

Conflict of Interest Policy - 1/12/24

1. Purpose

- 1.1. The purpose of this policy is to protect the integrity of Karmabank's decision making process and to identify, prevent and resolve conflicts of interest relating to Directors that may interfere with their duties owed to it.
- 1.2. Adherence to this policy will enable our Members to have confidence that decisions are made in a fair and transparent way and that any conflicts of interests are dealt with in accordance with the law and our Rule Book.

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2. Our Policy

- 2.1. Karmabank's governing document states that:

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The objects of the Company are to carry on activities which benefit the community and in particular (without limitation) to: a) consulting on, establishing & managing support services, solely or in cooperation with partner agencies, for marginalised and vulnerable members of the community (ie. unemployed, homeless, low income, elderly, disabled, complex adults, new arrivals & at risk children), including but not limited to Food Banks, Community Kitchens, Welcome Spaces, Clothes Drives, Digital Inclusion, Signposting Services, and Emergency & Crisis Relief; b) consulting on, developing, producing & managing projects with Social Impact, solely or in cooperation with other organisations, including but not limited to Art Installations & Exhibitions, Films & Film Screenings, Photography, Social Media Content, Articles, Special Events & Festivals, Educational Support Services & Web Content; c) Consulting on, developing, implementing & coordinating in partnership with local government community, social & wellbeing agencies, tailored responses to unique individual situations, and ensuring a holistic "no one left to fall through the cracks" approach.

- 2.3. Directors must, wherever possible, avoid any situation which may lead to a potential conflict of interest. Where conflicts cannot be avoided, they must be declared and managed in accordance with this policy. This includes avoiding the perception of a conflict of interest as well as actual conflicts of interest. Interests do not need to be disclosed if they are unlikely to give rise to a conflict. Directors must disclose to the Board, through the Secretary and using the procedure set out below, any situation which they believe may potentially give rise to a conflict of interest.
- 2.4. It is the duty of each Director to determine whether or not a potential conflict of interest exists. A Director will not be excused from compliance with this policy (or any other rule of law relating to conflicts of interest) on the basis that the Director did not realise that a conflict might arise. This policy is meant to supplement good judgement and Directors should respect its spirit as well as its wording.

- 2.5. Directors of [Insert the name of your co-operative] are obliged to act in the best interest of the Co-operative. Irrespective of the method that they have been appointed/elected by; their duty to [Insert the name of your co-operative] must take precedence. All information received in their capacity as director should be treated as confidential unless confirmed otherwise. Directors of [Insert the name of your co-operative] should not use any information or data received by virtue of their role as a Director for personal gain.
- 2.6. If a Director fails to notify the Secretary of an interest or fails to adhere to this policy the Board has the discretion to take whatever disciplinary action it deems fit, provided it follows any processes and procedures set out in our Rule Book, Director Code of Conduct or other documents, including removal of a Director.

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3. Definition of conflicts of interest

- 3.1. A conflict of interest is when an individual's personal interests, or interests they owe to another organisation, are incompatible with the interests of [Insert the name of your co-operative] and where they receive some form of personal gain or benefit as a result. A conflict of interest could compromise their judgement, decisions, or actions.
- 3.2. Conflicts of interest can be direct or indirect. An indirect interest is where the interest is related to a party(ies) connected to the Director. The definition of a connected person/organisation is:
 - a member of the director's family (that is, the director's spouse, civil partner, any person with whom the director lives as a partner in an enduring family relationship, a child or stepchild of the director, a child or stepchild of a director's partner (if living with the director and under the age of 18), or the director's parents).
 - an organisation is connected with a director if the director (and persons connected with them) is interested in 20% or more of the equity share capital of the organisation, or can exercise more than 20% of the voting power at a general meeting of the organisation.

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4. Types of conflicts of interest

- Financial interest – where a Director receives a direct or indirect financial benefit or something else of value from a Board decision. For example, where [Insert the name of your co-operative] may employ or contract with a Director to undertake a piece of remunerated work or to purchase supplies.
- Non-financial personal interest – where a Director benefits directly or indirectly from [Insert the name of your co-operative] services or activities or from being on the Board of [Insert the name of your co-operative]. For example, where an organisation where a director has an interest sponsors a [Insert the name of your co-operative] event. The organisation would likely receive non-financial benefit in the form of PR and positive reputational exposure.
- Professional conflict – where a director gets paid work or some other beneficial advantage through contacts made or information gained by virtue of being a [Insert the name of your co-operative] director. For example, a Director that is a consultant is successful in bidding for a piece of paid work that they heard about following information provided in a [Insert the name of your co-operative] Board Meeting, where they would not have had the opportunity to hear about this work otherwise.

