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Conflict of Interest Policy Guidance



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CONFLICT OF INTEREST GUIDANCE

1. Introduction

- 1.1 A conflict of interest usually arises when an employee (or a party close to an employee) has a financial interest in an activity that is dependent on their role in, and responsibilities to, the University generally, particular business interaction or research outcomes (e.g., research, consultancy, or license income), and/or has a financial interest in the sponsor of a project or studentship (e.g., as a shareholder of the sponsoring body). If an employee, while fulfilling their RGU responsibilities, makes a decision that might materially affect their personal interests or wealth or those of their immediate family members, friends, or business associates, they are potentially putting themselves and RGU at risk. Sometimes these conflicts can be managed; sometimes they must be avoided. These guidelines are intended as reminders of situations where conflicts may arise and provide suggestions for how to manage or avoid them. They are intended to be guidelines for thinking about conflicts rather than rules that cover all possible situations and are by no means exhaustive. Generally, proactive full disclosure to an appropriate line manager is the safest way forward. Appendix A sets out the typical categories and examples of conflicts that may arise for illustration purposes.
- 1.2 The specific activities that must lead to scrutiny for conflict include:
 - 1.2.1 Directorships and other Executive and Non-Executive Positions
 - 1.2.2 Licensing of Intellectual Property
 - 1.2.3 Equity ownership
 - 1.2.4 Outside professional activities and consultancy
 - 1.2.5 Research sponsorship & integrity

1.2.6 Equity interests

1.2.7 Other non-commercial conflict situations

- 1.3 It should be noted that any form of consultancy potentially needs to be considered under the University's consultancy policy and these Conflict of Interest Guidelines should be read in conjunction with RGU's [Intellectual Property Commercialisation Policy](#).
- 1.4 It should also be noted that there is a general duty to make full disclosure of any actual, potential, or apparent conflicts on first appointment so that any pre-existing commitments and potential conflicts can be considered, and thereafter on a continuing basis.
- 1.5 All references to 'Head of Department' are a reference to a Head or Director of a recognised organisational unit at School or Department level.
- 1.6 All approvals to engage in activity, that involves an actual or potential conflict of interest, must be in writing and must state the controlling conditions attached to that approval, the duration of the approval and, if appropriate, when the approval and conditions should be reviewed.

2. Directorships and other Executive and Non-Executive Positions

- 2.1 The holding of directorships and other executive and non-executive positions in third party organisations and companies, particularly RGU spinout companies, can place a member of staff directly in a position of conflict, and hence must be handled carefully from the outset to avoid any doubt of allegiance to RGU. A director (i.e., member of the board of directors) of a company has a fiduciary duty to the company (i.e., to act in the best interests of the company), which as a matter of law may go beyond the duties of an ordinary employee or consultant. Where an employee is a director of a company that sponsors research at RGU, their legal duties as a director may conflict with their duties as an RGU employee, regardless of whether the employee receives payment for services. To avoid this conflict, the following restrictions are in place:

- 2.1.1 All members of staff require the agreement of the relevant member of Executive, advised by the Associate Vice Principal – Business and Economic Development, to hold an executive or non-executive position in an RGU spin-out company.
- 2.1.2 All members of staff require the agreement of the relevant member of Executive advised by the Human Resources department to hold an executive or non-executive position in any other related company.
- 2.1.3 All members of Executive and others on senior management grades require the agreement of the Principal and Vice Chancellor, advised by the Director of Human Resources to hold directorships and other executive and non-executive positions in third party organisations and companies.
- 2.1.4 The Principal and Vice Chancellor requires the approval of the Chair of the Board of Governors, advised by the Director of Human Resources to hold directorships and other executive and nonexecutive positions in third party organisations and companies.
- 2.2 If such approval is given, at whatever Institutional level, the arrangement will be formalised, and an appropriate fee may be levied for the resource to be used. It is important to note that following this approval a senior member of staff holding an executive or non-executive directorial position in RGU-owned or partially owned companies (as a representative of RGU) must not be involved in any RGU decisions relating to that company, such as negotiating contracts and financial terms between both parties, without prior written approval and adhering to any conditions that might be applied.

