

Group policy

Conflicts of Interest Policy

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1 Overview

1.1 Introduction

The Group Company Secretary has overall accountability to the Post Office Group¹ Boards for the design and implementation of controls to prevent and manage the risks associated with Conflict of Interest.

1.2 Purpose

The purpose of this Policy is to provide a consistent, coherent, and proportionate approach to Conflicts of Interest and set out the minimum operating standards to manage associated risks throughout the Group.

To achieve this, Post Office will:

- a. Maintain an effective governance and assurance environment including in respect of Conflicts of Interest.
- b. Comply with all applicable legal and regulatory requirements relating to Conflicts of Interest.
- c. Foster an environment for the prevention and reporting of Conflicts of Interest.

The Policy is one of a set of policies which provide a clear risk and governance framework and an effective system of internal control for the management of risk across Post Office and in the context of applicable legislation and regulations (see Appendix 2) (Compliance with these policies supports the Post Office in meeting its business objectives and to balance the needs of our shareholder, employees, and other stakeholders).

1.3 Who Must Comply

Compliance with this policy is mandatory for all Post Office Limited employees² and applies wherever in the world the Group's business is undertaken.

Where the Post Office holds a supplier relationship with a third party, and it is appropriate for the supplier to adhere to this Policy, then provisions should be included within their contracts to reflect this along with their own equivalent policy, and access to the published copy of this Policy will be provided. this along with their own equivalent policy, and access to the published copy of this Policy will be provided.

¹ In this Policy "Post Office" and "Group" means Post Office Limited and its wholly owned subsidiary, (and FCA regulated principal) Post Office Management Services Limited

² In this Policy "Post Office" and "Group" means Post Office Limited and its wholly owned subsidiary, (and FCA regulated principal) Post Office Management Services Limited

1.4 Core Principles

In order to manage the legal, regulatory and reputational risks associated with conflicts of interest and establish processes for the identification and management of them, the governance arrangements included in this Policy are based upon the following core principles:

- i) To promote individual responsibility and a culture of honesty and integrity.
- ii) To be open and honest about relationships and personal interests that could be seen to be influencing independent judgement. Employees' personal interests should never influence decisions at work.
- iii) Conflicts of interest cannot always be avoided. Unavoidable conflicts of interest need to be identified, disclosed and effectively managed.
- iv) Conflicts of interest must be managed fairly and effectively. To achieve this, the process for identifying, disclosing and managing conflicts of interest must be transparent.
- v) Ensuring that employees and directors are not open to (or perceived to be open to) improper influence through the acceptance of gifts and hospitality.
- vi) A commitment to providing clear guidance on how to report conflicts of interest or concerns related to them; and
- vii) A commitment to providing appropriate training and awareness of the Policy.

What is a Conflict of Interest?

Conflicts of interest can arise when personal relationships or financial interests overlap with job responsibilities. This can impact the decisions we make, erode trust within teams, and harm the Group's reputation.

It is also a situation or perceived situation in which the concerns or aims of two different parties are incompatible. Conflicts of interest can take many forms including the following:

i) Actual

There is a real conflict of interest between an employee or executive/non-executive director's private interests and their duties. A real conflict of interest can also exist between two or more Post Office Group directorships.

ii) Potential

An employee or executive/non-executive director has private interests that could conflict with their duties and decisions at work. This refers to circumstances where it is foreseeable that a conflict may arise in the future.

Conflicts of interest can either be a direct interest or an indirect interest, which are defined as follows:

i) Direct interest

Includes an employee or executive/non-executive director's own conflict of interest.

ii) Indirect interest

Includes the interests of Related Parties meaning individuals, groups or companies that the employee or executive/non-executive director is, or was, closely associated.

Where an actual or potential conflict of interest arises, this Policy ensures that the conflict of interest is highlighted, disclosed, and appropriately managed, preventing conduct which could harm the Group.

Maintaining the Group's reputation for ethical business integrity is vital and we must also ensure that we partner with suitable suppliers who will align with our ways of working.

Compliance with this Policy helps to support the Group in meeting its business objectives and to balance the needs of its shareholder, employees, and other stakeholders, including our Postmasters. It also enables the Group to ensure that the principal's regulatory requirements are satisfied and are being managed in compliance with its regulatory duties.

