legislators or regulators regarding the University's position on public issues should refer them to the President, Secretary of the Board, Chair of the Audit Committee or the Chair of the Board.
- d. Certain Covered Persons may periodically be called upon by the University to make contact with members of city, county, state or federal legislative bodies and other officials to set forth and advocate for the University's positions on certain issues. These persons are expected to abide by all applicable laws at all times. Any person who attempts to influence any legislative, executive or other governmental action, official or employee on behalf of the University may be required to register as a lobbyist and file certain reports concerning his or her activities. There are also registration and reporting requirements as well as explicit limitations on lobbying that apply to the University. In addition, some laws provide rules of conduct for lobbyists.
- e. With respect to lobbying, it is the University's policy that no gifts, meals or gratuities be given to government personnel without prior authorization from the Chair of the Audit Committee or the Chair of the Board. To assure that these laws and policies are fully complied with, it is expected that no Covered Person will engage in lobbying without authorization from the Chair of the Audit Committee or the Chair of the Board.

- f. The University also periodically engages lobbyists or lobbying firms to help promote its interests, and has established internal controls to assure that all activities comply with the law. Written authorization must be obtained from the Chair of the Audit Committee or the Chair of the Board prior to engaging any lobbyist, outside legal counsel or consultant to lobby for or otherwise promote the University's interests on any legislative, regulatory or other governmental issue.
- (iii) Outside business in which the Covered Person or Related Party has an ownership interest or serves as a paid employee or officer which competes with the University or sells goods or services to the University (applicable only if the goods and services comprise more than 5% of the business's sales or more than 5% of the goods and services of the University goods) could represent an actual, perceived, or potential conflict and must be subject to the provisions in Section VIII (Policy Management and Implementation).

## **VI. PERSONAL BENEFITS AND GIFTS.**

- (i) Negotiation, authorization or execution of purchasing agreements or other types of contracts with the University in situations where the Covered Person or a Related Party has a direct or indirect financial or other interest is prohibited.
- (ii) Conflicts of interest may arise in the areas of gifts and entertainment. Giving or accepting gifts, favors, entertainment, or other things of value can sometimes be construed as an attempt to unduly influence a relationship. No personal gifts should be directly or indirectly offered or accepted where the gift could be viewed as intended to influence a Trustee in the exercise of proper business and professional judgment. In order to avoid conflicts of interest and the appearance of impropriety, Covered Persons must obtain the consent of the Chair of the Audit Committee or the Chair of the Board before accepting gifts having a value in excess of \$[25] from any individual or organization doing business or desirous of doing business with the University. Covered Persons may not accept such gifts valued, individually or in combination with other gifts from the same source, at more than \$[40] in any calendar year. Gifts of money are never permissible.
- (iii) Attending occasional lunch or dinner meetings hosted by others may be necessary when conducting University business. However, Covered Persons are reminded to exercise discretion in accepting invitations to dinners, lunches and other forms of entertainment offered by other individuals or organizations doing or wishing to do business with the University.
- (iv) Federal, state and other applicable laws restrict the ability to give a gratuity to government employees, including politicians. These laws specifically prohibit giving a gratuity to a government employee in connection with a business or other commercial transaction. The giving of gratuity and gifts is not permitted even if done without the intent to influence official action.

## **VII. FUNDRAISING.**

In fundraising for the University, Covered Persons must pursue funding according to the University's priorities, not the priorities of the Covered Person.

## **VIII. POLICY MANAGEMENT AND IMPLEMENTATION.**

The Board may make changes to this Conflict of Interest Policy Statement from time to time, as it deems appropriate. The Audit Committee will oversee the implementation of and compliance with this Policy Statement.

A copy of this Policy Statement must be furnished to each Covered Person promptly upon its adoption. In addition, each new Covered Person must be furnished with a copy of this Policy Statement prior to the commencement of his or her duties. Each Covered Person must acknowledge, not less than annually, that he or she has read and is in compliance with this Conflict of Interest Policy Statement.

### **1. Reporting:**

- (i) Covered Persons are responsible for the prompt reporting of any violations of this policy of which they become aware. Violations of policy may result in removal from the Board for cause in accordance with Section 1.12 (Resignation and Removal) of the University's bylaws. The Chair of the Audit Committee or the Chair of the Board of the University shall issue such directives or instructions as may be needed to implement this Code. The Audit Committee of the Board of Trustees shall be advised of such directives and instructions on, at least, a quarterly basis. At the request of the Committee the full Board of Trustees may consider the directives and instructions and take such action in response thereto as it may deem appropriate.
- (ii) All Covered Persons have an obligation to examine any situation in which they may have a perceived, potential or actual conflict of interest and take steps to promptly resolve the conflict. When any Covered Person has a direct or indirect interest in any matter that may involve a perceived, potential or actual conflict of interest or commits an action reasonably likely to have an adverse effect on the University, he or she must immediately disclose in writing the existence and circumstances of such conflict (including all material facts concerning his or her interest) or action to the Chair of the Audit Committee or the Chair of the Board. The Chair of the Audit Committee and/or the Chair of the Board shall promptly review such disclosure. If the Chair of the Audit Committee or the Chair of the Board deems that the matter presents a perceived, potential or actual violation of this Policy, the Chair of the Audit Committee shall refer such matter to the Board or any committee thereof to which the Board has delegated authority to resolve such matter (the Board or any such committee with respect to any such conflict, the "Review Board").

