



Conflicts of Interest Policy

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1 Introduction

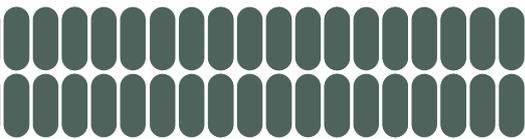
- 1.1 A conflict of interest (COI) exists when, in the performance of NHBC activities, the interests of the company, customers, consumers and/or its employees conflict directly or indirectly.
- 1.2 As a regulated insurer, NHBC must establish processes and controls in order to identify conflicts of interest, manage them fairly and comply with regulatory obligations, including the Principles for Business ie, act with integrity, ensure we control our affairs responsibly and effectively, and deliver good outcomes to consumers.
- 1.3 Managing COI lowers the risk of NHBC’s customers and consumers being unfairly disadvantaged and ensures that NHBC conducts business in the right way, reducing the risk of potential legal action and censure from regulatory bodies. Even where there is no evidence of improper actions, a COI can create the appearance of impropriety, which could undermine confidence in the ability of NHBC or its staff to be seen to act properly and fairly.
- 1.4 This policy sets out the roles, responsibilities and control needed for the effective management of COI.

2 Scope and application

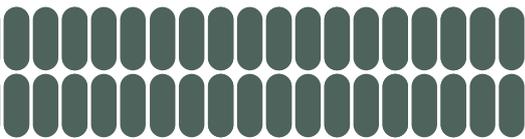
- 2.1 This policy applies to Board members, and all employees, including contractors and secondees or other temporary staff.
- 2.2 The policy complies with the requirements set out in the NHBC Policy Framework. Any non-compliance with policy will be treated as a breach. The policy is to be read in conjunction with other policies, referred to in Appendix A.

3 Policy requirements

- 3.1 A COI is a situation where an individual’s ability to exercise judgement or act in their role is, could be, or is seen to be impaired or otherwise influenced by their involvement in another role or relationship. Even where there is no evidence of improper actions, a conflict can create the appearance of impropriety, which could undermine confidence in the ability of NHBC or our employees to be seen to act properly and fairly.



- 3.2 A COI may arise due to:
- i. strategic/structural conflicts due to the nature of our business or the way we are organised
 - ii. employees' or directors' professional and personal relationships
 - iii. financial interests
 - iv. competing interests between NHBC and other stakeholders in the products or services we provide eg, if there is a conflict between consumer policyholders receiving insurance services and another stakeholder, we must act in the best interests of the policyholder.
- 3.3 Expectations: any person representing NHBC is expected to:
- i. maintain the highest possible standard of integrity in all your business relationships, both inside and outside NHBC
 - ii. not use their authority or position for personal gain
 - iii. avoid being, or giving the appearance of being, in a position that may result in an actual or perceived detriment to:
 - consumers' best interests
 - NHBC's reputation or interests, and
 - iv. disclose any issues that potentially give rise to a COI to their line manager and, if required, seek advice from the Risk and Compliance team as soon as practicable.
- 3.4 Executive Committee and senior management function holders
- i. Must implement this policy and ensure there are appropriate internal controls to prevent COI from arising or detect if it were to arise, in each of their functions, including:
 - limiting or controlling the exchange of information between relevant persons engaged in activities involving a COI
 - separating supervision of persons whose functions may involve activities to consumers or customers where their interests may conflict
 - considering potential conflicts in the design of remuneration arrangements
 - implementing measures to prevent or limit inappropriate influence in decision making by a person who may have a COI.
 - ii. Ensure employees are aware of their responsibilities regarding COI and encouraging the disclosure of potential COI
 - iii. Ensure employees complete relevant training and regular attestations in respect of COI
 - iv. Ensure that COI are assessed and managed effectively and appropriate records of actual or potential COI are maintained.
- 3.5 Board members: Ensures that COI relating to the Board are assessed and managed effectively and appropriate records of actual or potential COI are maintained.
- 3.6 Chief risk officer: The chief risk officer is ultimately accountable to the Board for the design and implementation of the COI framework and controls for preventing, detecting and investigating COI, including ensuring:
- i. there is a regular process to disclose COI
 - ii. there is a consistent approach to assessing the risk of a COI
 - iii. there is appropriate recording of COI



- iv. there is appropriate training such that employees understand what a COI is and their responsibilities under this policy
- v. reporting to ERC and Board committees as appropriate.

3.7 Product owners:

- i. Identify key risks posed by intended products and potential foreseeable harms, including whether conflicts could arise between NHBC, customers, consumers or other stakeholders and how these are managed.
- ii. Consider whether disclosure is required to consumers or customers, where the risks of damage to their interests cannot be prevented.
- iii. Seek advice from Risk and Compliance to inform relevant product assessments.
- iv. Must not solicit or accept inducements where this would conflict with NHBC’s duties to our consumers or customers.

3.8 Board and committees

Committee	Responsibility
Board	Responsible for overseeing NHBC ensuring that there is an effective system of internal control and risk management which meets statutory and regulatory obligations.
Board Risk Committee	The Board Risk Committee through the review and approval of this policy confirms the approach for managing and overseeing NHBC’s exposure to conflicts of interest risk.
Executive Risk Committee	The Executive Risk Committee oversees the implementation of this policy.

4 Record keeping

- 4.1 Appropriate records of COI must be retained for at least five years.

5 Policy implementation

- 5.1 This policy is implemented through adherence to the documents and procedures listed in Appendix A.

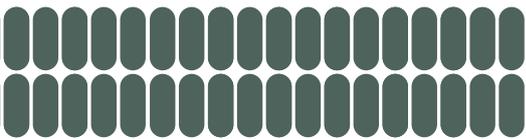
6 Policy review

- 6.1 This policy must be reviewed at least annually or sooner where there is a trigger event, such as a change in the regulatory environment or significant change in the organisation’s structure.

Appendix A – Relevant information

Regulations and regulatory guidance

- FCA Handbook – SYSC (Systems and Controls) and Principles for Business, and Insurance Conduct of Business Sourcebook (ICOBS).
- Companies Act 2006.
- Bribery Act 2010.



Relevant internal documents and procedures

Title	Owner/ Approval Body
Financial Crime Policy	Chief risk officer
Anti-Bribery Procedure	Chief risk officer
Risk Management Framework	Chief risk officer
Conflicts of Interest Procedure	Chief risk officer
Regulatory Horizon Scanning	Chief risk officer
Procurement and Supplier Governance Risk Policy	Procurement
People Risk Policy	HR
Employee Handbook	HR
Gifts and Entertainment Policy	HR
Remuneration Policy	HR
Product Governance and Oversight Policy (being finalised)	Head of underwriting
Consumer and Vulnerability Policy (being finalised)	Claims director

Appendix B – Glossary

Term	Definition
Consumer	The policyholder or beneficiary of a Buildmark policy. In most cases within NHBC this is the homeowner, but in some cases, it can be an organisation.
Customer	A builder, developer, or body who buys the Buildmark policy to pass onto others, where they themselves are not the beneficiary.
Inducements	An act or item that is intended to persuade or causes someone to do something.
Product owners	Employees who have day-to-day responsibility for an NHBC product or service.