3. Licensing of Intellectual Property

- 3.1 The licensing of intellectual property should lead to the future payment of royalties and other revenue-sharing arrangements, which can also lead to potential conflicts of interest if a member of staff has a personal interest in the entity licensing the IP or in the entity receiving revenue. This could lead to decision-making that does not necessarily reflect the best interest of RGU. The potential for conflicts is therefore greater for those in managerial or supervisory positions, but conflict of interest situations can arise for anyone. All members of the RGU community must consult with an appropriate supervisor when it appears there may be a conflict.
- 3.2 In some cases, this may not be an immediate supervisor. Members of staff in the Business and Economic Development Department and Entrepreneurship and Innovation Group need to be particularly diligent to avoid conflicts of interest, as they are responsible for issuing these licenses. In order to ensure no present or potential future conflict of interest, the following guidelines apply:
 - 3.2.1 An individual staff member may not personally invest in non-public companies that have licensed RGU intellectual property.
 - 3.2.2 If a member of staff is a partner in a venture fund, that person may not engage in licensing negotiations with any company in which that fund is invested, and those who are voting partners may not recommend RGU companies to that fund.
 - 3.2.3 Staff members also have a special responsibility to ensure that their knowledge of an RGU licence to a public company is not disseminated in any way that could affect the company's stock price, and that the knowledge is not used for investment purposes by themselves, their families, friends, or business associates.

- 3.3 The proper distribution of income deriving from intellectual property rights depends on correct documentation. Invention Disclosure Documents, available from the Intellectual Property and Spin Out Development Manager, must be completed and lodged to clarify rights to royalties from licensing. Intellectual property subject to licensing must be accompanied by a disclosure document. All other documentation and corresponding rights to IP income must be discussed with the Intellectual Property and Spin Out Development Manager.

4. Equity Ownership

- 4.1 On occasion, RGU itself may be involved in an activity in which an RGU employee has a conflict of interest stemming from equity ownership. RGU may own shares in spin-out company in which an RGU employee also owns shares. Depending on the circumstances, the RGU employee's shareholding may give rise to a conflict of interest. Employees should be aware that the fact that RGU may benefit from an activity (e.g., as a shareholder) does not in any way mitigate or reduce the employee's obligations under these guidelines. Therefore, the following guidelines apply:
- 4.1.1 Managers and supervisors, including supervisors of students, may not invest personally or own stock in business ventures of their subordinates or students, since there is a conflict of interest between the manager's supervision of the student or subordinate (e.g., assigning grades, approving promotions, determining salary levels, allocating space, etc.) and the manager's business partnership with the student or subordinate. Conditions, such as special permission from the Dean in conjunction with supervision from a neutral second staff member, can be imposed if the staff member in question had a financial interest in the student's business prior to their responsibilities as a supervisor and if the staff member is so specialised in the field that a suitable replacement would not be feasible.
- 4.1.2 Investigator/inventor may not negotiate with RGU regarding the terms of a licence before the matter of ownership has been definitively resolved.

- 4.1.3 Members of staff who are founding companies may not personally negotiate the licensing terms with RGU. A solicitor or a company executive with no connection to RGU must be appointed for this task.
- 4.1.4 Members of staff with equity in, or who hold board positions on, any company may not be involved in or attempt to influence RGU licence or contract terms to that company.
- 4.1.5 Members of staff of the Business and Economic Development Department and Entrepreneurship and Innovation Group or other central administrative offices are not permitted to hold any shares in a company, the establishment of which arose out of or was connected with work done in RGU, nor any company in a contractual relationship with RGU, where the member of staff was concerned or connected with the placing or negotiation of the contract in question, unless such shares have been acquired following the listing of the company on a recognised stock exchange.

5. Outside Professional Activities and Consultancy (refer to RGU IP Commercialisation Policy also)

- 5.1 RGU believes that effective teaching and educational programmes can flourish only when sustained by continuous, active participation of its staff in research, enriched in many cases by interaction with industry, business, government and other activities and institutions of our society. This interaction, including outside research and business interaction services is of greatest value when it contributes significantly to the public welfare, offers an opportunity for professional challenge and growth, or otherwise enhances the effectiveness of a member of staff's service to RGU.

5.2 The implications of such outside professional activity are such that orderly procedures must be followed to avoid ethical and legal conflicts of interest and to ensure that such activities do not conflict with the proper discharge of RGU responsibilities under any contract of employment or contract for services. Essential elements are a) complete disclosure of outside professional/consultancy activities, and b) the availability of the best advice and consultation that can be obtained. Liaison with the Dean/Head of Department is the principal means of communication and disclosure in matters involving outside professional activities, in addition to the formal disclosure requirements on appointment and thereafter in accordance with the disclosure requirements in the [Conflict of Interest Policy](#). Each member of staff has the following obligations:

- 5.2.1 It is the obligation of members of staff to keep their Dean/Head of Department informed continually in adequate detail regarding all outside professional activities, service on external committees, and other special assignments, whether within or outside of RGU and to have approval.
- 5.2.2 It is the obligation of members of staff to discuss with their Dean/Head of Department the assumption of outside activities that are new in scope or kind, before entering an agreement to undertake them. This is particularly true of those outside activities, such as direct and active management obligations in outside business entities, that normally conflict with the requirement that the primary loyalty of a full-time member of staff be, at all times, to RGU, and that are normally incompatible with a member of staff's meeting the full range of their obligations to RGU.