Managing Conflicts of Interest in Procurement:

The provisions of the Procurement Act 2023 do not apply to Post Office Management Services or to those contracting on behalf of Post Office Insurance, but the overall responsibility to manage conflicts of interest in procurement in line with the regulatory guidelines, do apply.

As a publicly funded organisation, the Post Office is committed to ensuring that it delivers value for money through our trusted and valued partnerships with suppliers. Post Office is subject to the Procurement Act 2023, which will replace the Public Contract Regulations 2015 in October 2024, and this statutory framework mandates the processes we must follow, from the initial supplier selection through to sourcing competitions and contract award. These processes are designed to stimulate market competition for public contracts, deliver value for money and innovation, ensure equal treatment and transparency with all suppliers, and ensure that contracts are awarded fairly.

General Management of Conflicts of Interest in Procurement in Post Office Declaration: It's essential that all Post Office staff who have a conflict of interest and are involved in a procurement activity, complete and sign a Conflict-of-Interest declaration, this includes:

- All members of the procurement team.
- All members of the evaluation team.
- Any consultant asked to advise the team.
- Anyone involved in making a recommendation.
- Anyone involved in approving a recommendation or making an important decision.
- Anyone making a financial approval for the procurement.

The declaration requires the person to identify any actual, perceived, or potential conflicts of interest.

Managing an Identified Conflict of Interest

Conflicts of interest that are identified must be reported to the Procurement Manager in charge of the procurement. They – and the process for managing them – must be recorded in writing and agreed by the Procurement Director.

The options for managing a conflict of interest include:

- **Restricting:** imposing restrictions on the person's further involvement in the matter.
- **Removing:** where the person chooses or is asked to be removed completely from the matter.
- **Relinquishing:** where the person relinquishes the private interest that created the conflict.

Management in line with the Procurement Policy

This policy should also be managed in accordance with the Procurement Policy, which sets out the roles for each person within the Procurement Team.

The Contract / Vendor Manager leading the procurement should

- check with all employees involved if they have any potential, perceived or real conflicts of interest with regard to the supplier(s) submitting a response.
- If there is a conflict, they should ensure that a conflict of interest form is signed and submitted to the Head of Procurement and that a conflict of interest management plan is prepared.
- they must then organise for the conflict of interest management plan to be signed off by the Procurement Director.

Resources:

The following reporting tools are available to all POL employees on the Procurement Hub:

- Conflict of Interest Form
- Conflict of Interest Guide

If you need assistance or are external to POL, please contact procurement@postoffice.co.uk

Managing Conflicts of Interest under the Procurement Act 2023

In addition to the general principles above, once the Procurement Act 2023 (the "Act") comes into force, which is expected to be on 24 February 2025, Post Office will have additional obligations in respect of conflicts of interest. When undertaking procurement activity that falls under the remit of the Act, contracting authorities, such as Post Office, must, prior to publishing a tender or transparency notice (or dynamic markets notice relating to the establishment of a dynamic market), prepare and record a conflicts assessment. A conflicts assessment:

- *must include details of:*
 - *conflicts or potential conflicts of interest; and*
 - *any steps that the contracting authority has or will take to mitigate the effects of any conflicts of interest identified or prove that no such conflicts exist;*
- *must be kept under regular review and revised where required or when publishing a relevant notice³; and*
- *should include (subject to data protection legislation):*

³ Please see section 83(8) of the Procurement Act for the circumstances that constitute a relevant notice under section 81 of the Act

- the names of individuals and/or teams relevant to the procurement and their roles; how those individuals/teams are relevant to the procurement;
- whether the required conflicts of interest information or declaration has been received; whether any actual, potential or perceived conflicts have been identified (and the details of the conflict);
- the mitigation steps that will or have been taken;
- whether, following any mitigation, a supplier remains at an unfair advantage or disadvantage; and
- when the conflicts assessment was last reviewed and the next planned review.

When Post Office publishes any relevant notices, it will be required to confirm that it has completed the conflicts assessment.

If you need assistance, please contact procurement@postoffice.co.uk

Appointments and roles outside Post Office:

Employees and Directors must openly declare any outside employment or appointments. Any job outside the Post Office must not go against Post Office commercial interests or bring the Post Office into disrepute.

Employees must avoid any activity which conflicts with their duty to the Post Office and must make sure that their actions are not improperly influenced by personal considerations.

