

CO-OPERATIVE GROUP LIMITED

COUNCIL CODE OF CONDUCT

(the Code)

Approved by the Council on 6 May 2015

1. INTRODUCTION

- 1.1 The position of Council Member of the Society carries with it many demanding and important duties that need to be fulfilled on appointment and throughout a Council Member's term of office. This Code sets out the standard of behaviour required of Council Members in order to fulfil their role and perform the duties and responsibilities set out in this Code and the Rules of the Society (the **Rules**).
- 1.2 Under the Council's Guardian Role, each Council Member and the Council as a whole are responsible for safeguarding the co-operative values and principles upon which the Society was founded, and continues to operate. As part of this responsibility, Council Members must ensure that their personal behaviour, both inside and outside meetings of the Council, reflects the Society's values and principles, and does not bring the Society into disrepute.
- 1.3 In accordance with the Consultation and Representation Role of the Council, Council Members have an important role acting as a voice for the Society's Members. In order to fulfil this responsibility, Council Members need to inspire trust and confidence amongst the collective Membership, the Group Board, the Society's business (including the Executive and Group employees) and wider stakeholders. As ambassadors of the Group, Council Members are expected to lead by example by ensuring that the agreed vision, values and culture of the Council reflects positively on the organisation as a whole.
- 1.4 This Code, including the Appendices, is intended to help Council Members understand what is expected of them. In addition to the guidance on the requirements of office and personal behaviour, the Code provides a framework to govern the investigation of behaviours or actions that may be incompatible with the Society's values and principles or this Code. A breach of this Code may result in sanctions against a Council Member. In the case of a material breach of this Code, a Council Member may be removed from office under the provisions of this Code, as provided in Rule 89(h).
- 1.5 As a condition of becoming and remaining a Council Member, each Council Member is required to sign a confirmation, in the form set out in Appendix 1, that he/she has received, read in detail and understood the Code, and agreed to abide by the letter and spirit of the Code, as amended from time to time.

2. INTERPRETATION

- 2.1 In addition to terms defined elsewhere in the Code, the words and expressions used throughout the document shall have the meaning given to them in the Rules.
- 2.2 Where there is any conflict or inconsistency between the Code and the Rules, the Rules shall take precedence.

2.3 For the purposes of the Code, references to:

- (a) **Chair** refer to the President in the context of Council and Senate meetings or any other Council Member elected or appointed as chair of a particular body in the context of committees or working groups established by the Council from time to time;
- (b) **Close Relative** means husband or wife, partner, grandfather, grandmother, father, mother, son, daughter, brother, sister, half brother, half sister, grandson, granddaughter, stepfather, stepmother, stepbrother, stepsister, stepson and stepdaughter, for the purposes of this definition, relationships by adoption shall be treated in the same way as relationships by birth, and people shall be treated as partners if they live together in the same household as a couple, irrespective of their gender or sexual orientation; and
- (c) **Council Secretary** shall be taken to read a member of the Group's Membership department until a Council Secretary is appointed.

3. ELIGIBILITY REQUIREMENTS

- 3.1 Eligibility requirements for Council Members are set out in Rules 84, 86 and 89, the Membership Regulations and the Council Election Regulations.
- 3.2 A Council Member shall notify the Council Secretary as soon as possible on becoming aware that he/she is or may no longer be eligible to be a Council Member. The Council Member must give the Council Secretary sufficient details of the relevant matter, together with any additional information which the Council Secretary may request.

4. COMMITMENT TO CO-OPERATIVE VALUES AND PRINCIPLES

- 4.1 The Purpose of the Society (as referred to in Rule 5) is to serve its Members by carrying on business as a co-operative for the benefit of Members.
- 4.2 In parallel with the Purpose, the Society is committed to operate in accordance with Values and Principles (as defined in the Rules), which are based on the values of self-help, self-responsibility, democracy, equality, equity and solidarity, and the ethical values of honesty, openness, social responsibility and caring for others.
- 4.3 Each Council Member will discharge his/her responsibilities with the intention of ensuring that the Society remains committed to operating in accordance with its Purpose and Values and Principles.

5. ROLE AND RESPONSIBILITIES OF COUNCIL MEMBERS

- 5.1 In accordance with Rule 78, the Council's role is, amongst other things, to:
 - (a) act as the guardian of the Society's Purpose, the Values and Principles and the constitution (the **Guardian Role**);
 - (b) hold the Board to account and influence strategic and operational initiatives (the **Holding to Account Role**);

- (c) act as a consultative body and a body for making representations on behalf of the constituencies represented on the Council (the **Consultation and Representation Role**);
- (d) approve matters reserved by the Rules for approval by the Council (the **Approvals Role**); and
- (e) make decisions on those matters reserved to the Council by the Rules (the **Decisions Role**).

