



OFFICE OF THE ADVISORY COMMITTEE ON BUSINESS APPOINTMENTS

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BUSINESS APPOINTMENT APPLICATION: Sir Sebastian Wood

1. Sir Sebastian has requested advice on taking up an appointment with Schroders PLC, as the Chairman of Schroders China. Sir Sebastian was previously British Ambassador to Germany from September 2015 - September 2020. Previously, between 2010 and 2015 he was British Ambassador to China.

Application Details

2. Schroders PLC (Schroders) is an British, international asset management firm. It's website states it employs over 5,000 people worldwide in 32 locations around Europe, America, Asia, Africa and the Middle East. As at 31 December 2019, Schroders was responsible for assets worth £500.2 billion.

3. Sir Sebastian is proposing he take up a role as Chairman of Schroders China. He said the role would involve providing strategic advice and support for its China business. This would include maintaining contact in China with key Chinese officials important to Schroder's business. In this role he also sought to have contact with UK Government officials in London and China. He stated that *'Where HMG welcomes and solicits such contact I will participate on Schroders' behalf in the established dialogue between HMG and UK companies interested in China. An example of such activity is the China Market Advisory Group (CMAG) , a business consultative body which works closely with HMT, ... to promote closer relations between the UK and China in the field of financial and professional services'*. The Chinese Market Advisory Group (CMAG) is a business consultative body which works closely with HMT to promote closer relations between the UK and China in the field of financial and professional services. Sir Sebastian stated he would represent Schroders in this group, and may participate in other similar activities such as representing Schroders in business delegations supporting Ministerial visits, or attendance at events hosted by Ministers or senior officials. He said the purpose of his doing so would be to strengthen Schroders' understanding of the prospects for UK-China relations and of the Government's plans for supporting UK business interests in China. He stated he will not be seeking to influence UK Government policy in this role.

4. Sir Sebastian stated he had no official contact with Schroders whilst in office, and that he was not involved in any regulatory or policy work that would have specifically affected Schroders. He stated he did not have any involvement in grants or contracts

affecting the company. He also stated he did not have any sensitive information about competitors or upcoming policy.

5. The Foreign, Commonwealth and Development Office (FCDO) confirmed Sir Sebastian's application details. It had no concerns with the appointment, confirming he had no official contact with Schroders whilst in office and did not make any policy, contractual or regulatory decisions that would have affected Schroders specifically. Further, it noted he has had no access to policy, commercial or other departmental information, knowledge of which could give the prospective employer an unfair advantage.

The Committee's Consideration

6. The Committee¹ considered that as Sir Sebastian had no official contact with Schroders whilst he was in office; was not responsible for any policy, contractual or regulatory decisions specific to Schroders; and the Department raised no concerns, the risk that this appointment is a reward for actions taken in office is low.

7. The Committee considered the FCDO's views that Sir Sebastian did not have access to sensitive policy or commercial information. However Sir Sebastian may have been privy to information about Brexit negotiations from his time as role in office, and more general information about diplomatic affairs that could be seen to be of benefit to any company. The Committee considered the fast moving nature of these negotiations; we are now past the end of the transition period which ended on 1 January 2021. Therefore the benefit that would be gained from any such information is significantly reduced. Nevertheless the Committee would draw Sir Sebastian's attention to the privileged information ban below.

8. The Committee considered that Sir Sebastian's governmental and diplomatic network could be seen to constitute an unfair advantage to Schroders if improperly used. Sir Sebastian's proposed role has contact with the Government in order to '*participate on Schroders' behalf in the established dialogue between HMG and UK companies interested in China*'. He further stated the aim of this was to strengthen Schroders' understanding of the prospects for UK-China relations and of the Government's plans for supporting UK business interests in China. The Committee noted it has been 5 months since Sir Sebastian left office and over 5 years since he held a post in China. Further, he has stated he will not be seeking to influence UK Government policy. The Committee determined that contact in this role should be limited to reporting on the activities of Schroders China as described above and noted the pre-established channels of communication such as the CMAG. Contact in this form or where it is at the UK Government's request, would not be improper. However, the Committee would draw his attention to the conditions below which make it clear he must not lobby the UK Government in this role or make improper use of his contacts.

