

Conflict of Interest



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## 1 History

version	changes	approval date
1.0	initial policy	2019-01-28
1.1	rephrasing	draft

## 2 Scope

This policy applies to the board members and all persons affiliated to and acting on behalf of WPIA.

Persons affiliated to and acting on behalf of WPIA are:

1. natural persons (CA/RA) are e.g.:
  - RA Agents
  - TTP RA Agents
  - Organisation RA Agents
  - RA Auditors
  - Representatives of the Fellowship
  - Admins
2. legal persons:
  - subsidiary limited liability companies of WPIA
  - registered cooperative companies initiated and controlled by WPIA
  - registered associations of friends and promoters of WPIA

Later changes to the scope can be adopted and state regulations should be taken as far as possible without contradicting this policy.

## 3 Objective

The WPIA's board and all persons affiliated to and acting on behalf of WPIA aims to ensure that they are aware of their obligations to disclose any conflicts of interest that they **MAY** have, and to comply with this policy to ensure they effectively manage those conflicts of interest as **persons affiliated to and acting on behalf** of WPIA.

## 4 Purpose

The purpose of this policy is to help board members and all persons affiliated to and acting on behalf of WPIA effectively identify, disclose and manage any actual, potential or perceived conflicts of interest in order to protect the integrity of WPIA and manage risk.

## 5 Definition of conflicts of interests

A conflict of interest occurs when a person's personal interests conflict with their responsibility to act in the best interests of the charity. Personal interests include direct interests as well as those of family, friends, or other organisations a person may be involved with or have an interest in (e.g. as a shareholder). It also includes a conflict between a board member's duty to WPIA and another duty that the board member has (e.g. to another charity). A conflict of interest MAY be actual, potential or perceived and MAY be financial or non-financial.

Conflicts of interest can arise both internally and externally.

### 5.1 Internal conflicts

Internal conflicts arise in cases of:

- personal identity between board members and representatives of legal persons affiliated and acting on behalf of WPIA
- personal identity between Applicant and RA Agent / TTP RA Agent / Organisation RA Agent
- personal identity between RA Auditor and Applicant / RA Agent / TTP RA Agent / Organisation RA Agent
- personal identity between creator and auditor of test questions and challenges
- personal identity between developer and auditor of software
- family relationships between Applicant and RA Agent / TTP RA Agent / Organisation RA Agent
- family relationships between RA Auditor and Applicant
- family relationships between RA Auditor and RA Agent / TTP RA Agent / Organisation RA Agent
- one person acting at the same moment as representative of a legal person and natural person affiliated to and acting on behalf of WPIA (role conflict)

### 5.2 External conflicts

External conflicts arise in cases of:

- personal identity between board members and representatives of persons acting as supplier, consultant or business partner for the WPIA
- personal identity between representatives of legal persons affiliated and acting on behalf of WPIA and those representatives acting as their supplier, consultant or business partner

- family relationships between board members and representatives of persons acting as supplier, consultant or business partner for the WPIA
- family relationships between representatives of legal persons affiliated and acting on behalf of WPIA and those representatives acting as their supplier, consultant or business partner

These situations present the risk that a person will make a decision based on, or affected by these influences rather than in the best interests of the charity and MUST be managed accordingly.

## 6 Policy

This policy has been developed because conflicts of interest commonly arise, and do not need to present a problem to the charity if they are openly and effectively managed. It is the policy of the WPIA as well as a responsibility of the board, that ethical, legal, financial or other conflicts of interest be avoided and that any such conflicts (where they do arise) do not conflict with the obligations to WPIA.

WPIA will manage conflicts of interest by requiring board members and all persons affiliated to and acting on behalf of WPIA to:

- avoid conflicts of interest where possible
- identify and disclose any conflicts of interest
- carefully manage any conflicts of interest, and
- follow this policy and respond to any breaches.

### 6.1 Responsibility of the board and persons affiliated to and acting on behalf of WPIA

#### 6.1.1 The board is responsible for:

- establishing a system for identifying, disclosing and managing conflicts of interest across the charity
- monitoring compliance with this policy, and
- reviewing this policy on an annual basis,
- reviewing this policy following the general meeting, to
- ensure that the policy is operating effectively.

The charity MUST ensure that its board members are aware of the legal requirements as stated in Austrian WAG 2018<sup>1</sup> and the Commission Delegated Regulation (EU) 2017/565 of 25 April 2016 supplementing Directive 2014/65/EU of the European Parliament<sup>2</sup> and of the Council as regards organisational requirements and operating conditions for investment firms and defined terms for the purposes of that directive, and that they disclose any actual or perceived material conflicts of interests as required by that directive.

### **6.1.2 Person affiliated to and acting on behalf of WPIA is responsible for:**

reporting any actual, potential or perceived conflict of interest to the aforementioned established System of the board.

