

DRAPER

COMPANY POLICY

Policy Name: Personal Conflict of Interest

Policy Owner: Ethics & Compliance

Office Responsible for Review: Legal

Effective Date: June 29, 2021

SCOPE

This policy applies to employees of The Charles Stark Draper Laboratory, Inc. (“Draper”). Draper Fellows, Students, Per Diems, Consultants, Contractors, Residents, and Long-Term Visitors are not required to report information about potential conflicts or complete an annual PCOI form.

POLICY STATEMENT

A Personal Conflict of Interest (PCOI) is a situation where an employee’s personal interests conflict with, or appear to conflict with their responsibilities and obligations as a Draper employee. Due to Draper’s responsibilities as a federal contractor and our [Code of Conduct](#), we need to identify potential PCOI and avoid or mitigate these conflicts as they arise. These conflicts could involve customers, competitors, relatives, friends, former employers, sponsors, partners, suppliers, vendors, or collaborators.

Employees should not maintain interests or engage in any outside activity that impairs their objectivity during Draper business transactions. In addition, employees should not engage in activities that actually or potentially impair Draper’s reputational, business, or legal interest.

The purpose of this policy is to identify current or prospective interests or activities that could lead to an actual or perceived PCOI and to ensure that the PCOI is eliminated or, where appropriate, that disclosure and efforts are taken to mitigate its effect.

- Reporting a potential PCOI does not mean that there is actual or perceived PCOI but allows us to review the issue collaboratively.
- The PCOI reporting and collaborative review process reinforces our commitment to conduct business with integrity.

DEFINITIONS

Personal conflict of interest means a situation in which an employee has a financial interest, personal activity, or relationship that could impair their ability to act impartially and in the best interest of Draper when performing their job duties.

Types of personal conflict of interest may include:

- (i) Outside employment;
- (ii) Personal relationships;
- (iii) Financial interests of the employee, of close family members, or of other members of the employee’s household; and
- (iv) Gifts

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Financial Interests: The following financial interests must disclosed on the PCOI form:

- (i) Equity interests (including stock, stock options or other ownership interests in an entity); that when aggregated for the employee and their spouse, domestic partner, and/or dependent children is more than \$10,000 in value, **and** represents greater than a ten percent ownership interest in any single entity.
- (ii) Intellectual property (including patents and copyrights, and royalties to be received by the employee) more than \$10,000 in value.

Gifts: Any item, product, or service offered or given to an employee that has value. Offering or accepting personal gifts may influence an individual's decisions and thus may constitute a conflict of interest. Employees are deemed to have received a "gift" when an item of value is given to them personally, to their designee or to their family member for their benefit.

Honorarium: a monetary payment, from a tax-exempt or governmental organization, made to a person for services provided in a volunteer capacity for which fees are not traditionally required or where there is no official charge for services rendered (e.g. invited speaker at a professional society meeting). A payment for similar services by a profit-making entity is not considered an honorarium.

Outside Employment: Outside employment requiring a PCOI form submission and review includes paid or unpaid activities that include but are not limited to: consulting, advising, research, teaching, or serving on a board or advisory committee (for-profit, non-profit or government).

Relationship/Family Member: Draper employees must report any relationships with others at Draper that may create a conflict of interest. Reportable relationships include: aunt, child, cousin, domestic partner, grandchild, grandparent, niece, nephew, parent, parent-in-law, sibling, sibling-in-law, stepchild, stepparent, spouse and uncle.

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All employees must be sensitive to and avoid situations that could present a conflict of interest. A conflict of interest would include any actual or potential financial interest of an employee in the execution or outcome of work conducted at Draper or cases in which competitive information is used improperly. All situations in which the mere appearance of a conflict of interest may arise must be reported to the employee's manager. Employees who believe that they may have a conflict of interest should submit an online PCOI form, for review and approval by the employee's manager and the Legal Department.

