

SOCIETY POLICY

CONFLICTS OF INTEREST

I. PREAMBLE

Each individual acting for or in the name of ASME is in a position of trust. Particularly since ASME holds as paramount the safety, health, and welfare of the general public, each such individual has fundamental responsibility to exercise impartial professional judgment to enhance the practice of mechanical engineering in the public interest. This Society Policy is intended to further assure the objectivity and public confidence in the integrity of all Society deliberations and statements, by establishing guidelines and procedures concerning conflicts of interest. It is acknowledged and understood that competent and knowledgeable individuals of recognized abilities, qualifications and interest who participate in professional activities may have potential conflicts of interest. This Society Policy establishes guidelines and procedures to enable such individuals to act ethically and to uphold the integrity of the Society's policies, rules, codes and standards.

II. POLICY

- A. The potential for a conflict of interest exists whenever a person owes a loyalty to multiple interests or organizations. Having different interests or loyalties does not constitute a conflict of interest when the action desired by each interest is the same. This situation may be described as a community of interest.
- B. A conflict of interest occurs only when loyalty to one interest would impel a course of action different from that impelled by another interest. For example, while acting for or on behalf of the Society, a volunteer may consider a matter which directly affects the specific rather than the collective interests of the individual's employer or a competitor of the employer.

In such instances, there could be a conflict of interest between exercise of the volunteer's independent professional judgment on behalf of ASME and the public and the individual's loyalties and responsibilities to his or her employer or another entity.

- C. In many ASME standards-writing committees and other committees, the procedures for appointment provide for a balanced or diversified representation among the various categories of interest within the scope of that committee's concern. This "balance of interest" minimizes the instances of appearance of conflict of interest by preventing situations in which a single interest group could control the action on an issue. Accordingly, where general categories of interest were considered in appointing a balanced committee or other group, an individual's identification with the particular interest shall not be grounds for raising an issue of the appearance of a conflict of interest. This is particularly so because the removal of one or more individuals representing a particular

category of interest on conflict of interest grounds could upset the planned balance of economical and technical interests.

- D. It is nevertheless the duty of volunteers acting for or on behalf of the Society to be aware of the possibility of a conflict of interest between their responsibilities to ASME and the public on the one hand and to their employer or another entity on the other. All volunteers have a fundamental responsibility to refrain from participating in Society decision-making when a competing interest precludes or inhibits the exercise of the volunteer's independent professional judgment on behalf of ASME, or when the nature of the competing interest is such that the volunteer's continued participation would unreasonably jeopardize the integrity of the decision-making process.

III. RESPONSIBILITIES

A. Individual Responsibilities

In instances where it is clear to individual volunteers that their judgment with respect to a matter pending before ASME is controlled by their loyalty to a competing interest, they should disqualify themselves and refrain from participating in the deliberations and decision-making regarding the conflict-affected matter.

This does not preclude their attendance and participation at any meeting of a committee or other body on the same basis as any non-member of the committee or other body.

In instances where individual volunteers believe that there may be the appearance of a conflict of interest, as in II.C above, although they believe that their independent judgment will not be affected by a competing interest, the volunteers should nevertheless avail themselves of at least one of the following consultative courses of action:

1. If an individual is serving on a sector, board, division, committee, section, subcommittee or other decision-making body, the individual should make certain that all concerned with the projected deliberations or decision-making clearly understand the facts and circumstances involved in this possible conflict situation. Then following due consideration of the circumstances involved, unless a three-fourths majority concur by secret ballot that the continued participation will not unreasonably jeopardize the integrity of the decision-making process, the individual shall refrain from participation in deliberations not open to non-members and decision-making regarding the conflict-affected matter. Such disqualification considerations may be either referred or appealed (in the first instance, to the appointing committee or supervisory body, if any, and then (if unresolved) to the conflict of interest oversight body designated by the Board of Governors pursuant to Section IV., below) by

the chair of the committee, subcommittee or other body, the individual volunteer or any other participant in the potential conflict of interest consideration;

2. If the individual is acting for or on behalf of ASME other than in a committee or group participation capacity, or if an individual serving on a committee or group wishes to bypass the step described in Section III.A.1, the individual should bring the potential conflict of interest matter directly to the attention, in the first instance, of the appointing committee or supervisory body, if any, and then (if unresolved) to the attention of the conflict of interest oversight body designated by the Board of Governors pursuant to Section IV., below.

