



Conflicts of Interest Policy

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Background

This policy (the “CI Policy”) specifically addresses the need for CIGB to protect its integrity and reputation by preventing conflicts of interest that could potentially influence the judgement of its team, management and board, particularly given that CIGB will have a number of Nominee Directors on its board and may be involved in decisions that impact the industry in which those organisations operate. It also aligns with the CIGB’s commitment to transparency and integrity in all its activities.

A “conflict of interest” is any situation where an individual’s personal interests could improperly influence the performance of their professional duties or the ability to make impartial decisions for the benefit of CIGB. These could arise due to financial or non-financial reasons as detailed below.

The CI Policy applies to all staff and Directors and contractors of CIGB. It shall be applied in conjunction with the Gifts and Hospitality Policy and all clauses within contracts of employment or engagement.

Relevant interests

Under the Companies Act 2006, a Director is expected to exercise independent judgment in the best interests of the company. Therefore, any conflict of interest of an individual Director needs to be declared in accordance with this CI Policy and will be dealt with as detailed below . Examples of a conflict of interest include, without limitation, the following examples:

(a) Financial interests

Where an individual receives or may receive a financial benefit due to their role within the CIGB including, where relevant, in Board decision-making, for example, when:

- The individual is an employee or Director of an organisation which receives or could receive a benefit from a CIGB action
- The individual is a shareholder (or similar ownership interests), partner or owner of a private or not-for-profit company which receives or could receive a benefit from a CIGB action
- The individual is a contractor or consultant for a business which receives or could receive a benefit from a CIGB action
- The individual receives secondary income or any other payments from a business or individual which receives or could receive a benefit from a CIGB action.

(b) Indirect financial interests

Where an individual has a close association with a person who receives or could receive a financial benefit from the CIGB. For instance, these closely associated persons include:

- spouse or partner
- close relative (for example, parent, grandparent, child, grandchild or sibling)
- close friend
- members of the household of the individual
- business partner
- a company

(c) Non-financial interests

Where an individual obtains or may obtain a non-financial professional or individual benefit from the CIGB, such as increasing their professional reputation or status or promoting their professional career. This may, for example, include situations where the individual is:

- an advocate for a particular group;
- a member of a particular specialist professional body
- a voluntary sector champion for a business or individual
- a volunteer for a business or individual
- a member of a lobby or pressure group with an interest

(d) Indirect non-financial interests

Where an individual has a close association with a person who has a non-financial professional interest or a non-financial personal interest in the CIGB as mentioned in (c) above, for example, a:

- spouse or partner
- close relative (for example, a parent, grandparent, child, grandchild or sibling)
- close friend
- members of the household of the individual

- business partner
- company

Procedure on Identification of Conflict of Interests

As noted above, the interests listed in the previous section are relevant because they can hinder independent judgment of the individual . In all cases, only those interests can hinder independent judgment of which the individual is aware or should be reasonably aware of.

Once an individual has identified that they have any of the above interests, they must declare these interests in the register maintained by the CIGB Legal Counsel and Board Secretariat.

Apart from declaring the interests in a register, any individual may discover during the proceedings, deliberations, or any other action that they have any relevant interests. All such interests must be immediately declared to the CIGB's Independent Chair, who shall determine if they are in conflict as per the guidance here. If in conflict, the Chair shall manage such conflicts according to the policy proposed.

