

## Royal Geographical Society (with The Institute of British Geographers)

### Conflicts of Interest: Policy and Procedures for Trustees

#### Background

- One of the Charity Commission's six 'Hallmarks of an Effective Charity' is a 'Strong Board', defined as follows: "An effective charity is run by a clearly identifiable board or trustee body that has the right balance of skills and experience, acts in the best interests of the charity and its beneficiaries, understands its responsibilities, and has systems in place to exercise them properly." And in delivering effectiveness, amongst other things, "a charity must ensure that its trustees understand that they must act only in the charity's interests and that any conflicts of interest are identified and managed."
- The CC provides guidance to trustees on conflicts of interest ('A guide to conflicts of interest for charity trustees'), which it defines as "**Any situation in which a trustee's personal interests, or interests that they owe to another body, may (or may appear to) influence or affect the trustee's decision making.**" It notes that the issue is not the integrity of trustees, but the management of any potential to either:
  - i) Profit from their position as trustees, either financially or otherwise, and either directly or indirectly; or
  - ii) for trustees to be influenced by conflicting loyalties.
- Conflicts of interest may come in several forms:
  - i) direct financial gain or benefit, e.g., from paid-for services provided to the charity by a trustee
  - ii) indirect financial gain or benefit, such as the employment of the spouse of a trustee
  - iii) non-financial gain, e.g., where the user of a charity's services is a trustee, or where a trustee uses confidential information obtained through his/her role as a trustee
  - iv) conflict of loyalties. The CC reminds trustees of their overriding duty to act in the best interests of the charity of which they are a trustee.
- In terms of the effective management of possible (and actual) conflicts of interest, the CC's guidance is that:
  - i) all trustees need to be **alert to possible conflicts** which they might have, and how they can minimise the effects
  - ii) a key aspect of that mitigation is for **openness and transparency**, such that any actual or potential conflicts of interest of which a trustee is aware are advised to the charity as soon as they arise
  - iii) charities should have a **policy** on how they will deal with any conflicts, including procedures to follow when a trustee is subject to a conflict of interest
  - iv) trustees should establish a **register of interests**, so that actual or potential conflicts can be identified more easily
  - v) at the start of all **trustee meetings**, trustees should declare any private interests which they have in relation to any agenda item, and (if that is the charity's agreed procedure) should withdraw from the discussion and decision-making in respect of that item.
- Whilst conflicts of interest have historically not been a significant issue for the Society, it is important that the Society has its own policy and procedures for the management of potential, and actual,

conflicts of interest. The auditors have again recommended that such policies and procedures are agreed and implemented.

### **The Society's Policy**

1. The Society's Trustees, as do its staff and volunteers, have a legal obligation to act in the best interests of the Society, and in accordance with the Society's Charter and Bye-Laws, and to avoid situations where there may be a potential conflict of interest.
2. Conflicts of interest may arise where an individual's personal, family, business, or other charitable interests and/or loyalties conflict with those of the Society, which may:
  - Inhibit free discussion
  - Result in decisions or actions that are not in the best interests of the Society
  - Risk the impression that the Society has acted improperly
  - Divert financial or other resources from the Society for the benefit of others

These in turn may harm the reputation, integrity, and finances of the Society.

3. The Society's Policy is therefore to operate Procedures for the management of potential, and actual, conflicts of interest, that seeks to recognise fully, and minimise the impact of, any such conflicts, and thus to protect the reputation and integrity of the Society and that of the Trustees at all times.

### **The Society's Procedures**

#### **A. Declaration of interests**

**Trustees are required to declare any personal, family, business, or other charitable interests that may give rise to the potential for a conflict of interest, or that may be an actual conflict of interest, on the following four occasions:**

- i) **In advance of election as a trustee.** All those standing for election as a Society Trustee will be required to submit a completed and signed 'Declaration of Interests' form as part of their nomination documents. The completion of the form should take note of the requirements of this policy, specifically the personal, family, business, or other charitable or professional interests against the types of interest as set out in B below,
- ii) **Verbally at any Council meeting.** At the start of each meeting the Chair will ask for any declarations relevant to the agenda to be made known. Trustees should also raise the matter during the course of the meeting as soon as a potential conflict arises. Trustees may also advise the Director of any potential or actual conflict relevant to the agenda prior to the meeting. Should any Trustee fail to declare an interest that is known to the Director and/or the Chair, the Director and/or Chair will declare that interest.
- iii) **Annually at the time of the June Council meeting.** Trustees will be asked to review their Declaration of Interests, as held on the declaration of interests form, annually in June each year and to update the form as required. In cases of doubt, an interest should always be declared. The list of potential and actual conflicts declared by each trustee will be made available to all Trustees by way of report at the June meeting.

- iv) **When any significant changes take place.** New matters that may arise as a result of a change in the circumstances of a Trustee, or of the Society, or a combination of both, should not wait until the annual declaration, but should be notified to the Director as soon as they are known to the Trustee. As above, in cases of doubt, an interest should always be declared.

From June 2018 the Society will maintain a written record of Declarations of Interest for all Trustees and Committees of Council. The record of declarations will be maintained by the Director for as long as that Trustee remains a Trustee, or that Trustee having left Council, remains a member of one of the Society's working committees of Council. Any information provided by Trustees will be processed in accordance with data protection principles as set out in the Data Protection Legislation that comes into effect in May 2018.

