Southern African Large Telescope Foundation (Pty) Ltd

POLICY ON INDIVIDUAL CONFLICTS OF INTEREST AND COMMITMENT

Drafted May, 2015

I. INTRODUCTION AND PURPOSE

II. DEFINITIONS OF SELECTED TERMS

III. APPLICABILITY

IV CONFLICT OF COMMITMENT

V. CONFLICT OF INTEREST

A. Acceptance by Individuals of Gifts, Favors from External Entities

B. Gifts to the Foundation for the Benefit of a Covered Individual

C. Use of SALT Foundation Resources, including Privileged Information

D. Purchasing, Contracting, Other Business Transactions on behalf of the Foundation

E. Intellectual Property Transactions

F. Board Member Roles

VI. RECORDS OF CONFIDENTIALITY AND RETENTION

VII. POLICY IMPLEMENTATION

VIII. POLICY BREACHES

I. INTRODUCTION AND PURPOSE

Consistent with the Southern African Large Telescope's research and outreach missions, the SALT Foundation (hereinafter "the Foundation") encourages employees and board members to engage in appropriate outside relationships with private industry and the nonprofit sector. But members of the board and employees are expected to avoid conflicts of interest or commitment that have the potential to directly and significantly affect the Foundation's interests, compromise objectivity in carrying out Foundation's responsibilities, or otherwise compromise performance of Foundation responsibilities, unless such conflicts are disclosed, reviewed, and managed in accordance with this Policy. This Policy on Individual Conflicts of Interest and Commitment (hereinafter, the "Policy") describes the Foundation's approach and process for identifying, reviewing, and managing such relationships to help assure the integrity of Foundation research and administrative endeavors.

A member of the Foundation may be deemed to have a conflict of interest when he or she or any of that person's family possesses a personal or financial interest related to an activity that involves his or her Foundation responsibilities. Through this Policy the Foundation seeks to minimize the most obvious and avoidable conflicts of interest that have potential for serious negative effects on performance of its missions. The requirement that an individual's potential conflicts of interest be disclosed and evaluated by a Conflict of Interest Advisory Committee is not a reflection or assessment of the integrity of the individual.

As members of a scientific and intellectual community, we recognize that objectivity about one's own situation and credibility with external observers requires an evaluation external to oneself. Moreover, the fact that an individual may be determined to have a conflict does not imply that the conflict is unethical or impermissible; it means simply that the relation of the conflict to the individual's institutional responsibilities must be carefully examined and in some cases managed, because conflicts – real, potential or perceived - may impair performance of the missions of research, administration and outreach, as well as jeopardize public trust and support.

II. DEFINITIONS OF SELECTED TERMS

"Conflict of Interest" (COI) relates to situations in which financial or other personal considerations, circumstances, or relationships may compromise, may involve the potential for compromising, or may have the appearance of compromising a Covered Individual's objectivity in fulfilling their Foundation duties or responsibilities, including research, and administrative duties. The bias that such conflicts may impart can affect many Foundation responsibilities, including decisions about personnel, the purchase of equipment and other supplies, the collection, analysis, and interpretation of data, and the sharing of research results.

Conflict of Interest may result from nonfinancial interests or considerations, the overwhelming majority of Conflicts of Interest result from a Financial Interest of a Covered individual who is in a position to make a research or administrative decision which may be compromised because of potential financial gain from a Financial Interest.

Financial Interest is defined as:

1. Payment for services to the Covered Individual (for employees these are payments not otherwise defined as institutional salary e.g. consulting fees, honoraria, paid authorship); or

2. Equity or other ownership interest in a publicly or non-publicly traded entities (e.g. stock, stock options, or other ownership interest); or

3. Intellectual property rights and interests upon receipt of income related to such rights and interest, held by the Covered Individual or members of his/her immediate family.

“Covered Individual” refers to any Foundation employee, or board member who is performing research, administration or business activities on behalf of the Foundation.

“Covered Employee” refers to any Foundation employee who is performing research, administration of business activities on behalf of the Foundation

"Executive Position" refers to any position that includes responsibilities for a material segment of the operation, management or oversight of a business, including Board membership.

"Family" of a Covered Individual includes his or her spouse and dependent children. For the purposes of this Policy, “spouse” includes a person to whom one is married or with whom one lives together in the same residence, shares responsibility for each other’s welfare and shares financial obligations.

“Financial Conflict of Interest” (FCOI) means a Financial Interest that could directly and significantly affect the design, conduct, or reporting of research.

