

Charter and Operating Guidelines for the Committee on Legal and Compliance

I. Purpose

- A. The Committee shall oversee adherence to laws, regulations, and policies that pertain to University operations.
- B. The Committee shall consider and report or recommend to the Board on matters pertaining to compliance, oversight and legal issues.
- C. The Committee shall provide oversight for the legal functions of the University and for the Office of the Vice President and General Counsel.
- D. The Committee shall provide oversight for the compliance functions of the University and for the University Director of Ethics and Compliance.
- E. It is not the duty of the Committee or its members, individually or collectively, to ensure adherence to laws, regulations and policies; to represent the University in legal matters; to provide legal advice; to perform the legal or compliance functions of the University; to conduct legal or other investigations; to initiate or defend litigation; or otherwise to undertake the roles, responsibilities or functions of the General Counsel, the Director of Ethics and Compliance or others who have responsibilities for the management of the University.

II. Composition and Structure

- A. The Committee on Legal and Compliance shall consist of not less than six (6) appointive members, in addition to ex officio members.
- B. The Chair of the Board of Trustees and the President of the University shall serve as ex officio members of the Committee.
- C. The Committee will seek consultation from representative constituent groups as appropriate in the exercise of its responsibilities.
- D. The Board has created a Subcommittee on Legal which shall consist of not less than three members of the Board of Trustees who also serve on the Committee on Legal and Compliance. The Chair and members of the Subcommittee shall be jointly appointed by the Chair of the Board and the Chair of the Committee on Legal and Compliance.
 - 1. The Subcommittee on Legal is not a Committee of the Board and does not have decision making authority except as and to the extent it may be delegated that authority by the Board or the Committee on Legal and Compliance.
 - 2. The Chair of the Subcommittee on Legal may call meetings when and as he or she determines appropriate.

3. The Subcommittee on Legal exists in part to provide more frequent and regular oversight for the legal functions of the University than is possible through the regular meetings of the Legal and Compliance Committee.
4. The Subcommittee on Legal may meet to discuss and consider any matters within the purview of the Committee on Legal and Compliance that relate to the legal functions of the University and/or matters within the scope of responsibility of the General Counsel and/or any other matters relating to legal issues affecting or involving the University, including but not limited to litigation strategies. It is anticipated that the discussions and communications between and among Subcommittee Members will be protected by the attorney client privilege and other privileges and protections as are applicable and appropriate.

III. Meetings

- A. The Committee on Legal and Compliance shall meet at every regular meeting of the Board of Trustees unless the Chair of the Committee determines that a meeting is not necessary.
- B. The Committee is a regular Committee of the Board and shall follow Board rules for a quorum, voting, and minutes.
- C. The Committee may at any time schedule or move into a seminar or conference session or meeting to discuss litigation and/or other matters protected by the attorney client privilege or other legal protections. All such meetings shall be confidential, privileged and closed to the public.
- D. At the request of any Committee member or the General Counsel, and at least once annually, the Committee shall meet privately with the General Counsel to discuss any matter that the Committee or the General Counsel believes should be discussed privately. If outside counsel has been retained to represent the Board separately from the General Counsel -- for example in the case of a conflict of interest or special investigation -- then the Committee should meet privately with such outside counsel as appropriate.

IV. Authority and Responsibility

- A. Except as provided in the By-laws, Standing Orders or resolutions adopted by the Board, the Committee does not exercise decision making authority on behalf of the University. Rather, as noted in Part I, above, the Committee exercises oversight responsibility over the legal and compliance functions of the University and makes reports and recommendations to the Board of Trustees. Nothing in this Charter and Operating Guidelines changes the authority of the Board, the President, the General Counsel, the Director of Ethics and Compliance or other employees or committees of the University.
- B. The Committee shall coordinate with other Board committees as appropriate, including, specifically, the Committee on Audit and Risk. The two Committees may hold joint meetings as the Chairs of the two Committees determine is appropriate.

- C. The Vice President and General Counsel, Director of Ethics and Compliance, and the Internal Auditor shall attend Committee meetings on a regular basis. These three individuals shall also coordinate their activities as necessary and appropriate and report to the Committee on matters within the purview of the Committee.
- D. Within the Committee's authority and responsibility as described in Part I, above, the following is a partial but not exclusive list of legal and compliance subject matter areas which may be brought to the Committee for discussion and oversight and/or which the Committee may ask to review. This list is intended to be illustrative and is included here to help define the scope of the legal and compliance functions of the University. Most of these matters fall in whole or in part within the oversight purview of other committees of the Board. The scope of this Committee's review and oversight will be limited to the legal and compliance issues.
1. Threatened or pending litigation involving the University
 2. Legal aspects of compliance issues
 3. Research compliance
 4. Financial aid
 5. Export controls
 6. Health, safety and environment
 7. Human subjects
 8. Animal testing
 9. International activities and foreign laws
 10. Employment disputes
 11. Administrative agency complaints
 12. Government inquiries and investigations
 13. Conflicts of interest
 14. Campus safety and security
 15. First Amendment issues, including academic freedom and demonstrations
 16. Discrimination, including harassment, and affirmative action
 17. Student conduct and other legal issues affecting students
 18. Employee misconduct
 19. Faculty disputes and investigations
 20. Mandatory reporting
 21. Contract matters, including purchasing
 22. Research grants and contracts
 23. Clery Act
 24. Technology transfer
 25. Governance
 26. Employment contracts
 27. Employee benefits
 28. Labor matters
 29. Intellectual property (patents, copyright, trademark)
 30. Policy development
 31. Right to Know issues
 32. Information technology
 33. Privacy
 34. NCAA and Big Ten matters, including compliance with rules and standards