- (iii) If the conflict in question involves any agreement or arrangement, the Review Board must determine that the proposed agreement or arrangement is fair, reasonable and in the University's best interest and in doing so must obtain comparable market data to the extent available in making such determination. The Review Board must also consider alternative transactions, to the extent available, if the proposed agreement or arrangement is a related party transaction. The Review Board must also determine whether the proposed arrangement or agreement is material to the financial, reputational or other interests of the University, in which case consideration must be given to alternative transactions or arrangements to the extent available. If a Review Board (other than the Board) makes a determination that any such proposed agreement or arrangement is material, it must promptly notify the Board and any approval of the matter shall require the further review and approval of the Board. All determinations and recommendations of the Review Board shall require the affirmative vote of not less than a majority of its members and shall otherwise comply with the University's bylaws. All disclosures and recusals with respect to conflicts of interest, together with the basis for all determinations, recommendations and approvals of the Review Board, must be contemporaneously documented in writing (including the minutes of all meetings of the Review Board at which such conflict was discussed and/or voted upon).
- (iv) The Review Board may also consider actions taken by Covered Persons as described above in Section IV(v). Specifically, the Review Board shall determine whether actions taken by Covered Persons are reasonably likely to result, on balance, in an adverse effect to the University or are a violation of any law. If the Review Board determines that an action is reasonably likely to have an adverse effect to the University, it must promptly notify the Board. All determinations and recommendations of the Review Board shall require the affirmative vote of not less than a majority of its members and shall otherwise comply with the University's bylaws. The basis for all determinations and recommendations of the Review Board must be contemporaneously documented in writing (including the minutes of all meetings of the Review Board at which such action was discussed and/or voted upon).
- (v) Covered Persons who have declared or who have been found to have an actual or perceived conflict of interest shall refrain from participation in consideration of matters involving such conflict before both committees and the full Board of Trustees unless for special reasons they are requested to provide specific information or an interpretation regarding any such matter. Covered Persons with conflicts shall not (i) directly or indirectly seek or attempt to influence the deliberations or voting with respect to any matter involving such conflict, or (ii) vote nor be present at the time of a vote on the particular matter for which they have a conflict of interest.

2. Disclosure Procedures:

- (i) *Disclosure Questionnaire.* After reading the Conflict of Interest Policy Statement, each Covered Person must complete the Conflict of Interest Disclosure Questionnaire. Each year, the Secretary, on behalf of the Board, will send to each Covered Person a disclosure questionnaire on conflicts of interest. The Secretary must also provide the disclosure questionnaire to Covered Persons prior to their initial election, appointment, or hiring. Each person receiving a copy of the disclosure questionnaire shall complete and return it to the Secretary within two weeks after its receipt. It shall be the continuing duty of the Secretary to provide a copy of all completed disclosure questionnaires to the Chair of the Audit Committee and to retain completed questionnaires and related correspondence for a period of time consistent with Cooper Union’s record retention policies. The Disclosure Questionnaire is attached to this Policy as Appendix A.

The disclosure questionnaire must ask the Covered Person to identify to the best of his or her knowledge:

- a. any entity or trust of which the Covered Person or a Related Party with respect to that Covered Person is an officer, director, trustee, member, owner (either as a sole proprietor or a partner) or employee and with which Cooper Union is known to have (or is known to be in discussions to have) a relationship;
  - b. any transaction, agreement or other arrangement in which Cooper Union is a participant (or is known to be in discussions to be a participant) and in which the Covered Person or a Related Party with respect to the Covered Person might have a conflicting interest; and
  - c. any other interests that could give rise to conflicts of interest or the appearance of a conflict of interest.
- (ii) *Individual Responsibility to Disclose.* When a Covered Person has a direct interest (or an indirect interest on account of the interest of such Covered Person’s Related Party) in a transaction, agreement or other arrangement that involves a potential or actual conflict of interest (each, an “arrangement”), if he or she has not already disclosed such interest on the disclosure questionnaire, he or she must immediately disclose such interest and all related material facts to the Secretary or the Chair of the Board, or the Chair of the Audit Committee, each of which will inform the others.
- (iii) *Recusal.* Any Covered Person having such a direct or indirect interest in an arrangement shall not:
- a. vote on or participate in the deliberations of the relevant Board committee regarding the arrangement;
  - b. influence or attempt to influence such vote or deliberation; or



- c. be present during such vote or deliberation.