5.2.3 If, following proper disclosure, a position of consultancy as an outside professional activity is approved by the proper process, with or without conditions, (see Consultancy Policy), it is the further obligation of members of staff not to receive any payment of fee in their capacity as a consultant that is related to or contingent on the award of a proposed relationship between RGU and the company (e.g. research contract or other business interaction).

5.3 Situations of unusual complexity or those incapable of satisfactory resolution between members of staff and their Dean/Head of Department, with advice from the Business and Economic Development Department and Intellectual Property and Spin Out Development Manager and HR, may be escalated to the Associate Vice Principal – Business and Economic Development or the Director of HR in the first instance for further advice and guidance. Failing this, the VP Research along with the Director HR will give advice and, if necessary, make any final decision.

6. Sponsored Research and Business Interaction

6.1 Sponsored Projects

6.1.1 RGU staff accepting funding or sponsorship from a company in which they have a significant financial interest provides a potential conflict situation. This particularly applies to small and privately-owned companies and should not prevent a member of staff from receiving research support from a large, publicly-quoted company just because they or a family member owns some shares in the company. The numbers of staff with a financial interest in an unquoted company may increase as a consequence of the reward mechanisms used by RGU (e.g., as part of a package for a member of staff involved in commercialisation of their research through a company). In these circumstances, the following procedures must apply:

6.1.1.1 An RGU staff member must disclose their interests in and arrangements with the sponsoring company.

6.1.1.2 The resulting project or activity must involve, directly or in an oversight role, a member of staff of suitable seniority who is not connected with the sponsoring company.

6.1.2 Similarly, a member of staff receiving funding or sponsorship would be in conflict if they were in a position to have influence over the sponsor's funding decisions or acceptance of contractual agreements with the University

6.2 Integrity

6.2.1 RGU employees must maintain the highest standards of professional integrity in the conduct of research and business interaction. The complete, objective, and timely dissemination of new findings through publications is essential for academic integrity. In this context, 'publication' means any means of dissemination of case studies or findings, including publication in a journal, information placed on the web, conference presentations or any other kind of scientific communication. The potential of personal gain must not jeopardise nor appear to jeopardise the integrity of such activities, or their dissemination.

6.2.2 Conflicts of interest can arise when a staff member is an inventor of patents whose value may be affected by the outcome of the project, or when the staff member holds a position in an enterprise (e.g., as director) that may wish to restrict (or otherwise manage) adverse findings for commercial reasons. The preservation of integrity must be largely dependent on self-regulation. The primary way to encourage appropriate conduct is to promote and maintain a climate consistent with high ethical standards. The fundamental factor in ensuring the quality of research and business interaction must be honesty of the individual staff member.

6.2.3 However, where a staff member has, or appears to have a conflict of interest, integrity in designing, conducting, and reporting the activity may be insufficient to protect the researcher and RGU from suspicion and consequent reputational damage. In such cases staff members must take special measures to put themselves beyond suspicion:

6.2.3.1 Before the project is accepted, an RGU staff member must make disclosure to, and seek written consent from, the Dean/Head of Department, who may refer to the relevant member of Executive if they have any doubts and/or take advice from Associate Vice Principal – Business and Economic Development. The disclosure must be in the form of a written memorandum that states the nature of the project, the staff and students who will be involved in conducting the project and potential conflict and method proposed to manage the conflict.

6.2.3.2 Play no part whatsoever in the negotiation of the financial terms of the contract, either as an agent of RGU or the sponsor.

6.2.3.3 At the time of submission of a publication to a journal, comply with any Conflict of Interest policy of the relevant journal.

6.2.3.4 Arrange for the work to be carried out by an independent academic, either in RGU or elsewhere, if the staff member is conflicted.

6.2.3.5 Appoint a co-investigator or an oversight committee who has control over the design and analysis of the project and its results.

7. Equity Interests

- 7.1 It is becoming more common for RGU to receive an equity interest in a company as part of a contract or commercialisation agreement. In such circumstances, it is important that the investment decisions made about that equity interest must be undertaken by a process that is separate from that which makes research decisions. In RGU, research decisions are undertaken by Vice-Principal Research, the process for authorising investment decisions are currently under review.