"Financial Interest" means one or more of the following interests of a Covered Individual (and Family) that appear to be reasonably related to a Covered Individual’s Institutional Responsibilities.

Financial Interest of a Covered Individual includes:

(1) Royalties, or other payments, including consulting fees or Honoraria (except as excluded below), received by a Covered Individual or his or her Family in the twelve months preceding disclosure or anticipated in the twelve months following disclosure;

(2) Equity interest held by a Covered Individual or his or her Family in publicly-traded or nonpublicly traded entities, in the twelve months preceding or anticipated in the twelve months following disclosure;

(3) Intellectual Property rights and interests (including inventorship) held by a Covered Individual or his or her Family in the twelve months preceding or anticipated in the twelve months following disclosure; and

(4) Gifts that have been made to the Foundation for the direct benefit of the research or other professional activities of a Covered Individual in the twelve months preceding or anticipated in the twelve months following disclosure.

"Financial Interest" does not include:

(1) Salary or other remuneration (not listed above) from the Foundation;

(2) Income from seminars, lectures, or teaching engagements sponsored by a SA Governmental Department or Agency, Provincial, or local government agency, an institution of higher education, an academic teaching hospital, a medical center, or a research institution that is affiliated with an institution of higher education;

(3) Income from service on advisory committees or review panels for a SA Governmental Agency, Provincial, or local government agency, an institution of higher education, an academic teaching hospital, a medical center, or a research institution that is affiliated with an institution of higher education;

(4) Income from investment vehicles, such as mutual funds or blind trusts, where a Covered Individual or Family has no control over the selection of holdings.

Note that Financial Interests of an Investigator include Financial Interests of the Investigator's Family, as defined above.

"Honoraria" means a payment made to a person for services rendered in a volunteer capacity, or situations where the giver does not have legal obligations, or for services where fees are not expected.

"Institutional Responsibilities" for employees means research, service, and administrative duties for the Foundation.

"Personal interest" means an external executive, consulting or advisory position related to an activity that involves or is related to a Covered Individual's Institutional Responsibilities. These activities may or may not be uncompensated.

"Project" means any research, testing, evaluation, training, and/or instructional plan conducted under the auspices of the Foundation.

III. APPLICABILITY

This Policy applies to Covered Individuals, which is defined in this Policy to include any Foundation employee, or board member (where applicable) in the performance of the research, outreach, administration, or business operations of the Foundation.

Under this Policy, the interests of a Covered Individual's Family are considered to be the "same as" the Covered Individual and should be disclosed as applicable.

IV. CONFLICT OF COMMITMENT

The term “conflict of commitment” relates to a Covered Employee’s distribution of effort between Foundation Duties or Institutional Responsibilities (primary and secondary), and external professional activities. All employees of the Foundation are expected to devote their primary professional loyalty, time and energy to their Institutional Responsibilities. Accordingly, outside professional activities and outside financial interests must be arranged so as not to interfere with the primacy of Institutional Responsibilities.

Secondary duties may include professional affiliations and activities traditionally undertaken by Foundation employees outside of the immediate Foundation employment context. Secondary duties may or may not entail the receipt of honoraria, remuneration or the reimbursement of expenses. A list of these duties would include:

- membership in and service to professional associations and learned societies
- membership on professional review or advisory panels
- presentation of lectures, papers, concerts or exhibits
- participation in seminars and conferences
- reviewing or editing scholarly publications and books without receipt of compensation
- service to accreditation bodies

These activities, which demonstrate active participation in a profession are encouraged, provided they do not conflict or interfere with the timely and effective performance of the employee's primary Institutional Responsibilities.

It is the policy of the SALT Foundation that employees may participate in activities for compensation outside of their Institutional Duties provided that such activities are not in conflict nor in competition to SALT Employees are required to receive approval in advance for External Professional Activities for Pay (EPAP) unless specifically permitted in their employment contract.

An employee’s supervisor always has the discretion to determine whether a proposed external activity is appropriate in scope and duration or constitutes excessive time away from Institutional Responsibilities. While EPAPs may convey some implied benefit to an employee’s position or, in general, to the Foundation, such activities are not considered part of any employee’s Institutional Responsibilities; however they may be considered related to Institutional Responsibilities and should be disclosed as Personal or Financial Interests as applicable. Employees may not use any Foundation resources in support of these type of activities except as provided in Section V. C. below.

Required Action:

Any potential Conflicts of Commitment between primary and secondary duties are subject to review by the employee’s supervisor. An employee who intends to engage in an EPAP is required to file a “Notice of Intent for an External Professional Activity for Pay” 14 days before the activity begins.