All **employees** must:

- Act in the best interests of Post Office. Employees must not do anything which conflicts with an employee's duties as an employee of the company or use their official position for private advantage.
- Receive written authority from the Group Company Secretary to engage in any transaction or pursue any activity, directly or indirectly, in competition with the Post Office.
- Receive written authority from the Group Company Secretary before accepting employment, a position as an executive/non-executive director or officer of, or acquire a substantial ownership interest (5% or more) in any other company or business (or in the case of a statutory director, receive written authority from the Chair of the Board).
- Avoid engaging in any private or personal business interest that may conflict with the duties and responsibilities owed to the Post Office.
- Declare to their line manager and the Group Company Secretary via the form on People Hub any transactions or potential transactions in which they, or a related party, have an interest or potential interest.
- Declare to their line manager and People Team Services via the form on People Hub (or the Group Company Secretary for statutory directors) any proposed or existing outside employment, directorship or material shareholding.
- Review their situation regularly to avoid becoming involved in activity that could give rise to a conflict of interest.
- Avoid taking part in the hiring or promotion of an employee's family members or with someone with whom the employee is in a close personal relationship.

- Avoid holding a position with access to or influence over performance appraisals, salary information or other confidential information related to an employee's family members or with someone with whom the employee is in a close personal relationship with.
- Ensure any contributions towards and support for, political parties are clearly personal and give no impressions of being connected to Post Office.
- Ensure any personal political support or contributions do not affect an employee's performance or objectivity at work.
- Not improperly use company resources or time for personal or party-political purposes.

If the interest or additional employment is approved by the individual's line manager and the Group Company Secretary, Company Secretariat must inform the following people:

- People Support Services Centre (PSSC) by raising a Service Request in PeopleHub.
- Post Office Management Services Limited through the nominated Post Office Management Services Limited People Partner and Advisor Plus.

The respective People Team contact is then responsible for recording the interest and the Group Company Secretary's approval on the employee's personal file.

Directors (a person who, together with the other directors who form the board of directors, is responsible for the management of a company).

On appointment, all executive/non-executive directors are requested to complete a declaration of interests. The information is retained on an interests register, managed by Company Secretariat and available for inspection.

- It is the executive/non-executive director's responsibility to ensure that the Group Company Secretary is informed of any changes to interests, whether these are direct or indirect. It is also the director's responsibility to inform the Group Company Secretary and the Board of an interest in an existing or proposed transaction.
- In general terms, a useful test to determine if there is a conflict of interest is to regard an "interest" as a very broad term that includes anything or any connection which could potentially divert a director's mind from giving sole consideration to promoting the success of the relevant company. Guidance is also set out in s.175 Companies Act 2006.
- The interests register should be noted by the relevant Group Board annually. However, all directors should be reminded to declare any change in interests at the beginning of each meeting.
- Directors are asked to think about the following questions when considering their potential/actual conflicts of interest in relation to Post Office Group:
 - Is your role or connection with the interest likely to prevent you, when acting as a director of the Post Office Group, from giving sole consideration to the interests of the Post Office Group?
 - Is your role or connection with the other party likely to involve consideration of actions that could be adverse to the company's interests or to put you in a position

where information that you know as a result of being a company director would be relevant to the decision to be taken?

- Are you part of the decision-making process of the other party?
- Particularly in relation to any perceived conflict, what is the justification for the company to authorise it?
- Do the interests of the two companies compete, either in their product markets or in relation to strategic opportunities?
- Would the activities undertaken in one role be likely to have a material impact on the other?

It is recognised that Postmaster Non-Executive Directors hold a unique role on the Board to which Director's Duties equally apply. Training and support is provided upon appointment and any questions on managing conflicts should be directed to the Group Company Secretary.

The Articles of Association of each company in the Post Office Group includes details of the process for executive/non-executive directors to notify conflicts of interest and to enable the respective Boards to determine whether and how to manage the conflict.

1.5 Policy Framework

The Conflicts of Interest Policy (the "Policy") is reviewed and updated annually, or more frequently as necessary. This is to ensure its ongoing relevance and compliance with regulatory and legislative changes, as well as to reflect any lessons learned from both internal and external events.

This policy is classified as a Group Key Policy. It is therefore subject to annual review and endorsement at the Risk and Compliance Committee (R&CC), the Audit, Risk and Compliance Committee (ARC) and Board where appropriate. Thereafter, it is adopted by Post Office Limited and its wholly owned subsidiary⁴.

