

Conflict of interest or loyalty policy.

Definitions

Conflict of interest: a conflict of **interest** is any situation in which a trustee's personal interests or loyalties could, or could be seen to, prevent them from making a decision only in the best interests of the charity.

Conflict of **loyalty**: this means a particular type of conflict of interest, in which a trustee's loyalty or duty to another person or organisation could prevent the trustee from making a decision only in the best interests of the charity.

Decision making processes

Conflict of interest

Trustees must make their decisions only in the best interests of the charity. This means that they must consider the issue of the conflict of interest so that any potential effect on decision making is eliminated. How they do this will depend on the circumstances. In cases of serious conflicts of interest it may mean the trustees deciding to remove the conflict by:

- not pursuing a course of action
- proceeding with the issue in a different way so that a conflict of interest does not arise
- not appointing a particular trustee or securing a trustee resignation

The early identification of conflicts of interest is key to ensuring that trustees act only in the best interests of the charity.

The trustee body will consider conflicts of interest as a pre-appointment issue. Prospective trustees will be asked about potential conflicts of interest, and these must be declared to those who will decide on the appointment. Where prospective trustees are likely to be subject to serious or frequent conflicts of interest, the trustees will seriously consider whether that trustee should be appointed.

A trustee's duty to the charity may compete with a duty or loyalty they owe to another organisation or person

Conflicts of loyalty

These conflicts of interest arise because, although the affected trustee does not stand to gain any benefit, the trustee's decision making at the charity could be influenced by his or her other interests.

For example, a trustee's loyalty to the charity could conflict with his or her loyalty to

- the body that appointed them to the charity
- the membership or section of the charity that appointed them to trusteeship
- another organisation, such as their employer
- another charity of which they are a trustee
- a member of their family
- another connected person or organisation

The test is always that there is a conflict of interest if the trustee's other interest could, or could be seen to, interfere with the trustee's ability to decide the issue only in the best interests of the charity.

Trustees should be aware that the presence of a conflicted trustee can affect trust between trustees, could inhibit free discussion and might influence decision making in some way.

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