

LEBANESE AMERICAN UNIVERSITY
POLICY FOR TRUSTEES SERVING ON TWO BOARDS
Adopted by the Board of Trustees on March 27&28, 2014

Preamble:

The Lebanese American University realizes that it is sometimes inevitable for a Trustee to serve on two boards. Therefore, it is necessary to find a way in which to deal with this matter in a fair and reasonable way that allows the University's interests to be advanced and protected; hence, the adoption of this policy.

Policy Statement:

A Trustee shall not be deemed to have a conflict of interest simply because s/he serves on another board. Conflict of interest should not be deemed to exist when a Trustee does not favor his/her individual, personal, or business pecuniary or non-pecuniary interests over those of other Trustees or those of the Board of Trustees as a whole. However, said Trustee is burdened with the duty of loyalty, duty of neutrality, and duty of confidentiality when serving on two boards.

Responsibilities of Trustees Serving on Two Boards:

To maintain the duties of loyalty, neutrality, and confidentiality when a Trustee is serving on two (or more) boards, a Trustee in such a situation must:

- Disclose immediately to the Board Chair and other members of the Board of Trustees his/her appointment to the other board(s);
- Be sensitive to the potential that a matter coming before the Board may be of interest to the other board being served;
- Refrain from influencing or attempting to influence the outcome of a vote, and acknowledge that s/he may be required to be physically absent during certain discussions and voting;
- Refrain from sharing any confidential information with the other board(s); and
- Preferably choose boards whose missions are distinctly different.

Notwithstanding the above, certain confidential information may be disclosed by the Trustee on a need-to-know basis to the other board, if it is a stakeholder organization s/he represents, provided that:

- All parties agree in writing that the Trustee can vote in favor of the stakeholder's position;

- The Trustee discloses his/her position in and relationship to, as well as the nature of his/her interest in, the stakeholder organization;
- The Trustee is free to vote if a disinterested quorum exists, provided that the Trustee's freedom to act after the vote continues to be subject to the existing rules;
- The Conflict of Interest Policy applies if the Trustee has a direct or indirect interest in a proposed material or transaction.

Remedies and Sanctions:

In case a Trustee breaches his/her fiduciary duty:

- S/he may be excluded from at least two Board meetings; and/or
- S/he may be denied access to certain sensitive and confidential records; and/or
- S/he may be sued in case of damages; and/or
- S/he may no longer serve on the Board