⁴ This refers to Post Office Management Services Limited, which is an FCA regulated principal.

2 Where to go for help

2.1 Reporting Non-Compliance

Where non-compliance is identified, the matter must be referred to the Policy Owner, which is the Group Company Secretary. Where required, any investigations will be carried out in accordance with the Investigations Policy.

Where it is identified that an instance of non-compliance is caused through wilful disregard and/or negligence, this may be treated as a disciplinary matter.

2.2 Reporting a Concern – How to ‘Speak Up’

Post Office strive to foster an environment where everyone feels comfortable speaking up. Post Office encourages anyone to raise concerns about wrongdoing, illegal activities, or unethical behaviour.

Information and contact details:

Confidential reporting Speak Up service:

- Telephone Number: 0800 041 8159
- <http://speakup.postoffice.co.uk/> which is a secure on-line web portal
- Via email: speakup@postoffice.co.uk



3 Document control

3.1 Document control record

Summary

Version	Document review period	Policy – effective date	Policy location
v1.0	Annual	November 2024	https://corporate.postoffice.co.uk/en/governance/our-structure/useful-corporate-information/

3.2 Policy Approval

Committee	Date approved
POL R&CC	14/11/2024
POL ARC	28/11/2024
POMS ARC	TBC

Next policy annual review date: November 2025

Appendices

Definitions

Directors' Duties – Directors' general statutory duties are set out under sections 171-177 of the Companies Act 2006, with supplementary provisions set out under sections 178-182. Directors must act in accordance with their Company's constitution and the general duties are owed to the Company, and not to its shareholder(s). If a director breaches their duties, they could face civil action and, in some cases, criminal sanction. Although, in general, a director will not continue to owe the general duties to the company once they cease to hold office, certain aspects of the duty to avoid conflicts of interest and the duty not to accept benefits from third parties continue to apply even when a person is no longer a director.

FCA – Financial Conduct Authority.

The requirements of the FCA are summarised at a high level in the conduct rules:

- Acting with integrity;
- Acting with due care, skill and diligence;
- Being open and cooperative with the FCA, PRA and other regulators; - Paying due regard to the interests of customers and treat them fairly;
- Observing proper standards of market conduct;
- Senior Managers must take reasonable steps to ensure that the business of the firm for which you are responsible is controlled effectively;
- Senior Managers must take reasonable steps to ensure that the firm for which you are responsible complies with the relevant requirements and standards of the regulatory system;
- Senior Managers must take reasonable steps to ensure that any delegation of your responsibilities is to an appropriate person and that you oversee the discharge of the delegated responsibility effectively; and
- Senior Managers must disclose appropriately any information of which the FCA or PRA would reasonably expect notice.

These high level rules are supplemented by significant amounts of detailed guidance and rules. Notably the insurance conduct of business rules (ICOBs), which sets out detailed requirements on marketing, sales and policy documentation, and the FCA's systems and control requirements (**SYSC**), which sets out the FCA's rules for the effective governance and control of regulated businesses. The FCA has the power to hold Directors and Senior Managers personally to account for breaches of FCA requirements, as well as the business unit. Significant civil and criminal sanctions are possible, as well as limitations on working within financial services in the future.

Framework Document – a Framework Document between Post Office Limited, the Department for Business, Energy and Industrial Strategy (now DBT) (Parent Shareholder) and UK Government Investments Ltd (UKGI) (Parent Shareholder Representative) - came into effect on 1 April 2020.

Related Parties

When **employees** are considering any conflicts of interest regard should be given to the conflicts of interest of related parties of an employee, which includes:

- Spouse or civil partner;

- Children;
- Other relatives who share their residence;
- Trust of which they are a Trustee or Beneficiary;
- Partnership of which they are a partner;
- A business entity of which they are a director or officer or in which they hold a similar position; and
- A business entity of which they own or control, directly or indirectly 5% or more.

A person connected with a **director** means:

- Members of the director's family:
 - their spouse, or civil partner, their children and step-children and their parents;
 - a person with whom they live as partner in an enduring family relationship and any children or stepchildren where such person is under the age of 18;
- A body corporate with which the director and their connected persons (as above) together are interested in (shares of a nominal value equal to at least 20% of that share capital or control more than 20% of the voting power at a general meeting of that body corporate);
- A person acting as the trustee of a trust, of which the director or their connected persons (as above) are beneficiaries; and
- A person, or firm that is a legal person, that is a partner of the director, either directly or, indirectly through their company.