- Loyalty interest – where another appointment, directorship or association of the Director may influence the decisions of the Director, directly or indirectly, which may not be in the best interest of [Insert the name of your co-operative] and which may result in a benefit to the Director. For example, where a Director sits on another Board and both organisations are bidding for the same contract.

4.2. If a Director has an interest that is not one of the above types then it is unlikely to be a conflict of interest and is likely to be a duality of interest.

- Duality of interest – where a Director may hold a position in another organisation, or sit on another Board, or have undertaken paid work for an organisation but where there is no indication that these interests would result in a benefit to them or that it would stop them from acting in the best interest of each organisation. It is unlikely that a duality of interest would be classified as a conflict of interest. For example, a Director takes up a non-executive board place on another organisation.

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5. Procedure to disclose an interest

1. Identify the Conflict

5.2. Upon appointment each Director will complete a Register of Interests which serves the purpose of being a conflict of interest disclosure statement. Each year, Directors will be prompted to update the form which records their interests. Any changes to a person's interests during the year must be advised to the Secretary as soon as possible and within at least 30 days of the change occurring. The Secretary will keep a register of Directors' interests which is open to inspection by members. The Annual Report will also disclose Directors other directorships, relevant memberships and employment to our members.

5.3. Once an interest has been identified and authorised, or there is no conflict, the interest does not need to be notified again unless the nature of the interest changes.

5.4. When an agenda and papers are issued for Board meetings or other such meetings, each Director is responsible for assessing whether a potential conflict of interest may arise and, if so, informing the Secretary. The standard meeting agenda will include a prompt for the Board to note any new interests or conflicts relevant to that meeting's agenda items.

5.5. During the meeting, if a potential conflict arises which either was not recognised before or which has arisen due to the path of discussion, then the person must raise this matter with the Secretary immediately.

5.6. In addition to the obligations set out above, Directors shall endeavour to inform the Chair and the Secretary, giving as much notice as reasonably possible, of any matters relating to or concerning the Director of which they are aware which may result in publicity which could have an adverse impact on the Society by reason of the director's connection with the Society.

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2. Manage the conflict

5.7. Where a conflict is notified the Board should decide, on a case by case basis, whether the interest can be authorised and that the Director may proceed with the situation giving rise to the conflict or whether it must be managed or avoided.

- 5.8. Where such an interest is notified and not authorised, the Board shall decide whether the Director needs to take any action to manage this and, if so, what this must be. Examples of such action include not receiving papers on an issue related to the conflict, not attending board meetings where an issue relating to the conflict is being discussed or not voting on such issue. The Board may determine any other action it believes is necessary to manage the conflict.
- 5.9. Where a conflict is notified on an agenda item and it has been raised in advance of the meeting the Board may take pre-emptive management action as is deemed appropriate.
- 5.10. Where a subcommittee of the Board has delegated authority to do so, it may decide whether an interest it has been notified of can be authorised and that the Director may proceed with the situation giving rise to the conflict or whether it must be managed or avoided. The Board should subsequently be informed of any decision made by a subcommittee to authorise or require the management or avoidance of a conflict (this may be done via the minutes of the subcommittee meeting).
- 5.11. None of the above excludes the person exercising self-management of a conflict of interest.
- 5.12. In a case where an interest is notified during a meeting and the Board believes that the conflict is so material that continued membership of the Board is untenable, the matter shall be adjourned pending the taking of legal advice.
- 5.13. All discussions and decisions relating to a conflict of interest should be recorded in the minutes of the meeting following the notification if advised in advance of a meeting or in the meeting where an interest is notified, along with how the conflict has been managed.

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6. **Compliance**

- 6.1. Compliance with this policy is the responsibility of the Board. Any breaches or issues relating to the policy should be reported to the Secretary. The Chief Executive Officer must also be notified immediately.
- 6.2. This policy should be read in conjunction with the [Insert the name of your co-operative] governing document, the Director Code of Conduct and the Hospitality & Gifts Policy.

Agreed by the Board: 1/12/24

Last reviewed by the Governance Committee: 1/12/24

Signed:

Andrew Standen-Raz, CEO

A handwritten signature in black ink, appearing to read 'A Standen-Raz', is written over a light grey rectangular background.