

Conflicts of Interest Policy *please also see Article 20 of the Articles of Association.*

A conflict of interest (or loyalty) arises where a member's personal interests or loyalties, or the interests or loyalties which that member owes to another party (e.g. family, employer, client), arise at the same time. The member must manage any situation where they have the potential to benefit personally from his or her position as a Director or a Service Board Member or is influenced by conflicting loyalties. The purpose of this policy is to protect Directors and board members and the senior staff from these risks.

Interests can be financial or non-financial and direct or indirect. A **direct financial interest** arises where a member is selling an asset to the Association or becoming an employee. A **direct non-financial interest** can arise where a member is a service user of the Association and benefits more than a typical service user. An **indirect benefit** is one which accrues to a close member of the member's family, a business colleague or other close relationship.

A **conflict of loyalty** arises where a Director or Service Board member's decision-making is influenced by another appointment, employment or association of that individual. This list of conflicts is not intended to be definitive or prescriptive. Each member is responsible for declaring actual or potential conflicts or the reasonable perception of such conflicts.

The policy for dealing with conflicts is set out below, and also includes an Annual Directors Declaration.

5.4.1 Management of a conflict

A conflict is managed in four ways:

- A conflict should be declared at the earliest opportunity
- A member who declares an interest should leave the meeting to allow the other members to decide whether his or her absence is necessary or appropriate
- The other members should agree how to deal with the conflict, for instance by allowing the conflicted member to speak on the matter concerned but not to vote
- The other members should make sure that the process is properly minuted.

A conflict of interest or loyalty may arise where an individual's personal or family interests and/or loyalties to some other individual or group conflict with those of the Association. Such conflicts may bring risks. They can:

- prevent open discussion
- result in decisions or actions which are not in the best interests of the Association
- result in the impression that the Directors/Board members have not acted properly.

5.4.2 What to do if you face a conflict of interest or loyalty

All conflicts of interest or loyalty, whether actual or potential, should be declared promptly at the earliest possible opportunity:

- A member who has a financial interest in a matter under discussion should declare the nature of their interest and withdraw from the meeting, unless they have been given permission by the Chair to stay and either speak or not, as the case may be. Such a member may not vote.
- A member who has any interest in matter under discussion, which creates a real or perceived risk of bias should declare the nature of the interest and withdraw from the

meeting, unless they have been given permission by the Chair to stay and either speak or not, as the case may be. Such a member may not vote.

- A member who has any other interest which does not create a real risk of bias, but which might reasonably cause others to think it could influence their decision, should declare the nature of the interest, but may remain in the meeting, participate in the discussion and vote if they wish.

- If a member is in any doubt about the application of this policy, he or she should heed the spirit as well as the wording of the policy and consult the Chair.

- If a member fails to declare an interest that is known to the Chair or company secretary, the Chair or company secretary will declare that interest.

5.4.3 The declaration of interests, loyalties, gifts and hospitality

Directors and Service Board members are asked to declare their interests and loyalties and any gifts or hospitality received in connection with their role in the Association. An opportunity to declare a conflict of interest will be given at the start of each Board and CoR meeting. A declaration of interests and loyalties form is provided at Appendix J.

The declaration of interests and loyalties register should be regularly updated, at least annually, and also when any changes occur. If you would like to discuss this matter, please contact the Company Secretary.

5.4.4 Record keeping

Where the Directors/Board makes a decision on a matter in which a Director/Board member has an interest, all decisions will be made by majority vote. A quorum must be present for the discussion and decision. The conflicted member will not count towards the quorum. All decisions where there is a conflict of interest will be minuted accordingly to include:

- the nature, extent and value of the conflict
- the discussion which took place
- the action taken to manage the conflict.