



Punjab Skills Development Fund

Conflict of Interest Policy

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1. Introduction

1.1 The Punjab Skills Development Fund (PSDF), also referred to as “the Fund”, is committed to ensuring the highest standards of conduct in all that it does. In order to preserve the transparency of the Fund and ensure that employees and others acting on behalf of PSDF must be free from conflicts of interest that could adversely influence their judgment, objectivity or loyalty to the company in conducting business activities and assignments, the Fund has adopted and will implement the “Conflict of Interest Policy” herein after referred to as “the Policy”.

2. Purpose of the Policy

2.1 The Fund admits the fact that Conflict of Interest, including the offer of Gifts and Hospitality, can occur in the course of work and it is important that every Director, officer, employee, contractor and consultant knows how to address and manage actual or potential conflicts of interest. All employees and members of the Board of Directors are expected to use good judgment, to adhere to high ethical standards, and to act in such a manner as to avoid any actual or potential conflict of interest. The objective of the Policy is to ensure transparency in the operations and activities of the Fund.

3. Scope

- 3.1 The Policy applies to the Fund, the Responsible Persons, as defined under the Policy, whether Regular Contract Employees or full-time, contractual, temporary or independent employees and consultants. The Policy should be used/read in conjunction with Fund’s other policies, including Transactions and Contracts with the Related Party Policy.
- 3.2 Any conflict of Interest resulting in creating Related Party relationship should be dealt under the “Transactions and Contracts with the Related Parties Policy”.
- 3.3 The Fund, at all times, should comply with the requirements of Companies Act, 2017 (“the Act”) and Public Sector Companies (Corporate Governance) Rules 2013.

4. Definitions

- 4.1 “**PSDF**” means Punjab Skills Development Fund, also referred to as “**The Fund**”;
- 4.2 “**Board**” is The Board of Directors of the Fund;
- 4.3 “**CEO**” stands for the Chief Executive Officer of the PSDF;
- 4.4 “**CFO**” stands for the Chief Financial Officer of the PSDF;
- 4.5 “**HR Department**” stands for the Human Resource Department of the PSDF;
- 4.6 “**Regular Contract Employees**” and “**Contractual Employees**” have the same meaning as defined under PSDF HR Manual;
- 4.7 “**Contractors**” means a person who is a party to a contract with PSDF;
- 4.8 “**Consultants**” means a contractor who gives professional or expert advice
- 4.9 “**Responsible Person**” is the person who has a direct or indirect interest, whether pecuniary or otherwise in the contract, transaction or matter. It includes the following:
 - a) The Directors of the Fund;
 - b) The Key Managerial personnel; and
 - c) Other employees of the Fund.

4.10 “**Key managerial personnel**”, in relation to PSDF, means:

- a) The Chief Executive Officer;
- b) The Company Secretary/ Chief Financial Officer; and
- c) The Chief Operating Officer; and
- d) The Heads of Departments and managers of the PSDF.

4.11 “**Executives**” in relation to the Policy means:

- a) Directors;
- b) Chief Executive Officer;
Chief Financial Officer/Company Secretary; and
- c) Chief Internal Auditor.

4.12 “**Manager**” means an individual who, subject to the superintendence, control and direction of the Board, has the management of the whole of the affairs of PSDF, and includes a director or any other person, by whatever name called, whether under a contract of service or not.

4.13 “**Relatives**” means, for the purpose of the Policy, the person’s spouse, children, including step children and parents;

4.14 “**Register of Interest**” means a centralized database of all declarations, kept by Fund, that enables Fund to keep a record of all actual, potential or perceived Conflicts of Interest and Gifts & Hospitality offered and accepted. It shall be maintained to record all relevant personal, financial and business interests, of directors and executives who have any decision-making role in the Fund, and the same shall be made publicly available. Such interests may include, for instance, any significant political activity, including office holding, elected positions, public appearances and candidature for election, undertaken in the last five years.

