



## Personal Relationships

### Policy

There are certain close personal relationships within the Bank or in specific roles externally that must be declared, including having active discussions about prospective employment with certain types of firm. This is to ensure that the risk of an actual (or perceived) conflict of interest, or the perception of influence or unfair advantage, can be managed.

This policy is part of *Our Code*, which we are all required to attest to annually.

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### Why do we need this policy?

The requirements in this policy are designed to protect us against the risk that certain personal relationships could create, or could be perceived as creating, a conflict of interest, influence, or unfair advantage.

This includes where we are having active discussions about prospective employment with a Bank regulated firm, a significant dealing counterparty of the Bank, a firm with whom we have contact with as a supplier of the Bank, or any other organisation that might be considered sensitive given the nature of its work and its relationship to the Bank such that a conflict of interest / perception of unfair advantage could arise.

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### Who does this policy apply to?

This policy applies to all of us working at the Bank. This includes consultants, contractors, and agency staff.

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## What you must know or do?

Working for the Bank, we are expected to be independent of personal interests that might influence our judgement or affect our decisions.

We respect our colleagues' right to a private life. But the Bank needs to know about close personal relationships, with an individual or an organisation, that could be perceived as creating a conflict of interest or unfair advantage so that, if there is some risk, we can make adjustments to avoid it and any suspicion of collusion, founded or unfounded.

You must disclose any close family members (i.e. spouse/partner, parents, siblings, and children) in the following roles:

- working in the Bank;
- working in financial, economic or political journalism;
- working in a Bank-regulated firm;
- working in a significant dealing counterparty of the Bank;
- working in a firm holding or tendering for a contract with the Bank;
- holding a national elected public office (MPs, the Scottish Parliament, the Welsh Parliament, the London or Northern Ireland Assemblies).

You also need to declare any other close personal relationship that could give rise to an actual or perceived conflict in relation to a specific decision in which you are involved, or your day-to-day work more generally, given your role and that of the individual in question. Such conflicts relating to a particular situation are likely to arise only rarely.

This set of relationships is based on experience of the types of connection that can cause (unfounded) anxiety and suspicion, but which will cause less of both if they are disclosed to your manager and the Bank using the Our Code Compliance system. Please see Appendix One for a flowchart to help in deciding which relationships need to be declared; Appendix Two sets out some common scenarios.

### **Close personal relationship with someone working in the Bank**

Where a close personal relationship with someone working in the Bank exists, adjustments may be needed, for example in areas where there is dual control of assets, or signature panels for release of payments.

It is also important that you do not participate in a decision to hire, directly or indirectly manage, or contribute to appraisals, pay and promotion decisions of someone with whom you have a close personal relationship. Beyond this, if you personally know someone seeking employment with or business from the Bank you should discuss with your line manager the extent to which it is appropriate for you to be involved in the related decision-making process.

## **Close personal relationship with someone working outside the Bank**

Where you have a close personal relationship with someone working for an organisation with a financial interest in the activities and / or decisions of the Bank, this may mean that you cannot take on or continue in some roles because this may give rise to the perception of an unfair advantage to the firm, or collusion.

Any adjustment will depend on the nature of your role and that of the other person. But where such a relationship exists it could mean, for example, you: not directly supervising a Bank-regulated firm; not having any involvement in contingency planning for a Bank-regulated firm; or not having a role that requires being part of the MPC or FPC insider lists.

## **Your day-to-day work**

If a potential conflict of interest relating to a close personal relationship arises in the course of your day-to-day work, you must bring this to your manager's attention promptly. Your general disclosure in the Our Code Compliance system is not a substitute for this responsibility.

## **Discussions about prospective employment**

Actual or potential conflicts of interest may arise where you are seeking a role with a prospective new employer and may also need to be disclosed. You must disclose a personal relationship in the Our Code Compliance system if you are having active two-way discussions about prospective employment (i.e. interviewing) with any of the following:

- a Bank-regulated firm;
- a significant dealing counterparty of the Bank;
- a firm that you have contact with as a Bank supplier; or
- any other organisation that might create a conflict of interest, such as consultancy and legal firms providing advice or services to Bank-regulated firms.

