

# World Land Trust Conflicts of Interest Policy

World Land Trust (WLT) values the diversity and range of experience and expertise invested in its Board of Trustees, but it is recognised that their personal and professional connections, while providing a valuable resource to WLT, can give rise to conflicts of interest. Trustees have a legal duty to act only in the best interests of their charity, and must not permit any personal or business interest they may have affect their decision making ability on behalf of the charity. Statutory regulation relating to both charity law (Charities Act 1993) and company law (Companies Act 2006) require that conflicts of interest are identified and proper procedures are followed whenever Trustees or Directors have a conflict of interest or might be perceived as having a conflict of interest.

Conflicts of interest affect charities of all types and sizes. They can lead to decisions that are not in the best interests of the charity and which are invalid or open to challenge. Conflicts of interest can also damage a charity's reputation or public trust and confidence in charities generally. Trustees are recommended to be aware of the guidance on conflicts of interest published by the Charity Commission (<https://www.gov.uk/government/publications/conflicts-of-interest-a-guide-for-charity-trustees-cc29>).

While the fiduciary obligation of making decisions in the best interests of the charity rests with the Trustees, it is recognised that others, including Council Members, officers and staff, may also influence that decision making. For this reason the provisions of this policy apply equally to Trustees and Council Members (the **Members**), and senior members of the executive. WLT expects all persons to be alert to possible conflicts of interest which they might have and to the ways in which they can minimise their effects. A key aspect of minimising the effects of conflicts of interest is to be open and transparent about such situations when they arise.

WLT will follow the three step approach to managing conflicts of interest, as recommended by the Charity Commission:

1. **Identify** conflicts of interest:
  - Each relevant person specified above is personally responsible for declaring any conflicts of interest as soon as they arise.
  - The Board of Trustees is committed to implementing strong systems to enable them to identify conflicts.
2. **Prevent** the conflict from affecting decision-making, and act only in the best interests of the charity:
  - Trustees will consider all conflicts of interest and will take relevant action to eliminate or address them.
  - In managing conflicts of interest Trustees will follow any specific requirements in the Trust's governing document (Memorandum and Articles of association), and any related procedures. Where there are no relevant provisions in the Memorandum and Articles, Trustees will observe the statutory requirements.
  - In exceptional cases Trustees may seek the authority of the Commission.
3. **Record** any conflict of interest, and how it was managed. Trustees will ensure that decisions relating to conflicts of interest are properly recorded in the minute book.

## Definitions

**Conflict of interest:** any situation in which an individual's personal interests or loyalties could, or could be seen to, prevent trustees from making a decision only in the best interests of the charity. Such situations present a risk that decisions may be based on these external influences, rather than in the best interests of the charity. Conflicts of interest usually arise where either:

- there is a potential financial or measurable benefit directly to an individual, or indirectly through a connected person; or

- an individual's duty to the charity may compete with a duty or loyalty they owe to another organisation or person

A conflict of interest would arise in a case where there may be a financial benefit in this regard:

whenever there is any transaction or proposed transaction in which a Trustee, director, officer or staff member has any actual or potential involvement, interest or relationship, either directly or indirectly. A Trustee, director, officer or staff member shall have an indirect interest in a proposed transaction if (1) the other party to the transaction is related to such Trustee, director, officer or staff member, (2) such other party is an entity in which the Trustee, director, officer or staff member has a financial interest, or (3) the Trustee, director, officer or staff member is a Trustee, officer, director or general partner of such other party. A Conflict of Interest may also exist when the interests or concerns of any Trustee, director, officer or staff member, or such person's immediate family, or any party, group or organisation to which such person has allegiance, may be seen as competing with the interests or concerns of the Trust.

A conflict of interest exists even where there is the only a possibility that an individual's personal or wider interests could influence decision-making: even the perception that there is a conflict of interest can damage the charity. Conflicts of interest relate to an individual's personal interests and the interests of those connected to them. This means that a conflict of interest exists where there is a proposed transaction between the charity and a connected person, or a benefit or potential benefit to a connected person.

**Conflict of loyalty:** a conflict of interest in which loyalty or duty to another person or organisation could influence trustees' decision-making. This might include, for example, instances where a relevant person or connected person is a trustee of another charity or organisation with similar aims, or activities, or where they are a director of a company associated or in competition with the charity. A potential for conflict of interest also occurs where a trustee of the charity is also a director of the charity's trading company.

**Connected person:** in general terms this means family, relatives or business partners, as well as businesses in which a relevant person has an interest through ownership or influence. The term includes spouses or unmarried or civil partners, children, siblings, grandchildren and grandparents, as well as businesses where there is at least one-fifth of the shareholding or voting rights.

**Trustee benefit:** any instance where money, or other property, goods or services, which have a monetary value, are received by a trustee from the charity. The law says that trustees cannot receive a benefit from their charity, whether directly or indirectly (through a connected person), unless they have an adequate legal authority to do so. The potential for a trustee to benefit from the charity creates a conflict of interest which the trustees need to address effectively.

The circumstances under which a WLT Trustee might receive a benefit are subject to detailed provisions set out in the Memorandum and Articles of Association (Memorandum §5(5)), and include:

- where the trustee is a beneficiary of the charity;
- where the trustee is employed by the charity or enters into a contract for the supply of goods or services;
- where the trustee receives interest on a loan;
- where the trustee is a director of a company which receives a financial benefit;
- where a trustee receives rent for a property let to the charity.

WLT's governing document does not permit a Trustee to receive any financial benefit as a reward for providing his or her services as a trustee. If in exceptional circumstances such payment is proposed the prior written permission of the Charity Commission must be obtained. Reimbursement of reasonable out of pocket expenses does not count as a Trustee benefit. In this policy, this provision also applies to members of Trustees' advisory councils.