

## A11(A) CONFLICT OF INTEREST POLICY (NOVEMBER 2024)

### 11.1 INTRODUCTION

#### Summary

This policy deals with conflicts of interest which could affect trustees and senior staff (the management committee) (**designated persons**) of the charity, and the specific legal obligations that apply to trustees in this area under the law of England and Wales.

It also deals specifically with the steps taken and to be taken to avoid any potential conflict of interest between REDRESS UK and REDRESS Netherlands.

#### Purpose

The purpose of this policy is to draw attention to potential conflicts of interest, and to provide a process to identify, avoid, and respond to any potential conflicts to protect the interests of the charity.

#### Scope

This policy applies to designated persons, on the basis that they can have an influence on the way the charity is operated. Conflicts could potentially arise for other staff, who, should they become aware of any risk of a conflict of interest, should disclose it urgently to their supervisor.

### 11.2 ARTICLES OF ASSOCIATION

Conflicts of Interest are covered Article 10 of the Articles of Association as revised in February 2019.

*10.1 For the purposes of this Article 10, "Conflict of Interest" means any direct or indirect interest of a Trustee (whether personally or by virtue of a duty of loyalty to another organisation or otherwise) that conflicts, or may conflict with the interests of the Charity, because the Trustee or a Connected Person may receive a benefit from the Charity, or has some separate interest or duty in a matter to be decided, or in relation to information which is confidential to the Charity.*

*10.2 Subject to Article 10.4, whenever a Trustee is in a situation that gives rise to, or is reasonably likely to give rise to, a Conflict of Interest, the Trustee must:*

*10.2.1 fully and frankly declare the nature and extent of the interest before discussion begins on the matter,*

*10.2.2 withdraw from the meeting or discussion for that item, after providing any information requested by the other Trustees,*

*10.2.3 not be counted in the quorum for that part of the meeting or decision-making process,*

*10.2.4 be absent during the vote and have no vote on the matter, and*

*10.2.5 comply with any other requirement which the other Trustees resolve is necessary.*

*10.3 If any question arises as to whether a Trustee has a Conflict of Interest, the question must be decided by a majority decision of the other Trustees.*

*10.4 When any Trustee has a Conflict of Interest, the Trustees who do not have a Conflict of Interest (if they form a quorum without counting the Trustee and are satisfied that it is in*

*the best interests of the Charity to do so) may by resolution passed in the absence of the Trustee permit the Trustee, notwithstanding any Conflict of Interest which has arisen or may arise for the Trustee, to:*

*10.4.1 continue to participate in discussions leading to the making of a decision, or to vote, or both,*

*10.4.2 disclose to a third party information confidential to the Charity,*

*10.4.3 take any other action not otherwise authorised which does not involve the receipt by the Trustee (or a Connected Person) of any payment or Material Benefit from the Charity, or*

*10.4.4 refrain from taking any step required to remove the conflict.*

*10.5 Where a Trustee has a Conflict of Interest which has been declared to the Trustees, the Trustee shall not be in breach of that Trustee's duties to the Charity by withholding confidential information from the Charity if to disclose it would result in a breach of any other duty or obligation of confidence, provided that a Trustee may not withhold information relating to a direct or indirect personal benefit for the Trustee.*

*10.6 The Trustees shall observe the other duties and rules in the Companies Act, and such other rules as the Board adopts, in relation to the management of Conflicts of Interest.*

*10.7 Nothing contained in this Article shall authorise a Trustee to receive any benefit not permitted elsewhere in these Articles.*

### **11.3 DEFINITIONS**

A conflict of interest exists where there is the possibility that a designated person's personal or wider interests could influence their decision making.

*Perceptions.* The perception that there is a conflict of interest can also damage the charity where such a perception is reasonable. Therefore the obligations in this policy apply to possible perceived or potential conflicts. Where the perception is not accurate, because there is, in fact, no conflict of interest, the designated person will seek to respond appropriately to the situation by managing the risks to the charity and being prepared to explain how they have made their decisions only in the best interests of the charity.

*Connected Persons.* Conflicts of interest relate to a designated person's personal interests and also to the interests of those connected to them. This means that there would be a conflict of interest where there is a proposed transaction between the charity and a connected person. Similarly, there is a conflict of interest where there is a benefit or a potential benefit to a connected person.