4.15 “**Interest**” a person shall be deemed to have an interest in a matter if he has any stake, pecuniary or otherwise, in such matter which could reasonably be regarded as giving rise to a conflict between his duty to objectively perform his functions under these rules so that his ability to consider and decide any matter impartially or to give any advice without bias, may reasonably be regarded as impaired.

5. Roles and responsibilities

5.1 The Board

Apart from the responsibilities of the Board as stated in the Board Charter, the responsibilities of the Board in respect of this Policy, includes, but are not limited to, the following:

- a) To approve and implement this policy;
- b) To review the record of Conflict of Interest recorded under the Policy at least annually;
- c) To review separately the Conflict of Interest relating to Directors.
- d) To recuse oneself from relevant discussion, decision or action where a director has a conflict of interest in a particular matter.

5.2 Responsible Persons

The responsibilities of the Responsible Persons include, but are not limited to, the following:

- a) To inform the Fund about their existing, perceived and/or potential Conflict of Interest as required under the Policy;
- b) To avoid accepting gifts, hospitality or to indulge into any situation which may lead to involvement of actual, potential or perceived Conflict of Interest;
- c) To discuss and resolve Conflict of Interest, in accordance with the Policy.

The Heads of Departments should further be responsible to resolve the Conflict of Interest faced by the employees working directly under them and to provide them advice and guidance in accordance with the Policy.

5.3 Chief Executive Officer

The responsibilities of the CEO, along with those stated in the Board Charter, include following:

- a) To implement the Policy approved by the Board;
- b) To ensure that every Responsible Person, contractor and consultant is aware of his roles and responsibilities under the Policy;
- c) To provide training to Responsible Person, contractor and consultant, in collaboration with HR department;
- d) To ensure existence of and recording under the Register of Interest, as defined under the Policy.

5.4 Audit, Risk and Compliance Department

The Responsibilities of Audit, Risk and Compliance Department (ARC Dept) , in respect of the Policy, includes, but are not limited to, the following:

- a) To provide advice and guidance, in accordance with the Policy, to employees who approaches it while facing Conflict of Interest;
- b) To escalate the matter, in accordance with the Policy, related to Conflict of Interest, as disclosed by Responsible Persons, contractors and consultants;
- c) To review the record maintained under the Register of Interest and identify areas of issue;

5.5 Human Resource Department

The Responsibilities of Human Resource Department (HR Depart.), in respect of the Policy, includes, but are not limited to, the following:

- a) To provide training to the key management personnel and employees so that they can identify and report the Conflict of Interest, as defined under the Policy;
- b) To circulate, at least annually, an email throughout the Fund in order to require Responsible Persons (other than Directors) to complete a mandatory declaration required under the Policy;
- c) To ensure implementation of Register of Interest throughout the Fund.
- d) To record Conflict of Interest, Gifts and hospitality in the Register of Interests exceeding Rs 5,000 and to update the Register of Interest of the Fund whenever a declaration is received;

5.6 Company Secretary

The responsibilities of Company Secretary, for the purpose of the Policy, includes, but are not limited to, the following:

- a) To providing training to the Directors, so that they can identify and report the Conflict of Interest, as defined under the Policy;
- b) To circulate, at least annually, an email to all Directors and other Executives of the Fund, in order to obtain a disclosure of concern or interest in relation to any contract or arrangement.

6. Conflict of Interest

- 6.1 A Conflict of Interest arises where a Responsible Person has a private or personal interest in, or connected with, an organization with which PSDF transacted or might transact business which may or could be reasonably perceived to influence the independent business judgment of the Responsible Person or compromise his ability to do his work with full efforts. For the purpose of defining a conflict of interest, own/private/personal interest can also include those of relatives (as defined under the Policy), friends or associates, clients and partners.
- 6.2 Conflict of Interest may be direct, indirect, actual, potential (could develop) or perceived (could be considered likely) and can arise across all areas of our work. Conflicts may be of a personal, financial or political nature.
- 6.3 There are three types of conflicts of interest:
 - a) **Actual conflict of interest** involves a direct conflict between a person's current duties and responsibilities and their existing own/private interests. In situations where the own/private interest motivates or influences the partial exercise of duty, the conflict of interest can lead to corruption.
 - b) **Perceived (or apparent) conflict of interest** is where it could be perceived by others that person's own/private interests could improperly influence the performance of their duties – whether or not this is the case.
 - c) **Potential conflict of interest** arises when a person has own/private interests that could interfere with their official duties in the future.

