



**THE SUSTAINABLE
FIBRE ALLIANCE**

Conflict of Interest Policy

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1. INTRODUCTION

1.1 Scope

This policy applies to all those who work for the SFA; whether in a voluntary, temporary, contracting, or full-time paid capacity, including Trustees, Senior Management, Board members and Committee members. For the purpose of this policy they shall all be collectively referred to as “workers”.

This policy is not meant to supplement good judgment. Workers should respect the policy’s spirit as well as its wording.

1.2 Objective

The objective of this policy is to provide guidance and also to protect the integrity of the SFA’s decision-making and management process, to enable its stakeholders and the public to have confidence in the charity’s integrity and to protect the integrity and reputation of all those who work for the SFA.

1.3 Need

A Conflict of Interest Policy is required by organisations to ensure good governance.

It is important to note that conflicts of interest commonly arise and do not need to present a problem to the charity if they are openly and effectively managed.

The SFA recognises that it must have appropriate policies and procedures in place to properly identify, manage and mitigate any conflict of interest.

1.4 Review

This policy will be reviewed annually to incorporate any legislative or best-practice change.

2. DEFINITIONS

2.1 What’s a conflict of interest?

A conflict of interest is any situation in which an individual’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.

2.2 Types of interest or loyalties which may give rise to conflict

The areas set out below are not an exhaustive list, they are noted to provide guidance to what could be (or could be perceived to be) a conflict of interest. If in doubt, the worker should consult their Board/Committee Chair, Line Manager, or other appropriate managing figure.

Generally, conflicts might occur if individuals have, for example:

- A direct or indirect financial interest
- Non-financial professional or personal [direct or indirect] interest
- Competing loyalties between an organisation they owe a primary duty to and/or some other person or entity

Direct

Direct interests or benefits can include, for example, employment of the SFA’s trustees as employees, consultants or advisors (unless approved by the UK Charity Commission), or the situation where a company of which the trustee is a director or shareholder, may be considered for contract.

Indirect

Indirect interests or benefits may arise where such potential interest is accrued to a connected person of the worker (connected person is defined below at 2.3).

Further examples of potential conflicts of interest include:

- A worker being a trustee of another organisation
- An individual or company closely connected to a trustee, director, volunteer, contractor or member of staff responding to a tender, or being engaged to provide services to the charity
- A worker who is in a position to decide whether fees from a service provider should be increased
- A trustee who is personally connected to a member of staff or contractor and there is a decision to be taken on staff pay and/or conditions
- A worker who is in a position of authority of another organisation that is competing for the same funding, etc.

As a small charity, the SFA regularly contracts its members for specific programmatic activities, and members may contract the SFA for specific activities. These examples of daily operations will usually not be thought of as conflicts of interest. However, the SFA will consider them in accordance with this policy.

2.3 Definitions of terms used

Benefit

The term benefit means any instance where money, or other property, goods or services, which have a monetary value are received. The term does not include any payments which are for out of pocket expenses. In relation to trustee benefits specifically, legally trustees can only benefit from their charity where there is an explicit authority in place before any decision conferring trustee benefit is made.

Connected person

In broad terms a connected person means family, relatives or business partners of a worker, as well as businesses in which a worker has an interest through ownership or influence. The term includes a worker's unmarried or civil partner as well as businesses where a worker or family member holds at least one-fifth of the shareholding or voting rights. If in doubt about whether a person or business is a connected person, the worker should seek advice from their Board/Committee Chair or Line Manager. If the SFA is still in doubt, advice will be sought from a solicitor or other person qualified to advise on the matter.

Conflict of loyalty

A conflict of loyalty is a particular type of conflict of interest, in which a worker's loyalty or duty to another person or organisation could prevent the worker from making a decision only in the best interests of the charity.

The SFA's workers should be aware of this when entering into a relationship with other organisations and consider whether their duty of loyalty and diligence may be impaired.