Draper may also have contracts with its customers that impose specific conflict of interest requirements, which may be different from or more stringent than Draper's policy. In such cases, impacted employees must coordinate with their Contracts representative to address project specific requirements.

Any relationship or activity which may influence, or appear to influence, performance of one's duties to Draper must also be disclosed to Ethics & Compliance for review and resolution through <http://goto/pcoi>. Examples of such conflicts include, but are not limited to: outside employment; recommending or selecting a business where the employee, family member or

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close friend has a financial stake; acting independently as a consultant to a Draper customer, supplier, or competitor; or accepting anything of value from Draper business partners.

Draper's expectations of employees:

- Devote their time, attention, and ability to Draper's interests and notify Draper when there are potential conflicts with their personal interests.
- Avoid situations in which an employee's personal interests might conflict, or appear to conflict, with Draper's interests.
- Never use their position in, or contacts through, Draper to advance outside or personal interests.
- Don't use Draper's time, opportunities, property, facilities, information or resources for outside employment or other personal gain.
- Do not compete with Draper directly or indirectly through outside business pursuits.
- Provide written disclosure of actual or potential conflicts of interest annually and as soon as the employee becomes aware of a new reportable event throughout the year.

PCOIs that are not reported and resolved may result in our inability to engage in government contracts (suspension or debarment), financial and reputational loss due to other companies being reluctant to do business with us and negative impact on workplace morale.

Outside Employment:

Employees should not accept or engage in any activity, business, or employment, either during or after working hours, paid or unpaid, that would conflict or compete with Draper's interests or diminish their ability to perform their Draper responsibilities in an objective and unbiased manner.

Draper employees must obtain prior approval from management and Legal before engaging in outside employment related to their role or any technical or administrative areas of Draper's work.

Outside employment undergoes a collaborative review process to ensure that outside interests are known and do not interfere with the employee's work or Draper's interests. The primary purpose of PCOI review process is to help the employee and Draper leadership identify any potential concerns, determine if a PCOI exists and when possible, develop a proactive approach to mitigate any conflicts. Approval of the PCOI outside employment request is contingent upon the employee's understanding and abiding by related Draper policies and expectations around intellectual property, proprietary information, contractual obligations, customer expectations, management guidance and specific job-related functions.

Outside employment, even if not related to the employee's field of expertise, may be a conflict of interest if it conflicts or competes with the employee's ability to perform their job duties in an objective and unbiased manner.

The absence of compensation for outside employment (volunteer or unpaid positions) does not remove PCOI reporting responsibilities.

Relationships: In the event that either the employee or their relative finds themselves in a position to influence or decide a condition of employment for the other, including but not limited to: work assignment, performance evaluation, compensation (salary, raises, bonuses), and

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promotion, employees are expected to alert their manager and HR to determine if recusal or reassignment is necessary.

Financial Interests: Owning, or having a substantial interest in, a company that is a customer, competitor or a supplier could create a PCOI. Draper employees are expected to report financial interests as described in the "Definitions" section of this policy.

Gifts: Draper employees cannot accept gifts or offers of gifts over \$50 in value. Employees in procurement functions cannot accept any gifts from current, former or perspective vendors. Gift cards or gifts cards for services, in any value, are considered cash equivalents and cannot be accepted.

FREQUENCY OF UPDATE AND REVIEW

The policy will be reviewed at least annually and revised as needed unless changes in laws or business needs require a different review/revision schedule.

References:

- [FAR 52.203-16](#)
- <http://goto/pcoi>

Procedures link(s), if applicable:

[Personal Conflict of Interest Procedure](#)

Related company policy link(s), if applicable:

N/A

Approval:

Prepared by:

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06/23/2021 | 3:28 PM EDT

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Date

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06/23/2021 | 4:14 PM EDT

Alexa Adams
General Counsel

Date

RECORD OF REVISIONS

Rev	Result of	Sections/Pages Affected	Approval/Date