

The Catenian Association Benevolent and Children's Fund
Conflicts of Interest and Loyalty Policy

1. Introduction

- 1.1. The Catenian Association Benevolent and Children's Fund (the "**Charity**") was established with the support of Catenian Association, an unincorporated membership association (the "**Association**") . The Association has certain rights of appointment to the Charity's board of Trustees.
- 1.2. The Trustees of the Charity have a legal obligation to act in the best interests of the Charity and to ensure the Charity's affairs are not affected by private interests or by any competing duties of loyalty owed to others. Any employees of the Charity have similar duties.
- 1.3. It is recognised that conflicts of interest and loyalty may arise for those involved in the Charity's activities. The aim of this policy is to protect the Charity and its Trustees in situations where a conflict of interest or loyalty arises, might arise, or could be seen to arise, and to ensure that such situations are dealt with openly and constructively and in the best interests of the Charity.
- 1.4. It is the personal responsibility of each Trustee and employee to ensure that they have read and understood this policy and that they act in accordance with it. References in this policy to a Trustee should be read as extending to employees and any non-Trustees appointed to a committee of the board of Trustees of the Charity, unless the context requires otherwise.

2. Identifying conflicts of interest or loyalty

- 2.1. The Charity Commission refers to conflicts of interest in a decision-making context as:
*"...any situation in which a Trustee's personal interests or loyalties could, or could be seen to, prevent the Trustee from making a decision in the best interests of the charity."*¹
- 2.2. All aspects of the operation of the Charity may be affected by conflicts of interest, not just decision-making. This conflicts of interest and loyalty policy therefore governs every aspect of the affairs of the Charity, from consideration of matters by the board of Trustees and its committees, decision-taking or advisory, to liaison with businesses and other third parties engaged with the Charity, as well as the relationship with the Association and its representative councils.
- 2.3. Different types of conflicts of interest may arise in relation to different aspects of the Charity's affairs, as set out below.

¹ Charity Commission Conflicts of Interest: A guide for charity trustees CC29 (last updated 31 October 2022)

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- 2.4. Conflicting personal financial interests arise where there is an opportunity for personal financial gain or benefit, directly or indirectly, by a Trustee or close family member. An example would be if a member of a Trustee's family is awarded a grant.
- 2.5. Conflicting loyalties arise where:
- 2.5.1. there is an opportunity for direct or indirect financial gain or benefit to be derived by others with whom a Trustee is associated, or where the interests of others associated with a Trustee may be affected by decisions of the Charity. This extends to organisations of which a Trustee is an employee, as well as personal friends or colleagues of a Trustee. An example would be awarding a grant to a beneficiary who is a personal friend of a Trustee, or someone with whom they have a close connection (but who is not a close family member).
- 2.5.2. through their role with the Charity, a Trustee is in a position, or has access to information, that could potentially be of advantage to them in their non-Trustee capacity or of advantage to an organisation of which the Trustee is an employee, director, or even a charity trustee. An example of this would be where confidential information regarding plans for the Charity, received by virtue of their role as Trustee of the Charity, could be of advantage to the Trustee's employer institution or colleagues.
- 2.5.3. a Trustee is a member of the Central Council of the Association (or one of its national / regional councils) and the Association's interests conflict with those of the Charity. An example would be where the development of the Charity's strategic plan (e.g. a focus on a particular class of beneficiaries) does not align with that of the Central Council of the Association and the Central Council of the Association makes representations to the Trustee concerned for alignment of the two.
- 2.6. This policy considers how these differing types of conflict of interest should be managed. The policy deals first with the importance of Trustees making regular declarations of interests and then with the application of conflict management procedures to the different types of conflicts which may arise.

3. Declaration of interests

- 3.1. All Trustees and employees of the Charity should complete the Charity's declaration of interests form on appointment, disclosing details of employment, other trusteeships, directorships and roles, and those of their close family members.
- 3.2. Trustees and others who complete a declaration of interests form should update their form as and when changes occur. Trustees will be asked to confirm their declaration is up to date annually.

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3.3. At any meeting at which an agenda item is proposed in which a Trustee has a potential conflict, that conflict should be declared and minuted at the start of the meeting. In the event that the conflict of interest only becomes apparent during discussion on a matter, the Trustee concerned must declare the conflict, or potential conflict, as soon as it is apparent. In cases of doubt Trustees should err in favour of declaring the interest concerned. The procedure below for management of conflicts at a meeting should then be followed.

4. Financial interests

4.1. Clause 20 of the charity's governing scheme provides that:

"No Managing Trustee shall take or hold any interest in property belonging to the Charity otherwise than as a Managing Trustee for the purposes thereof and no Managing Trustee shall receive remuneration, or be interested in the supply of work or goods at the cost of the Charity"

4.2. This means that the Trustees are not permitted to receive payment for the supply of goods or services to the Charity. Due to the explicit inclusion of clause 20, the Trustees cannot make use of section 185 Charities Act 2011 which permits the provisions of goods or services by a charity trustee where certain conditions are met.

