



## **Board of Directors and Foundation Trustees Conflicts of Interest Policy**

The Directors/Trustees acknowledge their legal responsibilities to act at all times in the best interests of the organisation and in accordance with Association and Foundation's governing documents. As two legal entities, compliance with both the Companies Act and Charities Act, underpins these responsibilities, alongside Charity Commission and other guidance on effective corporate governance and standards in public life.

The AAGBI recognises that conflicts of interests may arise where an individual's personal or family interests and/or loyalties conflict with those of the organisation and this may affect the integrity of a decision-making process. The AAGBI's Conflict of Interest Policy is in place to ensure that the principles of effective governance are upheld at all levels in the organisation and that there are procedures to identify and manage any conflicts of interest that may affect decision-making.

The risks of not addressing conflicts of interest are that decision-making may be affected by personal interests and that the organisation's governance bodies may be seen to have acted improperly, with potential legal, regulatory compliance and reputational risks.

The purpose of this policy is to protect the integrity of the Association and Foundation's decision-making process, to enable stakeholders to have confidence in the organisation's integrity, and to protect the integrity and reputation of volunteers, staff and Directors/Trustee.

### **Key principles regarding conflicts of interest**

Individual trustee/directors have a duty to act to prevent conflicts of interest from interfering with their ability to make a decision only in the best interests of the organisations.

All directors, staff, and volunteers of the Association and the Foundation will strive to avoid any conflict of interest between the interests of the organisation on the one hand, and personal, professional, and business interests on the other. This includes avoiding actual conflicts of interest as well as the perception of conflicts of interest.

The AAGBI's approach to conflicts of interest is to ensure transparency and manage any conflicts of interest particularly where decisions are taken.

Transparency means individuals are required to declare all their competing interests and these are recorded by the organisation and conflict of interest procedures are followed in all decision-making. The AAGBI expects each individual to declare a conflict of interest immediately s/he is aware of any possibility that personal or wider interests could influence his or her decision-making.

In the case of the AAGBI Foundation Trustees, there are specific legal and Charity Commission requirements about payment to Trustees for goods or services. If these requirements are not complied with, there is a risk that unauthorised payments might be made. In such a situation, the individual Trustee concerned would have to repay the charity for any unauthorised payments received.

## Definition of conflict of interest

The AAGBI defines a conflict of interest in decision-making situations where:

- s/he could benefit financially or otherwise, either directly or indirectly through someone s/he is connected to
- the individual's duty to the AAGBI competes with a duty or loyalty to another organisation or person
- their judgement and objectivity may be affected by these competing interest.

There are different definitions of conflict of interest: financial and non-financial, general or specific, direct or indirect. Examples include:

- 1 A director who is also a director of a specialist society may be faced with a decision in a board meeting regarding whether AAGBI fees for services to that society should be increased
- 2 A director who is related\*\* to a member of staff and there is decision to be taken on staff pay and/or conditions at a remunerations committee meeting
- 3 A director who is also on the board of another organisation that is competing for the same funding
- 4 A director who has shares in a business that may be awarded a contract to do work or provide services for the organisation or is a director, partner or employee or related to someone who is
- 5 A committee member who works in the same hospital as a research grant applicant

*\*\* A relative may be a child, parent, grandchild, grandparent, brother, sister, spouse or civil partner of the Director or any person living with the Director as his or her partner'*

## Scope of policy

This policy is applicable to:

- Council members
- Directors of the Board
- Trustees of the Foundation
- Committee members including co-opt
- Working party members
- Lay members
- Staff
- Volunteers
- Third party suppliers

## Relevant legislation and guidance

The AAGBI is required to comply with legislation and regulatory guidance covering both company and charity governance to reflect these in our conflicts of interest policies:

- [Companies Act 2006](#) :
- [Charities Act 2011](#)
- [Charity Commission](#)
- [Institute of Chartered Secretaries and Administrators \(ICSA\)](#)
- [Nolan Principles in Public Life](#)

## Conflicts of Interest Procedure

### ▪ Recognising and identifying conflicts of interest

Candidates for election to the AAGBI Council and for appointment to committee and other roles will be asked to disclose any other interests and possible conflicts. Guidance to those seeking election/appointment will include information on the reasons for this request and any potential concerns to be considered.

Upon appointment each director/trustee/staff member etc will make a full, written disclosure of interests, such as relationships, and posts held, that could potentially result in a conflict of interest. This written disclosure will be kept on file and will be updated annually or as appropriate. In the case of directors and trustees this will be published on the website.

In the course of meetings or activities, directors/trustees/staff etc will disclose any interests in a transaction or decision where there may be a conflict between the organisations' best interests and their own interests or a conflict between the best interests of two organisations that the individual is involved with. If in doubt the potential conflict must be declared anyway, and clarification sought.