Conflicts-of-interest

Identification of an interest is not the same as being in conflict-of-interest. The above declared interests merely identify the various kinds of interests an individual may have. These interests are in conflict with the CIGB only when an action of the CIGB furthers or impacts the identified interest of the individual. This could arise in situations such as:

- a. Procurement decisions
- b. Employment decisions
- c. Decisions relating to adopting or amending scheme rules
- d. Decisions relating to adopting or amending market practice
- e. Compliance-related decisions
- f. Enforcement/policing decisions
- g. Decisions relating to CIGB services
- h. Decisions that may involve a regulatory action, or advocacy by the CIGB

Demonstration of Conflict of Interest Policy in Play

- If the CIGB were to obtain a loan from HSBC for a project, and HSBC has a Nominee Director on the CIGB's Board, such Director's interests shall be in conflict-of-interest with the CIGB. Note, if the Nominee Director were from a Trade Association representing the Banks, they would not be in conflict of interest.
- CIGB is contemplating a policy action or rule which benefits all credit bureaus which /include a Credit Bureau in which a Nominee Director has financial or professional interests. This would not

be a conflict-of-interest as there may be an interest, but it is not a conflict of interest as the CIGB is not furthering the particular interest of the Director.

- CIGB is contemplating a policing action against a specific insurance company due to their non-compliance with a CIGB policy. Only if the Nominee Director appointed for the fourth cohort (i.e., FSMA firms not covered in the first three categories and non-FSMA firms relying on credit information or credit information users) has an affiliation with the specific insurance company in contemplation of a policing action by the CIGB, there will be a conflict of interest. If they are not affiliated, for instance, they belong to a separate insurance company or a Non-FSMA firm, there will not be a conflict of interest.
- CIGB intends to award a contract to one of the CISPs for doing DBS and background checks on its potential recruits. A Nominee Director on CIGB Board is affiliated to a CISP that may be interested in submitting a bid for such a contract. In such cases, the relevant Nominee Director should not be involved in any decisions at the CIGB Board that involve any deliberation around choosing the organisation for these purposes, or for any decision on award of contracts.

Principles Regarding Conflict of Interest

1. Interests of an individual that may be in conflict with the CIGB's interests may include their personal interests which may be direct or indirect, and it can include the interests of parties connected to the Director;
2. Interests of an individual in conflict with CIGB's interests may be actual or perceived;
3. The Board should maintain a register of all such interests of its Directors and any other individuals who have declared a conflict of interest;
4. Each Director shall declare their conflicts on their own in the register;
5. If a Director has to vote on decisions on which they have a conflicting interest (actual or perceived), they shall declare it to the Chair of the Board prior to such a decision;
6. The Independent Chair shall solely determine if the interests warrant any 'management';
7. Provided, the Independent Chair's discretion to manage the interests may be checked by a simple majority of the Board;
8. All discussions and decisions regarding conflict-of-interests shall be recorded in the minutes.

Management of Conflicts

The conflict-of-interests may be 'managed' through the following methods:

- a) simple declaration to everyone and continued participation;
- b) non-accounting in voting and quorum for the relevant decisions where conflicts exist but continued participation; and
- c) leaving the Board meeting in the event of a conflict of interest of a Director.

Board Conflict of Interest

This part of the policy applies to all Directors of the CIGB performing their functions at the CIGB's Board.

The CIGB Board has ultimate responsibility for all actions carried out by staff and committees throughout the CIGB.

The CIGB Board have a legal obligation to act in the best interests of the CIGB and in accordance with the CIGB's governing documents.

Conflicts-of-interest may arise where an individual's personal or family interests and/or loyalties to some other individual or group conflicts with those of CIGB. Such conflicts may create problems. They can:

- inhibit free discussion.
- result in decisions or actions that are not in the interests of CIGB.
- risk the impression that CIGB has acted improperly.

The purpose of this policy is to protect both the CIGB and its Board from any appearance of impropriety.

Declaration of Interests

Accordingly, we are asking the Directors to declare their interests, and any gifts or hospitality received in connection with their role in the CIGB. They have a personal responsibility to declare conflicts of interest in order to fulfil their legal duty to act only in the best interests of the CIGB.

With respect to gifts or hospitality, the Directors must observe high standards of ethical behaviour. The standard applicable is of a reasonable person occupying the position in the company exercising their discretion about whether gifts or hospitality should be accepted. We should also consider the cumulative effects of gifts and hospitality on individuals or areas. If acceptance of gifts and hospitality were challenged, it would be necessary to show that acceptance was lawful, appropriate, and that personal judgment or integrity had not been compromised. In any case, only token gifts may not be declared on the conflict of interests register. Otherwise, all gifts or hospitality irrespective of value must be declared on the CIGB conflicts register.

