



POLICY ON DIRECTORS' CONFLICTS OF INTEREST

Purpose of policy

- To assist trustees and directors of the Consumers' Association and group trading companies (the “**Directors**”) with their duty to identify and manage actual and potential conflicts of interest in accordance with the Companies Act 2006, Charities Act 2011 and Charity Commission guidance.
- To protect both the Which? Group Companies (as defined below) and each Director from any appearance of impropriety.

Scope

This policy applies to (i) the trustees of the Consumers' Association (the “**Association**”) in their capacity as trustees and directors of the Association and (ii) the directors of each of the trading subsidiaries of the Association (each, a “**Which? Group Company**”). This policy sets out guidelines and procedures for the Directors to follow in identifying, monitoring and managing actual and potential conflicts of interest including those arising from Directors' personal interests and (where relevant) those of their connected persons. Members of the Corporate Management Group (“**CMG**”) who are not Directors should also declare any conflicts in accordance with this policy as if they are a Director. CMG will adopt a process for managing and monitoring those conflicts.

This policy forms part of the policies and procedures in place to assist Directors in identifying any conflicts of interest that a Director may have. All existing and new Directors shall receive a copy of this policy and shall be deemed to have accepted it.

All Directors will receive training on this policy and on identifying situations that may result in a conflict and ways in which conflicts can be managed in practice. For new Directors this will be included in their induction programme. In addition, Directors of the Association must be familiar with the principles contained in the Charity Commission's guidance on conflicts, which is available on its website at:

<https://www.gov.uk/government/publications/conflicts-of-interest-a-guide-for-charity-trustees-cc29>

Other policies and practices may apply to different types of actual and potential conflicts of interest within the Which? Group Companies, particularly the Group Bribery Policy. The Group Bribery Policy requires all Directors and staff of Which? Group Companies to declare any gifts or hospitality offered or received in connection with their role in the group. In addition, Which? Financial Services Limited has a customer conflicts policy that enables it to meet its requirement to proactively identify and manage potential conflicts of interest between its commercial activities and the needs of its customers.

Policy statement

A. Identifying conflicts

Each Director has duties, among other things, to promote the success of the Which? Group Company of which he or she is a director and avoid conflicts of interest. When making decisions as a trustee/director, Directors must be alert to the possibility that they, or their co-Directors, could be affected by a conflict of interest.

There is no legal definition of what is an “interest”. It is just a question of common sense whether circumstances are such that a Director has an interest. A conflict of interest may arise in any situation in which a Director’s business, personal or financial interests or loyalties could, or could be seen to, prevent the Director from making a decision only in the best interests of the relevant Which? Group Company. The test is always that there is a conflict of interest if the Director’s other interest could, or could be seen to, interfere with the Director’s ability to decide the issue only in the best interests of the relevant Which? Group Company.

Conflicts can inhibit open discussions, result in decisions or actions being taken that are not in the best interests of the relevant Which? Group Company or risk the impression that the relevant Which? Group Company has acted improperly. In particular, conflicts may arise:

- (a) where a Director’s personal interests or those of their connected persons conflict with the interests of the relevant Which? Group Company (for example, there is a potential financial or measurable benefit directly to a Director or any of their Statutory Connected Persons); or
- (b) where a Director owes duties or loyalties to another organisation or person (for instance, a Director who is also a director of another company), which conflict with those owed to the relevant Which? Group Company.

Individual Directors must avoid putting themselves in a position where their duty to act only in the best interests of the relevant Which? Group Company could conflict with any personal interests or loyalties they may have. In order to do this, Directors have a personal responsibility to declare conflicts of interest in accordance with the procedures set out in this policy, which reflect applicable legal requirements, Charity Commission guidance (in the case of Directors of the Association) and the articles of association of each Which? Group Company (the “Articles”).

In addition, Directors collectively should consider conflicts as a pre-appointment issue. Where prospective Directors and also existing Directors are likely to be subject to serious or frequent conflicts of interest, the Directors should seriously consider whether that person should be or remain appointed.

B. Declaration of interests generally

A key means of preventing conflicts of interest from affecting decision-making is to identify potential conflicts in advance.

