

BTPS

Conflicts of Interest Policy

for

BTPS

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1 Background

This conflicts of interest policy (“**Policy**”) has been prepared to assist the trustees in identifying, managing and monitoring any conflicts of interest (actual or potential, direct or indirect) which may arise in relation to the BT Pension Scheme (the “**Scheme**”).

The requirements and duties set out in this Policy are to ensure compliance with the requirements of the Companies Act 2006, the Bribery Act 2010, and relevant pensions’ legislation and regulations. The trustees should be aware that they may be subject to other conflicts of interest and anti-bribery duties and policies in respect of other roles/offices they may hold (for example, as a director or an approved person of a FCA regulated company). This Policy should be read in conjunction with the user guide in Appendix 4 of this Policy.

Trustee directors need to understand their duties, including their obligations to the Scheme members, in order to manage their conflicts of interest. Trustee directors have an additional statutory duty to avoid actual or potential conflicts of interest with the company. This includes a broad range of situations where:

- the director's interest may be actual or potential, and may be direct or indirect
- the conflict with the company’s interests may be actual or potential.

Examples include where a trustee’s own personal interests conflict with those of the Scheme, when a trustee’s director’s duties to another party (e.g. the employer) conflict with the duty to the Scheme, or where there is a conflict in the trustee director’s legal duties to a third party (see Appendix 4 for further examples of the conflicts that may arise).

The consequence of not managing conflicts appropriately can be serious. It could open up questions as to whether a trustee has acted impartially. Decisions may be taken which are found not to be in the best interests of the members and which could ultimately be set aside. Potentially, a trustee may need to account for any profit he or she has made as a result of the conflict.

To manage conflicts, the Scheme Secretary maintains a conflicts of interest register of actual and potential conflicts which is approved by the Trustee Board at least annually.

The Pensions Regulator requires disclosure of shares in the sponsoring employer(s) and other trustee/directorship appointments. Trustee directors must advise that they have a shareholding but are not required to specify the number of shares held. Once this disclosure has been made, the trustee is only required to notify the Scheme Secretary when the total shareholding has been sold (a disposal/s which would, in any event, be subject to PA Dealing procedures) and they no longer hold any shares.

The Pensions Regulator requires Trustee’s to ensure that third party adviser’s conflicts have been identified and managed. To manage this, all appointment letters should require the adviser to inform the Trustee of any conflicts and the adviser should agree to provide its conflict management policies on request.

2 Policy Statement

This Policy sets out the necessary requirements to ensure the Trustees meet regulatory and legal expectations. The trustees will review this Policy and the Conflicts of Interest register at regular intervals and at least annually.

It is recommended that the trustees seek legal advice about their conflict of interest responsibilities and the appropriate way to deal with any conflicts of interest which may arise from time to time.

3 Scope

This Policy is applicable to the employees of BTPS, including contractors, employee directors, permanent and temporary staff, Trustees and third parties within or engaged by BTPS or any of its contractors (together, the “**Representatives**”).

4 Conflicts: Identification and Understanding

- 4.1 The trustee should understand and identify any actual or potential conflicts of interest, whether direct or indirect.
- 4.2 Trustee directors should note that failure to declare an interest in an existing transaction or arrangement is a criminal offence under the Companies Act 2006. There is no breach of duty when a situation cannot reasonably be regarded as likely to give rise to a conflict of interest or of duties.
- 4.3 The procedure for achieving this is as follows:
 - each trustee will have read a copy of this Policy and its user guide (Appendix 4);
 - conflicts of interest will be an agenda item at each Trustee and Committee meeting and trustees will be required to declare any conflict of interest at the beginning of each meeting;
 - each trustee will complete a declaration of interests on appointment, will be prompted to update this information as part of the annual attestation process and will advise the Scheme Secretary of any additional conflicts of interest as and when they arise (see Appendix);
 - the Scheme Secretary will complete, maintain and revise (as appropriate) the interests register and conflicts register. The Audit & Risk Committee and Trustee Board will review the conflicts register annually (see Appendix). The Brightwell Compliance function will also review the register to ensure it has a full understanding of conflicts for the Scheme; and
 - the trustees will ensure that they have appropriate training from time to time on conflicts of interest. Brightwell will assist the trustees in ensuring that appropriate training takes place.