9. The Committee also considered that Sir Sebastian would have extensive contacts in other governments as a result of his time in Crown service. There is a risk that this may offer Schroders an unfair advantage. He is expected to exercise his own discretion on probity when working with contacts he has gained as a result of his time in office in commercial organisations and other governments, however he must not lobby any such contacts for the purposes of securing business for Schroders, as the conditions below to make clear.

¹ Jonathan Baume; Andrew Cumpsty; Isabel Doverty; Sarah De Gay; Dr Susan Liautaud; the Rt Hon Lord Pickles; Richard Thomas; Mike Weir; and Lord Larry Whitty.

10. Taking into account the specific facts in this case, in accordance with the Government's Business Appointment Rules, the Committee advises Sir Sebastian's work with **Schroders PLC** be subject to the same conditions as his independent consultancy:

- Sir Sebastian should not draw on (disclose or use for the benefit of himself or the persons or organisations to which this advice refers) any privileged information available to him as a Crown Servant. In the context of this general provision, the Committee considers he should specifically avoid giving Schroders PLC (including clients parent companies, subsidiaries and partners), privileged insight based on information from his time in Crown service into Brexit related issues, insofar as it as it pertains to UK's negotiating strategy post its departure from the EU; and
- for two years from his last day in Crown service, he is permitted to have contact with the UK government to report on the activities of Schroders China. Nevertheless, discussion with the UK government more widely should only be at its request as he is prevented from lobbying the UK government on behalf of Schroders PLC (including parent companies, subsidiaries, partners and clients). During any contact, he is expected to observe acceptable standards of probity, consistent with the behaviour required as a former Crown servant and must not make use, directly or indirectly, of his contacts to influence government policy, secure government funding or otherwise unfairly advantage Schroders PLC (including parent companies, its subsidiaries, partners and or clients).
- for two years from his last day in ministerial office, he should not become personally involved in lobbying contacts he has developed during his time in office and in other governments and organisations for the purpose of securing business for Schroders PLC (including parent companies, subsidiaries and partners);
- for two years from his last day in office he should not advise Schroders PLC (or its parent companies, subsidiaries, partners and clients) on the terms of, or with regard to the subject matter of, a bid or contract with, or relating directly to the work of the UK Government.

11. By 'privileged information' we mean official information to which a minister or Crown servant has had access as a consequence of his or her office or employment and which has not been made publicly available. Applicants are also reminded that they may be subject to other duties of confidentiality, whether under the Official Secrets Act or otherwise.

12. The Business Appointment Rules explain that the restriction on lobbying means that the former Crown servant/Minister "should not engage in communication with Government (Ministers, civil servants, including special advisers, and other relevant officials/public office holders) – wherever it takes place - with a view to influencing a Government decision, policy or contract award/grant in relation to their own interests or the interests of the organisation by which they are employed, or to whom they are contracted or with which they hold office."

13. I should be grateful if you would ensure that we are informed as soon as Sir Sebastian takes up this position, or if it is announced that he will do so (I enclose a form for this purpose). We shall otherwise not be able to deal with any enquiries, since we do not release information about appointments which have not been taken up or announced, and this could lead to a false assumption being made about whether he had complied with the Rules.

14. I should also be grateful if you would ask that Sir Sebastian informs us if he proposes to extend or otherwise change the nature of his role as, depending on the circumstances, it may be necessary for him to make a fresh application.

15. Once this commission has been publicly announced or taken up we will publish this letter on the Committee's website, and where appropriate, refer to it in the relevant annual report.

Yours sincerely

Sam Lynch

Committee Secretariat