

Functional Group: Legal and Compliance

SOP

GRP-LC6-026

Procedure Name: Conflicts of Interest

Revision No:

002

Effective date: November 2015

Applicable Regions: Global

## Conflicts of Interest (between an employee's interests and those of IMI)

### 1.1 Policy Statement

We avoid actual and potential Conflicts of Interest if we can. If it is not possible to avoid a Conflict of Interest, we declare it, review the context and take appropriate action to manage the Conflict of Interest. This policy does not apply to directors of IMI plc who are subject to a specific legally-required conflict of interest process.

### 1.2 Document Purpose

This document provides instructions on what to do if you have a Conflict of Interest (actual or perceived) between your own interests and those of IMI.

To the extent that this Standard Operating Procedure conflicts with local legal requirements, you should contact Divisional Legal and Compliance for guidance. Divisions and business units may, with the approval of Divisional Legal and Compliance, adopt their own policies and procedures relating to Conflicts of Interest, but the policy must contain requirements that are equivalent to, or stricter than, the requirements set out in this Standard Operating Procedure (i.e. they cannot be less restrictive). Please contact Divisional Legal and Compliance to check whether another, more restrictive, policy applies to your division or business unit.

### 1.3 Document Definitions

Term	Definition
<b>Conflict of Interest</b>	<p>A conflict of interest is any situation:</p> <ul style="list-style-type: none"> <li>➤ That prevents, may prevent or may give a perception that it prevents your ability to make an unbiased decision in the performance of your duties for IMI;</li> <li>➤ Where you promote or pursue, or may be perceived as promoting or pursuing, your own interests ahead of those of IMI, other employees of IMI, customers or stakeholders of IMI; or</li> <li>➤ Where you use, or may be perceived as using, your position with IMI or IMI resources (including its name and reputation) for personal gain or for purposes that are not in the interests of IMI and/or that may damage the reputation of IMI.</li> </ul>

### 1.4 Examples of conflicts of interest

The following is a list of potential Conflicts of Interest. The list is not exhaustive but simply provides examples of what may be a Conflict of Interest:

- An employee who has an ownership interest in a customer, supplier, competitor, advisor, distributor, agent or other business partner of IMI. The employee may favour the interests of the business they have an ownership interest in over the interests of IMI;
- A family member, romantic interest or close friend of an employee who has an ownership interest in, or is employed by, a customer, supplier, competitor, advisor, distributor, agent or other business partner of IMI. The employee may favour the business of the person they are close to and disadvantage IMI for example by paying higher prices or accepting lower quality;
- An employee who also works for another business, particularly if that other work is:
- With a customer, supplier, competitor, advisor, distributor, agent or other business partner of IMI; and/or
- Likely to prevent the employee from dedicating sufficient time and attention to their work for IMI especially where their IMI job is full-time.

Provided that another job is deemed a Conflict of Interest if an IMI person is a full time senior manager.

- An employee who spends time running their own business using IMI time and resources. The employee is likely to be less effective for IMI and be causing unnecessary cost to it;
- A manager investigates complaints made against them by an employee. The manager may ignore the facts or cover them up; particularly if there is truth to the complaints made;
- An employee investigates a complaint made against them by a customer, supplier, competitor, adviser, distributor, agent or other business partner of IMI. The employee may ignore the facts or cover them up; particularly if there is truth to the complaints made;
- An employee accepting gifts or hospitality or personal discounts from a supplier, customer, competitor, adviser, distributor, agent or other business partner of IMI (not available to IMI, the general public or other employees) instead of a discount for the business. There is a detriment to IMI from not accepting what is available to the business and this may also be seen as a bribe;
- An employee accepting a loan or other financial support from a customer, supplier, competitor, adviser, agent or other business partner of IMI. Receiving the loan may mean the employee will feel a bias towards, or be pressured to show a bias towards, the business the loan is received from that could be to the detriment of IMI; and
- A family or romantic relationship in the workplace, particularly if:
  - There is a direct or indirect reporting line between the employees involved; or
  - One of the employees involved has the direct or indirect ability to influence the recruitment, pay, bonus or other working conditions of the other.

Favour may be shown to the employee who is a relative or in a romantic relationship, for example through pay rises and promotions being given that the individual does not deserve.

## 1.5 What do I do if I identify an actual or potential Conflict of Interest?

If you think you have a situation that may be a Conflict of Interest, you must report it to your line manager as soon as possible.

Your line manager should discuss the issues with you and, taking account of the nature of the Conflict of Interest and your role in it, make an assessment of the risk the Conflict of Interest actually presents.

You and your line manager should consider what the perception may be of the Conflict of Interest by others within the business and outside. You should also make proposals as to how you think the Conflict of Interest can be managed to avoid that perception.

Details of the Conflict of Interest should then be reported to your Business Managing Director or equivalent using the form below. Line managers should use their discretion to consider if use of the form is appropriate to the circumstances of a romantic relationship and the extent to which the details of such a relationship and resulting Conflict of Interest should be kept confidential. If the Business Managing Director or equivalent is subject to the Conflict of Interest or is your line manager (so is already aware), then details of the Conflict of Interest should be submitted to your Divisional Managing Director.

You should not do any work, enter to into any transaction or do anything else that may be affected by the conflict of interest unless and until suitable mitigations have been put in place and have been approved by your Business Managing Director after taking advice from Divisional Legal and Compliance.

Once a Conflict of Interest has been declared and mitigations put in place the circumstances surrounding the Conflict of Interest and the mitigations should be re-visited by line managers at least once every six months (for example, during performance reviews) to ensure that the mitigations are working correctly and remain appropriate.

## 1.6 What sort of things can be done to manage a Conflict of Interest?

Below are possible types of action that can be taken to manage a Conflict of Interest. The list is not exhaustive and it may be possible to combine different actions together to appropriately manage a Conflict of Interest:

- ➔ Avoidance: the Conflict of Interest or potential Conflict of Interest could be avoided (for example, by giving up a role with a competing business or selling a shareholding in a supplier);
- ➔ Disclosure: if a Conflict of Interest is known to all the parties involved through disclosure, this may allow the relationship to go ahead (for example, making it known that a relative is applying for a job);
- ➔ Stepping back: it may be appropriate for someone who is the subject of a Conflict of Interest not to be involved in a decision that may be affected by the Conflict of Interest (for example, where a relative or friend applies for a job, arrangements could be made to ensure the employee is not involved in, and could not influence, any decision on whether to employ the relative or friend); or
- ➔ Refusal: not accepting the circumstance that presents a Conflict of Interest will, in effect, avoid the conflict (for example, not accepting a personal gift ahead of a discount to IMI).

## Conflicts of Interest Declaration Form

**Part one** – to be completed with the employee

Employee Information			
Full Name		Job Title	
Business Unit & Location		Department	
Manager's Name		Manager's Job Title	
Details of Potential Conflict of Interest Being Declared			
Employee signature		Date	

**Part Two** – to be completed by the employee's manager

<p>Details of risk assessment discussion with the employee (the line manager should discuss the employee's role within IMI, the integrity and trust which the employee's position requires, the real or perceived conflict of interest being disclosed and any other pertinent information relating to the situation e.g. speed of declaration of the conflict, employee's willingness to resolve the situation)</p>	
Manager's comments (including recommendations to resolve or manage the conflict of interest)	
Date of discussion	Manager's signature

**Part three** – to be completed by Divisional Legal and Compliance in discussion with Managing Director

Risk Assessment Decision and Recommendations (if any)			
Date of decision		Divisional Legal and Compliance signature	
Managing Director signature			