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**Rev. 1: 5/27/2024**

## **Conflict of Interest Policy**

### **Heat Pump Manufacturing Facility- DOE GRANT**

#### **Armstrong International and Armstrong Hot Water Group**

##### Policy on Conflicts of Interest and Disclosure of Certain Interests

#### 1. Purpose

This conflict of interest policy is designed to help directors, officers, and employees of Armstrong International and Armstrong Hot Water Group, working on the Hot Water expansion building, identify situations that present potential conflicts of interest and to provide with a procedure that, if observed, will allow a transaction to be treated as valid and binding even though a director, officer, or employee has or may have a conflict of interest with respect to the transaction. In the event there is an inconsistency between the requirements and the procedures prescribed herein and those in federal or state law, the law shall control.

This policy supports the Department of Energy Interim Conflict of Interest Policy (COI) Requirements for Financial Assistance

[\(PF 2022-17 FAL 2022-02 Department of Energy Interim Conflict of Interest Policy Requirements for Financial Assistance\)](#)

This policy covers Financial Conflicts of Interests and Organizational Conflict of interests

#### 2. Applicability

This policy applies to all employees working on the extension of the Hot Water Group project and flows down to all contractors.

### 3. Definitions

*Award, financial assistance award or Federal award* means the same as the definition provided in 2 CFR 200.1 for Federal award.

Armstrong International is the Awardee on this project (owns the buildings), Armstrong Hot Water Group is the Sub-Awardee.

*Disclosure of significant financial interests* means an individual's disclosure of significant financial interests to Armstrong International and ultimately to the DOE

*DOE* means the U.S. Department of Energy.

*Financial conflict of interest (FCOI)* means a situation in which a senior/key employee or spouse or dependent children has a significant financial interest or financial relationship that could directly and significantly affect the design, conduct, reporting or funding of a project.

*FCOI report* means a report of a financial conflict of interest to the DOE program office. Financial interest means anything of monetary value, whether or not the value is readily ascertainable.

*Manage* means taking action to address a financial conflict of interest, which can include mitigating or eliminating the conflict of interest, to ensure, to the extent possible, that the purpose, design, conduct, and reporting of a project will be free from bias.

*Organizational conflict of interest* : A situation where the parent company's or subsidiary's interests or relationships could improperly influence, or appear to influence, the performance of their duties and responsibilities.

*Project* means the interdependent activities funded wholly or in part under the DOE financial assistance award. A project has a defined start and end point with objectives described in an application or in an approved scope that, when attained, signify completion and achievement of a specific goal, and creation of a unique product, service, or result. For awards that include recipient cost share as part of the approved budget, activities funded with that recipient cost share are included.

*Senior/key personnel* means any other person who significantly influences the design, conduct, or reporting of a project funded under a DOE award; and any other person identified as senior/key personnel in the application for financial assistance, approved budget, progress report, or any other report submitted to the DOE by the non-Federal entity under this Policy.

*Significant financial interest means:* A financial interest consisting of one or more of the following interests :

(i) With regard to any foreign or domestic publicly traded entity, a significant financial interest exists if the value of any remuneration received from the entity in the twelve months preceding the disclosure and the value of any equity interest in the entity as of the date of disclosure, when aggregated, exceeds \$5,000. For purposes of this definition, remuneration includes salary and any payment for services not otherwise identified as salary (e.g., consulting fees, honoraria, paid authorship); equity interest includes any stock, stock option, or other ownership interest, as determined through reference to public prices or other reasonable measures of fair market value;

(ii) With regard to any foreign or domestic non-publicly traded entity, a significant financial interest exists if the value of any remuneration, not otherwise disclosed as current, pending, or other support, received from the entity in the twelve months preceding the disclosure, when aggregated, exceeds \$5,000, or when the Investigator (or the Investigator's spouse or dependent children) holds any equity interest (e.g., stock, stock option, or other ownership interest); (iii) Intellectual property rights and interests (e.g., patents, copyrights), upon receipt of income related to such rights and interests.