The foregoing requirements shall not be construed as preventing the affected Covered Person from answering questions addressed to him or her by other Trustees or other persons invited to participate in the discussion or from presenting background information at the request of such persons.

- (iv) *Audit Committee Procedures.* If the Chair of the Audit Committee or the Chair of the Board identifies or is made aware of an actual, potential, or perceived conflict of interest for a Covered Person, each will make the other aware of the matter. Once the Audit Committee becomes aware of the matter, it must:
  - a. Ensure that the steps required under paragraphs (ii) and (iii) above have been and are being taken by the Covered Person and Review Board.
  - b. Before approving the arrangement, determine that the arrangement is fair, reasonable, and in Cooper Union's best interest at the time of such determination and obtain and rely on comparable market data, to the extent available, in making such determination.
  - c. In addition, before approving an arrangement in which a Covered Person has a financial interest, consider alternative transactions to the extent available.
- (v) *Voting.* All determinations and approvals with respect to an arrangement in which a Covered Person has a direct or indirect interest must be approved by the affirmative vote of not less than a majority of the members of the Audit Committee present at a meeting of the Audit Committee (provided a quorum is present and no greater portion is required by applicable law or Cooper Union's Charter). Interested Trustees may be counted solely for determining the presence of a quorum.
- (vi) *Documentation and Retention of Records.* All disclosures and recusals with respect to an arrangement in which a Covered Person has a direct or indirect interest, together with the basis for all determinations and approvals of the Audit Committee, must be contemporaneously documented in writing (including in the minutes of any meeting at which the arrangement was discussed and voted on). This documentation must include an account of the consideration of comparable market data and alternative arrangements, to the extent considered or available.
- (vii) *Disclosure to Audit Committee.* If an arrangement in which a Covered Person has a direct or indirect interest comes before a committee other than the Audit Committee, the existence of the arrangement (if not already disclosed) must be promptly disclosed to the Audit Committee.

**APPENDIX A**

**DISCLOSURE QUESTIONNAIRE**

1. Are you aware of any relationship existing between the University and you, any of your relatives, or any other person or firm affiliated with you or any such Related Party, which may represent an actual or apparent conflict of interest?

Yes \_\_\_\_\_

No \_\_\_\_\_

If your answer is “Yes” please detail the circumstances. If more space is needed you may use the reverse side of this form or add additional pages.

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2. Please list any entity or trust in which you or a Related Party of yours is an officer, director, trustee, member, owner (either as a sole proprietor or a partner) or employee and with which Cooper Union is known to have (or is known to be in discussions to have) a relationship (whether contractually or otherwise).

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If more space is needed, you may use the reverse side of this form or add additional pages. Write “N/A” if not applicable to you.

3. Excluding circumstances that have been previously reported under the University’s Code of Ethics and Conduct, during the past 12 months, did you, any of your relatives, or any other person or firm affiliated with you or such family member, receive a gift, gratuities, loan or anything of value:

- (a) from any source that supplies, or is seeking to supply, goods or services to the University or which otherwise has business dealings with the University; or

(b) for or because of any official act performed, or to be performed, by you in your official capacity as a Covered Person of the University?

Yes \_\_\_\_\_

No \_\_\_\_\_

If your answer is “Yes” please detail the circumstances. If more space is needed you may use the reverse side of this form or add additional pages.

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4. Do you or any family member directly or indirectly own securities or other interests in, have a financial interest in, or serve as an officer, director or other management employee of, any entity that has a relationship with the University?

Yes \_\_\_\_\_

No \_\_\_\_\_

If your answer is “Yes” please detail the circumstances. If more space is needed you may use the reverse side of this form or add additional pages.

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5. Do you have a family relationship or a business relationship with any other Covered Person?

Yes \_\_\_\_\_

No \_\_\_\_\_

If your answer is “Yes” please detail the circumstances. If more space is needed you may use the reverse side of this form or add additional pages.

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6. Do you know of any instances or circumstances that may constitute a violation of the University's Code of Ethics and Conduct for Members of the Board of Trustees, but that may not have been previously reported?

Yes \_\_\_\_\_

No \_\_\_\_\_

If your answer is "Yes" please detail the circumstances. If more space is needed you may use the reverse side of this form or add additional pages.

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I HEREBY CERTIFY THAT THE ANSWERS TO THIS QUESTIONNAIRE ARE TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Please print your name

\_\_\_\_\_  
Title

\_\_\_\_\_  
Date