Conflict of Interest Policy



GENISTAR
Financial Freedom For All

Version Control

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1) Purpose

1. The purpose of this policy is to provide guidance around managing conflicts of interest under the Companies Act 2006 (The Companies Act)[1] and the FCA Handbook Senior Management Arrangements, Systems and Controls (SYSC)[2].

2. Our company Conflict of Interest Policy refers to any case where a personal interest might contradict the interest of the company they work for. This is an unwanted circumstance as it may have heavy implications on the member of Genistar's judgement and commitment to the company, and by extension to the realisation of its goals.

3. This policy will outline the rules regarding conflict of interest and the responsibilities of all members of Genistar and the company in resolving any such discrepancies.

2) Scope

1. In accordance with the FCA Handbook, Genistar Limited has a regulatory obligation under SYSC 10 of the handbook and Principle 8 of the FCA's Principles for Business[3], to establish processes and controls to identify conflicts of interest and manage them fairly. Managing conflicts of interest will lower the risk of the Company's clients being unfairly disadvantaged, legal action, and censure from regulatory bodies, and ensure that the Company conducts business in the right way.

2. This conflict of interest policy applies to all members of Genistar, as well as independent contractors and persons acting on behalf of the company.

3) Purpose and Objective

1. Conflicts of interest may arise where a firm or individual providing services to its clients in the course of carrying out regulated activities and may entail a material risk of damage to the interests of a client. In assessing whether a conflict of interest has arisen, any member of Genistar and the company must consider whether a firm or individual.

2. It is necessary to set out such a policy to ensure:

- Is likely to make a financial gain, or avoid a financial loss, at the expense of the client
- Has an interest in the outcome of a service provided to the client or of a transaction carried out on behalf of the client, which is distinct from the client's interest in that outcome

1. https://www.legislation.gov.uk/ukpga/2006/46/section/175
2. https://www.handbook.fca.org.uk/handbook/SYSC/1/?view=chapter
3. https://www.fca.org.uk/about/principles-good-regulation

- Has a financial or other incentive to favour the interest of another client or group of clients over the interests of the client
- Carries on the same business as the client
- Receives, or will receive, from a person other than the client an inducement in relation to a service provided to the client, in the form of monies, goods or services, other than the standard commission or fee for that service.

3. As the company is committed to preserve the interests of people under its employment, it expects them to act only towards its own fundamental interests.

4. Conflict of interest may occur whenever an member of Genistar's interest in a particular subject may lead them to actions, activities or relationships that undermine the company and may place it to disadvantage.

4) Examples of a Conflict of Interest

1. This situation may take many different forms that include, but are not limited to, conflict of interest examples:

- Members of Genistar's ability to use their position with the company to their personal advantage
- Members of Genistar engaging in activities that will bring direct or indirect profit to a competitor
- Members of Genistar using connections obtained through the company for their own private purposes
- Members of Genistar using company equipment to support an external business
- A new Recruit wanting to join Genistar but also work for another Financially Regulated Firm
- Members of Genistar acting in ways that may compromise the company's legality (e.g. taking bribes or bribing representatives of legal authorities)
- Any type of personal relationship between members of Genistar
- Influencing the recruitment, selection, appointment or promotion of people
- Employees/representatives using company equipment or means to support an external business

2. The possibility that a conflict of interest may occur can be addressed and resolved before any actual damage is done. Therefore, when a member of Genistar understands or suspects that a conflict of interest exists, they should bring this matter to the attention of the Business Integrity Department so corrective actions can be taken. Executive Vice Presidents (EVPs) or Supervisors must also keep an eye on potential conflict of interests of their subordinates.

3. The responsibility of resolving a conflict of interest starts from the immediate individual and may reach senior management.

4. All conflicts of interest will be resolved as possible.

5. Senior management have the responsibility of the final decision when a solution cannot be found. In general, all members of Genistar are advised to refrain from letting personal and/or financial interests and external activities come into opposition with the company's fundamental interests.

6. **Note**: The same principles apply to the company regarding its clients. When applicable, Genistar are committed to not offer services or form partnerships with companies who are in direct competition with one of our existing clients.

5) Requirements

5.1 Requirements of the Company and the Individuals

1. Conflicts of interest should always be avoided wherever possible. All members of Genistar should be alert to the fact that they may be in a position where a conflict may arise and should be aware of the issues and risks that may be raised from it.