7. Identification of Conflict of Interest

- 7.1 In deciding whether a Conflict of Interest exists, it should be considered whether the interest, private or personal, is likely or could be perceived to interface with the objective judgment when undertaking the duties by the Responsible Person. The list of permissible and prohibited activities is detailed in Annexure I.

➤ Personal Interests

Responsible Persons, contractor or consultant may develop relationships, friendships and contracts in their personal and working environment that might influence their objectivity. In such case, the Responsible Person should excuse himself/ herself from taking part in any decision regarding such party. However, majority of these relationships are not likely to give rise to any concern and can be regarded as a private matter unless they affect PSDF in any way.

However, a Conflict of Interest may arise when a party in the relationship can grant the other an unfair advantage or disadvantage or can exert improper influence over a decision relating to the other. This might create a perception of bias and unfair treatment, this may include, but is not limited to, the following:

- a) When a person makes or significantly influences any decision regarding other party, which is not proportionate to the merits of such party and either with or without any reasonable basis, such as selection for employment/promotion, pay and grading, performance management, discipline, access to opportunities and resources or the awarding of contracts for goods and services;
- b) When a person has responsibility for the direct or indirect supervision of the other party.

➤ **Financial Interest**

A financial Conflict of Interest may arise, including but not limited to, where it could be perceived that a Responsible Person, or someone related to him, has:

- a) The opportunity to gain financially, prevented someone from gaining financially or placing that individual at a disadvantage from his decisions or actions;
- b) Financial interests which may influence the independent judgement and integrity in carrying out the role;
- c) the opportunity to gain from the award of a particular contract for goods or services; or
- d) Been declared bankrupt and the financial status makes the Responsible Person more vulnerable to situations which could be seen to compromise his official position.

➤ **Political Interests**

The Fund recognizes that people working with the Fund may have strongly held political views but under no circumstances must these be reflected in any decision-making process or alter aspects of their work. The Responsible Persons should not perform, including but are not limited to, the following activities:

- a) To take part in any political or public activity which compromises, or might be seen to compromise their impartiality;
- b) To allow their personal or political views to determine any advice they give or their actions. This includes publishing personal comments in blogs or other web-based applications.

8. Gifts and Hospitality

- 8.1 In the business environment, Responsible Persons are expected to maintain and build effective networks in order to support the work of the Fund, and to gain a real understanding of the views of stakeholders. However, this can give rise to offers of Gifts and Hospitality. While accepting Gifts and Hospitality in certain circumstances may further the interest of the Fund this must be balanced with upholding high standards of propriety and guarding against any reasonable suspicion of perceived or actual conflicts of interest or an undue obligation being created.
- 8.2 Responsible Persons, contractor and consultant should not normally accept Gifts & Hospitality but PSDF recognizes that in some cases non acceptance may cause embarrassment to the provider. All offers of Gifts and Hospitality which might be perceived to compromise personal judgment or integrity should be declined if their value exceeds Rs5,000.

- 8.3 Responsible Persons, contractor and consultant must be aware that offers of this kind may place them in a difficult position, because to refuse may cause misunderstanding or offence. On the other hand, to accept could involve criminal liability or give rise to questions of impropriety.
- 8.4 All Responsible Persons, contractor and consultant must declare, and ensure its recording in Register of interest, all Gifts & Hospitality (accepted or declined) that are valued over Rs 5,000.
- 8.5 If there is any doubt on whether or not hospitality or gifts should be accepted, such persons should seek advice and guidance from their Head of Department or Audit, Risk and Compliance Department.