#### **Financial Conflicts**

These arise when REDRESS is deciding whether to pay a designated person to act as a trustee (beyond expenses), or to do work for the charity, or in connection with any other financial transaction with the charity. Examples include situations where REDRESS might consider whether to:

- sell, loan or lease charity assets to a designated person
- acquire, borrow or lease assets from a trustee for REDRESS
- pay a designated person for carrying out their role (other than normal salaried remuneration for designated person who are staff)
- pay a trustee for carrying out a separate paid post within REDRESS, even if that trustee has recently resigned as a trustee

- pay a designated person, or a person or company closely connected to a designated person, for providing a service to REDRESS - this covers anything that would be regarded as a service and includes legal, accountancy or consultancy services through to painting or decorating the charity's premises, or any other maintenance work
- employ a designated person's spouse or other close relative at REDRESS

## **Loyalty Conflicts**

These arise when a designated person might not be able to make decisions that are in the best interests of REDRESS, where for example the decision relates to the individual's employer, or another charity where they are a trustee, or their relatives or friends. The test is whether the designated person's loyalty to the other organization or person could compete with their responsibility to REDRESS.

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

Some conflicts of loyalty arise because the individual has a competing legal obligation or duty to another organisation or person. Others result from conflicting loyalties which they owe or may feel towards family, friends or other people or organisations who are part of their network. For example, a conflict of loyalty could also arise where the religious, political, or personal views of the individual could interfere with their ability to decide the issue only in the best interests of REDRESS.

### **11.4 LEGAL DUTIES ON TRUSTEES**

Trustees have a legal duty under the Charities Act 2011 to act only in the best interests of REDRESS. They must not put themselves in any position where their duties may conflict with any personal interest they may have. As a matter of policy, REDRESS also applies these standards to senior staff.

*Identify Conflicts of Interest.* The early identification of conflicts of interest is key to ensuring that trustees act only in the best interests of REDRESS. The law of England and Wales says that each individual trustee must avoid putting themselves in a position where their duty to act only in the best interests of the charity could conflict with any personal interest they may have. In practice this means that:

- individual trustees who fail to identify and declare any conflicts of interest will fail to comply with their personal legal responsibility to avoid conflicts of interest and to act only in the best interests of the charity.
- the trustee body must ensure that any conflict of interest does not prevent decisions being made only in the best interests of the charity.

*Declare any Conflicts of Interest.* Trustees should declare any potential conflicts at the earliest opportunity. This can be done by Trustees through the standing agenda item at every board meeting, through the annual declaration of interests, or through the register of interests. Senior staff must do it by declaration to the Director, or in the case of the Director to the Chair.

*Consider whether to remove any conflict of interest.* Once a potential conflict has been identified and declared, REDRESS and, where appropriate, the trustees, have an obligation to consider how the conflict can be removed.

*Manage Conflicts of Interest.* REDRESS will follow Article 10 of the Articles of Association as well as the relevant law to respond when a conflict of interest has been identified and declared. This means preventing the Conflict of Interest from having an impact on the decision making process.

*Keep a Record of any Conflicts of Interest.* The trustees must record what the conflict was, who or what it affected, when it was declared, and how the trustees managed it. This will normally be done through

trustee minutes, but may also require a specific memo. Any trustee benefits must be disclosed in the annual accounts.

*Nominations.* REDRESS will consider potential Conflicts of Interest as a pre-appointment issue for trustees and offer of employment precursor for senior staff. Prospective designated persons should be asked about potential conflicts of interest, and these should be declared to those who will decide on the appointment. Where prospective designated persons risk serious or frequent conflicts of interest, REDRESS will not appoint them.

## **11.5 PROCEDURES**

REDRESS will:

- a) invite all new designated persons to declare any potential Conflicts of Interest, and complete a Conflicts of Interest form. *See Form A11(a) Declaration of Conflicts.*
- b) Maintain a standing item at the beginning of each board meeting inviting trustees to declare any potential Conflicts of Interest.
- c) Invite trustees to complete a Conflicts of Interest form once a year.

Where a conflict or potential conflict arises, the matter will be reviewed by the trustee in question and the Chair, who will establish whether the issue is indeed a conflict, and if so seek to resolve the conflict to their mutual satisfaction. Where there is a conflict or potential conflict REDRESS will:

- a) Make a full minute of any discussions in involving Conflicts of Interest, either at a board meeting, or a meeting in preparation for or response to a board meeting.
- b) Record any conflict or potential conflict in a Register of Interests.

## **11.6 REDRESS UK and REDRESS Netherlands**

### **Introduction**

REDRESS Netherlands is an independent charity set up by REDRESS UK to help further the overall objectives of REDRESS.

