

## **1. INTRODUCTION**

1.1. This code contains guidance and information on the principles of conduct and ethics for all accredited fellows/ members [hereinafter collectively referred to as 'member']. Nothing in the code shall relieve a member from any obligations, which may be imposed by primary or subordinated legislation or by any professional code or regulation to which the member is already subject.

1.2. A member shall be expected, in performing his or her duties, to observe the spirit, as well as the letter, of the code. The standards set out in the code shall not be lowered and shall apply as a minimum.

## **2. GENERAL OBLIGATIONS**

2.1. A member shall maintain his or her knowledge of the practice of turnaround, crisis management and corporate renewal and shall at all times respect the practice and contribute to its enhancement. All members are required to continually enhance and update their knowledge within this field through the completion of annual CPD requirements (see Note 153), in order to maintain professional standards and to retain membership of The IFT.

2.2. A member shall not accept work or carry out work in a way which will involve a breach of the law. If the work requires authorisation or licensing, a member must not perform such work unless and until they are properly authorised or licensed.

2.3. A member must not, and must not permit another person to do anything on his or her behalf, which is likely to bring the turnaround profession and/ or The IFT into disrepute by their actions or words. All members are encouraged to proactively promote The IFT and the importance of accreditation.

2.4. Members are required to act at all times in the spirit of The IFT's Mission, which is "to be the recognised UK professional body for the highest quality individuals and institutions implementing, advising and funding successful turnarounds".

## **3. FUNDAMENTAL PRINCIPLES**

3.1. A member is to uphold the following principles:

**Integrity.** Behave with integrity in all professional appointments. Integrity implies not merely honesty but fair dealing and truthfulness.

**Objectivity.** Strive for objectivity in all professional judgements. Objectivity is the state of mind that has regard to all considerations relevant to the task in hand and is independent of personal feelings or opinions in considering and representing the facts.

**Competence.** Not accept or perform work which the member does not have the necessary ability or knowledge to undertake, unless the member obtains advice and assistance which will enable the member to competently carry out the work.

**Due Skill.** Carry out work with care and skill, diligence and promptness and with proper regard for the technical and professional standards expected of a member.

**Courtesy.** Behave with courtesy and consideration towards all with whom the member comes into contact during the course of an assignment.

#### **4. OBLIGATIONS**

4.1. A member shall owe a duty of confidentiality to clients and shall safeguard the confidentiality of any information acquired during the course of an assignment. The duty of confidentiality is not determined by the end of the assignment on which the member was engaged.

4.2. There may be exceptional circumstances where the member's duty of confidentiality can be overridden. These may include where:

- i. express consent is granted by a client or other suitably authorised person. Where a member is in possession of confidential information received from joint clients, the consent of both clients is required to waive the duty of confidentiality;
- ii. there is a statutory right or duty to disclose;
- iii. a court orders that such matters are to be disclosed; or
- iv. to maintain confidentiality would assist in the commission of a crime.

4.3. A member shall not use confidential information to promote his or her private interests.

4.4. Members may suspect or encounter evidence of a number of criminal offences during the course of their work. These may include:

- i. drug trafficking or terrorism;
- ii. theft, obtaining funds by deception, false accounting, suppression of documents, fraud and forgery;
- iii. offences in breach of Company Law;
- iv. perjury and offences under the Prevention of Corruption legislation;
- v. bankruptcy or insolvency offences, frauds on creditors, false trade descriptions and offences arising out of relations between employers and employees;
- vi. conspiracy, soliciting or inciting crime and attempting to commit crime;
- vii. tax evasion;
- viii. insider dealing.

4.5. A member who suspects or becomes aware that an officer or employee of a client has committed some fraud or other unlawful act should normally notify the client's management at an appropriate level. However, where the conduct may involve money laundering or dealing in criminal property, the member may be under an obligation to make a suspicious activity report

(SAR) to the Serious Organised Crime Agency (SOCA) and in such cases may be under a legal obligation not to 'tip-off' the person who is the object of their suspicion. The obligation to make an SAR and not to tip-off is more likely if the client operates in the 'regulated sector'. This is defined in Schedule 9 of the Proceeds of Crime Act 2002 (as amended) and, broadly, means financial and insurance businesses but it also covers estate agency, tax advice, dealing in property and company and trust formation. Full details are outside the scope of this code of ethics but guidance is available from the UK Financial Intelligence Unit section of the SOCA website [www.soca.co.uk](http://www.soca.co.uk). In cases of any doubt, members should seek urgent advice before making any disclosure to the client or otherwise.

4.6. Members are advised to maintain appropriate working records whenever engaged in turnaround activities. These remain the member's own property and any request for their production should normally be refused.

