



Conflicts of Interest Policy



BT Pension Scheme Management and Administration Limited t/a Brightwell

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Introduction

1. This policy sets out the principles and outlines the control approach and governance arrangements to be followed in Brightwell for conflicts of interest. Brightwell has no appetite for any discretion to this Policy, which is mandatory. Any breach of the Policy will have a
2. consequence in proportion to the breach and could result in disciplinary action.

Scope

3. Except as stated below, this policy applies to all Brightwell staff including permanent employees, directors (both executive and non-executive), temporary staff and contractors (the **Workforce**).
4. Brightwell refers to both BT Pension Scheme Management Limited (**BTPSM**) and BT Pension Scheme Administration Limited (**BTPSA**). Unlike BTPSM, BTPSA is not an FCA-regulated entity so BTPSA does not need to formally comply with FCA requirements. BTPSA complies with FCA regulations set out throughout this policy as a matter of best practice.

Principles

5. Brightwell conducts its business according to the principle that it must manage actual and potential conflicts of interest fairly and effectively between itself and clients, and between clients and other parties it deals with. Brightwell aims to act professionally and independently at all times with clients' best interests in mind, and to take all reasonable steps to:
 - a. Identify circumstances that may give rise to conflicts of interest entailing a material risk of damage to clients' interests; and
 - b. Establish appropriate mechanisms and systems to identify, monitor and manage such conflicts.
6. All members of the Workforce are responsible for ensuring that Brightwell's systems, controls and procedures are adequate to identify and manage conflicts of interest within, and spanning across, their respective areas of responsibility. They are supported by the Compliance and Legal functions which assist in the identification and monitoring of actual and potential conflicts of interest and advise on how they should be managed.

Identifying conflicts of interest

7. Conflicts of interest are situations that arise or may arise in the course of providing a service that may entail a material risk of damage to the interests of a client, its employees, its vendors or to Brightwell itself.
8. When identifying conflicts of interest, Brightwell will consider all factual circumstances and will take into account whether Brightwell, a member of the Workforce, a Brightwell subsidiary or a person linked by control:

- a. is likely to make a financial gain (or avoid a loss) at the expense of a client or Brightwell;
- b. has an interest in the outcome of the service provided to a client or Brightwell, or of a transaction carried out on behalf of a client or Brightwell, where their interests are distinct from those of Brightwell or a client;
- c. has a financial or other incentive to favour one potential service provider over another; or
- d. receives, or will receive, from any third party an inducement in relation to a service provided to a client or Brightwell, in the form of money, goods or services other than standard fees or commissions for that service which have been properly notified and disclosed.

9. In addition to those detailed in this Policy, Brightwell has identified the following activities which may give rise to conflicts of interest, this is a non-exhaustive list:

- Trading and investment decision making;
- Provision of investment advice;
- Staff remuneration;
- Directorships (either executive or non-executive) on the boards of other companies;
- Personal relationships between employees;
- Handling of confidential or inside information;
- Having a client Pension Account (Own Account);
- Having a family member with a client Pension Account (Family Member Own Account);
- Stewardship;
- Voting in corporate elections;
- Prioritisation of key resource between clients;
- Cost reduction.

Reporting conflicts of interest

10. Members of the Workforce who become aware of a new potential or actual conflict of interest must report this to their manager and Compliance. When the appropriate method of managing the conflict has been determined, the relevant business area is then responsible for ensuring that the conflict is managed in line with the method specified. This may include disclosure of the conflict to clients. This should be completed as soon as practically possible.

11. Members of the Workforce are also required to report any actual or potential conflicts of interest for in the form of outside business and employment interests (**OBI**s) and close personal relationships (**CPR**s) where the CPRs work for, or are connected to companies, organisations or investment vehicles which:

- Compete with Brightwell;
- Receive work/business from Brightwell;
- Supply goods or services to Brightwell;
- Brightwell invests in.

See the Appendix for definitions of OBIs and CPRs.

12. Additionally, the Workforce are required to attest annually that they have disclosed all conflicts and OBIs.

Evaluating conflicts of interest

13. When a new potential or actual conflict of interest is reported, it is initially evaluated by Compliance to determine whether it requires active management or not. The type of management required will largely depend on the severity of the potential or actual conflict of interest and the impact it may have on clients if not appropriately managed.

14. Where required, Compliance will escalate a potential or actual conflict of interest to the relevant stakeholder(s) for further input e.g. RACC, HR or ExCo.

Confidential information controls

15. Brightwell has controls in place in relation to the handling of confidential information. For more details please refer to the Market Abuse and Financial Crime Policies and the Inside Information Procedure.