35. Risk management issues
 36. Whistleblower complaints
 37. Federal and state legislative and regulatory issues
 38. Hershey Medical Center
 39. Significant settlement agreements
 40. Unusual or significant severance or termination arrangements and payments
 41. Finance
 42. Tax
 43. Investments
 44. Real property, facilities, leases, construction
 45. Development
 46. Ethics and compliance (E&C) standards, policies and procedures
 47. BOT and Sr. Leadership E&C oversight and engagement
 48. E&C program management
 49. Delegation of authority
 50. Ethics and compliance training, education and certification issues
 51. Auditing and monitoring of E&C programs
 52. Anonymous reporting mechanisms including the University Hotline
 53. Misconduct and ethics investigations protocols
 54. Records management
 55. Employee discipline issues
 56. E&C risk assessment
 57. Misconduct responses and remediation
 58. E&C program promotion
 59. Institutional Ethics programs and education
 60. Athletic Integrity matters
- E. The Committee has developed a set of guidelines and criteria for deciding when legal and compliance matters are sufficiently significant to warrant or require that they be brought to the Board of Trustees for discussion. Those guidelines and criteria are set forth in the “Guidelines and Criteria for Legal and Risk Reporting to the Penn State Board of Trustees” (the “Guidelines”), available on the Office of General Counsel website at [insert link].
1. In reporting to the Board of Trustees on matters related to intercollegiate athletics, the administration will consider all relevant factors, including those identified in the Guidelines. This might result in reports of certain matters to the Chair and Vice Chair of the Board, the full board, the Chair and Vice Chair of the Committee on Legal and Compliance, the full Committee on Legal and Compliance (for example, the fact of a Level 1 or 2 NCAA investigation) and other matters just to the Chair of the Committee (for example, suspensions or misconduct of individual student athletes that are likely to be in the press) or jointly to the Chairs of the Committees on Legal and Compliance and Audit and Risk (for example, where Internal Audit is involved in reviewing compliance or misconduct issues). This might also result in no report being made, if after consideration of all relevant factors, in the judgment of the administration, the matter does not rise to the level that warrants such notification or where concerns about privacy and confidentiality override the interests of reporting.

V. Role and Mission of the Office of the Vice President and General Counsel

- A. The Office of the Vice President and General Counsel provides legal counsel and representation to The Pennsylvania State University and all of its schools and colleges, divisions, units, affiliates and related entities on the broad range of legal matters affecting the University. The General Counsel's Office serves the University Board of Trustees, the President, officers, administrators, faculty and staff in their official capacities. The General Counsel's Office is also responsible for hiring and managing outside counsel to represent the University.
- B. The mission of the Office is to provide the highest quality legal services to the University in a responsible, constructive and timely manner; to protect and promote the mission and values of the University, including compliance with its obligations and protection and promotion of its interests; to minimize legal risks and costs; and to address and resolve legal disputes.
- C. Consistent with the mission and best interests of the University, including its duties to follow the law and meet its obligations to the public, governments and third parties, the lawyers in the General Counsel's Office strive to be problem solvers; to engage in strategic thinking with the University decision makers; to defend the interests of the University and its constituents; to protect and promote integrity and ethical conduct; to practice preventive law; and to assist the University's Board of Trustees, President, officers, faculty and staff to accomplish their institutional objectives.
- D. In undertaking the work of the Office, the Vice President and General Counsel will coordinate with other University officials, including the President, the Internal Auditor, and the Director of Ethics and Compliance, as necessary and appropriate.

VI. Reporting Obligations of the General Counsel

- A. The legal and ethical reporting obligations of the General Counsel and the other attorneys in the Office of the Vice President and General Counsel are determined by the Pennsylvania Rules of Professional Conduct. These requirements include that the General Counsel and the other lawyers in the Office employed by the University represent the organization acting through its duly authorized constituents. The lawyers in the Office represent the University through authorized individuals and constituents acting in their official capacities on behalf of the organization.
- B. Subject to the legal and ethical obligations of the Rules of Professional Conduct, the General Counsel reports to the President of the University for administrative purposes and also to the Board of Trustees which is the highest constituent authority within the organization.
- C. Consistent with the By-laws and Standing Orders, the appointment and removal of the Vice President and General Counsel shall be made by the President subject to approval by the Board of Trustees.

VII. Role and Mission of the Office of the Director of Ethics and Compliance.

- A. The Director of University Ethics and Compliance serves as the University's Chief Ethics and Compliance Officer and shall report to the Legal and Compliance Committee of the Board of Trustees and to the Senior Vice President for Finance & Business. The Director is the central control point for ethics and compliance programs and policies; investigation of allegations of impropriety, harassment, inappropriate use of University resources, conflicts of interest and other inappropriate behavior either directly or coordinating with the appropriate office. Provides leadership and advice on governance issues associated with ethical behavior. Through oversight of the University's ethics and compliance programs, policies, and practices, the Director of University Ethics and Compliance strives to ensure that all University activities are in compliance with regulatory requirements and University values principles and codes of conduct.
- B. The Mission of the Office is to provide a professional level of University wide guidance on ethics and compliance matters and to work with the responsible persons to promote and encourage ethical actions and decision making and to implement and manage best in class programs designed to deter, detect and remediate non-compliant and unethical behavior.
- C. The members of the Office shall always strive to work with others in a collaborative and efficient fashion without compromising the high standards of the Office or surrendering its independence in any way. The activities of the office will be carried out in an atmosphere of transparency and with due process for all involved parties.

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