Standards and Certification Training

Module C – Legal
C1. Conflict of Interest/Code of Ethics
MODULE C COURSE OUTLINE

C1. Conflict Of Interest/Code Of Ethics
C2. Antitrust
C3. Torts
C4. Intellectual Property
C5. Speaking For The Society
## REVISIONS

<table>
<thead>
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<th>Date</th>
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<tr>
<td>09/26/18</td>
<td>Reformatted in its entirety. Slide 25 was revised.</td>
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<td>01/06/18</td>
<td>Minor editorial revisions for formatting consistency</td>
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<td>03/20/14</td>
<td>Reformatted entire Module and removed redundant slides 3, 13, 22, 31 and 32. Added Learning Objectives Slide 3.</td>
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<tr>
<td>09/01/11</td>
<td>Slides 5, 7, 8, 10, 12. Nudes revised in their entirety.</td>
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<td>Slides 20, 21, 27 &amp; 34. Minor Revisions (font changes, reordering or revising for clarity, minor additions).</td>
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<td>New slide 11 was added for PAF form.</td>
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<td>Slides 15-19. Added slides and expanded to reflect full text of principles and canons in policy.</td>
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<td>Slide 32. Revised in its entirety.</td>
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<td>07/07/08</td>
<td>Revised entirely.</td>
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At the end of this module, you will understand:

• The primary purposes of the ASME Society.
• All society members and members of standards committees must act in accordance with the Society’s Policies on P-15.7, Ethics, and Policy P-15.8, Conflicts of Interest.
• ASME Constitution with regard to indemnification.
This Module will cover the following topics:

I. Introduction
II. Society Policy P-15.7 Ethics
III. Society Policy P-15.8 Conflicts of Interest
ASME Society Ethical and Conflict of Interest Obligations are outlined in the ASME Constitution, ASME By-Laws, ASME Policies and ASME Codes and Standards Policies. The links to the relevant policies may be found in the references at the end of this presentation.
Section C2.1.1 of the ASME Constitution states that one purpose of the society is to promote a high level of ethical practice.

The Society accomplished this by ensuring that their Society “Members shall be governed in all professional and business relations by the Code of Ethics as stated in the Society Policies.”
ASME Constitution, Article C4.1.12 provides that Committee members are indemnified provided that the individual:

- Acted in good faith for a purpose which he reasonably believed to be in the best interests of the Society
- Had no reasonable cause to believe that the conduct was unlawful

There is a Potential for loss of indemnification if Committee member does not follow ASME policies
By-Law B2.1, Fulfillment of Purpose, requires that the Society shall:
- Maintain a Code of Ethics of Engineers (P15.7)
- Promote and encourage practice within this Code
- Arrange for adjudication of violations of the Code (P15.4)
This presentation will examine the Ethics Society Policy P-15.7 and Conflicts of Interest Society Policy P-15.8.
All ASME committee members are required to file a Participation Acknowledgement Form (PAF Form). This acceptance form requires that the committee member adhere to Society Policy P-15.7 on Ethics and Society Policy P-15.8, Conflicts of Interest. Without a written acceptance a member may not be appointed.

All ASME volunteers have the responsibility for assuring their adherence to these Society Policies. ASME staff is assigned to oversee committee members.
ASME PARTICIPATION ACKNOWLEDGEMENT FORM

ASME Codes and Standards
Participation Acknowledgement Form

I acknowledge my responsibility to comply with one of the following in carrying out any activities for all appointments and engagements in ASME Codes and Standards activities (check one):

☐ I have read and agree to comply with Society Policies P.15.2 Ethics, P.11.4 Ethical Conduct---Violation Reporting, P.11.5.1 Conduct of Interest, P.11.5.2 Policy Against Discrimination (including Discriminatory Harassment) and P.11.2 Society Name, Seal, Resolution, Standards, Cost, Identification, and Certification.

[NOTE: ASME Society Policies are found on ASME's Web site http://www.asme.org/standards/standards-society-policies] Copies of the Policies may be obtained via e-mail at inquiry@asme.org

☐ As an employee of a government agency, I agree to follow a Code of Ethics and the Policy on Conflict of Interest administered by the pertinent jurisdiction or governmental agency.

Further, I acknowledge that copyright and all rights in all materials produced by ASME Codes and Standards Committees are owned by ASME, that ASME may register copyright in its own name, and that the only permitted reproductions of ASME copyrighted material is for Committee business.

Signature: ____________________________ Date: ____________________________

Name: ____________________________

Phone: ____________________________

E-Mail: ____________________________
ASME Ethics Committee provides oversight of professional practice and ethics. This committee is under the Committee of Past Presidents, which reports directly to the ASME Board of Governors.

This committee has the authority to review questions of ethics and conflict of interest and render opinions.

