

## CONFLICT OF INTEREST

The Company's employees are expected to conform their activities to the Code of Ethics and Conduct. Employees should anticipate and deal proactively with conflicts of interest.

Some key questions for employees to ask themselves are:

- Am I acting fairly towards this client (or my employer)?
- Is what I am about to do or propose in the best interests of the client?
- Am I being objective in giving opinions and statements?
- Am I being honest and truthful?
- Would I like to be treated in this way if I were a client?
- If I act for this client will it prejudice any obligations I owe to any other client?
- Why am I being asked to lunch (or to attend an event/function)?
- How my actions would look to, or be perceived by, a third party or my employer, and does this matter ethically?
- Should I refer my actions to my line manager or another appropriate person?

In fulfilling the duties owed to the public and their employer, employees are bound to observe high standards of conduct which may sometimes appear to be contrary to their personal self-interest. This guide is an aid to help employees identify occasions when they might be at risk of failing to recognize or conform to any of those standards and to suggest ways of avoiding such exposure.

It is not practical or possible to establish ethical requirements or procedures which apply in all situations and circumstances. Each case and scenario will differ from the next and if employees are in any doubt as to the correct course of action they should seek further advice from senior management and, if necessary, legal advice.

### **What does the Code of Ethics and Conduct say?**

Specifically employees should:

- Avoid conflict between personal interests, or the interests of any associated company, person or group of persons, and duties to clients;
- Avoid conflict between any competing interests of one or more clients, stepping aside if such conflicts cannot be resolved;
- Avoid conflict between personal interests, or the interests of any associated company or person, and duties to their employer;

### **Conflicts of Interest**

The term 'Conflict of Interest', means any financial or other interest which conflicts with the service(s) an individual provides because it could:

- significantly impair the individual's objectivity;
- create an unfair competitive advantage for any person or organisation.

The term 'Conflict of Interest' means something more than individual bias. There must usually be an interest (usually financial) that could directly influence an individual.

The term 'Conflict of Interest' applies only to current interests. It does not apply to interests which have expired, no longer exist and cannot reasonably affect current behaviour. Nor does it apply to possible interests that may arise in the future but do not currently exist because such future interests are speculative.

For example, a pending formal or informal application for a particular job or contract is a current interest but the mere possibility that one might apply for such a job in the future is not.

The term 'Conflict of Interest' applies not only to the financial interest of the individual but also to the interest of others with whom the individual has substantial and common financial interests, if these interests are relevant to the functions to be performed, e.g. their employer, business partners, family members and anyone else with whom they have a substantial common financial interest.

Ethics play a key role in managing conflicts of interest because they underline how conflicts of desire are resolved.

Employees are obliged to comply with all relevant laws, including the requirements of any regulatory authorities.

Employees must ensure that they conform to the provisions of the Code of Ethics and Conduct. Below, we comment on the general principles of the Code which are also relevant.

### **Behaving with integrity**

Employees should behave with integrity in all their professional and business relationships. Integrity implies not only honesty but fair dealing and truthfulness. Any advice given or work undertaken must not be corrupted by self-interest or influenced to the detriment of personal integrity by the interests of other parties.

If members are instructed or encouraged to engage in any activity which is unlawful or improper (including where this is part of their contract of employment) they are entitled to and should decline. For example, employees should not be party to the falsification of any record or knowingly or recklessly supply any information or make any statement which is false or deceptive in a particular matter.

If employees become aware their employers have committed an unlawful act which could compromise them, every effort should be made to persuade them not to perpetrate the act and to rectify the matter.

### **Applying objectivity**

In making professional/business judgments and in giving opinions, employees should not allow prejudice or bias or the influence of others to override objectivity.

The interests of employer should not affect the objectivity of the employee's judgment.

Employees should be aware of the difficulties which may arise from the offer or acceptance of any gift, favour or hospitality which may be intended to influence them or may be reasonably interpreted by a person being in full possession of the facts to be likely to have such effect. Inappropriate gifts or hospitality should not be offered or accepted.

Any report prepared for a customer or employer should be accurate, truthful and, within its scope, complete and balanced. It should not contain ambiguities or half-truths or be based on unreasonable assumptions. It should be objectively justifiable.

### **Respecting confidentiality**

The opportunity to have access to confidential information, if abused or misused, may confer an unfair competitive advantage. If employees use or intend to use confidential information not reasonably available to the public for their own direct and substantial economic benefit, such conduct constitutes a conflict of interest. The same principle applies if they disclose or intend to disclose information to other individuals or organisations in such a manner that a direct and economic benefit may be conferred on those individuals or organisations.

Any information acquired by an employee from a customer should only be used or disclosed in the normal course of providing the service which the customer requires unless the consent of the customer has been obtained or information is required because there is a legal or regulatory obligation to disclose. When employees change their employment they are entitled to use the experience they have gained in their previous employment but not confidential information of any description acquired or received by them. If employees acquire or receive confidential information deliberately or accidentally in the course of their professional work, to which they would not otherwise have access, they should neither use, nor appear to use, that information for their personal advantage or the advantage of a third party.

### **Behaving honestly and fairly**

Employees should be honest and fair in the way they hold themselves out to customers either by means of advertising or in the description of their role or the service they can provide.

Employees should ensure that any advice, solutions and recommendations are based on thorough, impartial consideration and analysis of all the available pertinent facts and their relevant experience and are realistic and clearly understood by the client. If employees make a mistake they should not hesitate to admit the error, apologise and rectify matters promptly and fairly.

### **Being trustworthy**

Employees should take special care to uphold the best interests of clients at all times.

Employees should not accept any financial or other incentive from whatever source that could be construed in any way as a bribe or solicitation or favour.

Employees should always provide timely and accurate information to customers. They should make reasonable endeavours to ensure the truth and accuracy of every statement they make and any information provided to clients or to third parties and that they do not conceal any information which is pertinent.

Employees should not misuse or abuse their power or position. They should act with courtesy and consideration and without discrimination towards any individual they

encounter. This includes taking into account the likely level of understanding, financial or numeracy capabilities of customers.

Employees should keep their promises, acting with due skill, care and diligence.

Employees should act only within the limits of their personal competence and any limits of authorisation. Employees should undertake professional work only where they have the necessary competence required to carry out that work, supplemented if necessary by assistance and consultation.

Employees should use their best endeavours to comply with the relevant standards or, where they do not, ensure the reasons for such non-compliance are stated truthfully, unambiguously and fairly.

### **Action for employees to take**

Employees should take all reasonable steps to resolve ethical problems internally and if necessary consult with management in order to seek objective advice. To resolve an ethical conflict it is suggested that:

- Employees discuss the problem with their immediate supervisor. If this does not result in a satisfactory resolution their supervisor should be notified of the decision to communicate with a more senior manager.
- In circumstances where it appears the supervisor is involved in an unlawful act or a conflict, it may be necessary to go immediately to a higher level of management, the Board of Directors or the Audit Committee.
- If an ethical conflict still exists after fully exhausting all levels of internal review, employees may consider 'whistle blowing' to the regulator or another regulatory or professional body. It sometimes takes great courage to 'blow the whistle' and risk alienation when employees see another colleague do something wrong. It takes even more determination to place principle above profit.