## **B. The types of interest that need to be declared**

Whilst not exhaustive of all circumstances, these are broadly:

**Direct financial interests.** Examples include engaging a Trustee as employee, consultant or advisor on a paid basis; engaging the services of a company of which the Trustee is a senior employee/director/major shareholder; the sale of land to, or the use of a Trustee's property by, the Society; a Trustee granting a loan to the Society, or making a donation to the Society in return for direct benefits.

**Indirect financial interests.** Examples include financial benefits which accrue to a close member of the Trustee's family where finances are interdependent, or to those of a friend, business partner, employer or colleague of the Trustee. This might include a postgraduate student of a geography department of which a Trustee was a staff member receiving a research grant from the Society; or an organisation of which the Trustee or family member is a senior employee/director/trustee entering into a funded project partnership with the Society.

**Direct non-financial interests.** This might arise where an individual or organisation with which the Trustee is connected is the recipient of services provided by the Society, either in the normal course of the Society's charitable activities, or through a contractual arrangement.

**Indirect non-financial interests.** Often referred to as a conflict of duty or loyalty, this includes circumstances such as where a Trustee holds another appointment or is associated in some way with another organisation operating in the same sector as the Society, or where a Trustee's personal, family, business, or other charitable interests may prevent them from acting in the best interests of the Society, perhaps because their loyalties are to a particular stakeholder constituency that influences their decisions unduly in their governance role.

In assessing what needs to be declared, each Trustee should take into account his/her personal circumstances in any areas that he/she considers of relevance to the above types of interest, including but not limited to the following areas:

- i) Posts held in the course of employment or practice, including partnerships and directorships.
- ii) Any contract for goods, services or works between the Society or RGS Enterprises and the Trustee or any firm or organisation in which the Trustee is a partner, director or employee.
- iii) Any office held in a public or professional body.
- iv) Trusteeship of a registered or unregistered charity.
- v) Any position, including visiting professorial positions, in an organisation which might be affected by decisions taken by the Society.
- vi) Any position in an organisation whose decisions may significantly affect the Society.

- vii) Membership of a body whose principal purposes include influencing public opinion or policy in areas relevant to the Society's work.
- viii) Any significant financial interest relevant to any areas of the Society's work.
- ix) Membership of, or clear public association with, a private society, club, or other organisation (other than a religious body) whose activities are likely to be relevant to the activities of the Society.
- x) The interests of a relative or related-party, where:
  - a) the member is aware of the interest; and
  - b) a fair-minded observer might reasonably perceive a conflict of interest.

### **C. Procedures for dealing with conflicts of interest**

If a personal interest arises at a Council meeting which could be considered a conflict of interest, the Trustee shall promptly declare the nature and extent of this interest at the start of the meeting or as soon as he or she is aware of the matter. The Trustee shall withdraw from that part of the meeting unless expressly invited by the Chair to remain to participate in the discussion. The Chair will take into consideration the potential significance of the matter in relation to the Trustee and to the Society in deciding whether to invite the Trustee to remain in the meeting or not. In the event of Council having to decide upon a matter in which a Trustee has an interest, that Trustee shall not be counted in the quorum for that part of the meeting, shall not have a vote on the matter, nor shall he/she participate in the decision-making on the matter. All such decisions will be taken by a vote, with a simple majority required as set out in the Society's Bye-Laws.

Discussion and/or decisions relating to a conflict of interest will be recorded in the meeting's minutes. If required by the Chair, the matter may be recorded as a confidential record in the minutes (e.g., if the conflicted Trustee is placed in a difficult position of being privy to commercially sensitive information). The minutes will record the nature and extent of the conflict; an outline of the discussion and what actions have been taken to manage the conflict. Where a Trustee benefits from the decision, this will be reported in the annual report and accounts in accordance with the current Charities SORP.

The same procedures as set out above in respect of Council meetings shall also apply to the working committees of Council, whether committee members are Trustees of Council or are co-opted members. Any matter on which a potential or actual conflict of interest has been declared shall be referred to Council.

### **D. Authorising conflicts of interest**

In the majority of situations, declaring a conflict of interest through the above process identifies potential conflicts of interest in advance and removes the individual Trustee from participating and/or voting on a matter upon which he/she is conflicted – thus the individual is adhering to his/her duty to avoid a conflict of interest and fulfilling the duty to declare their interest in existing and proposed transactions and arrangements with the Society. The conflict or interest is identified openly and managed effectively.

In exceptional circumstances, the Charity Commission may authorise a Trustee to do something which would otherwise breach his/her duty to avoid conflicts of interest, provided it was in the best interests of the Society to do so.

Trustees acting outside the terms of the Society's Charter and Bye-Laws and without the permission from the courts or Charity Commission to do so, or acting with disregard for the Society's strategic objectives as agreed from time to time by Council in furtherance of the Society's purpose and objectives, will be in breach of trust. Exceptionally, Trustees may be relieved from such breaches if they have acted honestly, reasonably and prudently and have followed professional advice.

If a Trustee knowingly accepts a benefit, directly or indirectly, from the Society without proper authority, or deliberately generates a direct or indirect financial or non-financial benefit for any individual or organisation with which the Trustee is connected as a result of their Trusteeship of the Society without proper authority, there is a breach of trust and the Trustee will be personally liable for his or her actions. If the transaction or action is challenged, e.g., by the Society's Council, the Charity Commission, or an interested party, and found to be invalid, the Trustee can be required to pay back any benefit received, or become liable for any loss incurred by the Society. In such circumstances, Council reserves the right to ask the Trustee to resign their position as a Trustee with immediate effect.

*Adopted by Council on 11 April 2011; amended January 2018 to take note of the Council's decision (18 December 2017) to hold a written 'Declaration of Interest' for all trustees.*