5 Conflicts: Evaluation, Managing and Monitoring

- 5.1 The trustees should evaluate and take appropriate actions to manage actual and potential conflicts of interest. This will be achieved by:
- Only non-conflicted directors will be counted in the quorum and will be able to vote to consider and if appropriate, pre-authorise a trustee director's conflict.
 - The non-conflicted trustees will consider whether there is a conflict. Should it be decided that there is a conflict and should the pre-authorisation by the Board/Committee decide that a trustee may not vote, the trustee will not be counted in the quorum and may not vote. In certain circumstances the trustee may be excluded from all discussions.
 - Trustee directors seeking appropriate advice to help them to evaluate and manage actual and potential conflicts of interest;
 - Trustee directors considering (in light of that advice) appropriate ways to manage conflicts of interest and implementing an appropriate conflict management strategy; and
 - Recording in the minutes of Trustee meetings the way(s) in which the conflicts of interest have been or will be managed.
- 5.2 There is not a "one size fits all" approach to managing conflicts of interest. Trustee directors should consider how best to manage each conflict of interest separately.
- 5.3 The **trustees** must identify instances of non-compliance with this Policy. This will be achieved by the trustees:
- reporting instances of non-compliance with the Policy to the Scheme Secretary;
 - ensuring that each instance of non-compliance has been addressed in accordance with the Policy; and
 - recording in the minutes of each Trustee meeting the actions taken to resolve actual or potential non-compliance.

6 Trustee Committees

Where the Trustee delegates its functions or powers to Trustee committees and members of the committee are not trustees, the Trustee should ensure that the interests of those committee members are also recorded and monitored (using the declaration of interests and the register in the Appendix). The trustees should make committee members aware of this Policy and monitor their compliance with it. trustees

7 Third Party Conflicts and Stewardship

- 7.1 The trustees should identify actual and potential conflicts of their advisers and other agents and ensure that the relevant party manages the conflict appropriately. This will be achieved by the trustees:
- considering conflicts as part of the appointment process;
 - requiring the party to inform them about any processes in place for identifying and managing any conflicts of interest that may arise;

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- requiring the party to inform them immediately of any conflicts which arise and what action is being taken to manage the conflict (including any actions being taken to modify the processes in place for ensuring that future conflicts do not arise);
 - considering whether such action taken by the party is adequate and appropriate.
- 7.2 Incidents of stewardship conflict are identified and managed by the relevant external investment management company. Material incidents are covered as part of Brightwell's portfolio monitoring process and raised at the Trustee Investment Committee as appropriate.
- 7.3 To ensure there are no conflicts in relation to securities and voting abilities, asset managers and EOS are expected to act in the best interest of the Scheme and also are not permitted to lend equity securities. The Scheme also expects them to have, in a public place, robust and up to date policies to manage conflicts of interest in relation to their stewardship activities. Agents may be made insiders only on an exceptional basis following careful due diligence and when appropriate controls are in place.

8 Bribery Act 2010

- 8.1 The trustees aim to conduct their affairs with integrity and honesty. Bribery, corruption and facilitation payments (offered or received) are not permitted.
- 8.2 Where a trustee suspects that there may have been a potential breach of the Bribery Act 2010, he or she will report to the Chairman of the Audit and Risk Committee or via the Whistleblowing Policy to the Chair of the Trustee Board.
- 8.3 The trustees will keep their approach to complying with the Bribery Act 2010 under review and may change it from time to time.