A declaration of interests' form is provided for this purpose, listing the types of interest you should declare.

To be effective, the declaration of interests needs to be updated at least annually and also when any changes occur. If you are not sure what to declare, or whether/when your declaration needs to be updated, please err on the side of caution.

If you would like to discuss this issue, please contact the CIGB's company secretary or the Board's chairperson for confidential guidance. Interests will be recorded on CIGB Board's register of interests, which will be maintained by the CIGB's company secretary. The register will be accessible by all the

Directors and the CIGB's company secretary. This policy and the actions taken under it shall also be, without reference to personal details, be included in the company's annual report.

Recording Decisions

In the event of the Board having to decide upon a question in which a Director has an interest, the CIGB's Independent Chairperson may decide on one of the following processes for taking such a decision:

- (a) Provided the interests are not directly in conflict, including the interested director after declaring their interests to all directors;
- (b) Making decisions as per CIGB's Board Decision-making procedures, but interested Director(s) will not be counted when deciding whether the meeting is quorate. Interested Director(s) may not vote on matters affecting their own interests;
- (c) Require the Interested Director(s) to leave the Board Meeting where these decisions will be taken, and make decisions in their absence;

A simple majority of the Board may check the exercise of the Chairperson's discretion in selecting any of the above processes.

All decisions under a conflict of interest will be recorded and reported in the minutes of the meeting. The report will record the nature and extent of the conflict, an outline of the discussion, and the actions taken to manage the conflict.

Data Protection

The information provided will be processed in accordance with data protection principles as set out in the Data Protection legislation including Data Protection Act 2018 and UK GDPR. Data will be processed only to ensure that Directors act in the best interests of the CIGB. The information provided will not be used for any other purpose. This will be balanced with the CIGB requirement to be transparent with stakeholders.

What to do if you face a conflict of interest

All conflicts-of-interest, whether actual or potential when it relates to a Director, should be declared promptly at the earliest possible opportunity.

- Any Director who has a financial interest in a matter under discussion should declare the nature of their interest and withdraw from the room, unless they have dispensation to speak.
- If a Director has any interest in the matter under discussion, which creates a real danger of bias, that is, the interest affects the organisation which they represent, or a member of their household,

more than the generality affected by the decision, they should declare the nature of the interest and withdraw from the room, unless they have dispensation to speak.

- If a Director has any other interest which does not create a real danger of bias, but which might reasonably cause others to think it could influence their decision, they should declare the nature of the interest, but may remain in the room, participate in the discussion, and vote if they wish.
- If a Director is in any doubt about the application of these rules, they should consult with the chairperson.

If you fail to declare an interest that is known to the company secretary or the CIGB Independent chairperson, the chairperson will declare that interest.

Declaration of interests

Category	Please give details of the interest and whether it applies to yourself or, where appropriate, a member of your immediate family, connected persons or some other close personal connection
Current employment and any previous employment in which you have a financial interest	
Appointments (voluntary or otherwise) eg trusteeships, directorships, professional chairs, local authority membership, etc	
Membership of any professional bodies, special interest groups, or mutual support organisations.	
Investments in unlisted companies, partnerships and other forms of business, significant shareholdings and beneficial interests in listed companies. (significant for this purpose means holding, together with your family, more than 5% of the issued voting shares of the company).	
Gifts or hospitality offered to you by external bodies whilst acting in your position as a Director and whether this was declined or accepted in the last 12 months	
Any contractual relationship with the CIGB	
Any other conflicts of interest not covered by the above	

All other conflicts of interest relating to individuals who are not Directors should be declared promptly to the CIGB Legal Counsel and Board Secretariat, using the above format.