Restricted list

16. Compliance maintain, update and own a Restricted List of issuers in respect of whom Brightwell holds inside information. For more details please refer to Brightwell's Market Abuse and Financial Crime Policies and the Inside Information Procedure.

Termination/avoidance

17. Some conflicts of interest that may have such a potential impact on the firm or clients that the only way to manage them adequately is to avoid them entirely. In such cases, the activity to which the conflict of interest relates may need to be terminated or avoided. As part of the initial and ongoing managing of conflicts, Compliance, in consultation with relevant stakeholders, will determine whether a conflict needs to be terminated or avoided.

Conflicts of interest register

18. Brightwell maintains conflicts of interest register via Star Compliance. As deemed appropriate, Compliance records in the conflicts of interest register on Star Compliance any reported actual, apparent or potential conflicts of interest and liaises with relevant individuals to determine the appropriate action to manage such conflicts of interest.

19. The conflicts register is reviewed annually by the Brightwell Board.

Monitoring

20. Compliance periodically undertakes reviews of the associated policies and processes relevant to this policy. Periodic independent audit reviews are undertaken by an external audit firm.

Stewardship-related conflicts of interest

21. Brightwell operates controls to mitigate the risk that investment decisions made by third-party asset managers do not align with the stewardship approach of Brightwell's clients. These controls are as follows:

- Prior to appointment as a manager for Brightwell's clients, all third-party asset managers must undergo a due diligence questionnaire which requests information on their approach and controls for sustainable investing and stewardship
- Once appointed, all third-party asset managers are required to complete an annual net zero and stewardship questionnaire detailing their approach to sustainable investing and stewardship
- All third-party managers are assessed based on the information provided in the questionnaire and throughout the year, in quarterly sustainable investment meetings, regarding their commitments and activities in relation to net zero and stewardship. This information is compared against Brightwell's Sustainability best practice manager expectations and scored accordingly.

22. Where Brightwell identifies that a third-party asset manager's stewardship approach is misaligned, Brightwell will work with the third party to resolve the issue or will put in place an appropriate strategy to manage it.

Conflicts of interest in relation to Brightwell's corporate structure

23. Brightwell considers the BT Pension Scheme to be its ultimate parent company which presents a potential conflict of interest between Brightwell's obligations to its owner and its obligations to other clients.

24. However, Brightwell has in place a range of policies and processes to ensure conflicts are managed, as set out in this policy. Brightwell operates with an independent Executive Committee and Board of Directors with no BTPS representation. Brightwell also has two independent Non-Executive Directors, one of whom is the Chair for the Brightwell Board. Additionally, Brightwell's regulated activities are overseen by an independent Compliance function, and an independent Investment Risk team, as well as an internal audit function.

Breaches of Policy and Escalating Concerns

25. A breach of this policy is a serious matter and may render the staff member(s) responsible subject to disciplinary action.

26. In addition, a breach of policy may also constitute a breach of specific legal or regulatory requirements or obligations which might subject Brightwell and/or the staff member in question to legal or regulatory enforcement investigations or actions which may incur financial or other penalties.

27. If a staff member suspects, or has reason to suspect, that a breach has occurred, may have occurred or is about to occur, they should promptly raise a concern with their Line Manager and Compliance (in line with the guidance in the Whistleblowing policy).

Roles and Responsibilities

28. As a Tier 1 policy, approval is the responsibility of the Brightwell Board. This approval is sought via the Risk, Audit and Compliance Committee (**RACC**).

Review

29. This Policy is reviewed at least annually and is subject to approval by the Brightwell Board via the RACC.

APPENDIX

Term	Explanation
Close Personal Relationship	A CPR in the context of this policy is a personal relationship an employee has with another person which goes beyond normal course of business relationships and has the potential to give rise, or appear to give rise, to a Personal Conflict.
Outside Business Interest	<p>An OBI is defined as an employee undertaking certain activities or business interest outside of the scope of their employment with Brightwell.</p> <p>These include but are not limited to:</p> <ul style="list-style-type: none"> • Working for/being involved with another company/organisations other than BTPS (whether or not compensation is received) which has the potential to give rise to a Personal Conflict — e.g. directorships or employment where the employee might owe obligations or duties to the other organisation which might conflict with the interests of Brightwell or compromise their ability to meet their obligations to Brightwell and its client. • Financial roles for another organisation. • Any activity (such as holding political office or accepting a public appointment), whether historic current or future, which might give rise to an employee becoming designated as a Politically Exposed Person (“PEP”) or Public Official (“PO”).