9 Gifts and Hospitality

- 9.1 Gifts and hospitality provided to a trustee as a result of their role at BTPS, are often an appropriate part of a working relationship, however trustees must not offer or receive gifts and hospitality for themselves or persons associated with them (e.g. friends and family members) to improperly influence a business decision or to create a feeling of obligation.
- 9.2 Where it is not possible to determine whether the gift/hospitality is specifically received in relation to a trustee director's role at BTPS, it is the responsibility of the trustee to keep their own records and provide evidence, when requested by the Scheme Secretary, that the gift/hospitality provided to them, was approved and recorded in relation to their other appointment.
- 9.3 All trustees are required, and have personal responsibility, to follow the rules on gifts and hospitality. If not, they may be breaking the law which could lead to fines or penalties for trustees personally and the Scheme.

Gifts

- 9.4 For the purposes of this Policy a "gift" is defined as something tangible and something which is given as a result of your role at BTPS. Examples of gifts are a bottle or a case of wine, an electronic item, or tickets to a sporting or cultural event where there is no hosted hospitality. If the event is hosted, then it should be regarded as hospitality.

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- 9.5 A gift of significant value, or a series of gifts to, or from the same individual or company, must not be given or accepted, under any circumstances which might give rise to suspicion that the recipient's judgement is likely to be significantly influenced to the detriment of the Trustee or Scheme members. Any gifts declined on the grounds that they are likely to constitute an inducement should be notified (in writing) to the Scheme Secretary. Cash gifts must not be offered or accepted.
- 9.6 Gifts below £50 may be retained by the trustee receiving the gift. All gifts over £50 in value received in the course of business must normally be handed in to the Scheme Secretary. The Scheme Secretary may then decide:
- the gift is a perishable item which should be shared amongst those present in the department or office at the time;
 - the gift should be donated to a charity of the Trustee Board's choosing;
 - the trustee may (if he or she so wishes) purchase the gift for fair value and the monies will then be donated to a charity of the Trustee Board's choosing.
- 9.7 All gifts, whether received or given and regardless of value must be recorded in the gifts and hospitality register (see the Appendix 6).
- 9.8 Any gifts given regardless of value and any gifts received with value over £50 must be pre-approved in advance of giving or receipt as follows. Where pre-approval of receipt is not practical, then approval must be sought following the receipt as soon as possible.
- Approval for trustee gifts for any trustee other than the Chair of the BTPS Board is granted by the Chairman of the BTPS Board and
 - Approval for gifts received or given by the Chair of the BTPS Board should be provided by the Chair of the Audit and Risk Committee.
 - Any approval can be provided by email with the completed Gifts and Hospitality Authorisation Form¹ (see Appendix 4) or the required information clearly contained in the approval email.
- 9.9 Where trustee holds multiple appointments and it is not possible to determine to which of the trustee director's appointment the gift relates, the trustee may need to record the gift with multiple organisations and needs to carefully assess in which capacity it is accepting or giving gifts or demonstrate that the gift/hospitality has been approved and recorded in accordance with 6.3 above.
- 9.10 Subject to 6.3 above, all gifts given or received irrespective of value must be recorded with the Scheme Secretary in the Gifts and Hospitality Register (see Appendix 5) using the Gifts and Hospitality Authorisation Form (see Appendix 4).

Hospitality

- 9.11 Hospitality" is defined as a hosted event and includes dining out, sporting and cultural events. Again, the hospitality must be identified as being given as a result of the trustee director's role

¹ Note all forms referenced in this document are available as online version for completion on the Trustee portal.

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at BTPS. For an event to be considered as hospitality the host must be present. If the event is not hosted then it must be regarded as gift.