9. Importance of registration of Declaration

- 9.1 It is important that Responsible Persons, contractor or consultant register a declaration to maintain public confidence and protect the integrity of both PSDF and its Responsible Persons. This will remove any question of improper conduct and drive transparency within and outside the Fund. This will also ensure compliance with Fund's Anti-corruption and Anti-Bribery Policy.

10. Procedure for Recording a Conflict of Interest

- 10.1 If a Conflict of Interest (actual, perceived or potential) arises or the Responsible Persons (other than Directors and other Executives) , contractors and consultants are offered a Gift or Hospitality (accepted or declined), such persons must disclose this to his Head of Department and HR Department and ensure that the information is recorded in the Fund's Register of Interest.

In case the Responsible person is a Director or other Executive of the Fund, such a disclosure shall be made to the Company Secretary

- 10.2 The Responsible Persons, contractor or consultant must take no further part in the situation until the matter has been resolved. If the Responsible Persons, contractor or consultant is unable or unwilling to disclose details then the matter should be informed directly to the Audit, Risk and Compliance Department.
- 10.3 All interests should be declared as and when they arise. HR Department and Company. Secretary. shall circulate an email throughout the Fund and to Executives and Board of Directors respectively, requiring Responsible Persons to complete a mandatory declaration at least annually to ensure compliance with the policy, while contractor and consultant should declare their conflict of interest whenever it occurs. Additional requirements of Disclosure for Directors are explained later in the Policy.
- 10.4 Under no circumstances should the Responsible Persons wait to receive this email before declaring their Conflict of Interest that has arose during the financial year. Individual members of staff are responsible for ensuring that their declarations are always kept up to date.

11. Timing of the Disclosure for Directors

- 11.1 Every director of the Fund who is in any way, whether directly or indirectly, concerned or interested in any contract or arrangement entered, or to be entered, by or on behalf of the Fund shall disclose the nature of his concern or interest through email when s/he becomes aware of it and shall give a formal disclosure in the next meeting of the board. The disclosure should be properly recorded in the minutes by Company Secretary.

- 11.2 The disclosure required to be made by a director shall be:
- a) in the case of a contract or arrangement to be entered into, at the meeting of the board at which the question of entering into the contract or arrangement is first taken into consideration or, if the director was not, on the date of that meeting, concerned or interested in the contract or arrangement, at the first meeting of the board held after he becomes so concerned or interested; and
 - b) in the case of any other contract or arrangement, at the first meeting of the board held after the director becomes concerned or interested in the contract or arrangement.
- 11.3 Directors may give general notice to the Board regarding their existing Conflict of Interest, in accordance with the Companies Act, 2017, through an email, and present it separately to the Board during the Board's review of the record maintained under the Register of Interest.

12. Requirements of Register of Interest

- 12.1 The Register of Interest is required to be updated by the HR department within 7 days of receiving a declaration, either at the time of annual circulation, or any time during the year.
- 12.2 All staff members are required to complete a declaration at least annually, circulated by the HR Department through email. Even if they have no declaration to make, Responsible Persons are still required to complete the form and register a 'Nil Return' to confirm they have read and understood this policy.

13. Resolving Conflicts of Interest

- 13.1 Through discussion with the Head of Department, the Responsible Persons may be advised to do the following:
- a) Declare that there is no Conflict of Interest;
 - b) To continue with the activity but implement actions to mitigate any risk. This could include closer monitoring, revisions to plans, exclusions from decision making activities and disclosure of all relevant information to others involved in the process;
 - c) To be excluded from the activity.
- 13.2 Contractor or consultant may discuss the matter with the PSDF employee involved in the contract, such an employee should discuss the matter with his Head of Department. Here, the term "involved in the contract" means taking any type of part or interest in the signing or execution of the contract.
- 13.3 If the Responsible Persons cannot agree what action should be taken with his Head of Department, he should escalate this to the ARC Department.
- 13.4 Consideration of whether a conflict of interest exists may be subject to factors such as, but not limited to:
- a) Undertaking secondary employment
 - b) Financial and economic interests such as debts or assets
 - c) A family or private business
 - d) Affiliations with for-profit and non-profit organizations, clubs and associations
 - e) Affiliations to professional, ethnic community-, family or religious groups in a personal or professional capacity or relationships