Applicable regulation and legislation

The Post Office Group seeks to comply with all relevant legal and regulatory requirements including, but not limited to, the following (as amended or supplemented from time to time):

- Companies Act 2006 ("CA 2006");
- Articles of Association of each Post Office Group entity;
- The UK Corporate Governance Code 2018;
- Code of Conduct for Board Members of Public Bodies (June 2019);
- Procurement Act 2023 (replacing the Public Contract Regulations 2015 in October 2024); and
- Financial Conduct Authority Handbook (in connection with Post Office Management Services Limited which is regulated by the FCA),

The Companies Act 2006

Post Office Group statutory directors must comply with the Companies Act 2006.

Section 175: Duty to avoid conflicts of interest

- S175(1) – A director of a company must **avoid** a situation in which he has, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the interest of the company.
- S175(2) – This applies in particular to the exploitation of any property, information or opportunity (and it is immaterial whether the company could take advantage of the property, information or opportunity).
- S175(3) – This duty does not apply to a conflict of interest arising in relation to a transaction or arrangement with the company. (See ss.177 & 182)
- S175(4) – This duty is not infringed if the situation cannot reasonably be regarded as likely to give rise to a conflict of interest, or if it has been authorised by the directors.

Note - "Conflict of interest" is defined as including a conflict of duties, so if a director has duties to two separate bodies which may potentially conflict, the section is engaged.

Extract from the Guidance for Directors of Companies Fully or Partly Owned by the Public Sector, 2016

"For a director who is a public servant, a conflict of interest might occur where, e.g.:

- *there are conflicts between different professional duties ("professional conflicts of interest"). For example, where a director is a member of two boards, or where a director has competing loyalties to their public sector employer and the commercial venture to which they have been appointed director, or*
- *there are conflicts between director duties and private interests, for example a financial or family interest ("personal conflicts of interest").*

There will be situations, determined on a case-by-case basis, in which conflicts of interest can be managed. For example, there may be scope within the organisation's constitutional documents to:

- *reserve certain issues to be decided by specific participants only, rather than the entire board;*
- *impose a restriction on directors from voting on issues where they may have a conflicting interest; or*

- expressly allow a director to vote on a matter in which they have a conflicting interest, provided that the nature and extent of the conflict is fully disclosed to the board."

Section 177 Companies Act 2006: Duty to declare an interest in a proposed transaction or arrangement

This section requires a director to declare to the other directors any interest, whether direct or indirect, in a proposed transaction or arrangement with the company. The extent of the interest must also be declared. A director must declare their interest **before** the transaction or arrangement is entered into by the company. It is good practice for the board to take decisions on related matters without the director present. The duty may still apply even if the director is not party to the transaction. For example, if the director is aware their spouse would be entering into the transaction or arrangement, the director would need to declare an indirect interest in the transaction.

If a director becomes aware that some of the information declared is not accurate or complete before the transaction or arrangement has taken place, they must ensure that they correct the initial declaration so that it is accurate.

Section 176 Companies Act 2006: Duty not to accept benefits from third parties

A director must not accept a benefit from a third party that is conferred because of their being a director or their doing or not doing anything as a director. However, only those benefits which could reasonably be regarded as likely to give rise to a conflict of interest fall within the scope of this duty.

Section 182 Companies Act 2006: Declaration of interest in existing transaction or arrangement

A director is required to declare an interest, whether it is direct or indirect, in any existing transaction or arrangement into which the company has entered. If that director has already declared an interest in the transaction or arrangement and that information has not changed, then they will not need to make a further declaration. As with section 177, the director would still need to make a declaration, even if not party to the transaction or arrangement, where they have an indirect interest. However, there is no breach of duty if the director is unaware of an interest in an existing transaction or arrangement.

Articles of Association of each Post Office Group Entity

The Articles of Association of each Post Office Group entity set out the procedures and exceptions for statutory directors, which includes authorisation of certain conflicts of interest by the appropriate Boards. Directors who are independent of a conflict may (when acting collectively as a Board) authorise a conflict of interest and duty pursuant to any terms that the Board considers to be appropriate and which the director undertakes to comply with.

