



NGC automates Conflict of Interest Declaration Process

**CONFLICT OF INTEREST
POLICY**



In today's market economy, a company's integrity can play a major role in the brand's success. Increasingly, customers and stakeholders demand that companies deal openly and honestly with customers and suppliers, afford equal opportunities in the workplace, demonstrate concern for environmental and community welfare and adhere to the highest governance standards.

The ethical standard that an organisation aspires to uphold can be ratified in its core values or written into policy. Ultimately, it is the behaviour, decisions, and indeed ethics of the company's people that shape the reputation of the company.

A respected national brand

Transparency International ranked Trinidad and Tobago 85th out of 180 countries on its Corruption Perception Index in 2019, with a score of 40/100 (0 being highly corrupt, 100 being very clean).¹ This ranking implies that polled experts and businesspeople perceive the country to overlook an appreciable level of corruption in public enterprises.

As a state entity, NGC is intent on changing that perception by keeping its operations above reproach. The Company is already a respected national brand, but to retain this status – and its license to operate – it must ensure employees continue to uphold its ethical standards. To that end, the Company strictly enforces a Business Practices and Ethics Policy, which addresses corporate gifting, workplace harassment, political contributions, collusion and a number of other improprieties that could negatively impact the Company's business or perception of its brand.

Closely managed under this Policy, is the risk of Conflicts of Interest ("COI") arising among employees and leadership. As part of NGC's growth strategy, in the Corporate Governance and Compliance ("CGC") area, the process for reporting and treating with COI, which is a key area in the governance and compliance programme, has recently been automated to better align with current international best practice.

The importance of recognising Conflicts of Interest

What is COI and why should NGC be concerned with COI in the first place?

NGC's policy position is that: "A Conflict of Interest is deemed to exist or arise whenever a Director or employee of the NGC Group, as a result of:

- i) the nature or responsibilities of his/her employment; or



A COI can lead to unethical business practices

- ii) his/her relationship with the NGC Group; or
- iii) his/her decision-making ability and/or influence and/or disclosure;

is placed in a position:

- i) to further any personal financial interest, either directly or indirectly, through immediate family, related parties, personal friends or acquaintances; or
- ii) that could potentially impair his loyalty, judgment, objectivity, or independence."

In practice, a COI could manifest as:

- i) an employee or Director with an ownership or financial stake in another company, having authority over the choice to engage that external company to do business with NGC;
- ii) a supervisor/manager who has oversight of a direct relative, and who leverages that position to promote or in some way influence the advancement of, or benefit to, that relative; or
- iii) in the realm of Corporate Social Responsibility ("CSR"), if an employee is a member of an organisation that receives funding from NGC, and that employee is involved in the decision-making process for disbursing CSR support, this could also constitute a COI.

At the heart of it, the potential for a COI exists any time the personal interests of an employee or Director intersect

¹ <https://www.transparency.org/en/cpi/2019/results>



with their professional interests at the Company, in such a way that they stand to profit unfairly or dishonestly, or to unduly or inappropriately influence the Company's processes.

NGC is a state enterprise, handling nationally held resources and public funds. The Company, therefore, has an obligation to ensure full transparency, accountability and indisputable ethics in the conduct of its business. It should not be seen indulging systems or behaviours which favour the interests of any one stakeholder, at the expense of another in the same, or equivalent, category.

Unchecked, COI could open the door for self-dealing transactions, misappropriation of public funds and assets, and expose the Company to risk of punitive legal action. If brought to public attention through the media, the brand could lose credibility and reputational currency, which would negatively impact its attractiveness to potential business partners and how current relationships are managed. In an extreme case, the public – the ultimate shareholders – could even pressure the Government to restructure or overhaul the business.

It is therefore imperative that NGC carefully scans for potential COI, and takes necessary mitigating actions before they manifest. This is where the Corporate Governance and Compliance team and the COI Declaration Process come in.

NGC's COI Declaration Process

At NGC, it is routine procedure for employees to complete COI Declarations on an annual basis. This has essentially involved completion of a form wherein employees note any organisations or companies they may be affiliated with, any immediate relatives working at the Company, and any other relationships or associations that could lead to COI situations.

These declarations have allowed NGC to align to best practice in governance, by helping the Company understand the scope of potential and actual conflicts and take action to mitigate the identified risks.

In the interest of efficiency, and in line with the global shift toward paperless transactions, NGC moved the COI Declaration process online in 2020. This change has returned many notable benefits to the Company.

According to Venishea Paynter, Manager Governance and Compliance, automation has tightened the end-to-end process. There is no longer a need to print and complete forms, have them signed and physically turn them in. Employees are simply required to input data online, and the system automatically routes the form to the relevant signatories and reviewers who review the data and input

recommended controls and mitigating actions. The CGC team no longer needs to keep manual track of outstanding declarations as there are now system prompts in place, and the task of sorting through and organising stacks of forms is a thing of the past thanks to digital filing. This new online COI system has also meant that all data arising out of the Declarations are deposited and stored electronically in a centralised location, accessible around the clock and from any location. CGC Officers can easily extract data from the forms, without chance of human error in the transposing process, and electronically generate reports to share with the leadership team or other key departments.

"All these process improvements help to reduce risk for the Company, as they allow for COI scenarios to be quickly flagged and managed," she noted. "Understanding the existence of a potential COI helps NGC better tailor internal controls to treat with COI situations at all levels, in all areas across the Company – for example, policies and procedures for recusal of persons from functions or decisions that could cause conflicts."

Once controls are implemented, the CGC team can conduct intermittent Compliance Reviews to test their feasibility and effectiveness and adjust as required.

Of course, the ultimate effectiveness of the process relies on the honesty of the individuals making the COI declarations. For this reason, an important element of the process is informing staff of the reasons why truthful declarations are necessary, and the legal ramifications of an unreported COI. This pre-emptive approach is supported by a Whistleblower Policy, which allows staff to confidentially report any behaviours or actions deemed to be illegal or dishonest. This adds another layer of protection to the organisation against unethical behaviour. The Company's Consequence Management policies provide the final layer of support to the COI policy by reinforcing the need for compliance.

Towards better

As NGC looks to build out a new Strategic Plan to 2025, Governance and Compliance will continue to be a foundational pillar of the organisation. The CGC team will continue to seek ways to strengthen the transparency, accountability and governance standards and behaviours of the organisation, its employees and Directors, leveraging technology where possible to collect, measure and report relevant data, which can then be utilised to identify and mitigate risks. Driving all change will be a commitment to preserving the Company's reputation as an upstanding corporate citizen and achieving the Company's strategic goals in the Corporate Governance and Compliance area. ■