5.2 The duties and responsibilities of the Council, including to whom each duty and each responsibility is owed, are set out in Rule 79. In exercising its powers and responsibilities, the Council must take account of and give effect to the powers and responsibilities of the Board, the Executive and the Senate as set out in the Rules. This includes a duty to adhere to the Ways of Working Charter in Appendix 5, which sets out guidelines for the working relationship between the Board, the Executive and the Council.

5.3 Council Members are elected by Members to represent and promote their collective interests. When performing the Consultation and Representation Role, Council Members shall have regard in particular to the collective interests of Members, which may involve the establishment of mechanisms for consultation that enable the collective views of Members to be ascertained.

5.4 Each Council Member must understand and abide by his/her duties and responsibilities in the Society's Rules and the applicable governing documents made in accordance with Rule 12, including this Code. If a Council Member is in any doubt about his/her duties or responsibilities, or any aspect of his/her performance of his/her duties or responsibilities, he/she should consult the Council Secretary.

6. CONDUCT OF COUNCIL MEMBERS

6.1 Attendance and contribution at Council meetings

Each Council Member shall contribute to the workings of the Council and any other bodies to which he/she has been appointed/elected in his/her capacity as a Council Member, which includes (without limitation):

- (a) attendance at all Council meetings and meetings of other bodies to which he/she has been appointed/elected, whether in person or by other means permitted by the Council Policies and Procedures Manual from time to time;
- (b) preparation for all Council meetings and meetings of other bodies to which he/she has been appointed/elected, including the review of any documents circulated in advance of the meeting and taking an active role in discussions and decision making;
- (c) during his/her first year of office, the completion of the formal induction programme developed by the Council and Council Secretary to enable Council Members to contribute effectively within an appropriately short timeframe, and to maximize the quality of their contributions; and
- (d) the completion of any further training, personal development and/or evaluation requirements that are determined by the Council from time to time.

6.2 Collective responsibility

- (a) A Council Member has a duty to support any decision made by the Council, whether or not he/she agrees with it or voted in favour of it. If a Council Member feels that he/she must speak out against a decision, then he/she should consider his/her position, discuss the matter with the Council Secretary, and, if appropriate, resign. Outside the meeting of the Council, a Council Member must stand by the collective decisions made, and should avoid putting himself/herself in a position that might be construed to conflict with this.
- (b) A Council Member also has a duty to support any decision made by any committee (or working group) to which he/she has been elected/appointed, whether or not he/she agrees with it or voted in favour of it. This includes a commitment to support any decision of the relevant body, by, for example, not re-opening discussions on its decisions at full Council meetings. However, a member of a Council committee (or working group) may vote against the relevant body's recommendations at subsequent full Council meetings.
- (c) If a Council Member is elected or appointed to represent the Society as part of the Co-operative Movement (e.g. if he/she is appointed as a delegate to a meeting of an external society or organisation), he/she must act in accordance with any instructions of the Council.
- (d) When attending Group events as Members (e.g. Society General Meetings), Council Members attend in a personal capacity and are not bound to vote in accordance with any Council mandate.
- (e) When attending the Group's premises, a Council Member does so as an Individual Member (or a duly elected representative of an Independent Society Member), unless otherwise authorised by the Council Secretary. This paragraph does not affect a Council Member's activities as a member of a Co-operative Local Forum or Co-operative Constituency Forum, which will be authorised in accordance with Co-operative Local Forum or Co-operative Constituency Forum terms of reference (as applicable).

6.3 Standard of behaviour

- (a) In addition to fulfilling their formal roles and responsibilities, Council Members are expected to demonstrate integrity and a high standard of behaviour. This is necessary to ensure that the Council can function as an effective pillar of the Society's governance structure and that the Society's good name and reputation is maintained in the community.
- (b) A Council Member is required at all times to treat the other Council Members, the Society's Directors, the Executive, Employees and Members and any other people with whom he/she has any contact as a Council Member, with dignity, respect and fairness. In addition, a Council Member must respect the privacy of his/her colleagues and Employees generally, and refrain from publicly criticising them.
- (c) A Council Member must behave in a way which demonstrates a firm commitment to the Society's Values and Principles and does not bring the Society into disrepute in any context.

- (d) A Council Member must work co-operatively with all persons involved in the governance of the Society, and strive to make the governance arrangements work for the best interests of the Society.
- (e) A Council Member must work towards achieving consensus in Council meetings, committee meetings and working group meetings by:
 - (i) accepting the authority of the Chair of any meeting, expressing all questions and points of view through the Chair;
 - (ii) listening to the views of colleagues with an open mind, seeking advice or clarification where needed, expressing their own views, and coming to their own decision on individual matters in good faith in what they believe to be in the best interests of the Society, taking into account the guidance provided in respect of certain responsibilities under Rule 79;
 - (iii) taking into account relevant factors and ignoring irrelevant factors when making decisions;
 - (iv) keeping to the agenda, raising other issues under “any other business” according to the agreed procedures in the Council Policies and Procedures Manual, and not engaging in discussions during the meeting which are not relevant to the issues of the meeting; and
 - (v) not presenting misleading information or behaving in a way designed to mislead the Council.
- (f) The following behaviours are considered unacceptable under this Code:
 - (i) aggressive or intimidating behaviour, e.g. swearing, name calling, shouting, finger pointing; and
 - (ii) attending any meetings under the influence of alcohol, or illegal or recreational drugs.

