



Conflicts of Interest Policy

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Scope: All Locations Globally	Effective Date of this Version of Policy: November 2018
Name of Policy: Conflicts of Interest	Document Control #: Global Policy 03

PURPOSE

The purpose of this Policy is to explain what constitutes a conflict of interest, and to describe how to proceed if a conflict of interest, or potential conflict of interest, is identified.

SCOPE

This Policy applies globally to all Employees of A. O. Smith Corporation (“A. O. Smith” or “Company”) and its subsidiaries, joint ventures, and other affiliates. It also applies to other individuals and entities that A. O. Smith deems appropriate.

This Policy should be read in conjunction with the Guiding Principles and related policies and procedures, specifically including **Global Policy 01, “Anti-bribery,”** and any related local or regional **Gift & Entertainment** policy. Contact the Legal Department or your Local Human Resources Department for a complete list of the policies that apply to you.

DEFINITIONS

For the purposes of this Policy, the following definitions apply:

- **Employee.** An Employee is any director, officer, manager or other Employee who is in a position to influence or control decisions concerning the choice of individuals or businesses with whom the Company may have business relationships, or the price of goods or services involved in such transactions.
- **Family Member.** Family Member include spouse, child, parent, sibling, in-law, grandparent, other relatives, or other similar relationships.
- **Business Relationships.** Business relationships are transactions involving the sale or exchange of goods or services. Commonly recognized types of business transactions in which there may be conflicts of interest include: purchase of materials, supplies, equipment, transportation and services; purchase and lease of real estate; purchase of advertising space and time; the investment or borrowing of funds; the purchase of insurance; the selection of consultants; and the sale of Company products. These are only some examples of transactions that may involve conflicts of interest.

POLICY REQUIREMENTS & PROCEDURES

Each Employee owes a duty of loyalty to the Company – this duty carries with it the obligation to act in good faith, to act in the Company’s best interests, and to refrain from exercising a Company position for private or personal advantage or gain, other than regular salaries or emoluments. A conflict of interest arises when the Employee’s personal interests interfere, or appear to interfere, with the Company’s interests.

Common examples of conflicts of interest include when you or a Family Member:

- Have a direct or indirect financial interest in a current or potential competitor, supplier, or customer of A. O. Smith (other than owning shares of a publicly traded company).
- Conduct business on behalf of A. O. Smith with a supplier or customer that employs one of your Family Members as a principal, officer, or representative.
- Operate a business or work as an Employee, officer, or director of another company under circumstances detrimental to A. O. Smith.
- Accept a gift, entertainment, or other favors of more than token value from a current or potential customer, supplier, or competitor.

To avoid conflicts of interest or a potential conflict from arising, each Employee must abide by the following:

A. Report in writing to the Employee’s supervisor and to the General Counsel any direct or indirect financial interest which the Employee or a Family Member may have with an individual or business with which the Company currently has a business relationship, is considering a business relationship, or that is considered a competitor of A. O. Smith. There is an exception where the Employee owns publicly-traded stocks acquired in a normal investment program. However, it is the policy of A. O. Smith that, unless approved by the General Counsel, no Employee shall own a substantial interest in a company with whom A. O. Smith or its subsidiaries has a business relationship. For that reason, an Employee reporting such an interest may be requested to divest himself of such holdings unless the facts warrant making an exception to this Policy.

B. Report in writing to the Employee’s supervisor and to the General Counsel any connection between the Employee or the Employee’s Family Member and an individual or business with which the Company currently has or is considering a business relationship. These connections include, but are not limited to, the employment of a Family Member by a current or proposed customer or supplier. Some connections may involve no conflict of interest or it may be that appropriate measures can be implemented to avoid a conflict. The Company will evaluate each situation on a case-by-case basis.

C. Adhere to the Global Anti-bribery Policy and any applicable local Gift & Entertainment Policies when offered any gifts, entertainment, or other favors, either directly or via a Family Member, in connection with a current or proposed business relationship. Acceptance of such gifts, entertainment or favors might place the Employee under obligation to the gift donor, which might affect his or her objectivity and impartiality in representing the Company in its business relationships.

D. Disclose any other interests or relationships that may constitute a conflict of interest or even the appearance of a conflict of interest, before taking any action that would result in a conflict of interest. Employees and officers should alert their supervisor and the Legal Department; directors should clear any potential conflict with the Board of Directors.

Depending on the circumstances, a waiver of the requirements stated within this Policy may be appropriate. The A. O. Smith General Counsel must be contacted if a waiver is requested.

DISCLOSURE & TRAINING

It is the responsibility of each A. O. Smith Employee to disclose actual conflicts or potential conflicts that are known to the Employee. Where possible, Employees shall disclose such actual or potential conflicts before the conflict materializes or before the appearance of a conflict transpires.

A. O. Smith Employees will periodically be required to certify compliance with this Policy and otherwise complete comprehensive conflicts of interest training, as necessary and appropriate, and as determined by the Legal Department.

VIOLATIONS

Violation of this Policy may result in business and/or legal damages to the Company. Violators of this Policy will be appropriately disciplined, up to and including termination of employment.

Policy Owner/Contact

The Corporate General Counsel of A. O. Smith Corporation is responsible for implementation of this policy. Please contact him/her if you have any questions regarding this policy, or to report a concern or violation of this policy.

NOTE: THIS POLICY MAY ONLY BE REVISED IF APPROVED BY THE CORPORATE GENERAL COUNSEL OF A. O. SMITH CORPORATION.