2. Conflicts or potential conflicts should always be disclosed as soon as you become aware and steps should be put in place to mitigate them. You should always be on the side of caution and disclose any relevant external interests you have. Undisclosed conflicts are likely to cause problems and the Genistar takes any instances of non-disclosure very seriously. Non-disclosure may also lead to penalties under the FCA rules or the Companies Act 2006.

3. Conflicts of interest should be immediately notified to the Business Integrity Department as appropriate. Interests should be disclosed to business.integrity@genistar.net about this Policy by those individuals.

4. Accordingly, all members of Genistar should avoid any situation where their personal or professional interests, or those of their close families, may conflict with those of the Company or its subsidiaries.

5. Determining whether a conflict exists between a member of Genistar, personal or professional interests and those of the Company is often a question of judgement and common sense should always be used. If in doubt, the Business Integrity Department should be consulted.

6. If you are in any doubt or require more detailed information you should contact the Business Integrity Department for further direction on the requirements of the FCA Rules.

5.2 FCA Regulatory Requirements

1. Whilst this policy provides some guidance on conflicts of interest, the FCA have clearly stated that responsibility on this matter rests with the firm's senior management. Therefore, senior managers should:

- Be fully engaged in conflict identification and management;
- Take a holistic view of conflicts risk and conflict mitigation within the full range of business activities for which they are responsible;

- Have policies and procedures that aim to achieve a consistent treatment of conflicts of interest throughout the organisation and effective conflict management; and
- Receive management information on the extent of, and mitigation of, conflicts of interest in their business area to assist them in controlling the business effectively.

2. In addition to compliance with this Policy, those directors and persons exercising controlled functions to whom this policy applies must also be aware of and must comply with the terms of such other conflicts of interest policies that apply to their respective business area.

6) Managing Conflicts

1. Genistar Limited may be able to demonstrate that is has taken reasonable steps to ensure fair treatment for its customers by relying on this conflict of interest policy.

2. Examples of types of procedures for managing conflicts are:

- Effective procedures to prevent or control the exchange of information between relevant persons engaged in activities involving a risk of a conflict of interest where the exchange of that information may harm the interests of one of more clients
- The separate supervision of relevant persons whose principle functions involve carrying out the activities on behalf of, or providing services to, clients whose interest may conflict, or who otherwise represent different interests that may conflict, including those of the firm
- The removal of any direct link between the remuneration of relevant persons principally engaged in one activity and the remuneration of, or revenues generated by, different relevant persons principally engaged in another activity, where a conflict of interest may arise in relation to those activities
- Measures to prevent or limit any person from exercising inappropriate influence over the way in which a relevant person carries out services or activities and;
- Measures to prevent or control the simultaneous or sequential involvement of a relevant person in separate services of activities where such involvement may impair the proper management of conflicts of interest.
- Identifying the risk of the conflict and the likely impact against the company by taking a risk-based approach

7) Chinese Walls

1. The FCA requires a regulated firm to manage a conflict of interest fairly, both between itself and the individuals and its customers and between one customer and another. The FCA Insurance Conduct of Business Sourcebook (ICOBS) rules[4] recognise that a firm may manage conflicts of interest by establishing and maintaining internal arrangements restricting the movement of information within the firm, this is usually referred to as Chinese Walls.

2. The rules around Chinese Walls can be found in the FCA Handbook under SYSC 10.2[5].

4. https://www.handbook.fca.org.uk/handbook/ICOBS/8/?view=chapter 5
5. https://www.handbook.fca.org.uk/handbook/SYSC/10/2.html

3. When Genistar Limited establishes and maintains a Chinese Wall they may:

- Withhold or not use the information held and
- For that purpose, permitted persons employed or representing the firm in the first part of its business to withhold the information held from those employed or representing in that other part of the business, but only to the extent that the business of one of those parts involved the carrying on of the regulated activities or ancillary activities.
- Information may also be withheld or not used by the firm when this is required by an established arrangement maintained between different parts of the business (of any kind) in the same group. This provision does not affect any requirement to transmit or use information that may arise apart from the rules in ICOBS.

4. For the purpose of this rule, 'maintains' includes taking reasonable steps to ensure that the arrangements remain effective and are adequately monitored and must be interpreted accordingly.