7. CONFIDENTIALITY

7.1 Duty of confidentiality

- (a) A Council Member owes a strict duty of confidentiality to the Society. It is in the interests of the Society that confidentiality is maintained to: (i) protect the business interest and Members’ interests; (ii) manage external public relations; (iii) ensure compliance with the continuing legal obligations of the Society in respect of its listed securities; and (iv) as a responsible employer, to take into account the value of employee and trade union consultation (which in certain circumstances will be required by law).
- (b) A Council Member must treat all information which he/she receives in his/her capacity as a Council Member, and all discussions within Council meetings or committee/working group meetings, as confidential unless it is already in the public domain or the Council is advised otherwise by the Council Secretary.
- (c) Whilst the Council Policies and Procedures Manual may specify a means of categorising confidential and non-confidential information or documentation that a

Council Member is provided with in his/her capacity as a Council Member, a Council Member must always have regard to the general principles set out in paragraphs 7.1(a) and (b) above and should seek the advice of the Council Secretary where there is any doubt.

- (d) Confidential matters must not be disclosed or otherwise made available to any third parties, including (without limitation) Members, customers, members of sub national structures established under Rule 108, employees of the Society and its subsidiaries, competitors, the press, media, Close Relatives or the general public.
- (e) A Council Member must:
 - (i) not use any information received as a Council Member for personal advantage;
 - (ii) not make unauthorised copies of any documents (by electronic means or otherwise);
 - (iii) take proper care of any confidential information they receive as Council Members, and store it securely; and
 - (iv) comply with the relevant provisions of the Listed Securities and Communications Policy in Appendix 2.
- (f) Council Members who are Employees must take particular care not to disclose to their colleagues any confidential information which comes to them in their capacity as a Council Member.
- (g) Where the sharing of information is authorised, Council Members may advise their constituency members of the discussions involved and reasons for the Council decision taken. In so doing, no reference should be made to the views of other individual Council Members or how those individuals voted.
- (h) Unauthorised disclosure of confidential information will be regarded as a breach of this Code, irrespective of the consequence arising.
- (i) The Council Secretary can provide guidance to Council Members on issues of disclosure.

7.2 Return of property and papers

A Council Member will promptly whenever requested by the Society and in any event immediately upon ceasing to be a Council Member, destroy or return to the Society all correspondence and all other documents, papers and records which may have been prepared by the Council Member or have come into his/her possession as a Council Member or member of a committee/working group (whether they exist in hard or soft copy). Title and copyright in respect of such information (whether it exists in hard or soft copy) shall vest in the Society to the exclusion of the Council Member.

8. CONFLICTS OF INTEREST

- 8.1 A Council Member has a duty to avoid conflicting interests and duties. Despite this, there can be circumstances where a conflict is unavoidable. In these circumstances, conflicts

should be managed in accordance with Rule 97 and this Code, including the Conflicts of Interest Policy in Appendix 3.

- 8.2 In accordance with the Rules, a Council Member must disclose to the Council, through the Council Secretary, any situation which he/she believes is reasonably likely to give rise to a conflict of interest. A Council Member should seek the advice of the Council Secretary where there is any doubt.
- 8.3 Where an interest has been declared by a Council Member, the other members of the Council concerned who do not have such an interest shall decide whether, and subject to what terms and conditions, to authorise the relevant conflict in accordance with Rule 97.
- 8.4 The Council Secretary will record any such interest in a register of Council Members' interests, which is open to inspection by members.
- 8.5 The same procedures shall apply in relation to dealing with Council conflicts of interest in relation to the Senate and other Council committees.

9. INDUCTION AND FURTHER TRAINING

- 9.1 Following his or her election, a Council Member must complete the formal induction programme developed by the Council and Council Secretary to enable Council Members to contribute effectively within an appropriately short timeframe, and to maximize the quality of their contributions.
- 9.2 In addition, a Council Member must complete any further training, personal development and/or evaluation requirements that are determined by the Council from time to time.
- 9.3 Failure to complete the requirements of this paragraph 9 without good reason (to the satisfaction of the Council Secretary) is a material breach of this Code.

10. EXPENSES POLICY

Council Members must comply with the Expenses Policy in the Council Policies and Procedures Manual.