B.1 Mandatory information for all Directors

Accordingly, on appointment, all Directors will be required to complete a declaration of interests form (the form of which is included in the Schedule to this policy) and send this to the secretary of the relevant Which? Group Company (the “Secretary”):

- (a) listing any personal interests or appointments, including membership of any professional bodies, special interest groups and any political office or position;
- (b) listing any other trusteeships, directorships or partnerships held (whether of another Which? Group Company or a company or partnership outside the Which? Group);
- (c) confirming that they are not aware of any conflict, other than those already disclosed, that exists between their role and their personal circumstances, loyalties or other interests;
- (d) confirming that they will update the form annually, or sooner if any changes occur; and
- (e) confirming that they will declare any conflict that arises in the future.



B.2 Additional information for Directors of the Association

In the case of Directors of the Association the declarations listed in B.1 (a) and (b) above should include details of the personal interests, positions, directorships and partnerships etc. held by (i) their spouse, or unmarried or civil partner, (ii) children or step-children, (iii) any child or step-child of their unmarried partner who lives with the Director and has not reached the age of 18, and (iv) any parent who lives with the Director, or any parent that is a dependant of the Director (or vice versa).

The Association's Articles require Directors of the Association to declare the nature of any "relevant commercial interests" that they may have in matters under discussion at a Council meeting ("**Conflicts Article**"). A "commercial interest" includes direct involvement, or a financial interest, in any company which is involved in the manufacture, supply or promotion of consumer goods or services. A "financial interest" includes an interest in one per cent or more in the nominal value of securities currently issued by a company involved in the manufacture, supply or promotion of consumer goods or services.

In addition, as noted in Section C, the Association's Articles provide that the Association may only make a payment to a company of which an Association Director is a shareholder if such individual holds five per cent or less of the relevant company's issued share capital ("**Prohibited Transactions Article**").

Accordingly, Directors of the Association: (1) must include on the declaration of interests form details of their holdings in any company where they have an interest in five per cent or more in the nominal value in the company's issued share capital to enable monitoring of compliance with Prohibited Transactions Article; and (2) should consider including on the declaration of interests form details of shareholdings in any company involved in the manufacture supply or promotion of consumer goods or services in which they hold one per cent or more of the nominal value of the company, as they may find it easier to ensure that they comply with the Conflicts Article by making a disclosure on the declaration of interests form.



B.3 Recording and updating information provided

Information disclosed on the declaration of interests form will be recorded in a register of Directors' interests for each Which? Group Company, the form of which is included in the schedule to this policy. (See also Section D below.)

All Directors must review the information relating to them contained in the register of Directors' interests for each Which? Group Company at least annually (or sooner if they believe the information contained in them may be inaccurate) and must update or correct it as changes occur by making a further declaration.

The information provided by Directors will be processed in accordance with data protection principles as set out in the Data Protection Act 1998. Data will be processed only for the purposes set out in this policy and not for any other purpose.

C. Transactions between a Which? Group Company and a Director and/or their Statutory Connected Persons

In addition to the general requirement for directors to avoid conflicts of interest, there are various specific provisions in the Companies Act 2006 and (for Directors of the Association) the Charities Act 2011 which prohibit, restrict, or require specific declarations in relation to transactions between a company and its directors or connected persons.

These provisions include sections 117 (Restrictions on Disposals of Land) and section 185 Charities Act 2011 (Remuneration of charities trustees or trustees etc. providing services to charity) and section 177 Companies Act 2006 (Duty to declare interests in a proposed transaction or arrangement with the Company). In addition, Article 5.4 of the Articles of the Association provides that the Association may only make a payment to a company of which a Council member is a shareholder if such Council member holds 5 per cent or less of the relevant company's issued share capital.

Many of the statutory prohibitions, restrictions or declarations apply (i) to any size transaction and, (ii) where a transaction is with a Director's Statutory Connected Persons (defined below).

The definition of Statutory Connected Persons (SCP) is wide and requires a Director to have detailed knowledge of the business and financial interests of relatives with whom those kind of matters may not be discussed regularly. Where a conflict of interest arises for a Director as a result of circumstances affecting a SCP, it is the Director that must comply with this policy, not the SCP. On becoming a Director, each Director must check whether their SCPs have any pre-existing contractual relationship with any Which? Group Company and each Director must inform all their SCPs to notify them immediately if the SCP proposes to enter into a transaction with a Which? Group Company at any point while the Director is a Director of a Which? Group Company Director. A Director must immediately notify the Company Secretariat team upon receiving notification of any such proposed transaction. Legal advice may be required before the transaction can be progressed and the process for declaring and managing conflicts of interest in sections E and F below followed.