- f) Enmity towards or competition with another individual or group
- g) Significant family or other relationships with clients, partners, contractors or other staff working in the same (or a related) organization.
- h) Future employment prospects or plans (i.e. post separation employment)

14. Dealing with the Conflict of Interest

14.1 Where a Responsible Person, contractor or consultant has a conflict of interest in a matter, such person shall play no part in the relevant discussion, decision or action and shall immediately inform the ARC department.

15. Publicizing the Conflict of Interest

15.1 The Fund should publicly make available, where requested, the information disclosed by the Directors and executives related to their Conflict of Interest, who have any decision-making role in the Fund.

16. Failure to Make a Declaration

16.1 If the Responsible Persons (other than Directors), contractor or consultant fail to declare a Conflict of Interest (actual, potential or perceived) or the offer of a Gift or Hospitality (accepted or declined), appropriate action will be taken in accordance with the PSDF HR Manual.

16.2 In case of Directors, action will be taken in accordance with the penalty of level 1 on standard scale of Companies Act, 2017. i.e. limit of penalty is upto Rs. 25,000 with per day penalty during which the default continues is upto Rs. 500

17. Training under the Policy

17.1 PSDF will regularly undertake a program of educating staff regarding probity and corruption prevention and promoting the need to manage conflicts of interest and declaration of gifts and hospitality.

17.2 Directors should be informed about the requirement of the Policy in their orientation session.

17.3 Contractors and consultants should be educated regarding the policy at the time of signing of the Contract.

18. Review

18.1 This policy should be reviewed by the Board and may be changed, modified or abrogated at any time on recommendation of the Board Audit and Finance Committee of the Board.

19. Enforcement

19.1 This policy is effective from _____ and any subsequent revisions shall be effective from the date of communication after approval.

20. Annexure

Annexure – I

The list detailed below is for illustrative purposes only and is not exhaustive.

DO:

- i. Declare and maintain details of actual, potential or perceived Conflict of Interest and the offer or acceptance of Gifts & Hospitality in Register of Interest as soon as they occur;
- ii. Ensure 'Nil Returns' are also recorded in Register of Interest;
- iii. At a minimum, Register of Interest must be updated annually, unless a declaration is required to be made within that period;
- iv. Occasional meal of reasonable expense with employees, contractors and consultants;
- v. Gifts and hospitality of nominal value;
- vi. Make a declaration, even if you are uncertain if it's an actual or a potential Conflict of Interest

DO NOT:

- i. Misuse information acquired in the course of your business;
- ii. Behave in a way which could give rise to suspicion of any real or perceived Conflicts of Interest between their official duty and private interests;
- iii. Disclose official information without authority. This duty continues to apply after you leave the Fund;
- iv. Give loans or grant to the Responsible Person, however advance salary should be considered as loan;
- v. Accept illegal gifts or anything of value which would result in violation of law, even if the value is trivial;
- vi. Take part in your official capacity in surveys or research projects, even no attributable, if they deal with attitudes or opinions on political matters or matters of policy;
- vii. Take on roles in organizations working with PSDF unless permission has been obtained by the Fund;
- viii. Take part in any political or public activity which compromises or might be seen to compromise you impartiality;
- ix. Misuse your official position to further your own or others private interests;
- x. Give the impression that you have or may have been influenced by a gift or consideration to show favor or disfavor to a person or organization. Staff should not normally accept gifts or hospitality;
- xi. Abuse or ignore Fund's procedures relating to Conflicts of Interest or Gifts & Hospitality;
- xii. Publish material (including books, journals, blogs, broadcasts, or other public discussions) which draws from official information or experience without obtaining prior permission from the Fund;
- xiii. Allow personal/political views to determine any advice given or actions including publishing personal comments online.