11. HOSPITALITY, ENTERTAINMENT AND GIFTS

11.1 General

- (a) A Council Member must not use his/her position as a Council Member to secure any personal advantage.
- (b) The giving and receiving of gifts, hospitality and entertainment are highly sensitive as they may be a vehicle for bribery and/or be perceived to have an improper influence on the decisions of a Council Member. As such, due care must be taken when offering or receiving any form of gifts, hospitality or entertainment.
- (c) Subject to the limits below, a Council Member may accept infrequent, reasonable, and small tokens and hospitality, provided it is in the interest of the Society to do so and it neither places the recipient under any obligation, nor is it capable of being misconstrued as a bribe or influence on a Council Member's behaviour or otherwise viewed as excessive.

11.2 Prohibited hospitality and entertainment

- (a) No hospitality or entertainment (with the exception of working meals or refreshments) may be accepted or given by any Council Member unless written authorisation has been given by the Council Secretary. Any such authorisation will be recorded in a register of gifts, hospitality and entertainment maintained by the Council Secretary (the **Council Register of Hospitality and Gifts**).
- (b) The Council Secretary shall have regard to any Society policies governing hospitality and entertainment, including specific limits on the number of invitations to hospitality events from one individual and restrictions on hospitality or entertainment from suppliers or potential suppliers.

11.3 Giving or receiving gifts

- (a) The offering or accepting of gifts by a Council Member is generally prohibited. A Council Member may, however, accept non-cash (or equivalent) gifts with a nominal (£25 or less) value. Examples of such acceptable gifts may include inexpensive pens, calendars or a box of chocolates.
- (b) A Council Member is strictly prohibited from offering or accepting cash (or equivalent such as vouchers)..

11.4 Recording hospitality, entertainment or gifts

All hospitality, entertainment and/or gifts given or received by a Council Member must be reported to the Council Secretary and, where the hospitality, entertainment or gift exceeds a nominal value of £25, it will be recorded in the Council Register of Hospitality and Gifts. Any Council Member wishing to inspect the Council Register of Hospitality and Gifts (or any part of it) shall provide the Council Secretary with reasonable notice.

12. HOLDING OFFICE IN ANOTHER ORGANISATION

- 12.1 A Council Member who holds office in other organisation (e.g. the Board of Co-operatives UK), must treat his/her roles as Council Member of the Society and office holder of the organisation as separate.
- 12.2 Notwithstanding any separate office held by a Council Member, in his/her capacity as a Council Member, he/she must comply with the provisions of the Rules and this Code at all times, including (without limitation) the Conflicts of Interest Policy in Appendix 3 and the duty to act in the best interests of the Society and its Members as a whole (or otherwise in accordance with Rule 79).
- 12.3 A Council Member must have regard to the duty of confidentiality owed to the Society at all times.

13. BREACH OF THIS CODE

- 13.1 Although occurrences are expected to be rare, a mechanism is required to address situations where Council Members are alleged or are suspected of having deviated from the standard of conduct and behaviour set out in this Code. Failure by a Council Member to comply with this Code, or the documents referred to in it, or any other code of the Society which has applied to them in relation to any other role or office in which they have served

the Society, will subject him/her to disciplinary action up to and including removal from his/her role as a Council Member (as set out in Appendix 4).

- 13.2 A Council Member who is alleged to have breached the Code will be notified, have a right to put their case and a right of appeal.
- 13.3 Where a process to remove a Council Member from his/her position has commenced, the Council may temporarily suspend the Council Member from his/her position(s) on the Council pending the outcome of the process.
- 13.4 Breaches of law may also result in civil and / or criminal penalties for the Council Member and the Council may in its absolute discretion determine that this should also result in disciplinary action up to and including removal from his / her role as a Council Member.

14. ADDITIONAL POLICIES AND CODES

This Code sets out the general code of conduct which all Council Members must adhere to. The Council Members must also abide by all other applicable policies, papers and codes on becoming, and during their time as, a Council Member, as notified to them from time to time.

15. CHANGES

- 15.1 In accordance with Rule 12.5, the Council Secretary shall evaluate the adequacy of the Code from time to time and shall be responsible for updating it.
- 15.2 No changes shall be made to the Code that will make it inconsistent with the Rules, the Statutes or any guidance published by the Registration Authority.
- 15.3 Any changes to the Ways of Working Charter in Appendix 5 must be agreed by the Board and the Council.
- 15.4 Subject to paragraphs 15.2 and 15.3 above, any changes to the Code or the Appendices must be agreed by the Council.

APPENDIX 1
CO-OPERATIVE GROUP LIMITED
CODE OF CONDUCT

I confirm that I have received and read the Council Code of Conduct and further that I have understood the duties and responsibilities required and expected of me in my role as a Council Member of Co-operative Group Limited. I agree to comply with it at all times.

Council Member name (block capitals):

.....

Signature:

.....

Date:

.....

Please return a completed and signed form of this Appendix to the Council Secretary.