D. Maintaining the register of directors' interests

The Secretary will be responsible for maintaining the register of Directors' interests, and will:

- (a) record in the register all conflicts, interests and positions declared; and
- (b) circulate amendments or additions to the register (if any) to the relevant board at the start of each meeting of the board of the relevant Which? Group Company.

The register of Directors' interests will be available for inspection by any Director on request.

E. Process for declaring conflicts

The first item on the agenda of each meeting of the board of a Which? Group Company will be a standing item requiring all Directors attending the meeting to declare any conflicts of which they are aware. Items declared in accordance with the procedure set out above and recorded on the register of Directors' interests will be taken as generally disclosed. Specific interests which are relevant to the matters being discussed at the meeting should be noted at the start of the meeting regardless of the fact that they may have been generally disclosed and the procedure outlined below must be followed.

If a Director considers that he has an actual or potential conflict, he should also inform the chairman of the relevant Which? Group Company (the "Chair") as soon as possible but no later than the start of the meeting at which the relevant matter is on the agenda. In

addition, if a Director subsequently becomes aware of having had such an interest in a matter when it was previously discussed, the Director must declare that interest at the next meeting of the board of the relevant Which? Group Company. If a Director is uncertain whether or not they are conflicted, they should err on the side of openness and declare the issue.

If a Director considers that another Director has an actual or potential conflict that has not been declared, he should inform the Chair at the start of the meeting at which the relevant matter is on the agenda.

If the Chair is declaring a conflict, he must inform all other Directors.

The Secretary will note all conflicts declared in the minutes of the meeting in which they are declared.

It is for the Director concerned to decide which matters to declare but, if in doubt, they should make a declaration. To assist Directors in determining any potential conflicts, details of the key suppliers and/or service providers to Which? Group Companies will be provided regularly to Directors.

If a Director would like to discuss an issue, they can contact the Secretary or General Counsel for confidential guidance.

F. Procedure for managing conflicts

Following the declaration of a conflict by a Director the non-conflicted Directors will then (in the absence of the conflicted director):

- (a) assess the nature of the conflict;
- (b) assess the risk or threat to Director decision-making;
- (c) decide whether the conflict is low risk (that is, it is not material and does not have the potential to be detrimental to the conduct or decisions taken by the Directors, and provided always that a conflict will never be low risk if the conflict involves a direct or indirect financial benefit being received by a Director or any of their SCPs); and
- (d) decide what steps to take to avoid or manage the conflict.

The conflicted Director must not take part in or generally be present during the discussion or decision-making process relating to the consideration (and approval) of a conflict and will not be counted when determining whether a meeting of the board of the relevant Which? Group Company is quorate.

The non-conflicted Directors must consider whether it is necessary to seek legal advice on whether the conflict is low risk and/or on how to manage the conflict declared. Legal advice should always be sought in relation to a conflict involving a financial benefit to a Director or any of their SCPs.

The non-conflicted Directors will determine what action is appropriate in light of the nature and extent of the conflict. Depending on the nature and the risk associated with the conflict appropriate steps may include:

- (a) excluding the conflicted Director from discussions in relation to the matter to avoid inadvertently influencing the non-conflicted Directors;
- (b) excluding the conflicted Director from decision-making in relation to the matter while the conflict exists;
- (c) restricting the conflicted Director's access to confidential information in relation to the matter;
- (d) delegating the conflicted Director's vote on the matter on which he has a conflict to one of the non-conflicted Directors;
- (e) delegating the matter to a sub-committee of non-conflicted Directors;
- (f) appointing an alternative, non-conflicted Director;
- (g) resignation of the conflicted Director where the conflict is acute or pervasive; and
- (h) (in the case of actual or potential conflicts pertaining to Directors of the Association) requesting that the Charity Commission authorise the conflict.