REDRESS Netherlands is a 'stichting' under the law of The Netherlands. It fulfils, and is capable of fulfilling, all Dutch charity law requirements, including as to filing its own accounts.

REDRESS UK is an independent UK charity regulated by the Charities Commission.

The charitable objectives of REDRESS UK and REDRESS Netherlands are identical. Accordingly, there should be complete, or extremely close, alignment between their respective interests.

In practice, REDRESS Netherlands works closely with REDRESS UK on some projects, some of REDRESS Netherlands's administrative functions, such as its accounting, have to date been carried out for it by REDRESS UK and the teams or staff are often managed jointly to ensure optimal use of resources and pursuit of the charitable objectives of each. Joint activities could be led from REDRESS UK or REDRESS Netherlands

REDRESS Netherlands' Board is currently limited to three trustees. Of those three, one is currently also trustees of REDRESS UK, although this is not a legal requirement and could change. However, for so long as there are any common trustees, and indeed more widely, it is important that there is clarity as to the relative position of each to avoid any possible conflict, or appearance of conflict, of interest between the two entities, despite the alignment of purpose and the identical charitable objectives.

This policy document sets out the principles to be applied to avoid the risk of any such possible conflict of interest arising.

## **Operations**

No instructions will be given by REDRESS UK to REDRESS Netherlands, or by REDRESS Netherlands to REDRESS UK, to undertake any action which may:

- be incompatible, or has a material prospect of leading to incompatibility, with the charitable objectives of the other;
- might infringe the applicable laws for the other;
- might prejudice the financial or operational stability of the other;
- might involve any breach of any duty of confidentiality or data protection owed by the other; or
- might otherwise expose the other to any form of legal liability or damage to reputation.

Should any member of staff consider that they are being asked to act in breach of any of these principles, they should raise it immediately with the head of their own operation who will discuss it with their opposite number and seek a resolution compatible with the above principles.

In the event, that there is no resolution, or of disagreement, the matter will be immediately referred to the Boards of Trustees of both organisations who will meet first separately and then jointly to try to seek a solution.

## **Boards of Trustees**

Insofar as there are common trustees between REDRESS UK and REDRESS Netherlands, the following principles will apply.

- a) Each common trustee must exercise his or her vote and/or role on the board of each organisation in the sole interests of that organisation and not the other.
- b) Insofar as they feel, or other board members feel, that the issue under consideration is such that an individual common trustee is not capable of exercising their vote or role independently on that board or should properly have access to relevant information:
  - they must raise the matter immediately;
  - they must permit the other trustees to decide if it is appropriate for the trustee concerned to continue to participate in the discussion and decision at issue; and
  - the trustee concerned should recuse themselves from that discussion and vote if necessary and, in any event, always when requested by the other trustees.
- c) Common trustees can make use of all information given to them in their capacity as trustee of either organisation in relation to the other (and the boards of each hereby consent to this arrangement) unless the board of one specifically stipulates that a particular item of information is confidential and not to be disclosed, in which case it will not be disclosed and any trustee so affected with information will need to consider whether they should recuse themselves from any discussion of the board of trustees of the other to ensure that they can properly discharge their duties as a trustee of the other.
- d) Board papers of one organisation would not generally be available to the other (without prejudice to the ability of either organisation to make a specific disclosure if appropriate).

## **Designated Trustees**

A designated trustee on each board, who is not a trustee of both boards, will have particular responsibility for administering the conflict of interest policy as between REDRESS UK and REDRESS Netherlands.

## **11.7 MONITORING AND ENFORCEMENT**

The Chair of the Board of Trustees is responsible for monitoring and enforcing this policy.

## **11.8 TRAINING**

All staff and trustees will receive training on this policy as part of their induction. REDRESS keeps a training record that identifies who was trained on what date.

A refresher training session is conducted for all staff at least annually to remind them of the policy and to inform them of any changes.

## **11.9 POLICY REVIEW**

This policy was reviewed by the Risk Committee on 26 October 2021 and approved by the Board of Trustees on 9 November 2021. It was reviewed by the Board of Trustees in November 2024.

This policy will be monitored and reviewed every two years. The policy is subject to revision at any time REDRESS considers it necessary to improve it.

In any event, the policy be reviewed again in November 2026.

## **11.10 FORMS AND DOCUMENTS**

- A11(a): Conflicts of Interest Annual Declaration
- Charity Commission, [Conflicts of Interest: A Guide for Charity Trustees](#) (CC29) (2014)