The committee may decide to issue a letter of warning or admonishment or it may refer matters to Executive Director and request that a hearing be conducted. If a hearing is determined to be in order, the procedure for the adjudication of alleged violations of the Ethics code can be found in Society Policy P-15.4 Ethical Conduct Violation Procedures.
II. SOCIETY POLICY P-15.7
ETHICS

Society Policy, P-15.7, Ethics
Society Policy 15.7 Ethics contains the Code of Ethics of Engineers consisting of:

- The Fundamental Principles
- The Fundamental Canons

Society Policy 15.7 Ethics contains the Code of Ethics of Engineers consisting of: three fundamental principles and ten fundamental canons that will be reviewed in the next set of slides.
The three fundamental principles require that engineers uphold and advance the integrity, honor and dignity of the profession by:

• Using their knowledge and skill for the enhancement of human welfare
• Being honest and impartial, and serving with fidelity their clients (including their employers) and the public; and
• Striving to increase competence and prestige of the engineering profession
The ten fundamental canons and accepted principles for the behavior of ASME Society members are as follows:

1. Engineers shall hold paramount the safety, health and welfare of the public in the performance of their professional duties.

2. Engineers shall perform services only in the areas of their competence; they shall build their professional reputation on the merit of their services and shall not compete unfairly with others.

3. Engineers shall continue their professional development throughout their careers and shall provide opportunities for the professional and ethical development of those engineers under their supervision.
4. Engineers shall act in professional matters for each employer or client as faithful agents or trustees, and shall avoid conflicts of interest or the appearance of conflicts of interest.

5. Engineers shall respect the proprietary information and intellectual property rights of others, including charitable organizations and professional societies in the engineering field.

6. Engineers shall associate only with reputable persons or organizations.
7. Engineers shall issue public statements only in an objective and truthful manner and shall avoid any conduct which brings discredit upon the profession.

8. Engineers shall consider environmental impact and sustainable development in the performance of their professional duties.

9. Engineers shall not seek ethical sanction against another engineer unless there is good reason to do so under the relevant codes, policies and procedures governing that engineer’s ethical conduct.
Finally,
10. Engineers who are members of the Society shall endeavor to abide by the Constitution, By-Laws and Policies of the Society, and they shall disclose knowledge of any matter involving another member’s alleged violation of this Code of Ethics or the Society’s Conflicts of Interest Policy in a prompt, complete and truthful manner to the chair of the Ethics Committee
The Ethics Policy requires ethical practice by every Society member. In order to participate on ASME standards writing committees, members have agreed to adhere to the Ethics Policy. This policy therefore applies to all codes and standards writing committee members including non-ASME members.
Further information regarding the interpretation of the Code of Ethics may be found online in the Code of Ethics and Criteria for the Interpretation of the Fundamental Canons which can be accessed on asme.org.
III. SOCIETY POLICY P-15.8, CONFLICTS OF INTEREST

Society Policy P-15.8, Conflicts Of Interest
Society Policy P-15.8, Conflicts of Interest recognizes the importance of objectivity and impartial professional judgment to the integrity and public confidence in ASME’s work. It also acknowledges that professionals may have conflicts of interest and holds each individual responsible for determining when a conflict of interest exists. Finally, this policy has established guidelines and procedures to help individuals act ethically.
As a committee member, your fundamental responsibility is to refrain from participating in Society decision-making when either of these conditions occur:
- If a competing interest precludes or inhibits the volunteer’s independent professional judgment
- If continued participation would unreasonably jeopardize the integrity of the decision making process
When does a conflict of interest exist?
The potential exists whenever a person owes a loyalty to multiple interests or organizations.

But, a conflict of interest occurs only when loyalty to one interest would impel a course of action different from that impelled by another interest.
Identification with a specific “interest category” is not necessarily grounds for a conflict because:
- Members are appointed as individuals, not representatives of companies or organizations
- Members are categorized by the nature of their employment or financial support for Committee activities
- Balance of interests is designed to prevent a single interest group from controlling an action
If an individual determines that his/her participation represents a conflict of interest, they should disqualify him/herself from decision-making process. This could be accomplished by “Not Voting” during the vote or ballot process.

This does not preclude participation in any meeting on the same basis as a non-member.
When a member of a decision-making body such as a Board or Committee believes his/her participation may give the appearance of conflict of interest:
- The individual should make facts and circumstances known
- The committee or Board will vote by secret ballot. Three fourths approval is required to concur that continued participation will not unreasonably jeopardize the decision-making process
- The decision may be referred to the supervisory body or appealed to the Ethics Committee by any party.
When an individual serving on a committee or group believes there is an appearance of a conflict of interest and wishes to bypass the step described on the previous slide:

- Individual should make facts and circumstances known to the appointing committee or supervisory body.
- If the matter is not resolved by the appointing committee or supervisory body then it may be referred to the attention of the Ethics Committee.
Any member of a decision-making body may challenge the participation of any other member.

Issue is decided by the same process as described in the previous two slides.
In summary:

• One of the primary purposes of the ASME Society is to "promote a high level of ethical practice."

• All society members and members of standards committees must act in accordance with the Society’s Policies
  – Society Policy P-15.7, Ethics
  – Society Policy P-15.8, Conflicts of Interest

• ASME Constitution provides that Committee members are indemnified, when acting in good faith. There is potential for loss of indemnification if Committee member does not follow ASME policies.
ASME policies are available online through the addresses listed on this page.