You must disclose this, with reasonable advance notice, so that your manager is aware and any potential conflict of interest can be managed appropriately. Secretary's Department can provide advice to your manager on whether a conflict of interest could arise.

If you do not wish to notify your line manager in advance of your active discussions with one of these types of firm, you must make Secretary's Department (the Secretary, Deputy Secretary or Conflicts Team) aware promptly, and take advice on the management of any conflicts that may arise. The Secretary's Department will maintain your confidentiality, unless the nature of the conflict(s) identified make some form of disclosure to management unavoidable. That would be discussed fully with you in advance.

The application of this policy will be in accordance with the relevant data protection legislation. For information on how the Bank processes your data, please see our staff data privacy notice.

## For all colleagues



**1. You must disclose in the Our Code Compliance System the personal relationships set out above.**



**2. If you are unsure about whether to disclose a relationship, please seek guidance from your management or the Secretary's Department (the Secretary, Deputy Secretary or Conflicts Team before making a declaration.**

2.1. This includes where you are no longer in contact with a family member and may need to be granted an exception to the disclosure requirement.



**3. Where a conflict is identified you should cooperate with any steps taken in order to protect you, the person with whom you have declared the relationship, and/or the Bank.**

3.1. In some circumstances, it may be necessary to discuss with you a transfer to another area or to other work, or avoidance of particular work. This would be in full consultation with the parties involved.



**4. If circumstances change, you must promptly update any declarations in the Our Code Compliance System and notify your line manager.**

## For all line managers



**5. You must ensure that you and members of your team understand the requirements of this policy.**



**6. If a personal relationship has been declared, you must:**

6.1. review the disclosure within two weeks via the Our Code Compliance system and consider whether it is required;

6.2. assess the nature of the risk that might arise from this relationship;

6.3. agree the risk assessment and any mitigants that might need to be put in place with a HoD (or above). See Appendix three for some example mitigants;

6.4. if mitigants are needed, put them in place and review them at least annually;

6.5. record the agreed actions in the Our Code Compliance system directly or by including a link; and

6.6. ensure you receive confirmation that the individual has completed any actions required.

Contact the Secretary, Deputy Secretary, or Conflicts Team if you have any questions about a personal relationships disclosure you have received from one of your team.

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## What support is available to help you comply with this policy?



The following documents support this policy:

- Our Code; and
- Staff Handbook (see Section C2).