The non-conflicted Directors may authorise a conflict of interest if authorised by the Articles of the relevant Which? Group Company or otherwise permitted under applicable law. In doing so the non-conflicted Directors must be satisfied and agree that it is in the interests of the relevant Which? Group Company to authorise the conflict of interest that has arisen. Conflicts can only be authorised in this way if they do not involve a direct or indirect benefit to any Director.

The Chair (or a Director nominated by the other Directors in the event that that Chair is conflicted) will inform the conflicted Director of the non-conflicted Directors' decision.

Conflicts of interest and how they have been dealt with will need to be documented. Written records (for example in the form of board minutes and resolutions) will be maintained by the Secretary to show (i) the nature of the conflict, (ii) which Director or Directors were affected, (iii) whether any conflicts of interest were declared in advance, (iv) an outline of the discussion, (v) whether anyone withdrew from the discussion and (vi) how the Directors took the decision in the best interests of the relevant Which? Group Company.

If a Director has a conflict of interest, he or she must not be involved in managing or monitoring a contract in which he or she has an interest. Monitoring arrangements for such contracts will include provisions for an independent challenge of bills and invoices and termination of the contract if the relationship is unsatisfactory.

G. Confidential information

If a Director becomes aware, or is in possession, of information which he considers may be relevant to the exercise of the Directors' duties, they should normally disclose it to their co-Directors.

Directors who are also directors, partners or employees of other companies or partnerships should be alert to the possibility that they may, in their capacity as director, partner or employee, be aware, or in possession, of information that is confidential to that company or partnership but which may also be relevant to the exercise of the duties as a Director of a relevant Which? Group Company. This may give rise to a conflict between the duty of confidentiality owed to that other company or partnership and the Director's duties to the relevant Which? Group Company. In these circumstances, the Director should take the steps outlined below.

A Director should inform the Chair if they are aware or in possession of information that they would normally be required to disclose to their co-Directors but is prevented from doing so as a result of a duty of confidentiality to another person or entity. The non-conflicted Directors will then decide what action to take under the procedure for managing conflicts set out in section E above.

If a Director is in any doubt over whether to disclose confidential information to their co-Directors, they should seek independent legal advice.

H. **Monitoring compliance and reviewing this policy**

Any Director who becomes aware of a breach of this policy must report it to the Secretary as soon as possible.

The Secretary will:

- (a) report all breaches of the policy of which he is aware to the Directors at the next meeting of the board of the relevant Which? Group Company; and
- (b) note all breaches in the minutes of the relevant meeting of the board of the relevant Which? Group Company.

This policy will be reviewed at least annually.

I. Definitions and interpretation

References to “conflicts” or “conflicts of interest” in this policy include actual and/or potential conflicts of interest and/or duty of loyalty of the Director.

For the purposes of this policy:

“Statutory Connected Person” (or “SCP”) means:

- (a) a “family member”;
- (b) any person who is in partnership with the Director or any person who is in partnership with a family member of the Director (a “business partner”);
- (c) an “institution” that is controlled either by the Director, a family member or business partner or the Director and his or her family members and business partners taken together; and
- (d) a “corporate body” in which any of the following has a substantial interest:
 - (i) the Director,
 - (ii) any of the Director’s family members or business partners, or
 - (iii) the Director and any of his or her family members and business partners, taken together.

For these purposes:

An “institution” may be incorporated or unincorporated, and includes a trust or undertaking. A person controls an institution if they are able to secure that the institution’s affairs are conducted in accordance with their wishes.

A “corporate body” in which the Director has a substantial interest is a body corporate where the Director and his other Connected Persons together control, or can exercise, more than 20 per cent of the voting power in a general meeting (excluding votes attaching to treasury shares) or are interested in at least 20 per cent (in nominal value) of the shares (excluding treasury shares) comprised in the equity share capital.

The meaning of family member depends on whether the director is a director of the Association or another Which? Group Company:

In the case of directors of the Association, a “family member” means (i) a child, parent, grandchild, grandparent, brother or sister of a Director; and (ii) a spouse, or unmarried or civil partner of a Director, or of any person falling within (i) above.



In the case of Directors of any other Which? Group Company, a “family member” means (i) a spouse, or unmarried or civil partner, (ii) child, step-child or parent of a Director or (iii) a child or step-child of a Director’s unmarried partner who lives with the Director and has not reached the age of 18.

Council of Consumers' Association
1 December 2015