

## Policy on Colleagues' Interests

### 1. Introduction

- 1.1 Paragraph 32 of LSB's Code of Practice provides that LSB will adopt a policy in respect of Board Members' interests. This Policy applies to LSB Board Members, and members of the Office for Legal Complaints (OLC) and the Legal Services Consumer Panel, full time and part time employees on full or short-term contracts, and to others working with the LSB, including secondees, agency contractors and others employed under a contract of service (hereafter collectively referred to as 'Colleagues'). However the reference to 'Colleagues' in the extract from the Rules of Procedure at paragraph 5.2 relates only to full and part-time employees, secondees, agency contractors and those employed on a contract of service.
- 1.2 Colleagues are entitled to manage their own affairs in private. However, the work of LSB must (and must be seen) to be carried out in an environment that is free from any suggestion of improper influence. Those providing information to LSB must be confident that it will be handled properly and that conflicts of interests will be identified quickly and handled properly.

### 2. General principles

#### 2.1 LSB is committed:

- (a) to ensuring that no Colleague is involved in taking a decision or participates in a discussion about a matter in which they have a conflict of interest;
- (b) to ensuring that those providing information to LSB can be confident that it will be handled properly; and
- (c) to avoiding any impression that any Colleague has used their relationship with LSB to their personal advantage.

2.2 Colleagues should avoid situations in which their duties and private interests might conflict and should ensure that, before they become involved in taking a decision or participating in a discussion, there are no conflicts of interest that, in the opinion of a fair-minded and informed observer, would suggest a real possibility of bias.

2.3 Colleagues must not use or disclose confidential information that comes into their possession in the course of their LSB duties in order to benefit themselves or any other person. For guidance on handling price sensitive information, colleagues are referred to the LSB's policy on this subject.

2.4 A Board Member should consult the Chairman before accepting a new appointment which may lead to a conflict of interest. A non-Board Member Colleague should consult the Chief Executive.

2.5 Colleagues are responsible for their own compliance with this Policy and with the law.

### **3. Interests that should be registered**

- 3.1 In the interests of accountability and transparency, Colleagues are required to register formally those interests that might conflict with their duties.
- 3.2 A Register of Interests will be maintained by the Corporate Governance Manager. Colleagues are responsible for keeping up-to-date their entries in the Register and should notify the Corporate Governance Manager about necessary changes. The Register in respect of Board Members' interests is published on LSB's website.
- 3.3 The Corporate Governance Manager will confirm at least annually that Colleagues have registered any relevant interests.
- 3.4 Colleagues should register the following interests:
- (a) Relevant Securities that are not placed in a Blind Trust (see paragraph 3.5 below);
  - (b) remunerated employment, office or profession other than LSB;
  - (c) other regular sources of remuneration;
  - (d) directorships, whether remunerated or not;
  - (e) membership of public bodies (e.g. governing bodies of schools), trusteeships (of museums, galleries and similar bodies) and appointments as an office holder or trustee of a pressure group, trade union or voluntary or not-for-profit organisation; and
  - (f) in the case of Board Members and members of the Executive Group, membership of a registered political party.
- 3.5 'Relevant Securities' means any financial interest (shares, debt securities, options, rights or future rights to shares or other securities, but not including units in a unit trust or equivalent managed fund) in companies having an interest in the legal professions in England and Wales held by themselves, their spouses or dependent children that are not placed in a Blind Trust. 'Blind Trust' means an arrangement by which a Colleague gives a stockbroker or other professional investment manager absolute discretion to manage investments in Relevant Securities and under which that Colleague:
- (a) is not consulted before any dealing takes place;
  - (b) does not instruct the investment manager with regard to any specific securities; and
  - (c) is not informed of changes in specific investments or the state of the portfolio other than in an aggregated form or as required for tax returns.

### **4. Disclosing other interests**

- 4.1 A Colleague might from time-to-time have or become aware of interests that do not have to be registered, but which might nonetheless conflict with their LSB duties. As well as keeping up-to-date their entry on the Register, they must

disclose such interests as soon as possible (e.g. on receipt of the agenda for a Board meeting) to the Corporate Governance Manager.

- 4.2 Such interests must be disclosed whether or not they are entered on the Register.
- 4.3 The minutes of any Board or Committee meeting shall record any declaration of interest and the withdrawal from a meeting on account of a conflict of interest.
- 4.4 When considering whether to disclose such interests, Colleagues should ask whether, in the opinion of a fair-minded and informed observer, the interest would suggest a real possibility of bias or conflict on that Colleague's part. As a general guide, Colleagues should consider whether:
  - (a) they have, or recently had (within the past two years), any material financial, beneficial or pecuniary relationships with a stakeholder;
  - (b) they have, or recently had, any other relationships with another party, the existence of which might suggest a real possibility of bias on their part;
  - (c) they have taken a public position that might be seen as compromising their ability to deal objectively with a matter that is relevant to LSB; or
  - (d) in the opinion of a fair-minded and informed observer, the interests of close family members would suggest a real possibility of bias.
- 4.5 The presumption should always be in favour of declaring any interest that could be relevant to the performance of the functions of a Colleague.

## **5. Procedures for handling interests**

- 5.1 In the event that a Colleague receives a paper about a matter in which they have a conflict of interest, they must immediately return the paper to the Corporate Governance Manager, with an indication of the extent to which the paper has been read.
- 5.2 LSB's Rules of Procedure provide that:
  - '5.1 If a Board Member knowingly has any interest or duty that is (or might reasonably be considered to be) material and relevant, whether direct or indirect and whether pecuniary or not, that, in the opinion of a fair-minded and informed observer would suggest a real possibility of bias in any matter that is brought up for consideration at a Meeting, the Board Member shall disclose at the earliest opportunity the nature of the interest or duty to the Meeting.
  - 5.2 If a Board Member has acted in accordance with the provisions of paragraph 5.1 of these Rules and has explained fully the nature of the interest or duty, the Board Members present at the Meeting will decide whether and to what extent that Board Member should participate in the discussion and the determination of this issue will be recorded in the minutes of the Meeting. If it is decided that the Board Member should leave the Meeting, the Chairman may first allow the Board Member to make a statement about the item under discussion.
  - 5.3 Colleagues who are in attendance at a Meeting should declare interests in accordance with the same procedures as for those who are Board Members. Where the Chairman rules that a potential conflict of interest exists, any

Colleague so concerned should take no part in the discussion of the matter and may be asked by the Chairman to leave the meeting.'

- 5.3 Before trading Relevant Securities or exercising options, a Board Member should disclose his intention to trade to the Chairman, giving at least 24 hours' notice. Any non-Board Member Colleague should disclose their intention to trade to the Chief Executive. The Corporate Governance Manager will record the disclosure of the intention to trade by any Colleague.

Approved by the Board on 26 October 2016