- 9.12 Hospitality must not be accepted where it is likely to induce or give an appearance of an inappropriate influence. Additionally, consideration must be given to the frequency of corporate hospitality offered to any one individual. The acceptance of an offer and the provision of hospitality is permitted where:
- the nature of the event is reasonable and proportionate
 - the event would not present harm to the Scheme's reputation, and
 - it is concerned with promoting the image of an organisation and/or establishing cordial relations between the recipient and the host.
- 9.13 In addition to the regulatory requirements, company law imposes a duty on a trustee not to accept benefits from third parties which have been given because of his or her role of director or his or her action or inaction as a director. Therefore, company directors should exercise caution in deciding whether it would be appropriate to accept hospitality and ensure that their decisions cannot reasonably be regarded as likely to give rise to a conflict of interest.
- 9.14 Subject to 6.3 above, all instances of accepting or offering hospitality must be notified to and recorded by the Scheme Secretary in the Gifts and Hospitality Register (see Appendix) using the Gifts and Hospitality Authorisation Form (see Appendix).
- 9.15 Prior to accepting or offering hospitality with a value over £150, approval should be sought as follows:
- Approval for hospitality for any trustee other than the Chairman of the BTPS Board is granted by the Chairman of the BTPS Board, and
 - Approval for hospitality received or offered by the Chairman of the BTPS Board should be provided by the Chairman of the Audit and Risk Committee.
 - Any approval can be provided by email with the completed Gifts and Hospitality Authorisation Form (see Appendix 4) or the required information clearly contained in the approval email.
- 9.16 In deciding whether to give approval the approver should consider:
- the monetary value/rarity value of the event;
 - whether the event is purely social and business is not expected to be discussed;
 - the frequency of the event;
 - the background circumstances;
 - whether there is an opportunity to enhance the quality of service to the trustee and Scheme members.
- 9.17 Ordinary business lunches, breakfasts or working dinners up to the value of £150 per recipient do not require prior approval although consideration should be given to the frequency of invitations to, or from the same source.

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- 9.18 All travel costs including accommodation with regards to hospitality must be borne by the trustee receiving hospitality.
- 9.19 Where a trustee holds multiple appointments and it is not possible to assess to which appointment the hospitality is in relation to, the trustee needs to carefully assess in which capacity he/she is accepting or offering hospitality and may need to record the hospitality with multiple organisations or follow the process outlined in 6.3 above.

The Gifts and Hospitality Register should be kept with the Conflicts Register and reviewed regularly. The risk register will also include bribery risk.

10 Further Information and Related Policies

The policies that should be read in conjunction with this Policy include, but are not limited to:

- The Employee Handbook.

Further information and help can also be found on the government www.gov.uk/whistleblowing website.

GLOSSARY

The version numbering convention to be used for frameworks and policies is:

Term	Explanation

LIST OF SUPPORTING DOCUMENTS

The version numbering convention to be used for frameworks and policies is:

Document	Entity	Owner

Conflicts policy: user guide

Almost all trustees will have other roles and/or interests which potentially conflict with their duties as trustees of a pension scheme (both to members and employers). These potential conflicts must be managed in a way which ensures that the trustees continue to act in a way which fulfils their legal duties. This user guide is designed to help trustees with this and forms part of the Conflicts of Interest Policy. It is not however a substitute for legal advice, which will need to address the circumstances of each particular case.

1. Understand and identify

It is crucial that trustees should both understand what a conflict of interest is and identify when one has arisen or is about to arise.

1.1 Why do conflicts of interest arise for a trustee?

Conflicts of interest arise where a trustee director's duties or interests in favour of one person (including him or herself) are incompatible with the trustee director's duties as a trustee of the pension scheme.

Common examples of conflicts are described in paragraph 1.4 below.

1.2 What types of conflict of interest exist?

A conflict of interest will exist where a person's other interests or duties conflict with his or her duties as a trustee.

Examples of potentially conflicting interests would be:

- a trustee who is also member of the Scheme and has a personal interest in decisions made in relation to his or her own benefits; and
- a trustee who is an independent trustee appointed by the sponsoring company and who may act in a company-biased way to retain his or her appointment by the company.