APPENDIX 2

LISTED SECURITIES AND COMMUNICATIONS POLICY

1. DEALINGS IN LISTED SECURITIES

- 1.1 Controls exist within the Society and the wider Group in relation to dealings in listed securities. These include imposing restrictions on dealing in listed securities of the Society or any of its subsidiaries and restrictions on dealing in listed securities of external companies not ultimately owned by the Society. The Council Secretary will inform the Council Member of their obligation according to the formal policy adopted by the Society in this regard and which is available from the Group Secretariat at all times.
- 1.2 As an issuer of listed debt securities, the Society must also comply with the relevant FCA Listing Rules, Disclosure and Transparency Rules (**DTRs**) and the obligations under the Financial Services and Markets Act 2000 (**FSMA**) applicable to an issuer of listed securities.
- 1.3 Council Members must not disclose inside information to anyone outside the Society (including Close Relatives) without prior approval from the Board. Inside information means any information relating to the Society and/or the wider Group or its/their listed securities which is price sensitive and not generally available, including, but not limited to:
- (a) Group results or trading updates;
 - (b) actual or potential material acquisitions, divestments, mergers or joint ventures;
 - (c) major developments in material litigation;
 - (d) major developments in management or governance structures; and/or
 - (e) confidential price sensitive information about an Executive, a Director, a Member or supplier or other companies or societies with which the Society deals.
- 1.4 A Council Member must not misuse information which is not generally available and is or is likely to be relevant to an investor making an investment decision in the Society's listed debt instruments.
- 1.5 Council Members must take care not to engage in activity which could be market abuse. The market abuse regime under FSMA aims to prevent and punish behaviour which may have the effect of distorting the market. FSMA creates seven civil offences which can be committed by both individuals and corporate bodies that engage in certain behaviour, such as insider dealing, the improper disclosure of inside information, or disseminating false or misleading information, in relation to qualifying investments admitted to trading. As the Society's listed debt instruments amount to qualifying investments, the FCA would be able to impose an unlimited fine or publicly censure a Council Member who engaged in market abuse. An injunction may be granted to restrain threatened or continued market abuse and a restitution order may be made in respect of any profits made or losses suffered as a result of the market abuse. Individual Council Members may also be criminally liable under the Criminal Justice Act 1993.

2. COMMUNICATIONS

- 2.1 If a Council Member is approached by the media at any time, on any matter relating to the Society, or in his/her capacity as a Council Member and representative of the Society, he/she should not comment either on or off the record unless expressly authorised to do so.
- 2.2 A Council Member must never communicate externally any non-public information about the Society's prospects, financial performance or internal policies. Should such external communication lead to a third party disclosure that causes the Society to be in breach of its obligations under the Listing Rules, the DTRs and/or FSMA the Council Member will be held directly responsible and in serious breach of this Code.
- 2.3 A Council Member's use of social media, blogs, wiki, chat rooms and other online communication channels must be professional and appropriate. A Council Member must use sound judgement, common sense and must adhere to the values of the Society when using social media communications. By way of example:
- (a) a Council Member must never post any confidential or proprietary information related to any aspect of the Society including, but not limited to, any internal disagreements, the Society's financial results and forward looking financial statements on the internet, social networking sites, blogs and chat rooms; and
 - (b) if a Council Member comes across any criticism of himself/herself in relation to his/her capacity as a Council Member and/or the Society on any online communication channel, he/she should not post or publish a response. He/she should, provide the Council Secretary with details of the criticism.
- 2.4 A Council Member must not share externally any documents or images held on the Society's databases.

APPENDIX 3

CONFLICTS OF INTEREST POLICY

1. DUTY TO AVOID CONFLICTING INTERESTS AND DUTIES

The starting point is the principle that Council Members must avoid conflicting interests and duties. Despite this, there can be circumstances where a conflict is unavoidable. Any conflict should be resolved in accordance with the Rules and this Conflicts of Interest Policy.

2. WHAT IS AN INTEREST?

An “interest” is a very broad term including anything or any connection which could possibly divert a Council Member’s mind from giving sole consideration to fulfilling their responsibilities as a Council Member. The “acid test” for a Council Member when acting in such capacity is to ask himself / herself “*are my actions motivated by the best interests of the Society or am I acting in the best interests of another?*”

3. INDIRECT INTERESTS

Interests of persons connected with a Council Member may also need to be considered when deciding whether or not a Council Member has a conflict. Connected persons would include Close Relatives or a company or society with which a Council Member is connected. However, bearing in mind that the Rules provide that a conflict will not be a conflict if the situation cannot reasonably be regarded as likely to give rise to a conflict of interest, there will need to be a reasonable degree of proximity between the interest of the connected person and the Council Member for the interest to constitute a conflict in relation to the Council Member.

4. CONFLICT MANAGEMENT

There are specific provisions in the Society’s Rules about how conflicts can be dealt with and how interests should be declared. The Rules describe two types of conflict:

- (a) **General conflicts** (requiring disclosure and Council authorisation); and
- (b) **Conflicts involving proposed or existing contracts / transactions with the Society** (requiring disclosure).