8) Segregation of Duties

1. Genistar Limited strives to ensure that the performance of multiple functions by its relevant persons does not and is not likely to prevent those persons from discharging any functions soundly, honestly and professionally. Our policies concerning the segregation of duties within the firm and the prevention of conflicts of interest are set out below.

2. Genistar Limited is aware that the effective segregation of duties is an important element in the internal controls of a firm. It helps to ensure that no one individual is completely free to commit the firm's assets or incur liabilities on its behalf. Segregation also helps to ensure that the firms governing body receives objective and accurate information on financial performance, the risks faced by the firm and the adequacy of the systems.

3. Genistar Limited ensures that, in general, no single individual has unrestricted authority to do all the following:

- Initiate a transaction
- Bind the firm
- Make payments and
- Account for it

4. Where Genistar Limited is unable to ensure the complete segregation of duties due to its limited employee base, it has adequate compensating controls in place including the frequent review of an area by relevant senior managers.

5. The firm ensures that its relevant persons are aware of the procedures which must be followed for the proper discharge of their responsibilities.

9) Disclosing an Interest

1. If arrangements made by Genistar Limited to manage a conflict of interest are not sufficient to ensure, with reasonable confidence, that risk damage to the interest of a client will be prevented, Genistar Limited will clearly disclose the general nature and/or sources of conflict of interest to the clients before undertaking business for the client.

2. The disclosure must:

- Be made in a durable medium: and
- Include sufficient detail, considering the nature of the client, to enable that client to take an informed decision with respect to the services in the context of which the conflict of interest arises.

3. Disclosure of a material interest or conflict of interest to a customer must be made in writing.

10) Declining To Act

1. If Genistar Limited determines that it is unable to manage a conflict of interest using one of the methods described above, we should decline to act on behalf of the customer concerned.

11) Gifts and Inducements

1. Gifts and Hospitality could have the effect of causing a conflict of interest. Clients, for a variety of reasons, may offer gifts to members of Genistar such as for annual celebrations or to commemorate the completion of a service. Often, it would be considered impolite to refuse. Care must be taken to ensure that such gifts cannot be construed as an inducement to provide a service more favourably to that client ahead of another.

2. Our rules with regards to gifts and inducements are as follows:

- Gifts with a value of less than £25.00 need not be declared
- Gifts with a value greater than £25.00 must be notified to the Business Integrity Department for inclusion in the Gifts and Inducements register
- If a client offers more than one gift in a twelve-month period, with a cumulative value of more than £25.00, these must also be declared to the Business Integrity Department

12) Confidential Information

1. All members of Genistar have a duty of care to protect confidential information received or obtained during the course of their employment, whether the information is subject to a Confidentiality/NonDisclosure Agreement (NDAs) or not.

2. The "Need to Know" principle must be followed by all members of Genistar. Confidential information should only be shared on a strictly "Need to Know" basis even where there are no information barriers officially in place.

3. The implications of the "Need to Know" principle is wide ranging, for example confidential information known by one member of a department must not be shared with any other members of that department unless there is a genuine "Need to Know".

4. All members of Genistar owe a duty of confidentiality to the Company and confidential information should never be disclosed or used by a member of Genistar for their personal or professional benefit or for the benefit of other companies or people (including parent or subsidiary companies) or parties, including those connected to close members of their family.

13) Disciplinary Consequences

In cases when a conflict of interest is deliberately concealed or when a solution cannot be found, disciplinary action may be taken, or further training given.

14) Policy Compliance and Audit

1. Failure to observe the standards set out in this policy may be regarded as serious and any breach may render a member of Genistar liable to action under the Disciplinary procedure, which may include dismissal.

2. Non-compliance with this policy could have a significant effect on the efficient operation of Genistar and may result in financial loss and an inability to provide necessary services to our customers. Genistar will audit its procedures and where practical and proportional, Corporate ICT Services will monitor users' access to information for the purpose of detecting breaches of this policy and/or other Genistar policies and procedures.

3. It is the duty of all members of Genistar to report, as soon as practicably possible, any actual or suspected breaches of conflict of interests.

4. Any member of Genistar who does not understand the implications of this policy or how it may apply to them, should seek advice from their supervising EVP and/or the Business Integrity Department.

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GENISTAR LIMITED
Victoria House, Harestone Valley Road, Caterham CR3 6HY
Telephone: +44 (0)20 3372 5085
Authorised and Regulated by Financial Conduct Authority.