Directors should remember when authorising a conflict of interest that they must consider whether their action is most likely to promote the success of the company (s.172 CA 2006). When a director has a potential conflict of interest in a particular activity, authorisation may be given by the non-conflicted directors but, as section 175(6) states, the authorisation is only effective if that director, along with any other "interested director", is ignored for the purposes of the quorum and voting on any board resolution to authorise the matter. It is good practice for a conflicted director to leave the meeting when discussions take place on matters in which they have a conflict.⁴

If in doubt, directors should always seek the advice and guidance of the Company Secretary.

The UK Corporate Governance Code 2018

The Group is required to "seek to comply" with the UK Corporate Governance Code 2018 (section 9.4 of the Framework Document). Provision 7 requires the Board of directors to take action to identify and manage conflicts of interest.

In considering opportunities to take on new directorships outside the company, a director should consider whether having multiple directorships is likely to give rise to a conflict of interest or duties, or materially affect the time that a director is able to commit to each company. Under the terms of POL Board director's Letters of Appointment, directors require the prior approval of the Chair before commencing any other appointments, and the Nominations Committee periodically note further appointments taken up by POL board members. .

Nolan Seven Principles of Public Life

The Nolan Seven Principles of Public Life apply to anyone working to deliver public services. The seven principles are listed below. These principles are at risk if conflicts of interest are not managed effectively.

- Selflessness • Openness
- Integrity • Honesty
- Objectivity • Leadership
- Accountability

Procurement Act 2023 (replacing the Public Contract Regulations 2015 on 28 October 2024)

The Post Office Group, save for Post Office Management Services Limited, will be to the Procurement Act ('the Act') 2023 once the order under s.127(2) of the Act comes into force, which is set down for 28 October 2024. After the new legislation comes into force, all procurements must adhere to the legislation as set out below:

Section 81 Conflicts of interest: duty to identify

(1) A contracting authority must take all reasonable steps to identify, and keep under review, in relation to a covered procurement any—

- (a) conflicts of interest, or
- (b) potential conflicts of interest.

(2) There is a conflict of interest in relation to a covered procurement if—

- (a) a person acting for or on behalf of the contracting authority in relation to the procurement has a conflict of interest, or
- (b) a Minister acting in relation to the procurement has a conflict of interest.

(3) A person who influences a decision made by or on behalf of a contracting authority in relation to a covered procurement is to be treated as acting in relation to the procurement.

(4) In this section—

"interest" includes a personal, professional or financial interest and may be direct or indirect;

"Minister" means—

- (a) a Minister of the Crown;
- (b) a member of the Welsh Government;
- (c) the First Minister, deputy First Minister or a Northern Ireland Minister;

"member of the Welsh Government" means a person referred to in section 45 of the Government of Wales Act 2006.

Section 82 Conflicts of interest: duty to mitigate

- (1) A contracting authority must take all reasonable steps to ensure that a conflict of interest does not put a supplier at an unfair advantage or disadvantage in relation to a covered procurement.
- (2) Reasonable steps may include requiring a supplier to take reasonable steps.
- (3) Subsection [\(4\)](#) applies if a contracting authority considers that—
 - (a) a conflict of interest puts a supplier at an unfair advantage in relation to the award of a public contract, and
 - (b) either—
 - (i) the advantage cannot be avoided, or
 - (ii) the supplier will not take steps that the contracting authority considers are necessary in order to ensure it is not put at an unfair advantage.
- (4) The contracting authority must in relation to the award—
 - (a) treat the supplier as an excluded supplier for the purpose of—
 - (i) assessing tenders under section 19 (competitive award), or
 - (ii) awarding a contract under section 41 or 43 (direct award), and
 - (b) exclude the supplier from participating in, or progressing as part of, any competitive tendering procedure.
- (5) In this section, “conflict of interest” has the meaning given in section 81.