The Council Secretary will be able to advise Council Members as to the type of conflict that a particular situation gives rise to and the implications under the Rules and this Conflicts of Interest Policy. As a general rule, before a general conflict or a conflict involving a proposed or existing contract / transaction is disclosed and/or authorised (as applicable), conflicted Council Members should exclude themselves from the relevant part any Council meeting and/or the receipt of any relevant information (as applicable).

5. EXAMPLES OF CONFLICTS

Examples of a conflict of interest may include, but are not limited to:

- (a) where the Council is considering whether the Society should distribute surplus funds to a community and a Council Member or a Close Relative is from that particular community;
- (b) where the Council Member or a Close Relative has an interest in a campaign which is being considered by the Society for adoption as one of its campaigns;
- (c) where the Council Member or a Close Relative has a financial interest in an organisation that does business with or competes with the Society or one of its subsidiaries;
- (d) where a Council Member is pursuing paid employment outside of the Society with an undertaking/society that has competing interests, such as a supplier, customer or a competing business with the Society or any member of the Society;
- (e) where the Council Member or a Close Relative is from a particular area of the United Kingdom where the Group is closing, opening or altering a store or a number of stores;
- (f) where a Council Member or a Close Relative of his/hers holds office in another undertaking / society where the interest of that undertaking / society could conflict with those of the Society or a Member of the Society, for example a competing business, a recipient of surplus funds or a supplier of the Society; and/or
- (g) where a Council Member or a Close Relative of his/hers has an advisory relationship with a competitor of the Society or a Member of the Society.

6. NOTIFICATION OF CONFLICTS

- 6.1 Council Members must notify the Council Secretary of any situation which they think might be a general conflict or a conflict involving proposed or existing contracts / transactions with the Society as soon as possible.
- 6.2 Where possible, Council Members should notify the Council Secretary of any conflicts they have before a Council meeting. In these circumstances, notification should be sent to the Council Secretary in writing or by email. Having received a Council Member's written / electronic notification, the Council Secretary shall consider the situation and, if (in the Council Secretary's opinion) it is a situation which is likely to give rise to a conflict, inform the Council of the conflict as soon as reasonably practicable.
- 6.3 If a Council Member becomes aware of a conflict of interest at a Council meeting, the Council Member should (a) declare his/her interest to the Council at the meeting, and (b) send a written or electronic notification to the Council Secretary as soon as possible after the meeting.
- 6.4 In each case, the Council Member's written / electronic notification must set out the nature and extent of the Council Member's interest, with sufficient details to enable the Council Secretary and Council to decide how to categorise and address the conflict.
- 6.5 If any general conflict notified by a Council Member changes in any material way, a further notification should be made.

7. COUNCIL AUTHORISATION OF CONFLICTS

- 7.1 The Society's Rules give the Council broad discretion to authorise conflicts and to set such terms as it deems appropriate in the circumstances.
- 7.2 Whilst the Council must take the ultimate decision, the Council Secretary will be able to recommend an appropriate means of managing a particular conflict. In accordance with the Rules, conflicts involving proposed or existing contracts / transactions with the Society only need to be notified by the relevant Council Member – they do not require Council authorisation.
- 7.3 As a general rule, conflicts should only be authorised where the Council is satisfied that doing so is in the best interests of the Society.
- 7.4 The Council may impose any terms that it thinks fit, including (without limitation) requiring that the relevant Council Member is excluded from the receipt of information, the participation in discussion, counting in the quorum of Council meetings and / or the making of decisions (whether at Council meetings or otherwise). The precise extent of the authorisation which it is appropriate to give will depend upon the facts in question. Relevant factors to consider may include the nature of the conflict, the Council Member's proximity to the interest and the position of the Council Member.
- 7.5 If the Council decides to authorise a conflict, the authority and the terms imposed by the Council must be recorded in writing in the minutes of the relevant meeting.
- 7.6 If it is not practicable to comply with the conflict management provisions prescribed by the Rules or this Conflicts of Interest Policy, the Council can by a resolution of not less than two thirds of the other Council Members suspend or relax the provisions of the Rules or this Conflicts of Interest Policy.

APPENDIX 4

NON-COMPLIANCE WITH THE CODE: INVESTIGATIONS, BREACH AND POSSIBLE SANCTIONS

1. INTRODUCTION

- 1.1 This framework for handling non-compliance with the Code seeks to balance the interests of the Society with the rights of individual Council Members. Consequently, it not only provides a means for investigating an allegation or complaint (with due respect for the privacy of the individuals involved), but also provides steps to ensure that the Council Member concerned has a full and fair opportunity to put forward his or her side of the case.
- 1.2 There are a range of possible breaches of the Code. These include:
- (a) behaviour at meetings requiring immediate action;
 - (b) minor transgressions of the Code;
 - (c) allegations of wrong-doing requiring investigation which, if substantiated, will result in sanctions; and
 - (d) material breaches where the Council Member may be removed from office.
- 1.3 If the Council Secretary is involved in an allegation or complaint and cannot be regarded as independent for the purposes of fulfilling his/her responsibilities in this Appendix, another member of the Council's secretariat or the Group Secretary shall act in place of the Council Secretary.