4.3. Notwithstanding clause 20 of the Charity's governing scheme, the Trustees are permitted to receive the following financial benefits:

4.3.1. the benefit of indemnity insurance for charity trustees (section 189 Charities Act 2011); and

4.3.2. the repayment of expenses properly incurred as a charity trustee (section 31 Trustee Act 2000)

5. Procedure for assessing conflicts at meetings

5.1. At the start of each meeting of the Trustees:

5.1.1. the Chair must inform the other Trustees of any conflict of interest that has been declared by a Trustee that relates to the business to be discussed at the meeting; and

5.1.2. the Clerk will circulate any amendments or additions to the register of Trustees' interests made since the last meeting of the Trustees.

5.2. The way in which conflicts are dealt with will depend on the nature and extent of the conflict. The non-conflicted Trustees must therefore:

5.2.1. assess the nature and extent of the conflict;

5.2.2. assess the risk or threat to decision-making by the Trustees;

5.2.3. decide whether the conflict is serious (for example, the conflict is acute or extensive, will or may be seen to prevent the Trustees from making decisions

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only in the best interests of the Charity, relates to a significant decision or risks significantly damaging the Charity's reputation); and

5.2.4. decide what steps to take to handle the conflict.

5.3. When considering the conflict, Trustees must take all relevant factors into account, disregard any irrelevant factors, make decisions only in the best interests of the Charity and always protect the Charity's reputation.

5.4. The conflicted Trustee must not take part in any discussion or decision about the conflict and how to handle it and will not be counted in the quorum for that part of the meeting.

5.5. The non-conflicted Trustees must consider whether it is necessary to seek the advice of the Charity's legal adviser on whether the conflict is serious and/or on how to manage the conflict declared.

6. Procedure for managing conflicts

6.1. If the non-conflicted Trustees decide that a conflict is serious, they must consider:

6.1.1. securing the conflicted Trustee's resignation and/or arranging for the appointment of a new Trustee who is not conflicted;

6.1.2. not pursuing the course of action that gives rise to the conflict or proceeding in a different way so that the conflict does not arise;

6.1.3. seeking independent, expert advice about how to handle the conflict; and

6.1.4. asking the Charity Commission for guidance.

6.2. If a conflict is not serious, the non-conflicted Trustees must decide what procedures and level of participation by the conflicted Trustee are appropriate. Steps that can be taken to deal with the conflict include:

6.2.1. requiring the conflicted Trustee to withdraw from the meeting for the relevant item and not to be counted in the quorum for that part of the meeting;

6.2.2. allowing the conflicted Trustee to remain in the meeting for the relevant item to take part in the discussion, but requiring them to withdraw from the meeting during decision-making and to have no right to vote on the matter; or

6.2.3. arranging for the appointment of a new, non-conflicted Trustee.

6.3. If the non-conflicted Trustees decide that the conflict is low risk (in that it will not prevent the conflicted Trustee from making decisions in the best interests of the Charity), they may agree that the conflicted Trustee may continue to participate in discussions and the decision-making process.

6.4. The Chair must inform the conflicted Trustee of the non-conflicted Trustees' decision about how to manage the conflict.

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- 6.5. The minutes of the relevant meeting must include a record of the nature and extent of the conflict, an outline of the discussion and the actions taken to manage the conflict.

7. Procedure at meetings: relationship with the Association

- 7.1. The Charity has a working relationship with the Association and its Central Council appoints the Trustees of the Charity. It is acknowledged and understood that the Charity is independent of the Association and the Trustees have sole responsibility for achieving its objects and setting its strategy and overall direction.
- 7.2. Any matter which gives rise to a difference in opinion between the Charity and the Association will be considered by the Trustees in the context of this overarching principle of independence and in accordance with the Trustees' duties to act only in the best interests of the Charity.
- 7.3. Examples giving rise to a potential conflict of interest with the representative councils of the Association could include the following:
- 7.3.1. A Trustee who is also a member of one of the Association's representative councils, must act only in the best interests of the Charity when in their capacity as Trustee of the Charity, not in the interests of the representative council.
- 7.3.2. Although a Trustee may be aware of the Association's interests and strategy, a Trustee cannot push an agenda of one of the Association's representative councils when acting in their capacity as Trustee of the Charity.
- 7.3.3. When discussing the Charity's relationship with the representative councils of the Association, a Trustee who is a member of one of those representative councils will have a conflict of loyalty that will need to be managed.
- 7.3.4. A Trustee who was formerly a member of one of the Association's representative councils will not automatically have a conflict of loyalty, but will need to consider on a case-by-case basis whether or not there is a conflict of loyalty.
- 7.3.5. A Trustee who is also a member of one of the Association's representative councils must keep information about the Charity confidential.
- 7.4. In every event of a conflict of interest, a note is to be made of the nature of the conflict, the Trustees' discussion of the matter and the action taken to manage the conflict.

8. Review

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This policy shall be circulated every year with the declaration of interest form and shall be reviewed by the Trustees annually.

Adopted: 21st November 2023