

Conflicts of Interest Policy

Owner: Compliance & Risk

Introduction

This document sets out the policy of the 20-20 Group¹ ('20-20') on conflicts of interest.

Conflicts of interest may lead to a material risk of damage to 20-20's clients' interests and may expose us to the risk of litigation or adversely affect the firm's reputation. The Conflicts of Interest Policy describes the circumstances which may give rise to a conflict of interest that could be detrimental to the interests of 20-20's clients, and the procedures to be followed and measures to be adopted in order to manage such conflicts.

This policy is designed to fulfil 20-20's obligations under the Pensions Regulator's guidance for Trustees in relation to managing Conflicts of Interest. The policy may be amended at any time if a material change occurs and will be reviewed on a regular basis.

It is essential that in all the firm's activities we demonstrate that our clients' interests take priority over, or at the very least are given equal consideration to 20-20's interests. The identification and mitigation of conflicts of interest that could be detrimental to our clients' interests and the provision of clear information about such conflicts is key to our role as an independent Trustee.

To prevent conflicts of interest from adversely affecting our clients:

- we will take all reasonable steps to identify and record conflicts of interest that have the potential to give rise to a material risk of damage to the interests of one or more of our clients;
- we will maintain and operate effective organisational and administrative arrangements to prevent those conflicts of interest from causing a material risk of damage to the interests of our clients;
- where our arrangements are not sufficient to ensure, with reasonable confidence, that risks of damage to the interests of a client will be prevented, we will clearly disclose the general nature and/or sources of conflicts of interest and the nature of the risks before undertaking business for that client; or
- we may offer to decline to provide the client with the service requested where we feel we are unable to manage any conflict.

Identifying Conflicts of Interest

20-20 provides independent trustee services to the trustees of pension scheme. In delivering these services, there is potential for conflicts to arise:

1. between the interests of 20-20/its employees and the duty 20-20 owes to its clients; and
2. between the differing interests of two or more of our clients.

For the purposes of this policy, a conflict of interest arises, or may arise, where 20-20/its employees are:

- likely to make a financial gain, or avoid a financial loss, at the expense of a client;
- has an interest in the outcome of a service provided to a client, which is distinct from the client's interest in that outcome;
- has a financial or other incentive to favour the interests of one client or group of clients over the interests of another client or group of clients;
- undertakes the same business as a client; or
- 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.

¹ The 20-20 Group are the 20-20 branded entities.

Typical Conflicts of Interest, and how 20-20 will manage them

The most common conflicts of interest that could arise in 20-20's provision of services to clients are:

i) Acting for pension scheme trustees and the sponsoring employer

20-20 does not provide pensions or actuarial advice. Upon appointment, as either sole trustee or as a member of a trustee board, 20-20 will act solely in the capacity of trustee. In acting for and on behalf of the trustee body, 20-20 will assist in procuring suitable professional advice where required. 20-20 will not provide actuarial, financial or legal advice to the trustee board, notwithstanding the professional qualifications of the individual 20-20 appointee. In the natural course of events 20-20, acting as trustee or on behalf of the trustee board may discuss or enter into negotiations with the employer/scheme sponsor in respect of advice received. 20-20, acting as or on behalf of the trustee board will take into account the views of the sponsor in making decisions regarding the scheme. If the 20-20 appointee feels that a conflict will or could arise in this kind of situation he or she will report to his/her manager or board director.

ii) Remuneration

Remuneration for staff may be partly based on their performance against revenue or sales targets. Incentives to meet such sales or revenue targets may create a conflict between the obligation to act in the best interests of clients and the interests of those employees.

20-20's performance related pay schemes are reviewed by Senior Management and Human Resources, and the Remuneration Committee. 20-20's performance related pay schemes take into account qualitative factors including conduct and the fair treatment of clients, client service and compliance with relevant legal and regulatory obligations.

iii) Confidentiality

In the course of its business, 20-20 and its employees may obtain non-public price sensitive information, for example, employees providing pensions and actuarial advice to a listed company may require us to have access to confidential information, which could affect the value of that company's shares, were it made public.

Employees with access to non-public price sensitive information are required to keep this information strictly confidential, and only share as strictly necessary. They may also be asked to sign a bespoke non-disclosure Agreement for a specific project.

iv) Gifts and Hospitality

20-20's employees may, from time to time, accept gifts or hospitality from third parties, such as service providers. As a consequence, a conflict may arise between the interests of 20-20 or its employees, who may favour those products or services supplied by third parties offering gifts or hospitality, and the obligation to act in the best interests of clients.

20-20's Gifts and Hospitality Policy permits the offer or acceptance of gifts and corporate hospitality only where:

- the gift or hospitality is appropriate for the occasion and is not lavish (disclosure rules apply);
- the gift or hospitality is a "one-off" or occasional in nature and does not form part of a regular pattern of giving or receiving;
- the offer or acceptance cannot reasonably be regarded as giving rise to a conflict of interest which cannot be managed; and
- the offer or acceptance does not impair 20-20's duty to act honestly, fairly and professionally in accordance with the best interests of its clients.

Offering or receiving cash or cash equivalent gifts (e.g. vouchers) is strictly prohibited.

20-20 maintains a record of gifts and corporate hospitality in line with the Gifts and Hospitality policy.

v) Other Employments/ Directorships

A director or employee of 20-20 may be a Director of another company whose interests may conflict with those of 20-20 or its clients. Employees must disclose any directorships held and may not accept any directorship without first obtaining written approval from the Chief Executive so that any potential conflict of interest can be identified and recorded.

Additionally employees should not engage in any additional occupation without the consent of 20-20. A request should be made to your manager and this will be considered to ensure there is no conflict of interest. In certain circumstances, consent may be withheld.

Conflicts with Broadstone

The 20-20 default policy is not to act as Professional Trustee where our sister company Broadstone also provide advice to either pension scheme trustees (defined benefit and occupational defined contribution pension schemes) or their sponsoring employer(s), in relation to the same pension scheme (and vice versa). It is, however, noted that exceptions may occasionally occur. Exceptions will need to be specifically approved by the Executive boards of both 20-20 Trustees and Broadstone and will also need to be disclosed and agreed with 20-20 Trustees' and Broadstone's respective clients.

No such restrictions shall apply in relation to 20-20 acting as a Professional Trustee to existing Broadstone clients' which enter (or are likely to enter) the Pension Protection Fund (PPF).

Reporting/Recording Conflicts of Interest

All staff must consider any conflicts of interest or potential conflicts of interest that may arise in the course of providing services to 20-20's clients and must report such conflicts or potential conflicts to their Manager and Compliance.

20-20 aims to keep an accurate record of any conflicts of interest entailing a material risk of damage to the interests of one or more clients has arisen or may arise.

Managing Conflicts of Interest

Where it is not possible to prevent conflicts of interest from arising, 20-20 will endeavour to manage the conflicts by:

- establishing and maintaining appropriate policies and procedures;
- establishing appropriate information barriers ;
- segregation of duties;
- independent oversight;
- disclosure to our clients;
- offering to decline from providing the service.