Examples of potentially conflicting duties would be:

- a company director who has a duty to keep the company's confidential information confidential, while being advised that this information should be disclosed to the other trustees; and
- a trustee who is also a Union representative owes duties to the Union's members to act in their interests, but (in his or her capacity as trustee director) must balance duties to both members and employers.

Conflicts of interest can be actual or potential. An actual conflict arises where, for example, one person is "sitting on both sides of the table in a negotiation". Potential conflicts are more common than actual conflicts. Such a conflict usually arises where a person wears a number of "different hats", for example, as a trustee and as a director or senior employee of the employer. The fact that a potential conflict exists does not necessarily mean that an actual conflict will arise.

It is possible for trustees to have different other roles, and to have disagreements about how their trustee duties should best be satisfied. If this happens, it does not necessarily mean that

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any of the trustees have a conflict of interest. It may be that they just disagree how those same duties should be satisfied. If so, this is entirely normal and healthy on a trustee board.

1.3 Indirect interests – connected persons

Trustee directors should note that, under the Companies Act 2006 and under the Corporate Trustee's Articles of Association, the duty to avoid a conflict also arises where a trustee has an indirect interest. Therefore, trustees should check with all their connected persons (e.g. adult child or spouse) regarding any possible relationships they might have with the company. This duty, however, is not infringed if the situation is unlikely to give rise to a conflict and a trustee need only disclose a conflict once he/she becomes aware of it.

1.4 What are the implications for trustees where a conflict of interest exists?

If trustees make a decision that has been influenced by an irrelevant factor (for example a trustee director's bias due to a conflict of interest), the decision may be challenged in the future, and ultimately overturned by a court. The Pensions Regulator could also decide that the conflicted trustee is not a 'fit and proper' person to act, and so remove him or her as a trustee director.

1.5 What are some common examples of conflicts of interest?

A trustee who is a scheme pensioner who uses his or her position as a trustee to try to secure increases to pensions in payment without considering the interests of the rest of the scheme's membership.

A trustee who is a scheme member or union official who uses his or her position as a trustee to try to secure augmented benefits (for example, on ill-health) for friends or relatives or members of his or her union branch.

An employer-appointed trustee is a director of the employer. The trustee knows confidential information in his or her role as a director which would, if disclosed to the other trustees, be likely to cause them to decide a particular matter differently. The trustee might in this situation be advised that he or she should disclose this confidential information to his or her fellow trustees. If so, a conflict would arise between the person's duty to the company (arising from his or her capacity as a company director) to keep confidential information confidential, and the advice the person receives to disclose the information to the other trustees.

The Scheme Rules provide that a trustee shall not be required to disclose to the other trustees information which he or she is obliged by a fiduciary or contractual duty to a third party to keep confidential from them, provided that the trustee discloses the existence of such confidential information and takes no part in any decision taken by the trustees to which that confidential information is relevant or material.

1.6 Do trustees who are also scheme members have a conflict of interest?

As noted above, trustees who are scheme members do have a potential conflict between their trustee duties and their personal interests.

The Pensions Act 1995, however, provides a statutory exoneration in relation to this conflict. It provides that trustees who are also scheme members may exercise trustee powers that affect benefits and that decisions will not be rendered void merely because the trustee is a member and may benefit personally.

It is important to note that the Pensions Act exoneration in respect of conflicts of interest is general: it allows him or her to be a member and trustee but does not exonerate him or her for any act which could be challenged on other grounds.

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- 1.7 **Are there any additional considerations for trustees (as opposed to individual trustees)?** Yes. Company directors owe duties to their company. One of the duties (codified in statute by the Companies Act 2006) is the duty to avoid conflicts of interest unless the conflict has been authorised by the non-conflicted directors or the situation cannot reasonably be regarded as likely to give rise to a conflict of interest. A shareholder resolution has been passed which permits the trustees to authorise generally any potential conflict which might arise from a trustee “wearing another hat”. However, this general authorisation is not a substitute for specific management of actual or potential conflicts.