Section 83 Conflicts assessments

- (1) Before publishing a tender or transparency notice in relation to a covered procurement, a contracting authority must prepare a conflicts assessment in relation to the procurement. (2) Before publishing a dynamic market notice in relation to the establishment of a dynamic market, a contracting authority must prepare a conflicts assessment in relation to the establishment.
- (3) A conflicts assessment must include details of—
 - (a) conflicts or potential conflicts of interest identified in accordance with section 81 (duty to identify), and
 - (b) any steps the contracting authority has taken or will take for the purposes of section 82 (duty to mitigate).
- (4) If a contracting authority is aware of circumstances that it considers are likely to cause a reasonable person to wrongly believe there to be a conflict or potential conflict of interest, a conflicts assessment must also include details of any steps the contracting authority has taken or will take to demonstrate that no such conflict or potential conflict exists.
- (5) A contracting authority must—
 - (a) keep any conflicts assessment under review,
 - (b) revise the assessment as necessary, and
 - (c) when publishing any relevant notice, confirm that a conflicts assessment has been prepared and revised in accordance with this section.
- (6) Subsection [\(5\)](#) does not apply after—
 - (a) a contracting authority has given notice of its decision not to award the contract (under section 55), a contract termination notice is published in relation to the procurement, or
 - (b) a dynamic market notice is published in relation to the market ceasing to operate.
- (7) In the case of a contracting authority that is a private utility—

- (a) the reference in this section to notice of a decision not to award a contract is a reference to the decision;
- (b) the reference in this section to a contract termination notice being published in relation to a procurement is a reference to the contract being terminated;
- (c) the reference in this section to a dynamic market notice being published in relation to a market ceasing to operate is a reference to the market ceasing to operate.

(8) In this section—

“conflict of interest” has the meaning given in section 81;

“relevant notice” means—

- (a) a tender notice,
- (b) a transparency notice
- (c) a dynamic market notice in relation to the establishment of a dynamic market
- (d) a contract details notice relating to a public contract, or (e) a contract change notice;

“terminated” is to be understood by reference to section 80(3).

Public Contract Regulations 2015

The Post Office Group, save for Post Office Management Services Limited, is currently subject to the Public Contract Regulations 2015 until the order under s.127(2) of Act comes into force, which is set down for 28 October 2024. Until that date, all procurements that have already started must adhere to the legislation as set out below: **Regulation 24**

Public Contract Regulations 2015, Regulation 24 “(1) Contracting authorities shall take appropriate measures to effectively prevent, identify and remedy conflicts of interest arising in the conduct of procurement procedures so as to avoid any distortion of competition and to ensure equal treatment of all economic operators.

“(2) For the purposes of paragraph (1), the concept of conflicts of interest shall at least cover any situation where relevant staff members have, directly or indirectly, a financial, economic or other personal interest which might be perceived to compromise their impartiality and independence in the context of the procurement procedure.”

“(3) In paragraph (2) ‘relevant staff members’ means staff members of the contracting authority, or of a procurement service provider acting on behalf of the contracting authority, who are involved in the conduct of the procurement procedure or may influence the outcome of that procedure; and ‘procurement service provider’ means a public or private body which offers ancillary purchasing activities on the market.”

Financial Conduct Authority (FCA) Handbook

Post Office Management Services Limited is regulated by the Financial Conduct Authority, and as such must adhere to the FCA Handbook that includes particular regulations related to conflicts of interest. For the purposes of the regulations, Post Office Management Services Limited is the Principal.

Post Office Limited is the Agent of Post Office Management Services for the purposes of the regulations. Therefore, Post Office Limited is also bound by these provisions, but only where they apply to the Agent of the Principal.

The FCA Handbook Senior Arrangements, Systems & Controls, Chapter 10

10.1.3 Identifying Conflicts

“A firm must take all appropriate steps to identify and to prevent or manage conflicts of interest between:

- 1) The firm, including its managers, employees, and appointed representatives (or where applicable, tied agents), or any person directly or indirectly linked to them by control, and a client of the firm; or
- 2) One client of the firm and another client; that arise or may arise in the course of the firm providing any service referred to in SYSC 10.1.1R including those caused by the receipt of inducements from third parties or by the firm's own remuneration and other incentive structures."

10.1.6R Record of Conflicts

"A management company and an insurance intermediary must keep and regularly update a record of the kinds of service or activity carried out by or on behalf of that firm in which a conflict of interest entailing a material risk of damage to the interests of one or more clients has arisen or, in the case of an ongoing service or activity, may arise."

10.1.6AAR

"An insurance intermediary must ensure that its management body receives on a frequent basis, and at least annually, written reports on all situations referred to in SYSC 10.1.6R."