(3) The term significant financial interest does not include the following types of financial interests: salary, royalties, or other remuneration paid by the non-Federal entity to the employee if the employee is currently employed or otherwise appointed by the entity.

*Subrecipient* means an entity, usually but not limited to non-Federal entities, that receives a subaward from a pass-through entity to carry out part of a Federal award, but does not include an individual that is a beneficiary of such award. A subrecipient may also be a recipient of other Federal awards directly from a Federal awarding agency. Armstrong Hot Water Group is a sub-recipient.

*Inter-Company Transactions:* Any financial or operational transactions between the parent company and its subsidiary.

#### 4. Procedure.

##### **Transparency and Fairness**

All inter-company transactions must be conducted transparently and documented comprehensively.

The terms and conditions of these transactions should be fair, reasonable, and in the best interests of both the parent company and its subsidiary.

##### **Compliance with Laws and Regulations**

All transactions must comply with applicable laws, regulations, and industry standards.

Annual audit will be conducted to ensure compliance.

##### **Disclosure and Documentation**

Employees who have a Conflict of Interest with respect to a Contract shall disclose to the **Armstrong Internaional Treasurer** any Conflict of Interest that such Responsible Person has with respect to a Contract or Transaction. Such disclosure shall be made as soon as the Conflict of Interest is known . The Responsible Person shall refrain from any action that may affect Armstrong International or Armstrong Hot Water's participation in such Contract or Transaction.

In the event it is not entirely clear that a Conflict of Interest exists, the individual with the potential conflict shall disclose the circumstances to the **Armstrong International Treasurer** who shall determine whether there exists a Conflict of Interest that is subject to this policy.

Any Conflict of interest will be communicated by the Armstrong International treasurer to the DOE and include sufficient information to enable DOE to understand the nature and extent of the conflict, and to assess the appropriateness of the management plan. See Section V(b)(3) of the DOE Interim Conflict of Interest Policy. FCOI reports will be provided to the DOE program office regarding all conflict of interest of all subrecipient Investigators consistent with this Policy, i.e., prior to the expenditure of funds and within sixty days of any subsequently identified conflict.

## 5. Mitigation Plan for Conflicts of Interest

### **Identification and Assessment**

- Conduct regular assessments to identify potential OCIs and FCOIs.
- Use risk assessment tools and techniques to evaluate the likelihood and impact of identified conflicts.

### **Preventive Measures**

- Develop and implement internal controls to prevent OCIs and FCOIs.
- Train employees on OCI risks and the importance of maintaining ethical standards.

### **Conflict Resolution Mechanisms**

- Implement a clear procedure for resolving OCIs and FCOIs.
- Ensure that resolutions are documented and communicated to relevant stakeholders.

### **Monitoring and Auditing**

- Regularly monitor inter-company transactions for signs of OCI and FCOIs..
- Conduct periodic audits to verify compliance with the policy and effectiveness of the mitigation measures.

### **Review and Update**

- Continuously review and update the instant policy and mitigation plan to reflect changes in laws, regulations, and business practices.
- Solicit feedback from stakeholders to improve the policy and procedures.

#### 6. Responsibilities

- **Board of Directors:** Ensure the overall effectiveness of the OCI and FCOIs. policy and mitigation plan.
- **Senior Management:** Implement and enforce the policy within their respective areas of responsibility.
- **Compliance Officer/Armstrong International Treasurer:** Monitor compliance, conduct assessments, and manage disclosures and resolutions of OCIs and FCOIs.
- **Employees:** Adhere to the policy, disclose potential conflicts, and participate in training programs.

#### 7. Training and Communication

- Provide regular training sessions on OCI and FCOI awareness and FCOIs and prevention.
- Communicate the policy and procedures clearly to all employees and stakeholders.

#### 8. Enforcement

- Any violations of this policy will be taken seriously and may result in disciplinary action, including termination of employment or contracts.
- The company reserves the right to take legal action if necessary to protect its interests.