An employee who is an inventor seeking to engage in external professional activity, compensated or uncompensated, with an entity that proposes to license, has licensed or has otherwise acquired rights to his or her invention should include this information in the request so that the supervisor is notified of this relationship and the supervisor can consult with the SALT Board.

The supervisor is required to respond with approval or disapproval of the EPAP request within 7 days of the filing of the "Notice of Intent".

V. CONFLICT OF INTEREST

A. Acceptance by Individuals of Gifts, Favors from External Entities

Generally, Foundation employees may neither accept nor offer, either directly or indirectly, any personal gift or favor or loan to or from an organization, entity or person that is conducting or seeking to conduct business with the Foundation, unless the gift is nominal.

A "nominal" gift occurs where the fair market value of all payments, gifts or favors from the same or related source within a single calendar year is less than four hundred Rands. Cash gifts of any size are not considered nominal. However, meals or customary honoraria may be provided to employees in connection with Foundation activities or activities approved as external professional activities for pay. Although customary honoraria and reimbursement for actual costs generally are not considered to be gifts, if reimbursements or Honoraria are significantly in excess of fair market value or customary amounts (e.g. expensive resort sojourns, coverage of family member expenses, etc.), they are de facto gifts.

Foundation employees also may not accept any financial or other favors in exchange for privileged access by current or potential Foundation vendors to Foundation facilities, employees, or board members.

A Foundation employee may not receive compensation from an external source for performance of Foundation work except as approved by the SALT Board.

B. Gifts to the Foundation for the Benefit of a Covered Individual

For purposes of this Policy, gifts and donations that have been made to the Foundation for the benefit of the professional activities of a Covered Individual are considered to be a Financial Interest of the intended beneficiary, even though such gifts or donations are not the legal property of the beneficiary. Such gifts and donations, where they coincide with Foundation activities undertaken by the beneficiary that relate to the entity making the gift or donation, may create a Conflict of Interest, and they shall be disclosed by that individual as required under this Policy as for any other Financial Interest when the Covered Individual completes an applicable Conflict of Interest Disclosure form.

C. Use of Foundation Resources, including Privileged Information

Confidential or privileged information acquired by the Foundation may not be used by a Covered Individual for personal gain, nor may any Covered Individual permit unauthorized access to such confidential or privileged information.

Covered Individuals may not use for non-Foundation purposes any Foundation and partner funded or supported resources, including but not limited to Foundation facilities, work product, results, materials, or information developed with Foundation funding or other Foundation support except as otherwise allowed under Foundation policy.

This prohibition includes the use of the Foundation's name in a manner that may imply that the Foundation is associated in some way with the Covered Individual's external activity or interest. Mere identification of the Foundation as one's employer and of one's position at the Foundation is permitted, provided that such identification is not used in a manner that implies sponsorship or endorsement by the Foundation.

Use of Foundation resources that incur insignificant cost to the Foundation are allowed for external activities. Examples of acceptable use, which include but are not limited to, are minimal use of the telephone, support staff, email, or computer equipment.

D. Purchasing, Contracting, Other Business Transactions on behalf of the Foundation

A Foundation employee generally may not participate in awarding, negotiating, reviewing or approving a financial transaction (including but not limited to purchases, contracts, and subcontracts) involving the Foundation and an entity in which the employee has a personal financial interest without prior review and approval as described immediately below. Where an employee is involved in the design, conduct or reporting of Foundation research related to that employee's Financial Interest, that potential conflict of interest is governed by the section below entitled "Intellectual Property Transactions". In addition, an employee may assist in the negotiation of license agreements for Foundation intellectual property as allowed under the Policy on Equity Acquisition.

Required Action:

Foundation employees routinely involved in the negotiation, approval or administration of Foundation contracts with external entities must file the applicable Conflict of Interest Disclosure form with the Foundation's Conflict of Interest Officer. If a Foundation employee has not filed an applicable Conflict of Interest Disclosure form disclosing Personal and/or Financial Interests but is prospectively involved in awarding, negotiating, reviewing or approving a financial transaction involving the Foundation and an entity where there is Personal and/or Financial Interest of that individual, the potential conflict of interest must be reported to the employee's supervisor. The employee's supervisor and the Conflict of Interest officier shall conduct an investigation to determine if the other party to the transaction has

been unfairly preferred. The supervisor shall reassign that transaction to another employee with prior approval and such management as is deemed appropriate by the Conflict of Interest Officer.