10.1.7 Managing Conflicts

"A firm must maintain and operate effective organisational and administrative arrangements with a view to taking all reasonable steps to prevent conflicts of interest as defined in SYSC 10.1.3 R from adversely affecting the interests of its clients."

10.1.10 Conflicts Policy

- 1) "A management company and an insurance intermediary must establish, implement and maintain an effective conflicts of interest policy that is set out in writing and is appropriate to the size and organisation of the firm and the nature, scale and complexity of its business.
- 2) Where the management company or insurance intermediary is a member of a group, the policy must also take into account any circumstances, of which the firm is or should be aware, which may give rise to a conflict of interest arising as a result of the structure and business activities of other members of the group."

10.1.11R Contents of Policy

- 1) "The conflicts of interest policy must include the following content:
 - a) it must identify in accordance with SYSC 10.1.3 R, SYSC 10.1.4 R, SYSC 10.1.4BR and SYSC 10.1.4CR (as applicable), by reference to the specific services and activities carried out by or on behalf of the management company or insurance intermediary, the circumstances which constitute or may give rise to a conflict of interest entailing a material risk of damage to the interests of one or more clients; and
 - b) it must specify procedures to be followed and measures to be adopted in order to manage such conflicts."
- 2) The procedures and measures provided for in paragraph (1)(b) must:
 - a) be designed to ensure that relevant persons engaged in different business activities involving a conflict of interest of the kind specified in paragraph (1)(a) carry on those activities at a level of independence appropriate to the size and activities of the management company and of the group to which either of them respectively belongs, and to the materiality of the risk of damage to the interests of clients;
 - (aa) (for an insurance intermediary) be designed to ensure that the insurance distribution activities are carried out in accordance with the best interests of the client and are not biased due to conflicting interests of the insurance intermediary or another client; and

- b) include, for an insurance intermediary, where appropriate, the following, and for a management company, such of the following as are necessary and appropriate for the management company to ensure the requisite degree of independence:
 - (i) 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 or more clients;
 - (ii) the separate supervision of relevant persons whose principal functions involve carrying out activities on behalf of, or providing services to, clients whose interests may conflict, or who otherwise represent different interests that may conflict, including those of the firm;
 - (iii) 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;
 - (iv) measures to prevent or limit any person from exercising inappropriate influence over the way in which a relevant person carries out services or activities;
 - (v) measures to prevent or control the simultaneous or sequential involvement of a relevant person in separate services or activities where such involvement may impair the proper management of conflicts of interest; and
 - (vi) (for insurance intermediaries) a gifts and benefits policy which determines clearly under which conditions gifts and benefits can be accepted or granted and which steps are to be taken when accepting and granting gifts and benefits.
- 3) If the adoption or the practice of one or more of those measures and procedures does not ensure the requisite level of independence, a management company must adopt such alternative or additional measures and procedures as are necessary and appropriate for the purposes of paragraph (1)(b).
- 4) If one or more of the measures and procedures in paragraph (2) is not appropriate for the purposes of paragraph (2)(aa), an insurance intermediary must adopt such alternative measures and procedures as are necessary and appropriate.
- 5) The procedures and measures provided for in paragraph (1)(b) must be appropriate to an insurance intermediary's size and activities, the group to which it may long and to the risk of damage to the interests of the client."

10.1.11AA Conflicts Policy

"An insurance intermediary must assess and periodically review, on at least an annual basis, the conflicts of interest policy established in accordance with SYSC 10.1.10R and SYSC 10.1.11R and should take all appropriate measures to address any deficiencies (such as over reliance on disclosure of conflicts of interest)."

Governance Responsibilities

The Policy Sponsor responsible for overseeing this Policy is the General Counsel.

The Policy Owner is the Group Company Secretary who is responsible for ensuring that the content is up to date and is capable of being executed. The Group Company Secretary is responsible for providing appropriate and timely reporting to the Risk and Compliance Committee and the Audit, Risk and Compliance Committee as required.

The Audit, Risk and Compliance Committee is responsible for recommending the Policy for approval to the Board and overseeing compliance. As a Key Policy, under Matters Reserved for the Board, the Board is responsible for approving the Policy.

Additionally, the Policy Owner will ensure that the Policy is implemented in practice and will inform the owners of other impacted policies where new or significant changes are made to this policy.

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