This issue is equally relevant to any trustees who are also directors of the employer.

- 1.8 **How do trustees identify conflicts of interest?** In order to identify conflicts of interest, each trustee should at least take the following steps.

1.8.1 Be familiar with key documents, including:

- the Scheme’s conflicts policy (including this user guide) and trust deed and rules; and
- the minutes of Trustee meetings which deal with conflicts of interest issues.

1.8.2 Ensure that he or she is familiar with the legal obligations of a trustee director.

1.8.3 Review agenda items

To remind trustees of the need to identify conflicts, conflicts of interest should be an agenda item at every Trustee meeting. In addition, an annual review of trustees’ interests should be included on the Trustee Board forward agenda.

Each trustee must review the agenda items and advise the Chair in advance of the meeting or at the beginning of the Trustee meeting, of any circumstances of which he or she is aware that may give rise to a conflict and which will not already be apparent from the register of interests. Any conflict identified should be recorded in the minutes of the meeting together with the action taken to manage it.

1.8.4 Maintain a register of conflicts of interests

A register of conflicts will set out the actual and potential conflicts of interest which have been disclosed by any of the trustees. Each trustee should complete a declaration of interest on appointment and should disclose any actual and potential conflict as soon as possible.

In addition, the conflicts of interests register will be reviewed at least annually by the trustees in a Trustee meeting when the trustees will be asked to state if they are aware of any further relevant conflicts of interest which have not been disclosed.

Following a review of the upcoming agenda and in order to manage potential conflicts that may arise in the course of the Board/Committee meeting, the Scheme Secretary or the relevant trustee will:

- formally note the potential or actual conflict arising from the recorded interest in the Board/Committee minutes and the register of conflicts of interests, and
- a decision will be made whether trustee needs to be excluded from the relevant decision-making.

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If a new trustee is appointed, he or she must complete a declaration of interests and the conflicts of interest register will then be updated accordingly.

The Pension Regulator's guidance in relation to conflicts of interest requires disclosure of shares in the sponsoring employer(s) and other trustee/directorship appointments, trustees must advise that they have a shareholding but are not required to specify the number of shares held. Once this disclosure has been made, the trustee is only required to notify the Scheme Secretary when the total shareholding has been sold (a disposal/s which would, in any event, be subject to PA Dealing procedures) and they no longer hold any shares. Shareholdings (with the exception of those subject to TPR requirements mentioned above) do not need to be disclosed unless a situation arises where a director holds shares in company X and company X is an item for specific discussion at the meeting. This will apply irrespective of the number of shares held.

On disclosure of the shareholding (which need not include in the first instance the number or value of the shares held), the Trustee Board/Committee will decide whether the existence of the shareholding gives rise to a conflict and/or whether further information regarding the shareholding is required. The Trustee Board's/Committee's decision will be recorded in the minutes the meeting. This requirement will not extend to those shareholdings over which the trustee has no control, (i.e. those held in an investment trust).

1.8.5 Trustee training

The trustees should seek appropriate training to ensure that each existing trustee and each newly appointed trustee feels confident in their ability to anticipate, identify and manage actual and potential conflicts of interest both at an early stage and throughout the process. Refresher training should be sought at regular intervals.

2. Evaluate and manage

When the trustees have identified an actual or potential conflict of interest, they must evaluate and manage it. Once an approach to conflict management has been determined, the trustees must implement it.

2.1 How should trustees evaluate a conflict of interest?

The trustees will be concerned to understand whether the existence of any particular conflict is sufficiently material that it could raise doubt about the validity of their decisions.