Examples and solving approaches:

1. RA-Agents starting their office want to increase their Experience Points entitlement as quickly as possible and might not perform the Verification comprehensively and consistently.
  - Solution: Training and control processes MUST sensitize auditing behavior and penalize offenses.
2. RA-Agents want to verify their entire family.
  - Solution: The process and the RA Agent Contract prohibit first-degree verification.
3. Organisation RA Agents are responsible for one or more organisations within the IT area and the website. They want to perform the Organisational Verification for these organisation. This would amount to self-certification.
  - Solution: Another Organisation RA Agent MUST confirm the organisation(s).
4. Organisation RA Agents want to add themselves as Organisation Administrator to an organisation account of an organisation they are related to.
  - Solution: Another Organisation RA Agent MUST add the Organisation Administrator. The technical process prohibits that Organisation RA Agents add themselves as Organisation Administrator.

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<sup>1</sup>Austrian WAG 2018

<sup>2</sup>Commission Delegated Regulation (EU) 2017/565 of 25 April 2016 supplementing Directive 2014/65/EU of the European Parliament

5. A Fellow submits unusual identification papers to the only RA-Agent in a wide area, which are not known by the RA-Agent and therefore cannot be judged despite inquiries. The RA-Agent decides not to complete the verification. The Fellow feels limited in his right to evidence of his digital identity (one of our core objectives).
  - This is one of the few instances where a fellow's right falls short of the overall goal. No RA-Agent can be committed to a verification. The Fellow has the right to use unverified certificates of our CA. The Fellow MAY continue to seek other verification pathways such as TTP or Nucleus.
6. A person acting on behalf of WPIA wants to act privately as a supplier for WPIA.
  - Solution: A market comparison shows the price and qualitative competitiveness, the person does not simultaneously sign on behalf of WPIA as client. In any case executives are subject to statutory restrictions.

## 6.2 Identification and disclosure of conflicts of interest

Once an actual, potential or perceived conflict of interest is identified, it **MUST** be entered into WPIA's register of conflicts of interests, as well as being raised with the board. Where all of the other board members share a conflict, the board should ensure that proper disclosure occurs.

The register of conflicts of interests **MUST** be maintained by an appointed member, and record information related to a conflict of interest (including the nature and extent of the conflict of interest and any steps taken to address it).

## 6.3 Confidentiality of disclosures

Only members of the WPIA **SHALL** have access to the disclosures. **Measures and model decisions made as a result of these disclosures are to be published in the internal rules and regulations.**

# 7 Procedures/Action required for management of conflicts of interest

## 7.1 What should be considered when deciding what action to take

Each person bound by this policy should act in favour of the rules and bylaws of the Certificate Authority.

In deciding what approach to take the board will consider whether the conflict needs to be avoided or simply documented whether the conflict will realistically impair the disclosing person's capacity to impartially

- participate in decision-making
- alternative options to avoid the conflict
- the charity's objects and resources, and
- the possibility of creating an appearance of improper conduct that might impair confidence in, or the reputation of, the charity.

The approval of any action requires the agreement of at least a majority of the board (excluding any conflicted board member/s) who are present and voting at the meeting. The action and result of the voting will be recorded in the minutes of the meeting and in the register of conflicts of interests.

When deciding on the necessary steps, the aim SHOULD be to prioritize the interests of the bearer of certificate / fellows, to whose detriment a conflict of interest, with the interests of the association and the persons working for them, and to treat them equally with the interests of other bearer of certificates / fellows.

## **7.2 Decisions**

### **7.2.1 Conflicts of interests of board members**

The board (excluding the board member disclosing and any other conflicted board member) MUST decide whether or not those conflicted board members should:

- vote on the matter (this is a minimum),
- participate in any debate, or
- be present in the room during the debate and the voting.

In exceptional circumstances, such as where a conflict is very significant or likely to prevent a board member from regularly participating in discussions, it MAY be worth the board considering whether it is appropriate for the person conflicted to resign from the board.

### **7.2.2 Conflict of interest of persons affiliated to and acting on behalf of WPIA**

The board MUST decide whether or not those conflicted persons should:

- act on behalf of WPIA (this is a minimum)



- negotiate on the matter
- be granted as acting as principal and agent

In cases, as the conflicted person is member and representative of the WPIA, it MAY be worth the board considering whether it is appropriate to revoke the conflicted persons power of representation.

## 8 Compliance with this policy

If the board has a reason to believe that a person subject to the policy has failed to comply, board MUST investigate the circumstances.

If it is found that this person has failed to disclose a conflict of interest, the board MAY take action against them. This MAY include seeking to terminate the persons relationship with the charity.

If a person suspects that a board member has failed to disclose a conflict of interest, they MUST discuss with the person in question, notify the board, or the person responsible for maintaining the register of conflicts of interests.

Contact: board (at) wpia.club

## 9 Related Documents