2. BREACH OF THE CODE AT A MEETING

The Chair may call attention to any breach of order at a Council meeting, or a meeting of a Council committee or working group. If a Council Member refuses to obey the Chair when called to order, the Chair may:

- (a) direct the Council Member to temporarily leave the meeting for the matter to be discussed by the remaining Council Members present; or
- (b) expel the Council Member for the remainder of the meeting.

3. MAKING A COMPLAINT

- 3.1 Any person may complain to the Council Secretary that a Council Member has committed an act of misconduct and/or is in breach of the Code or any other code of conduct of the Group (a **Complaint**).
- 3.2 If the Complaint involves a minor transgression of the Code that can be easily remedied without recourse to a formal procedure (at the discretion of the Council Secretary), the Council Secretary may agree this course of action as a way to resolve the matter more informally and so as not to affect the record of the Council Member concerned.

- 3.3 Where it is not possible to resolve a Complaint informally or a case requires further investigation, the Council Secretary shall initiate the investigatory arrangements described in paragraph 6 below.

4. **CONFIDENTIALITY**

The Council Secretary and the Council will try to ensure that any investigation into a Complaint is handled sensitively and with due respect for the privacy of the individuals involved and must treat as confidential any information received in connection with the Complaint, until a decision has been taken. The Council Member in question must treat as confidential any information communicated to him/her in connection with a Complaint that has been made against him/her, until a decision has been taken.

5. **SUSPENSION**

In circumstances where the Complaint is considered by the Council to be serious and may, if upheld, result in removal of the Council Member from the Council, the Council may suspend the Council Member from office pending the outcome of this process (Rule 90). Any such decision will be communicated to the Council Member in writing. The Council Member will always have the right to address the Investigatory Group (as defined below) and/or the Council.

6. **INVESTIGATION**

- 6.1 Where it is not possible to resolve a Complaint informally or a case requires further investigation, the Council Secretary may appoint a panel of Council Members (comprising four Council Members) to investigate a Complaint (the **Investigatory Group**). Neither the President, Vice-Presidents nor any Council Member who has a direct or indirect interest in the Complaint in question may serve on the Investigatory Group.
- 6.2 The Council Member against whom the Complaint has been made will be notified in writing of the fact that a Complaint has been received in respect of him/her and will be provided with a summary of the Complaint within seven days of receiving the notification.
- 6.3 The amount of investigation that is required in respect of any Complaint will vary from case to case and will depend on the nature and severity of the Complaint. The Investigatory Group will work to investigate the Complaint as efficiently as possible but the length of time taken to investigate the Complaint will depend on the nature and severity of the Complaint and also the availability of the individuals who need to be interviewed as part of the investigation.
- 6.4 The Council Member will have the right to put their case in writing and attend a meeting with the Investigatory Group to outline their position and answer questions. The invitation letter to any such meeting will give the Council Member at least seven days' notice of the meeting, will inform the Council Member that the purpose of the meeting is to discuss the Complaint against him/her and will enclose any relevant papers for consideration by the Council Member ahead of the meeting. The Council Member is entitled to be accompanied by one other Council Member (or another suitable companion, at the discretion and subject to any terms determined by the Council Secretary) at any such meeting (a **Companion**). The Companion shall be allowed to address the meeting and ask questions but may not answer questions on the Council Member's behalf or otherwise represent them. The meeting with the Investigatory Group will normally be held within 28 days of the Council Member being notified that a Complaint has been made against them.