Examples of relevant factors that trustees may be concerned about include:

- Is the conflict actual or potential? Actual conflicts are of course more serious than those that are potential.
- Does the trustee have a legal duty to another entity (such as the sponsoring employer) which cannot be reconciled with the trustee director's duties? If so, the relevant trustee should at least take no part in the matter giving rise to the conflict.
- Is the conflict covered by the statutory exoneration in favour of Scheme members?
- Are all the other trustees content for the person to continue to be a party to discussions amongst the trustee board and/or decisions despite his or her potential conflict?
- Would other Scheme members consider the trustee director's decision-making to be tainted by the influence of the trustee with the potential conflict?

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The factors that the trustees will need to address in any particular case will vary greatly. It is accordingly important that the trustees take appropriate legal advice to assist them both to identify where their decisions are being or could be perceived to be affected by conflicts and to help them to consider how a conflict needs to be managed.

2.2 How should trustees manage a conflict of interest?

There is no “one size fits all” approach to conflict management. In some cases, disclosure will be a sufficient means of managing the conflict. In other cases, a more active conflict management strategy will be appropriate.

Examples of ways in which trustees might approach conflict management are set out below.

2.2.1 Legal advice

If trustees are advised by their legal advisers that it is sufficient that all the other trustees know about the conflict of interest (and this is appropriately minuted), no further action will be needed.

2.2.2 Use of a sub-committee

The trustees could delegate their decision-making on a given issue to a sub-committee to the exclusion of the conflicted trustee (and others). This approach would ensure that the views of the sub-committee have not been prejudiced by the conflict. All trustees (including the conflicted trustee director) will be bound by the sub-committee’s decision.

2.2.3 Withdrawal from the decision-making process

The trustees may consider that the conflicted trustee should withdraw from the discussion and decision-making process on issues where they have reported an actual or potential conflict.

Depending on the situation, the trustees may allow the conflicted trustee to declare the conflict and:

- participate in the discussion but not take part in the decision-making process;
- remain present but not participate in the discussion or decision-making process; or
- withdraw from the meeting.

Where the trustees adopt this form of conflict management, they should ensure that the quorum requirements have been met.

2.2.4 Confidentiality agreements

Where there is a conflict of interest or one is anticipated (for example, in relation to funding negotiations), the trustees should consider the appropriateness of entering into a confidentiality agreement with the employer to help with the early sharing of information between the parties.

2.2.5 Resignation

Where a trustee experiences or anticipates an acute or pervasive conflict of interest, it might be appropriate for the trustee to resign.

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If this happens, it may be appropriate to appoint a new trustee to replace the trustee who has resigned. Where this option is used, the trustees and the employer must ensure that the composition of the trustee board does not infringe the member-nominated director or quorum requirements.

2.2.6 Appointment of an independent trustee (or an additional independent trustee)

It might be appropriate for an independent trustee to be appointed to the board. The appointment may be for a fixed period, for the duration of a particular project or in respect of a particular decision. Where an independent trustee is appointed, the trustees should ensure that the member-nominated director and quorum requirements remain satisfied.

As of September 2021, there are two trustees (including the Chair) who would likely be deemed to be independent trustees by TPR.

2.2.7 Application to court

It is possible for trustees to seek directions from the court in relation to a particular conflict issue. However, this option is likely to be time-consuming and very expensive and, therefore, is often considered an approach of “last resort”.

3. Monitor

It is important that the trustees are able to identify instances of non-compliance with the policy and have procedures in place to deal with that non-compliance.

When non-compliance has been identified, the trustees must, in the absence of the conflicted trustee director, review and, where appropriate ratify, any decision taken which included the conflicted trustee director.

4. Review

It is important that the Scheme’s conflicts of interest policy and register is reviewed at regular intervals and no less frequently than annually. It is good practice to nominate an individual who is responsible for the review. This individual may be a trustee or a member of the Scheme Secretariat.

5. Third party conflicts

Trustee directors need to be confident that advice given to them by their advisers/administrators is independent and that any actual or potential conflicts are disclosed to them. Trustee directors must be able to identify, evaluate and manage any such conflicts of interest.

