

# Conflict of Interest Policy

**Document ID:** COM-INT-005 **Effective Date:** January 1, 2024 **Last Updated:** February 2024 **Owner:** Legal & Compliance **Applies To:** All Employees

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## Purpose

This policy helps employees identify, disclose, and manage conflicts of interest to protect NovaTech's integrity and maintain stakeholder trust.

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## What is a Conflict of Interest?

A conflict of interest occurs when your personal interests (financial, personal, or professional) could potentially interfere with your ability to act in NovaTech's best interest.

Conflicts can be: - **Actual:** A real conflict exists - **Potential:** A conflict could develop - **Perceived:** Others might reasonably believe a conflict exists

All three types require disclosure and management.

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## Common Conflicts

### Financial Interests

**Examples:** - Owning significant stock in a competitor, customer, or vendor - Having a financial interest in a company that does business with NovaTech - Investing in companies based on confidential NovaTech information

**Threshold:** Ownership >\$25,000 or >1% of a company requires disclosure

### Outside Employment

**Examples:** - Working for a competitor (prohibited) - Consulting for a company that does business with NovaTech - Serving on the board of another company - Running a side business related to NovaTech's industry

**Requirement:** All outside employment must be disclosed and approved

## **Personal Relationships**

**Examples:** - Supervising a family member or close friend - Having a romantic relationship with a direct report - Hiring a family member's company as a vendor  
- Participating in decisions affecting a friend's employment

**Requirement:** Relationships that could affect business decisions must be disclosed

## **Gifts and Entertainment**

**Examples:** - Accepting valuable gifts from vendors - Receiving expensive entertainment from potential partners - Being offered trips or vacations by business contacts

**See also:** Gifts and Entertainment Policy (COM-INT-006)

## **Corporate Opportunities**

**Examples:** - Personally investing in a business opportunity you learned about through work - Starting a business that competes with NovaTech - Diverting potential customers to your own venture

**Requirement:** Business opportunities belong to NovaTech first

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## **Disclosure Requirements**

### **What to Disclose**

You must disclose: - All potential, actual, or perceived conflicts of interest - Changes in circumstances that create new conflicts - Situations where you're unsure if a conflict exists

### **When to Disclose**

- **Upon hire:** During onboarding
- **Annually:** During annual compliance certification
- **As situations arise:** Within 5 business days of becoming aware
- **Before engaging:** Before entering into any conflicting relationship

## **How to Disclose**

1. Complete the Conflict of Interest Disclosure Form
2. Submit to Legal/Compliance at compliance@novatech.com
3. Also inform your manager
4. Retain confirmation of submission

## **What Happens After Disclosure**

1. Legal/Compliance reviews the disclosure
  2. Determination made: approve, approve with conditions, or prohibit
  3. Written response provided
  4. Management plan implemented if needed
  5. Periodic review of ongoing conflicts
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## **Specific Situations**

### **Hiring and Supervision of Relatives**

**Relatives include:** Spouse, domestic partner, parent, child, sibling, in-law, grandparent, grandchild, step-relatives

**Rules:** - Relatives cannot be in direct reporting relationship - Relatives cannot be involved in hiring decisions for each other - Disclose family relationships in your department - Alternative reporting arrangements will be made if needed

### **Romantic Relationships**

If you enter a romantic relationship with a colleague: - Disclose to HR promptly  
- No relationships between direct manager and report - Alternative reporting arrangements may be required - Conduct yourself professionally

### **Vendor and Customer Relationships**

**Disclose if you have personal relationships with:** - Vendor employees who sell to NovaTech - Customer employees who buy from NovaTech - Partners or their employees

**Actions:** - Recuse from related decisions - Don't be sole point of contact - Document all business interactions

## **Investments**

**Require disclosure:** - Investments >\$25,000 in customers, vendors, partners, or competitors - Any investment that could influence your decisions - Investments made based on non-public information (prohibited)

**Note:** Diversified mutual funds and index funds generally don't require disclosure

## **Board Service**

**Require approval:** - For-profit board positions - Non-profit boards related to our industry - Advisory roles with startups or investment firms

**Process:** Submit request to Legal before accepting

## **Speaking and Publishing**

**Require approval:** - Paid speaking engagements - Publishing (books, articles) related to your work - Expert witness testimony

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## **Managing Conflicts**

When a conflict is identified, management may include:

Strategy	Description
Recusal	Remove yourself from affected decisions
Disclosure	Inform relevant parties of the conflict
Divestiture	Sell financial interests causing conflict
Restructuring	Change reporting relationships
Monitoring	Enhanced oversight of affected activities
Prohibition	Not permitted to continue the activity

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## **Employee Responsibilities**

### **All Employees**

- Understand this policy

- Disclose conflicts promptly
- Follow management plans
- Ask questions when unsure
- Complete annual certification

## Managers

- Create environment where employees feel safe disclosing
  - Ensure direct reports understand policy
  - Report team member conflicts appropriately
  - Implement management plans for your team
  - Monitor for potential conflicts
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## Violations

Failure to comply may result in:

- Disciplinary action up to termination
- Required divestiture of financial interests
- Removal from affected projects or decisions
- Legal action in serious cases

**What constitutes a violation:**

- Failing to disclose known conflicts
- Making false statements in disclosures
- Ignoring management plans
- Using position for personal gain

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## Annual Certification

All employees must complete annual certification:

- Confirm understanding of policy
- Disclose any new or changed conflicts
- Acknowledge ongoing obligations
- Due by January 31 each year

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## Resources and Contacts

### Questions

- Legal/Compliance: [compliance@novatech.com](mailto:compliance@novatech.com)
- Human Resources: [hr@novatech.com](mailto:hr@novatech.com)

## **Report Concerns**

- Ethics Hotline: [ethics.novatech.com](http://ethics.novatech.com)
- [compliance@novatech.com](mailto:compliance@novatech.com)

## **Forms**

- Conflict of Interest Disclosure Form: [Internal Link]
  - Annual Certification: [Workday]
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*Related Documents: Code of Ethics (COM-INT-001), Gifts and Entertainment Policy (COM-INT-006), Outside Employment Policy (HR-EMP-015)*