- 6.5 Should the Council Member refuse to attend a meeting with the Investigatory Group or fail to attend without good cause, the Investigator may proceed with the investigation without having heard from the Council Member.
- 6.6 The Investigatory Group may also consider it necessary to meet with the person who made the Complaint and/or any other individuals who may aid the investigation.
- 6.7 Once the Investigatory Group has completed its investigation, the Investigatory Group will determine the sanction to be applied, providing that at least a majority of the Investigatory Group members are present. The type of sanctions that the Investigatory Group may determine include:
- (a) issuing a formal written warning to the Council Member regarding his or her future conduct and any further breaches of this Code;
 - (b) removal from one or more committees or working groups of the Council;
 - (c) temporary suspension of payment of fees;
 - (d) requiring the Council Member to apologise to the person who made the Complaint;
 - (e) requiring the Council Member to complete any relevant training; and/or
 - (f) the publication of a written report (**Investigation Report**) to the full Council summarising the work undertaken, the evidence heard from the individuals interviewed, which may set out a recommendation to the Council as to whether the Council Member should be removed from the Council for a material breach of the Code.
- 6.8 Save where the Investigatory Group decides to publish an Investigation Report to the Council in accordance with paragraph 6.7(f) above, the appellant may appeal the Investigatory Group's decision to the President and Vice-Presidents, whose decision will be final. Any appeal must be requested by the appellant within 14 days of the Investigatory Group's decision. If the Investigatory Group decide to publish an Investigation Report to the Council, the Council Member will have 28 days to make representations to the next Council meeting. Paragraph 6.4 (including the right to be accompanied by a Companion) shall apply *mutatis mutandis* to any appeal meeting.
- 6.9 On completion of Investigatory Group investigations which do not involve the publication of an Investigation Report to the Council, the Council Secretary will provide a list of such investigations to the next possible Council meeting. The list shall include details of how each case has been determined and will provide anonymity where the case was not proven or in other appropriate cases (in the opinion of the Council Secretary).
- 7. CONSIDERATION OF THE INVESTIGATORY GROUP'S REPORT AT A MEETING OF THE COUNCIL**
- 7.1 If the Investigatory Group decide to publish an Investigation Report to the Council in accordance with paragraph 6.6(f) above, the report will be considered at the next meeting of the Council. If appropriate, the Council Secretary shall have the ability to redact and/or summarise sections of the Investigation Report (e.g. where disclosure is not possible from a legal or regulatory perspective or in order to respect the privacy of individuals who are named but are not under investigation).

- 7.2 At the meeting of the Council the Investigatory Group will present the Investigation Report to the Council, explain any recommendation as to whether or not the Council Member should be removed from office and will answer any questions asked by the Council in relation to the same.
- 7.3 The Council Member will be invited to attend part of the Council meeting at which the Investigation Report will be discussed in order that he/she has an opportunity to make representations to the Council in relation to the Complaint and the Investigation Report. The Council Member is entitled to be accompanied by a Companion (as defined in paragraph 6.4 above). The Companion shall be allowed to address the meeting and ask questions but may not answer questions on the Council Member's behalf or otherwise represent them. Should the Council Member refuse to attend the Council meeting or fail to attend without good cause, the Council may proceed to determine the matter without having heard from the Council Member.
- 7.4 Neither the Council Member nor his/her Companion (if any) are entitled to be party to the Council's deliberations and/or decision making process.
- 7.5 The Investigatory Group's recommendation as to whether the Complaint should be upheld against the Council Member is not binding on the Council and it shall be for the Council to make the final decision in this regard.
- 7.6 Following consideration by the Council of the Investigation Report and the Council Member's representations (if any), the Council may conclude that:
- (a) there is no case to answer; or
 - (b) there has been a non-material breach of this Code (or another code of conduct of the Society); or
 - (c) there has been a material breach of this Code (or another code of conduct of the Society).
- 7.7 In cases where the Council concludes that there has been a material or non-material breach of this Code or another code of conduct of the Society, the Council may impose such sanction(s) as it considers appropriate in the circumstances.
- 7.8 The Council shall write to the Council Member confirming its decision and the reasons for it, usually within three working days of the Council meeting.
- 7.9 The Council's decisions as to the outcome and any sanction to be imposed shall be final and the Council Member shall have no right of appeal.

8. REMOVAL OF A COUNCIL MEMBER

- 8.1 In the event the Council decides to remove the Council Member from the Council (and where applicable the Senate) for breach of this Code or any other code of conduct of the Society:
- (a) a two-thirds majority resolution of the Council will be required in accordance with Rule 89(h);

- (b) the Council Member will cease to be a Council Member (and where applicable member of the Senate) upon the declaration by the Chair of the meeting that the resolution to remove them is carried; and
- (c) in accordance with the Council Election Regulations, the Council Member may not stand for election to the Council unless a resolution of the Council is passed with a two-thirds majority permitting them to stand.

8.2 Where the Council decides that a former Council Member is ineligible for election to the Council in accordance with paragraph 8.1(c) above, the former Council Member may not request that the decision be overturned within three years of the decision.

9. MATERIALITY

9.1 When deciding if a breach, or a series of breaches, is material, the Council, Investigatory Group, President and Vice-Presidents or Council Secretary (as applicable) will need to consider all the circumstances, including the nature, extent and consequences of the issue. Whilst materiality should be considered on a case by case basis, factors that should be considered include (but are not limited to):

- (a) the scale of the issue;
- (b) the detriment, or risk of detriment to the Council or Group as a whole;
- (c) the extent of any loss in confidence in the Council or Group as a whole; and
- (d) the overall impact on the Council, the Group as a whole, Members or other stakeholders.

9.2 It is important to note that while a single breach may be trivial, if it is part of a series then it may be material.

10. VARIATION

This Appendix sets out the framework within which any Complaint will be handled but it may be varied by a decision of the Council as appropriate in any given case without amending the Code.

APPENDIX 5

WAYS OF WORKING CHARTER

[Ways of Working Charter to be included]