

VSGWL Policy

Conflict of Interest (Cofl)

Introduction

A Conflict of Interest (Cofl) is any situation in which a director's personal interests or loyalties could, or could be seen to; prevent the director from making a decision only in the best interests of the charity.

A Cofl exists even where there is the possibility that a director's personal or wider interests could influence the director's decision making. Even the perception that there is a Cofl could damage VSGWL.

Unaddressed Cofl can lead to decisions that are not in the best interests of the organisation and which are invalid or open to challenge. This can damage reputation, public trust and confidence.

If a decision has been made which has been influenced by Cofl this constitutes a Breach of Duty which breaks both Charity and Company Law.

There are two types of Cofl:

- **Conflict of Interest** – These relate to a director's personal interests and the interests of those connected to them. Organisations should not be paying a connected person for goods or services or disposing of land to a connected person.
 - **A Connected Person** – In broad terms this means family, relatives or business partners of a director, (spouse, unmarried or civil partner, children, siblings, grandchildren, grandparents). A business in which a director has an interest through ownership or influence. Businesses where a director or family member holds at least one-fifth or the shareholding or voting rights.
- **Conflict of Loyalty** – These arise because, although the affected director does not stand to gain and benefit the director's decision in the context of VSGWL could be influenced by, or thought to be influenced, by his or her other interests.

Policy

1. Trustees have a duty to declare (Cofl), real and perceived.
2. Directors must declare Cofl at the time of appointment.
3. A Register of Directors Interests will be kept in hard copy format by the CEO, with the information backed up in electronic storage.
4. Cofl will be a Standing Item on each Board Meeting agenda. This will give directors the opportunity to declare new interests and to remove those which have lapsed, either as a result of their own changes or of changes in VSGWL activities. Directors should declare as early as possible, preferably before any discussions have taken place.

5. The Board must be able to discuss these matters openly and make decisions about how to act. The Board should decide to what extent the affected member should participate.
 - a. The director could withdraw.
 - b. The director could give their views and then withdraw.
 - c. The director could be involved in discussions and then withdraw, not participating in the vote.
 - d. (b) and (c) allow for the experience and expertise of the director to be utilised but without affecting the final decision, especially where the conflict is low risk.
6. If the CofI is severe there are further courses of action which can be taken. The Board may be able to remove the conflict by:
 - a. Not proceeding with the proposed course of action, dropping a project.
 - b. Securing the resignation of the director.
 - c. Seeking prior authority from OSCR.
 - d. Seeking legal advice.
7. If the Board is unsure of the best action to undertake, it will err on the side of caution and seek advice.
8. All these decisions and actions must be Minuted.

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