



## World Land Trust Conflicts of Interest Policy

### Introduction

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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 2011) 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>).

### Scope and Aim

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Trustees must:

- Seek to avoid situations in which they have a direct or indirect interest which conflicts with the interests of WLT
- Ensure that their private or personal interests do not influence their decisions, and that they do not use their position to obtain personal gain

In circumstances where a conflict of interest cannot be avoided this must be declared and appropriately managed as set out in this policy

The fiduciary obligation of making decisions in the best interests of the charity rests with the Trustees, but it is recognised that others, including Members, officers and staff, may also influence that decision making.

For this reason, the provisions of this policy apply equally to Trustees, Members, officers and 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.

## Definitions

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**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, Member, officer or executive staff has any actual or potential involvement, interest or relationship, either directly or indirectly. A Trustee, Member, officer or executive member shall have an indirect interest in a proposed transaction if:
  - (1) the other party to the transaction is related to such Trustee, Member, officer or executive staff member,
  - (2) such other party is an entity in which the Trustee, Member, officer or executive staff member has a financial interest, or
  - (3) the Trustee, Member, officer or executive 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, Member, officer or executive 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 WLT.

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 Articles of Association (§7), 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.

### **Approach to conflicts of interest**

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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 (Articles of Association: adopted June 2017), and any related procedures. Where there are no relevant provisions in the Articles of Association, Trustees will observe the statutory requirements.
  - In exceptional cases Trustees may seek the authority of the Charity 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.

### **Measures for implementing the policy**

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1. The Trustees will maintain a register of any interests which might give rise to a conflict of interests or loyalty. New Trustees and Council Members will be required to declare any personal or business interests of themselves or a connected person in which there might be a financial benefit, or which might create a conflict of loyalties.
  - a. Trustees, Members or executive staff member must declare any interest where they or a connected person are members of another organisation which is known to be a possible donor to WLT or a possible recipient of funds from WLT.
  - b. When a Trustee, Member or executive staff member is a donor in their individual capacity or indirectly through a connected party, there may be or may be perceived to be a conflict of interest if onerous restrictions are placed on the donation, or if the person has a personal interest outside WLT's objectives.

2. At the beginning of any meeting of Trustees or of Trustees' committees and advisory councils the Chair will ask those present to declare any potential conflicts of interest relating specifically to the business of the meeting. The Company Secretary will maintain an up-to-date central register of interests.
3. In compliance with the provisions of the Articles of Association (§7(4)), where there is a proposed financial transaction between a Trustee and the charity, or any transaction or arrangement involving Trustee benefit:
  - a. The conflicted Trustee *must* remove themselves from any part of a meeting where there is discussion of the circumstances of the transaction or benefit; notwithstanding the requirement to absent themselves during discussion, the Member may present statements prior to discussions taking place. In this policy, this provision applies equally to Trustees, Council Members and senior members of staff.
  - b. A conflicted Trustee may not vote on any matter relating to the transaction or benefit, and is discounted from the quorum of voting members;
  - c. The remaining Trustees will consider whether in spite of the conflict it is in the best interests to authorise the transaction or confer the benefit;
  - d. The reason for the decision will be recorded in the minutes.
4. In compliance with the provisions of the Articles of Association (§9(1-2)), where there is a case of a conflict of loyalty, perceived or actual, the following will apply:
  - a. The remaining Trustees will consider the degree of seriousness of the conflict and decide what level of participation on the part of the conflicted person is acceptable. The available options might include:
    - The person, having registered and fully declared the interest, can otherwise participate in the decision;
    - the person can stay in the meetings where the decision is discussed and made but not participate;
    - the person should withdraw from the decision-making process in the way described above. Notwithstanding the requirement to absent themselves during discussion, the person may present statements prior to discussions taking place.
  - b. In deciding which course of action to take, Trustees undertake to:
    - make their decisions only in the best interests of WLT;
    - always protect the WLT's reputation and be aware of the impression that their actions and decisions may have on those outside;
    - be able to demonstrate that they have made decisions in the best interests of WLT and independently of any competing interest
  - c. The reason for the decision is recorded in the minutes.
5. The Conflicts of Interest policy will apply equally to Members and executive members of staff.

6. All new Trustees or Members will be made aware of the Policy, which will be appended to the Trustees and Members' Handbook.
7. In nominating new Trustees and Members, the Trustees will have regard to any potential conflicts of interest, which they will make the membership aware of prior to their election or appointment.
8. The Conflicts of Interest Policy will be reviewed by Trustees every three years unless substantial changes in legislation or guidance are issued.

<b>Policy Owner</b>	CEO
<b>Policy Lead</b>	CEO/Company Secretary/COO
<b>Adopted By</b>	Board of Trustees
<b>Date</b>	Sept 2022
<b>Next Review</b>	June 2025

#### Alteration Sheet

<b>Issue Number</b>	<b>Detail</b>	<b>Reason for update</b>	<b>Date</b>
01	Initial auditable issue.		Mar 2019
02	Minor text formatting changes from previous issue (p2, p4).	Three-year review	Sept 2022