The Board

The function of the SFA Board is to collectively ensure the delivery of the SFA's objectives, to set its strategic direction, and to uphold its values. The Board should collectively be responsible and accountable for ensuring and monitoring that the organisation is performing well, is solvent, and is complying with all its legal, financial, and ethical obligations.

Members of the Board of trustees are directors for the purposes of company law and trustees for the purposes of charity law.

3. DUTY AND RESPONSIBILITY

The SFA legally requires its workers to act in the SFA's best interests and trusts their integrity and good professional and ethical judgment.

In fulfilling this legal duty, there is a personal responsibility and continuing obligation to declare any conflicts of interest.

The SFA's workers must not put themselves in any position where their duties to the SFA may conflict with any personal interest they may have (both actual and perceived) and they must also be aware of their responsibilities to declare any potential conflicts of interest if they arise, so that they can be considered and managed effectively.

As mentioned above, there could be situations where the appearance of a conflict of interest is present even when no conflict actually exists. The duty to consider and declare a possible conflict applies to the perception of as well as to the actual existence of the conflict.

4. POLICY AND PROCESS

In handling any actual or perceived conflict of interest, the SFA's policy provides a threefold approach, in summary: 1. Declare, 2. Manage & Prevent, 3. Record.

4.1 i) DECLARE conflicts of interest

It is the responsibility of all those who work for the SFA in any capacity to declare actual and potential conflicts of interest in relation to themselves, their business interests and connected parties.

In accordance, the SFA's workers must:

- Be clear and to make it clear to all parties involved whether an engagement is on behalf of their organisation, or on behalf of the SFA or in a private capacity
- Be clear, if representing the SFA, about the legal status of their involvement, roles and responsibilities with any external organisation and of the terms of reference of their engagement
- Ensure that the SFA's interests are properly safeguarded
- Avoid seeking to wield undue or improper influence, or failing to respect the need for confidentiality and discretion
- Seek advice where facing uncertainties

On appointment, all those who work for the SFA in any capacity will be asked to make a full, written disclosure of interests, such as relationships, and posts held, that could potentially result in a conflict of interest.

A signed declaration form is mandatory for the SFA's Board/Committee members and any workers involved in financial decisions, both upon joining and as soon as circumstances change.

Board/Committee members will also be asked to declare any conflicts of interest or loyalties at the commencement of any Board/Committee meetings.

For staff, volunteers and contractors the declaration form is made available to them and reference to conflict of interest is made within their respective contracts/agreements. They will be required to complete a declaration form upon appointment and should complete a declaration form annually, if applicable.

The obligation to declare is a continuing one and it is the responsibility of the SFA's workers to make the SFA aware if any circumstances change.

4.2 ii) MANAGE & PREVENT the conflict of interest from affecting decision-making

The SFA will take a proportionate approach to managing conflicts of interest. It recognises that the development of relationships with outside bodies is often beneficial to both the organisation and its workers. Each set of circumstances will therefore be evaluated according to the risk presented to the SFA and the likelihood that an individual's decisions or actions could be influenced by outside interests.

All decisions made by the SFA's workers must be in the best interests of the SFA and in good judgment.

If a potential conflict of interest has been identified, the conflict needs to be actively managed. The issue of the conflict of interest should be considered and evaluated, so that any potential effect is eliminated.

How this is done will depend on the circumstances. In cases of serious conflicts of interest, it may mean the SFA's workers deciding to remove the conflict by not pursuing a particular course of action or proceeding with the issue in a different way so that a conflict of interest does not arise, etc.

In specific relation to the SFA's Board/Committee members:

At the beginning of each SFA Board/Committee meeting, all will be invited to disclose any potential conflicts of interest with any agenda item and to declare whether a discussion could lead to a conflict of interest arising. Should a conflict of interest arise during the course of a meeting, unless it can be satisfactorily managed in the opinion of other members, the individual(s) concerned may not vote or take part on a decision, or be included in the discussion of the matters affected by those interests.