In guidance for chairs of meetings and in preparing agendas and papers for meetings, there will always be a reminder to ask for conflicts of interest as a standard agenda item at the beginning of each board/committee meeting. Individuals will be invited to declare any actual or potential conflicts of interest in advance and/or during each meeting.

During meetings, all present will take individual responsibility for highlighting any potential conflicts and will raise this concern if it appears that it has not already been dealt with in the agenda, papers and by the chairman of the meeting.

### ▪ When interests should be declared

	Declaration on appointment	Annual declaration	Declaration at each board/committee meeting
Board members	✓	✓	✓
Staff	✓	✓	✓
Committee and working party members	✓	✓	✓
Suppliers	✓		

### ▪ Dealing with a conflict of interest

Once a conflict of interest is identified, action will be taken to ensure it does not affect the integrity of decision making by:

- finding an alternative way forward which doesn't involve the conflict of interest (particularly if the issue is serious)
- taking appropriate steps to manage the conflict (if it's less serious), which will usually mean that the person affected doesn't take part in discussions about the issue

In relation to the Foundation, it will be necessary to ask the Charity Commission to authorise a decision in advance if:

- it is going to involve any [benefit to a trustee that hasn't already been authorised](#)
- the conflict of interest is serious but there is no alternative way forward that will remove it
- most or all of the Trustees share the conflict of interest

As a legal requirement, the charity's annual accounts must include details of payments and benefits to the charity's Trustees and people connected to them. This must say why the payments were necessary and the legal authority to make them.

#### ▪ **Recording a conflict of interest**

A written record of the conflict of interest will be made in the minutes and will set out how it was dealt with. This will explain:

- what sort of conflict of interest it was
- which Trustee or Trustees were affected
- if any conflicts of interest were declared in advance
- an outline of the discussion
- if anyone withdrew from the discussion
- how the Trustees made the decision in the charity's best interests

#### ▪ **Data Protection**

The information provided will be processed in accordance with data protection principles as set out in the Data Protection Act 1998. Data will be processed only to ensure that Board Members and all staff act in the best interests of the AAGBI. The information provided will not be used for any other purpose.

## Declaration of Interests - Procedure for Board/committees

The Association and Foundation have adopted a policy on the declaration of interests. Each agenda will carry a form of words reminding directors/trustees of their duty to declare interests.

#### ▪ **Declaration**

The director/trustee with an interest (referred to as the participant) declares it when prompted by the agenda item on Declaration of Interests, or later when the item is introduced. The interest should be declared at the earliest opportunity. The same applies if there is a conflict for any other reason.

Note - this does not apply to decisions where the benefits are universal to all, or where the benefit is minimal. An example would be expenses policy, which is expressly authorised in the Memorandum of Association.

#### ▪ **Disclosure**

The exact nature of the interest, how it arises, what it consists of and how it creates a conflict or potential conflict must be disclosed with honesty and openness.

#### ■ **Role of the President/Chairman**

The Chair of the meeting will give directions in the light of the disclosure as to whether it is likely to give rise to a conflict of interest. If so, any of the following actions may apply:

- to direct that the participant withdraw from any subsequent discussion or to invite the participant to give relevant information that will assist the directors/trustees in making an informed decision
- to direct that the participant withdraw from the meeting to allow subsequent discussion before a vote
- to direct that the participant remains in the meeting but does not vote on the item
- to determine that a quorum is present for the discussion and decision; interested parties will not be counted when deciding whether the meeting is quorate (5 directors/trustees)
- to put the item to the vote
- to limit the involvement of the participant in any subsequent meetings or actions, as appropriate

Note – in the event of the Council/Board having to decide upon a question in which a director/trustee has an interest, all decisions will be made by vote, with a simple majority required. The participant Council/Board member with an interest may not vote on matters affecting their own interests.

#### ■ **Record in the Minutes**

All decisions under a conflict of interest will be recorded and reported in the minutes of the meeting. The report will record:

- the nature and extent of the conflict
- an outline of the discussion
- the actions taken to manage the conflict

Data Protection Act 1998 - data will be processed only to ensure that the Council/Board act in the best interests of the organisation.

Note - where a trustee benefits from the decision, this will be reported in the annual report and accounts in accordance with the current Charities SORP. All payments or benefits in kind to trustees will be reported in the charity's accounts and annual report, with amounts in aggregate for all trustees for the year in question, unless it is appropriate for a payment or benefit to be listed for an individual trustee.

#### **References**

- Charity Commission's Operational Guidance A Guide to Conflicts of Interest for Charity Trustees
- ICSA's Best Practice Guide Managing Conflicts of Interest in the Not-for-Profit Sector (Revised 2007).
- Charity Commission's Operational Guidance Data Protection 1998 – The Provisions of the Data Protection Act 1998

**Date approved by Board**

**February 2018**

**Review date**

**February 2019**