



Conflicts of Interest Policy

Policy Owner: Chief Risk Officer
Author: Deputy Company Secretary
Effective Date: 01.04.2015

Executive Summary

Purpose & Scope

To ensure any conflicts of interest that arise are dealt with fairly and in line with regulatory requirements, the Society's Rules, good business practice and the Society's values.

Key Guidelines & Principles

OneFamily should be able to demonstrate that the people making decisions on its behalf do so in a manner that is neither biased nor tainted by personal preference, nor likely to give to personal gain or enhancement to the detriment of the business, its members, customers and other stakeholders.

OneFamily requires all directors and employees to act with honesty and integrity and to disclose any actual or potential conflict of interest.

The Board of OneFamily remains ultimately responsible for ensuring any conflicts of interest that arise are dealt with fairly and in line with regulatory requirements, the Society's Rules, good business practice and the Society's values.

Key Control Requirements

Policy advice is provided by the Chief Risk Officer.

Policy adherence is maintained and monitored by the Board of Directors, Board Committees and HR.

Identification of Conflicts of Interest

Secretariat maintains a list of all identified conflicts of interest.

Notification of a potential conflict of interest to the Board of Directors, HR or senior manager.

The conflict is assessed for materiality and risk to the business or individual concerned.

Conflicts are noted on a conflicts of interest register, and the conflicted director/employee is expected to remove themselves from any decisions relating to that conflict.

Disclosure requested at each Board and Sub Committee meeting.

1. Policy Guidelines & Principles

OneFamily policy guidelines & principles are based on OneFamily requirements and the regulatory requirements/guidelines. The Chief Risk Officer ensures that the following policy guidelines and principles are adhered to.

1.1 Situations where a conflict of interest may arise

A conflict of interest may arise in any situation where an individual Director or employee is required to make a decision

- that requires him or her to act in the best interests of the members or customers of the business (or both), and
- at the same time he or she
 - Has (or may have) a separate personal interest, or
 - Is related to, or connected commercially or financially with, another person or business with a separate interest; or
 - Is under a fiduciary duty owed to another person or business.

A conflict of interest may also arise between:

- (a) OneFamily and (b) any current or potential individual member or customer, or group of members and/or customers
- (a) any current or potential individual member or customer, or group of members and/or customers and (b) any other current or potential individual member or customer or group of members and/or customers
- (a) OneFamily and (b) a firm to which it has outsourced operational and administrative functions.

Certain actions may cause a conflict of interest to arise:

- accessing/processing policyholder information for an individual known to the employee, or for a related party
- introducing business to the Society that could lead to unauthorised advice or inappropriate information being given
- accepting inducements/gifts could be seen as influencing decisions on contracts and supplier selection
- involvement in or attempted bribery or corruption.

1.2 Segregation of duties and three lines of defence

An adequate segregation of duties across all levels should be in place to avoid conflicts arising by incompatible tasks being performed by the same person.

There should be a control environment of processes, mechanisms and cross checking where applicable in place across the organisation to avoid potential conflicts of interest.

There should be no undue influence, control or constraint exercised on key functions with respect to the way they perform their duties and responsibilities.

1.3 Identifying conflicts of interest

It is the duty of each Director and employee to identify all possible circumstances in their personal and business life which could give rise to an actual or potential conflict with the interests of OneFamily, its members and customers. The Director or employee should not act without further guidance from HR or the Company Secretary.

It is the duty of each Director and employee to notify the Company Secretary/Chief Risk Officer or Group Head of HR of any conflict of interest that has actually arisen.

A register of potential or actual conflicts of interest will be maintained by the Deputy Company Secretary.

The register must record the means by which the conflict has been, or will be, resolved or, if relevant, disclosure of the fact that no resolution can reasonably be found.

1.4 Managing conflicts of interests

No director shall make, or take part in making, a decision on any matter in respect of which he or she is exposed to an actual or potential conflict of interest, unless he or she has first notified the other members of the Board of Directors of such conflict, and received their permission to make, or take part in making, such decision. If such permission is not given, the Director will not be involved in any way in making the decision.

No employee shall make, or take part in making, a decision on any matter in respect to which he or she is exposed to an actual or potential conflict of interest, unless he or she has first notified his or her line manager of such conflict, and received their permission (and, if deemed appropriate by the line manager, a more senior manager, Group Head of HR or a Director). If such permission is not given, the employee will not be involved in any way in making the decision.

The decision as to whether or not the Director or employee is permitted to be involved in the making of a decision will be recorded in the register, together with, if they are so permitted, the eventual decision made.