## **5. ENGAGEMENT WITH CLIENTS**

5.1. A member shall not accept an assignment or, where relevant, shall cease acting further where:

- i. the assignment would involve the member in a breach of a law or a breach of this code of ethics, unless the assignment can be changed appropriately;
- ii. the member cannot carry out his or her obligations with Due Skill or knows in advance that the assignment cannot be fulfilled in the agreed time frame due to other commitments;
- iii. there is a conflict of interest (further details on this are set out below).

5.2. A member shall not proceed with an assignment without a contract or engagement letter (see Note 33), which should cover among other things:

- i. the objective and scope of the assignment;
- ii. the strategy of approach to the assignment;
- iii. the duty of care of the member to the company or client, including confirmation that the member is not aware, at the date of the engagement letter, of any conflict of interest which would prevent him or her from accepting engagement;
- iv. the remuneration structure.

5.3 The basis of remuneration must be agreed in writing. The method of making amendments to the structure of remuneration must be agreed in advance and confirmed in writing and any such amendments must be confirmed in writing with the consent of both the client and the member.

5.4 A member may accept a performance bonus or contingency fee, provided the amount of such bonus/fee or the method of calculation of such bonus/fee is agreed in advance and confirmed in writing.

5.5 A member may take an equity participation in lieu of or in addition to fees, provided the basis and terms of such participation is agreed in advance and confirmed in writing. Any company granting such participation should be advised by the member to take separate advice before agreeing to such an arrangement.

## **6. COMMISSION AND GIFTS**

6.1. Objectivity may be threatened or appear to be threatened by acceptance of goods, services or hospitality from a client, other than explicitly provided for in the engagement letter. A member should be aware of the difficulties which may arise from the offer or acceptance of any gift, benefit, favour or hospitality which may be intended, or may be seen by others as intended, to influence the member.

6.2. A member must not solicit gifts of any amount and should decline any gift, benefit, favour or hospitality unless the gift, benefit, favour or hospitality is of a nominal value or is entertainment that is a routine social amenity, which a reasonable third party would not consider was intended to influence the recipient.

## **7. OBLIGATIONS TO FELLOW MEMBERS AND THE PROFESSION IN GENERAL**

7.1. A member shall act with integrity at all times and shall not disparage, or make unprofessional statements about another member competing for an assignment.

7.2. If a member shall cease to act, for any reason, on an assignment and another member proposes to take his or her place, the proposed incoming member shall write to the outgoing member to establish if there are any reasons why he or she should not accept the appointment.

## **8. PROVISION FOR DISCIPLINARY PROCEEDINGS**

A member is obliged to notify the IFT of any matter which may render him or her liable to disciplinary action, including but not limited to, disciplinary action by another professional body, criminal conviction, or civil finding of dishonesty. For further details, please see the separate document entitled, 'Disciplinary Proceedings'.

## **9. CONFLICTS OF INTEREST**

### **9a Clients**

9a.1. Members should always place their clients' interests before their own and act in the spirit of the IFT's Mission. For this reason, members should not accept or continue an assignment where his or her interests conflict with the interests of a client or potential client. For example, if a member (or immediate family of the member) holds office in a client company, or has a comparable business relationship with a client, the member should be aware of the dangers inherent in seeking to combine a role with that of adviser, whereby his or her necessary objectivity as a professional adviser is imperilled or may be perceived to be by third parties.

9a.2. For the avoidance of doubt, any form of financial gain which accrues or is likely to accrue to a member as a result of an assignment, otherwise than in an agreed form under the engagement letter, will always amount to a significant conflict of interest.

9a.3. The member should not accept or continue an engagement for two or more clients where a conflict of interest exists or may reasonably be expected to arise between those clients.

9a.4. Prior to accepting an engagement, and while an engagement is on-going, a member should take all reasonable steps to ascertain whether any conflict of interest exists or is likely to arise in the future. This should include consideration of the existing or potential implications arising from the possession of confidential information.

### **9b The IFT**

9b.1. The IFT members who have access to privileged information on The IFT through their involvement with the Board, committees, or other policy-forming gatherings may have an actual, potential or perceived conflict of interest as a result of their membership of and/or involvement with other competing organisations.

9b.2. Members should always place The IFT's interests before their own and act in the spirit of The IFT's Mission.

9b.3. Members should consult the The IFT Chairman, Deputy Chairman or Chief Executive for guidance on any policy-forming or policy-influencing role that may place them in a potential conflict with The IFT's interests. Usually, but not always, these will be pro bono roles.

9b.4. Prior to accepting such a role, a member should take all reasonable steps to ascertain whether any conflict of interest exists or is likely to arise in the future. This should include consideration of the existing or potential implications arising from the possession of confidential or privileged information.

9b.5. The member should either not accept or continue a role where a conflict of interest exists or may reasonably be expected to arise between The IFT and other parties; or should cease to engage in The IFT activities that offer access to privileged information such as policy or commercial matters.

9b.6. For the avoidance of doubt, a Non-disclosure Agreement is not considered adequate in the circumstances described above.