B. Challenges by Other Members

Any member of a sector, board, division, committee, section, subcommittee or other decision-making body who believes that the continued participation of any other member of that body may unreasonably jeopardize the integrity of the decision-making process may call for the consultative courses of action set forth in Sections III.A.1 and III.A.2 above.

IV. IMPLEMENTATION

Individuals participating as volunteers in ASME activities have the primary responsibility for assuring their adherence to this Society Policy. Nonetheless, given the sensitive nature of these considerations and the interest of the Society in preserving the integrity of its reputation and processes, ASME retains responsibility for oversight in this area. Accordingly, the Board of Governors hereby assigns oversight responsibility for this Society Policy to the ASME Ethics Committee. The Ethics Committee shall have authority to review questions of conflicts of interest and to render opinions thereon. The Ethics Committee may authorize the Chair of the Ethics Committee to issue a letter of warning or admonishment to persons who violate this policy or request that the Chair to refer the matter to the Executive Director for processing as an ethics complaint under policy P-15.4. A decision of the Ethics Committee shall be binding and final if a letter of warning or admonishment is the course of action.

V. ASME STAFF

The provisions of this Society Policy are applicable to the ASME staff, as well as to the members of sectors, boards, divisions committees, sections, subcommittees, other decision-making bodies and individuals acting for or on behalf of ASME, as set forth above.

VI. USE OF ASME TITLES

The use of Society titles for members holding elected and non-elected office shall follow the guidelines stated in paragraph III.D.4 of Society Policy P-14.6, Name, Seal, Emblem, Initials, Titles, Identification and Certificates. Violations of these guidelines shall be considered under violations of the Code of Ethics. (See Society Policy P-15.7, Ethics.)

VII. USE OF ASME STATIONERY

Society Policy P-14.6 Society Name, Seal, Emblem, Initials, Titles, Identification and Certificates) prescribes the use of ASME stationery in Paragraph III.B.4.

VIII. NOTICE

Each time an individual is elected or appointed to a position, or appointed to represent ASME in any capacity, including all members of ASME standards writing committees, the individual shall at the time of election or appointment be sent a copy of this Society Policy and Society Policy P-15.7, Ethics and P-14.6, Society Name, Seal, Emblem, etc., and should be advised to adhere to the provisions of these policies as a condition of acting for or representing the Society.

IX. ACCEPTANCE

Before taking office, unless there is in ASME's files a prior signed acceptance of Society Policy P-15.8, each member of a sector, board, division, committee, district, section subcommittee, or other decision-making body, as designated by each sector, and each individual elected or appointed to act for or on behalf of ASME shall state in writing adherence to the conditions of this Society Policy. If this signed Statement is not on file, the member may not take office.

Additionally, an Annual Disclosure regarding Conflicts of Interest shall be submitted by voting members of the Board of Governors, the Executive Director, Treasurer, Assistant Treasurer, Secretary, Assistant Secretary, and key employees (as defined by the Internal Revenue Service).

Note that when either Policy P-14.6 or P-15.8 receives substantive revision as determined by the Board of Governors, all persons required to have a Conflict of Interest Statement on file shall receive a copy of the revised Policy and shall be requested to sign a new Conflict of Interest Statement.

X. OVERSIGHT

At least twice a year, the Executive Director of ASME shall submit a report to the Ethics Committee certifying that the requirements of Section VIII, Notice, and Section IX, Acceptance, have been met, and shall include names of those not in compliance.

Should there be any occurrence where a member does not re-sign a Conflict of Interest Statement and forward it to the Society within 90 days, the Executive Director shall inform the pertinent board, committee, sector or other body requiring the execution of a Conflict of Interest Statement that the member is in violation of Section IX of Policy P-15.8 and may not continue in office or further represent ASME.

When action is taken by a member to comply with this Policy, that individual will be reinstated to their position and allowed to represent ASME in their previous position.

Responsibility: Committee of Past Presidents/Ethics Committee

Reassigned from Centers Board of Directors/Center for Career and Professional Advancement/Committee on Ethical Standards and Review

Reassigned from Centers Board of Directors/Center for Professional Development, Practice and Ethics/Committee on Ethical Standards and Review 4/23/09

Reaffirmed from Council on Member Affairs/Board on Professional Practice & Ethics 6/1/05

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