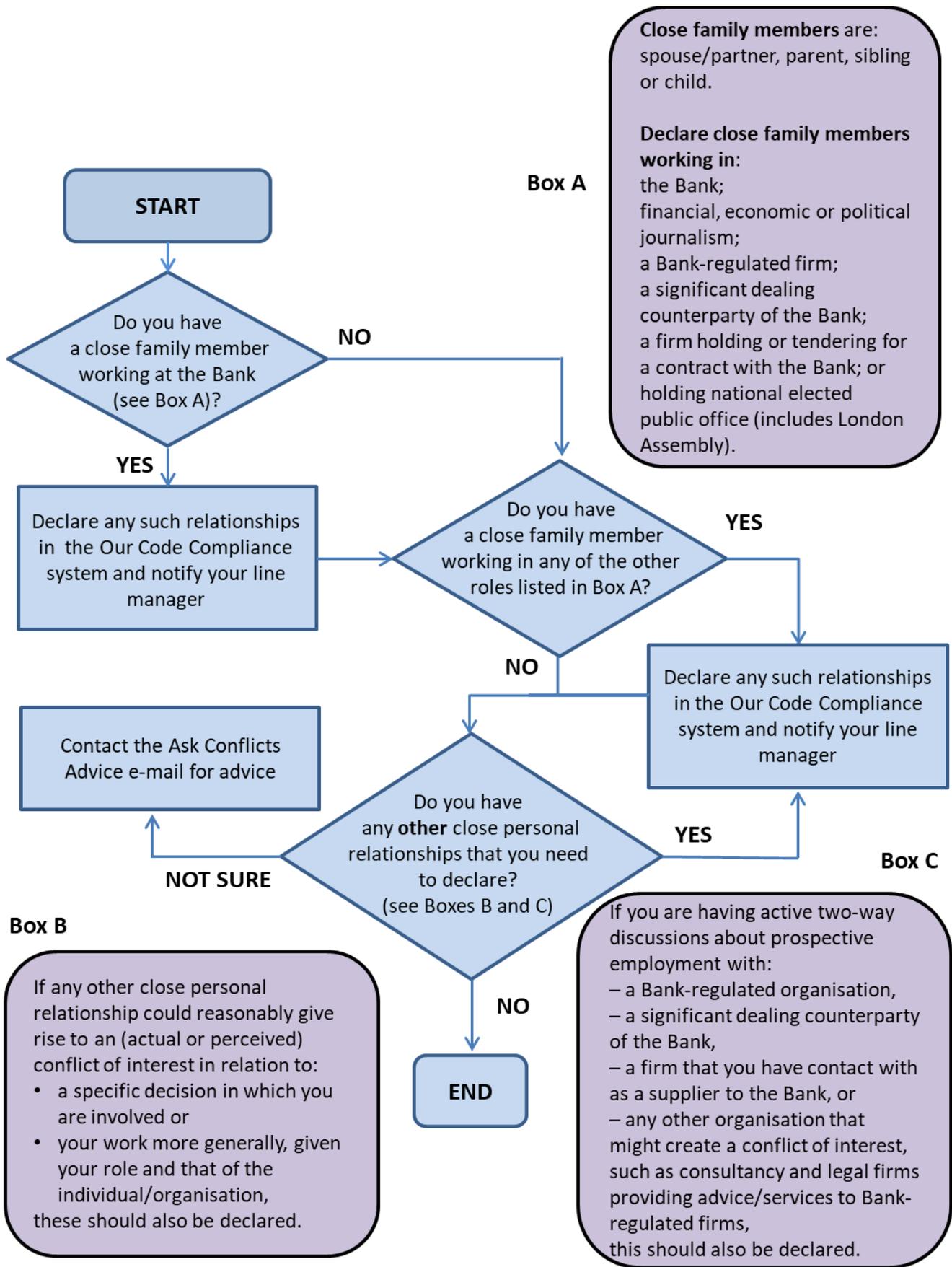
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## What is the impact of non-compliance?

If you realise you have breached – or suspect that you might have breached - a requirement in this policy please do not delay in reporting it to AskCompliance as quickly as possible, so that the issue can be redressed under the Breach Management Policy. Credit is given for the prompt reporting of breaches. Failing to discharge your responsibilities could lead to disciplinary or other action.

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# Appendix One – Do I need to declare a Personal Relationship?



## Appendix Two – Guidance on what other relationships to declare

- You are not expected to declare all of your friends at the Bank, but declarations should be made if – for example – two team members share a house and one is line managing the other, so as to consider whether this responsibility is appropriate.
- Similarly, you are not expected to declare all of your friends in regulated firms, but if – for example – you work on capital and liquidity policy and you have a close friend working in the capital-planning function of a PRA-regulated firm, this should be declared.
- You should always consider whether a prior acquaintance with someone seeking employment with or business from the Bank ought to be disclosed where you are in any way involved in the decision to appoint.

## Appendix Three – Example Mitigants

Some existing examples of mitigants include:

### For internal relationships

- ensuring that any dual control/access is appropriately reviewed;
- considering whether participation in decisions around pay or promotion is appropriate;
- considering cross directorate/ division working; managing any perceived or actual conflicts of interest or unfair advantages etc.

### For external relationships

- not supervising the firm/ attending firm-specific meetings;
- disclosure to management on social interactions;
- recusal from any investigation of the firm;
- changes in reporting lines;
- no involvement in contingency planning for a specific firm;
- not having a role where being part of the MPC or FPC insider lists is required.