The absence of any such declaration shall be taken as a declaration that there are no such conflicts. In-between meetings, any material changes in circumstances should be raised with the Board/Committee Chair as and when they occur. When unable to attend meetings, absentees shall still provide in advance of the meetings, to the Board/Committee Chair, a statement of any conflicts of interest that those absentees would have declared at those meetings had they personally attended.

Another example of necessary management and prevention of a conflict of interest would be where there is a personal relationship between two of the SFA's workers. Neither worker should be involved in any decision or process affecting the other, including promotion, remuneration, discipline, or grievance.

All workers must follow any conditions attached to the authority that states how the conflict of interest should be handled.

Appeal

Where a risk is considered so great that the decision is taken not to engage with an individual or organisation, an appeal may be made to the Chief Executive Officer of the SFA.

4.3 iii) RECORD conflicts of interest

Conflicts of interest should be formally recorded in writing, within a Register of Interests.

This includes any verbal declarations made by the SFA's workers and, if during meetings of the SFA Board or any Committees or sub-Committees, minutes of the meeting should detail the disclosure, how it was handled and the discussions and decisions made.

The Register should also record any gifts received by the SFA's workers over a value of £100 and any related party transactions (trustee benefits should also be disclosed in the SFA's Annual Accounts).

The SFA's Register of Interests should be updated through any relevant material such as written declarations and Board/Committee meeting minutes.

The Register of Interests should be made available to all members of the Board/Committee, to be reviewed at the start of each Board/Committee meeting.

In specific reference to the SFA's Competitor Strategy, certain information may be redacted from the minutes sent to any Board/Committee/sub-Committee member asked by the Chair to step out of any part of a meeting. Additionally, unless explicitly stated otherwise by the Chair, it is forbidden for other Board/Committee/Sub-Committee members to share verbal or written information with any member who has been asked by the Chair to step out. This is to prevent any of the SFA's intellectual property from being unfairly appropriated, and used in competition against them, where shared in good faith.

In the case of staff, volunteers and contractors - the Finance Committee [or other appropriate area] should review their Register of Interests annually.

More frequent updates may be requested as necessary, in particular where impacted events occur e.g. renewal of contracts.

4.4 Evaluation and Investigation

All declarations made of interests will be reviewed and evaluated to identify those of a possibly high-risk nature. Key matters to be considered in the evaluation include:

- The likelihood that a SFA worker's judgment or actions in their role at the SFA could be influenced by the outside interest identified
- The risk that the SFA's reputation could be damaged by the outside interest identified

If a declaration is considered to identify a high-risk conflict of interest the SFA will carry out further investigations to determine the exact nature of the relationship and its impact on the SFA's operations and reputation. Such investigations might include:

- Discussions with the individual concerned

- Requests for further information on the nature of the relationship
- Review of the SFA's financial and business relationship with the third party
- Records updated by an amendment to the Declaration form and mitigating actions, etc.

The SFA reserves the right to take any reasonable action in response to the investigation. Such reasonable actions could include:

- Agreement that the relationship presents no risk to the SFA and may therefore continue
- Ensuring that the individual has no part in particular discussions or funding decisions
- Requiring the individual to give up the relationship with the third party
- Terminating or amending any affected contractual relationship, etc.

4.5. Reporting Concerns

Any concerns should be reported to the worker's Board/Committee Chair or Line Manager. Where reporting to that person may be inappropriate or compromised, the worker's own good professional judgment should be used to report any concerns to the next most appropriate person.

Issues that should be reported include:

- Any potential conflict that has not been declared
- Any conflicts where it is suspected of an undue influence over management decisions

5. DATA PROTECTION

Information provided in compliance with conflicts of interest will be processed in accordance with data protection principles as set out in the Data Protection Act 2018. Data will be processed only to ensure that all those who work for the SFA act in the best interests of the charity. The information provided will not be used for any other purpose.