R. McCONNELL GROUP PLLC

A BOARD GUIDE

Conflicts of Interest

Putting the organization's interests before personal gain

Recognizing, disclosing, and managing conflicts of interest—outside roles, relationships, financial interests, corporate opportunities, and the annual disclosure obligation

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WHY IT MATTERS

Why Conflicts of Interest Matter

A conflict doesn’t require bad intent—only divided loyalty

Loyalty is at stake

Personal interests can quietly erode the loyalty and judgment owed to the organization

Appearance counts

Even a perceived conflict can damage trust and the organization’s reputation

No list is complete

No list captures every conflict; principled judgment and disclosure fill the gaps

Real consequences

Undisclosed conflicts taint decisions and contracts—and can be grounds for termination

GUIDING PRINCIPLE Avoid situations that create, or appear to create, a conflict between personal interests and the organization

CORE PRINCIPLES

What a Conflict Is—and the Standards

The standards every director and employee is expected to uphold

Put the company first

Place the organization’s and customers’ interests before personal gain

Conflict, defined

Arises when personal interests, activities, or relationships affect responsibilities and loyalty

Avoid appearances

Steer clear of situations that create even the perception of a conflict

When in doubt, ask

Contact your manager, HR, or Ethics & Compliance whenever unsure

Company property

Use company equipment, assets, and information only for proper purposes

No personal advantage

Never use company information to compete or for personal gain

COMMON SITUATIONS

Where Conflicts Typically Arise

Recurring situations the policy specifically addresses

Outside employment

Working for or serving a competitor while employed is prohibited

Outside board seats

Serving as an officer or director requires advance approval

Supplier relationships

Disclose family ties to suppliers; never influence bidding or contracting

Corporate opportunities

Don’t take opportunities found through your role without approval

Personal loans

No company loans or guarantees to directors, officers, or relatives

Financial interests

Disclose investments that might appear to influence your judgment

RED FLAGS

Categories to Watch

Where conflicts most often hide

- Outside employment
- Personal relationships
- Political relationships
- Financial interests
- Supplier & vendor ties
- Hiring or supervising relatives
- Corporate opportunities
- Personal loans
- Competitor affiliations

DISCLOSE & MANAGE

Promptly disclose any actual, potential, or perceived conflict; managers then manage and escalate it appropriately

KEY TERMS

Definitions

Conflict of interest

When personal interests, activities, or relationships affect loyalty and responsibilities to the organization

Competitor

A company in the same or similar business, whether the role is paid or unpaid

Close relative

Spouse, partner, parents, children, siblings, household members, or anyone with a close personal relationship

Corporate opportunity

A business opportunity discovered through one’s role, company property, or information

FOR THE BOARD

Questions the Board Should Ask

A few questions reveal whether conflicts are under control

01 **Do we require annual conflict disclosures from everyone?**
An annual disclosure surfaces conflicts even when none seem obvious

02 **Who approves senior leaders' outside board seats?**
Senior outside roles should need documented, board-level approval before service

03 **How do we keep relatives out of supplier selection?**
Employees must never influence bidding or contracting involving a relative's business

04 **Are disclosed conflicts actively managed, not just filed?**
Every disclosed conflict needs an owner who manages and escalates it