1.5 Disclosing conflicts of interests

Every reasonable effort is undertaken to avoid conflicts of interest arising, and to resolve any such conflicts that do arise. In the event that no reasonable resolution can be found, the existence of the conflict, and its potential or possible effects, will be fully disclosed to all parties affected, or potentially affected, by such conflicts.

Disclosure of the conflict shall not in itself constitute a resolution, nor relieve OneFamily of the liability to take all reasonable steps and measures to avoid conflicts arising, and to manage any conflicts that do nevertheless arise, with the aim of mitigating the effects or potential effects thereof.

2. Control Requirement

This is a summary of the main control requirements. In addition, there are, where needed, cross references to detailed procedures to support the performance of the processes. The detailed processes and procedures define how in practice the controls are developed and undertaken in order to enable adherence to the policy guidelines and principles.

2.1 Control – Policy adherence and review

Policy adherence is monitored by the Board of Directors, Board Committees and relevant business areas.

This policy is reviewed on an annual basis by the Chief Risk Officer and the Group Head of HR who will also notify any significant policy changes to the relevant Committees and business areas.

2.2 Control – Advice

Advice on conflicts of interest issues is provided by the Chief Risk Officer or Group Head of HR on request.

2.3 Control – Employee awareness/knowledge

The Board of Directors and relevant Board Committees have a duty to disclose any conflicts of interest at each board as appropriate.

A summary of the Conflicts of Interest Policy and the Personal Dealing Policy are available to all employees in the Employee Handbook.

2.4 Control – Procedures

Conflicts of interest are an agenda item on each meeting of the Board of Directors and Board Sub-Committees.

Heads of department should ensure they understand where conflicts of interest may arise in their areas and monitor appropriately.

Employees should report any conflicts of interest to their manager, or to the Group Head of HR as appropriate.

The detailed processes, documented separately, in addition to the control details, also include reporting procedures to be applied and MI to be provided. Further information about each of the related processes including associated procedures, methods and methodology can be found in the respective detailed process documentation. The processes and procedures collectively satisfy the policy requirements. They include within them how the Risk function, Internal Audit, the Compliance function and Actuarial function will be informed of any facts relevant for the performance of their duties.

Appendix 1 – Policy Details

Purpose

To develop and maintain systems and procedures to avoid the occurrence of conflicts of interest, and for the assessment and management of conflicts where such cannot be avoided.

The key risk addressed by the policy is the risk that a conflict of interest is not identified or not managed correctly, leading to financial loss, reputational damage or loss to customers.

Scope

The Board are accountable for the policy and approve the policy.

The policy covers the following key areas of:

The identification, monitoring and management of conflicts of interest that arise between:

- Directors
- Member of staff
- Customer/member
- Third party suppliers
- Professional services

in the day to day business of the Society.

Roles and Responsibilities

The Board

Directors have ultimate responsibility for ensuring that an appropriate system of control is in place and maintained which includes in respect of conflicts of interest.

Board Sub-Committee

The Board Risk Sub-Committee reviews and challenges issues and risks related to conflicts of interest.

Authority is delegated to OneFamily management to establish, operate and monitor conflicts of interest processes and controls on a day to day basis.

Chief Executive's Group (CEG) (1st line of defence)

Under the Principles of Good Regulation, senior management is responsible for a firm's compliance with regulatory requirements. All CEG members have a role in ensuring that OneFamily have appropriate processes, controls and monitoring in place for conflicts of interest.

Departmental Management (1st line of defence)

Often it can be managers, or their employees, who see the first signs of either new risks emerging or existing risks materialising. They have an important and vital role in ensuring that they maintain a high level of awareness and will make their Executive Manager aware of any new and existing conflicts of interest risks.

Management are responsible for ensuring all relevant employees are aware of their responsibilities to identify and report conflicts of interest risks and to co-operate with each other, the Risk, Internal Audit and Compliance Departments.

Compliance & Risk (2nd line of defence)

The Compliance Department is responsible for providing an expert and professional service to help ensure that OneFamily complies with its legal and regulatory obligations, and does so with high ethical business standards.

The Risk Department is responsible for developing and implementing a risk management framework that identifies, assesses, mitigates and reports relevant risks including conflicts of interest risk.

The 2nd line compliance and risk management functions have responsibility for providing oversight, monitoring and challenge to 1st line management of conflicts of interest risks.

Internal Audit (3rd line of defence)

Internal Audit's role is independent of 1st and 2nd lines of defence and is to help OneFamily achieve its objectives by carrying out a risk based review of OneFamily control, procedural and governance processes. Suitable reports shall be produced based upon an audit plan approved by the Audit Sub-Committee.