E. Intellectual Property Transactions

The Foundation's mission includes fostering the invention and development of new patentable and non-patentable technologies, methodologies or copyrights. The Foundation may attempt to license these innovations to commercial entities so that Foundation research results may reach the market for the public good. The Foundation must be protected from both real and perceived inappropriate "pipelining" of Foundation innovations to entities in which Foundation inventors have Personal or Financial Interests. The Foundation's facilities and resources must not be used to the advantage of the licensee entity without advance and specific authorization consistent with applicable Foundation policy and procedures.

Required Action:

All Covered Individuals who are Foundation inventors are required to disclose their Personal or Financial Interests and those of their Family in the course of the licensing process.

Policies and Procedures.

Covered Individuals who are Foundation inventors of technologies licensed or otherwise made available through contract by the Foundation to a third party must complete and submit an applicable Conflict of Interest Disclosure form before execution of the license or other agreement by the SALT Board. Any Covered Individual who is inventor and who holds equity in, is an officer or director of, or provides consultative services to an entity that has licensed or otherwise acquired rights to Foundation invention(s) or copyrights will be deemed to have a Conflict of Interest under this Policy. Updated Conflict of Interest Disclosure forms must be submitted to the Foundation's Conflict of Interest Officer promptly when changes arise that may either: (a) give rise to a reportable Personal or Financial Interest; (b) eliminate a previously reported Personal or Financial Interest; or (c) result in an affirmative answer to any question previously answered in the negative.

Additionally, external consulting relationships between a Covered Individual who is Foundation inventor and the holder of a Foundation license for the inventor's technology are not permitted unless reviewed and approved in advance as detailed in the Conflict of Commitment section above.

F. Board Member Roles

By virtue of their role, board members may have substantial influence in professional appointments, promotions, determinations of salary, staffing and budget decisions, execution of business contracts, etc., and must take particular care to avoid relationships that have the potential to advantage the individual but adversely affect the Foundation's interests or inject inappropriate considerations into administrative decisions. They must be vigilant in ensuring that their exercises of administrative decisions are not, and do not appear to be, colored by their personal financial interests

Required Action:

All Board Members who have a financial interest in or other relationship with an entity that transacts business with the Foundation are required to disclose these interests and relationships to the Board as soon as they exist, and annually thereafter. Updated disclosures must be submitted promptly when changes arise that may either: (a) give rise to a new Personal or Financial Interest; (b) eliminate a previously reported Personal or Financial Interest; or (c) result in an affirmative answer to any question previously answered in the negative.

VI. RECORDS CONFIDENTIALITY AND RETENTION

A. Confidentiality

The Conflict of Interest Disclosure forms, review information, and any related management plans containing information that may have a direct bearing on a Covered Individual's employment or Board service are considered to be confidential personnel information that should be maintained in a secure and confidential file. Access to information disclosed in the COI review process, including management plans, will be limited to those with a need to know.

This information is available only to individuals duly charged with the responsibility for review, and may be released only in accordance with and as required by regulation, South African law or lawful court order.

B. Records Retention

All records relating to the reporting of potential conflicts of interest and commitment, and to the actions taken with respect to those disclosures, reports or plans, shall be maintained for three years following the expiration of their relevance, or as required by applicable government law, whichever is greater.

VII. POLICY IMPLEMENTATION

The Chair of the SALT Board is responsible for overseeing the implementation of this Policy. Day-to- day responsibility for such implementation is delegated to a Conflict of Interest Officer who will be named by the SALT Board. The Foundation will make this policy and the Standard Operating Procedures for Individual Conflicts of Interest and Commitment available on its website.

In addition, the SALT Board Chair will appoint a Foundation Conflicts of Interest Advisory Committee, which will be authorized to make recommendations to the Board for appropriate changes to this Policy, along with such other recommendations regarding the disclosure, evaluation, approval and management of conflicts of interest as the Committee deems appropriate.

VIII. POLICY BREACHES

Possible sanctions for violation of this Policy, including furnishing false, misleading, or incomplete information, can range from administrative intervention to termination of employment or appointment all in accordance with applicable Foundation policies. The SALT Board Chair, or the Chair’s delegate, will

review all alleged violations of this Policy, including the provisions of the Standard Operating Procedures for Individual Conflicts of Interest and Commitment. Alleged violations of this policy by the board chair will be reviewed by members of the Board Executive Committee, excluding the board chair. Violations may include but are not limited to: (a) failure to comply with the process (by failure to disclose timely Personal or Financial Interests as required, by failure or refusal to respond to requests for additional information, by providing incomplete or knowingly inaccurate information, or otherwise); (b) failure to remedy conflicts; and (c) failure to comply with a prescribed management agreement or monitoring plan.