Appendix A: Categorisation and Examples of Possible Conflict Situations

The following sets out a potential range of conflict situations. Activities and situations that could present conflicts of interest or commitment can be divided into three categories:

- A. Activities that ordinarily are permissible, but which still require to be disclosed;
- B. Activities that appear to present potential conflicts of interest or commitment;
- C. Activities that clearly present such serious problems as to be incompatible with RGU policies.

The separation into categories is imperfect and the following list of examples is not exhaustive.

A. Activities that ordinarily are permissible include:

- I. Participation in scientific or professional association activities, editorial responsibilities, or service on scientific review boards and panels.
- II. Acceptance of notional honoraria for commissioned papers and occasional lectures.
- III. Performance of professionally-related activities such as approved consulting (see IP Commercialisation Policy), textbook authorship, involvement with professional societies, participation on review panels, etc.
- IV. Service as a consultant to outside not for profit organisations, provided the arrangement does not unreasonably restrict RGU activities or present any other conflict of interest (see IP Commercialisation Policy and Conflict of Interest Policy and these Guidelines).
- V. Service on boards and committees of organisations, public or private, that does not distract unduly from RGU obligations or present any other conflict of interest (see IP Commercialisation Policy and Conflict of Interest Policy and these Guidelines).
- VI. Performance of duties that are specified under particular preapproved University agreements.

B. Activities that appear to present potential conflicts of interest or commitment:

- I. Relationships that might enable an employee to influence RGU's dealings with an outside organisation in ways leading to personal gain or to improper advantage for anyone. For example, an employee could have a financial interest in an enterprise with which RGU does business and be in a position to influence relevant business decisions. Ordinarily such problems may be resolved by full disclosure as well as making appropriate arrangements that clearly exclude that employee from participating in the decisions.
- II. Situations in which the time or creative energy an employee devotes to extramural activities appears substantial enough to compromise the amount or quality of their participation in the instructional, scholarly, research, business interaction and administrative work of RGU itself.
- III. Activities (research projects, business interaction, conferences, teaching programs, remunerative consulting agreements, etc.) for which employees are personally remunerated that involve, or might reasonably be perceived to involve, RGU, its name, its laboratories, computers or other facilities and equipment.
- IV. Activities that violate or might reasonably be perceived to violate any of the principles governing projects supported by funds administered through RGU insofar as these principles are relevant to individual behaviour.

C. Activities that present such serious problems as to be incompatible with RGU policies:

- I. Situations in which the individual assumes responsibilities for an outside organisation that divert their time and attention from RGU duties or create other conflicts of loyalty.
- II. Use for personal profit of unpublished information emanating from RGU projects or other confidential RGU sources or assisting an outside organisation by giving it unreasonably exclusive access to such information or consulting under arrangements that impose obligations that conflict with RGU patent policy or with the RGU's obligations to project sponsors.

- III. Circumstances in which projects (including consultancy), that could and ordinarily would be carried on within the RGU, are conducted elsewhere to the disadvantage of RGU and its legitimate interests.
- IV. The running of any private business, commercial or consulting activities, whether on a whole time or part time basis, from within RGU premises, with or without the use of other RGU resources.

Other areas and examples in which conflicts could arise:

- The dissemination of case studies or findings (e.g., their timing and content) and any attempt to restrict rights governing the timing and contents of publications, save in circumstances approved by RGU to protect privacy, commercially sensitive proprietary information, and patentable inventions
- The maintenance of the academic culture (e.g., the rights of students being supervised) and involvement in externally-funded activity that might infringe the right of a student engaged in the activity to complete the degree of which they are registered and/or to publish freely or seek patent protection for their findings
- The appropriateness of the project (e.g., the nature of the business of the sponsor, or the fit with other University, School or Departmental activities)
- Over-dependence on a particular company for funding, which may result in that company either formally or informally influencing the direction of the RGU projects or dissemination of outcomes.

Family and Close Friends

In general, an actual or emergent close family/friend relationship, combined with an RGU role and responsibility, carries potential for conflict of interest. This can arise with a business, consultancy, and other commercial venture the University is engaged in (whether the family/friend relationship is internal or external to RGU) and in a simple line manager – employee relationship. To avoid any unnecessary suspicion and to allow appropriate safeguards to be put in place, full and early disclosure of any such relationship or emerging relationship is essential.

Staff and Student Relationships

Where a member of staff has a supervisory role in relation to a student, or any other role that allows the staff member to make or influence decisions relating to that student, the potential for a conflict of interests exists. For this reason, should the staff member find that a personal relationship is developing, that goes beyond the normally expected staff-student relationship, that situation must be reported to the appropriate line manager for agreement of the necessary actions required to protect the staff member and the student.



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