5.1 Examples of third-party conflicts

Third parties (such as advisers) may have a conflict of interest where:

- he or she (or the same company) also advises a Scheme employer;
- he or she (or the same company) also advises another scheme or employer with whom the Trustee is involved, for example, on a potential merger or transfer; or
- the advice provided is biased due to benefits (either financial or non-financial) derived by the adviser or the adviser’s company.

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5.2 Identification and management

When an adviser is selected the trustees should consider whether or not the adviser has any actual or potential conflicts of interest. The trustees should also enquire into the adviser's own conflict management procedures.

Once an adviser has been appointed, the trustees should ensure that the terms of the service agreement provide that if the role does appear likely to give rise to a conflict of interest, then the adviser will immediately inform the trustees and the employer (as appropriate) and agree action to manage the conflict. A professional adviser appointed under section 47 of the Pensions Act 1995 is required to confirm in writing on appointment that he will notify the trustees of any scheme-related conflict of interest immediately he becomes aware of its existence.

6. Pensions Regulator and conflicts of interest

One of the Regulator's statutory objectives is to promote good governance. Management of conflicts of interest is integral to good scheme governance. The Regulator has produced guidance on conflicts of interest. Trustee directors should be familiar with this guidance and any other relevant Regulator guidance, for example the code of practice on internal controls. The Regulator's guidance notes and codes of practice can be found at www.thepensionsregulator.gov.uk.

APPENDIX 4 TO CONFLICTS POLICY

Register of conflicts of interests

SECTION A: Trustee directors and Committee members						
Date identified	Trustee Director/ Committee member name	Details of interest or conflict	Actual or potential interest or conflict	Action taken	Follow up required	Date resolved
SECTION B: Scheme advisers						
Date identified	Adviser name	Details of interest or conflict	Actual or potential interest or conflict	Action taken	Follow up required	Date resolved

APPENDIX 5 TO CONFLICTS POLICY

Register of Gifts and Hospitality

Date	Name	Details of hospitality or gift given or received (inc value)	Host or Donor or Donee name	Action taken	Follow up required	Date resolved

APPENDIX 6 TO CONFLICTS POLICY

GIFTS AND ENTERTAINMENT AUTHORISATION FORM

NOTIFICATION OF RECEIVING

The Gifts and Hospitality Policy is applicable to the BT Pension Scheme Trustee directors in relation to work they undertake for the Scheme.

Name			
Type	(Gift received or hospitality attended by an associated person (e.g. partner or a family member) must be disclosed) GIFT HOSPITALITY		
Donor	(Attendance by Donor or Donor representative is required to qualify as hospitality)		
Approx. value			
Description			
Attestation	I know of no reason why the above-mentioned gift or hospitality should conflict with any duty owed to the Scheme or my duty as director.		
Date		Signed	

AUTHORISATION AND REGISTRATION

Approved by the Chair of BTPS Board / Chair of the Audit Committee		Confirmed and registered by Scheme Secretary	
Name		Name	
Date		Date	
Signed		Signed	

APPENDIX 7 TO CONFLICTS POLICY

GIFTS AND ENTERTAINMENT AUTHORISATION FORM

NOTIFICATION OF GIVING

The Gifts and Hospitality Policy is applicable to the BT Pension Scheme Trustee directors in relation to work they undertake for the Scheme.

Trustee Donor	(Attendance by Donor or Donor representative is required to qualify as hospitality)		
Type	GIFT HOSPITALITY		
Recipient	(Include individual name(s) and company name)		
Approx. value			
Description			
Attestation	I know of no reason why the above-mentioned gift or hospitality should conflict with any duty owed to the Scheme or my duty as director.		
Date		Signed	

AUTHORISATION AND REGISTRATION

Approved by the Chair of BTPS Board / Chair of the Audit Committee		Confirmed and registered by Scheme Secretary	
Name		Name	
Date		Date	
Signed		Signed	