

CONFLICT OF INTEREST POLICY

A: INTRODUCTION

This policy applies to trustees of the Stock Exchange Dramatic and Operatic Society ('Sedos Trustees') and sets out guidelines and procedures for identifying, monitoring and managing actual and potential conflicts of interest by Sedos Trustees.

In the most general sense, the relevant law says that a Sedos Trustee cannot:

- benefit from an arrangement or transaction entered into by Sedos, if before the arrangement or transaction was entered into, the Sedos Trustee did not disclose their interest to all of the other Sedos Trustees; and
- accept a benefit from a third party conferred by reason of being a Sedos Trustee or by reason of doing (or not doing) anything in their role as a Sedos Trustee unless the acceptance of the benefit cannot reasonably be regarded as likely to give rise to a conflict of interest.

If there is an actual or potential conflict of interest for a Sedos Trustee, it needs to be declared and dealt with in accordance with this policy, the Sedos Constitution and the relevant law. In addition, if it is determined that a transaction gives rise to a conflict, then the transaction needs to be authorised by the Sedos Trustees before that transaction proceeds. It should be noted that this does not apply to a reimbursement by Sedos to a Sedos Trustee (or payment by a Sedos Trustee out of Sedos' funds) of expenses properly incurred by the Sedos Trustee in the performance of any of Sedos' functions.

In this policy, references to:

- "conflicts" or "conflicts of interest" include actual and/or potential conflicts of interest and/or duty;
- persons who are "connected" with a charity trustee means:
 - a child, stepchild, grandchild, parent, brother or sister of a charity trustee;
 - the spouse, unmarried partner or civil partner of a charity trustee or of any person falling within paragraph (i) above;
 - any person who is in a business partnership with a charity trustee or any person who is in a business partnership with any person falling within paragraph (i) or (ii) above; and
 - any company, business, trust or organisation in which a charity trustee (or any other person connected to them) has an interest as a beneficiary or through ownership, control or influence.
 - If in doubt about whether a person is connected, a Sedos Trustee should seek external advice from a solicitor or other person qualified to advise on the matter; and

- "benefit" includes any payment or material benefit (including property, loans, goods and services), other than reasonable out of pocket expenses.

The Sedos Constitution (at Section 7) sets out some procedures in relation to conflicts of interest. This policy should be read in conjunction with the Sedos Constitution and relevant provisions in the Sedos Constitution take precedence over this policy.

B: THE PURPOSE OF THIS POLICY

Sedos Trustees have a personal duty to act in the best interests of Sedos. This means that they must not place themselves in a position where they have, or may have, a direct or indirect interest that conflicts with their duties as a Sedos Trustee and must not profit from their position as a Sedos Trustee. The Charities Act 2011 and Charitable Incorporated Organisations (General) Regulations 2012 (SI 2012/3012) also set out some specific duties and responsibilities in relation to conflicts of interest.

Conflicts of interest can inhibit open discussions and may result in Sedos Trustees taking irrelevant considerations into account or making decisions that are not in Sedos' best interests. They can also damage the reputation of Sedos if it appears that Sedos Trustees are influenced by personal interests or loyalties. All Sedos Trustees must therefore be alert to the possibility that they, or other Sedos Trustees, could be affected by a conflict of interests.

The procedures in this policy will enable Sedos Trustees to identify and manage conflicts of interest so that they can ensure that conflicts do not prevent them from making decisions in the best interest of Sedos. The policy will also help protect Sedos and the Sedos Trustees from any appearance of impropriety in cases where conflicts of interest arise.

C: IDENTIFYING CONFLICTS OF INTEREST

A conflict of interest is any situation in which a Sedos Trustee's direct or indirect interests could, or could be seen to, prevent them from making a decision only in the best interests of Sedos.

Conflicts of interest may arise:

- where a Sedos Trustee (or a person connected to them) stands to obtain a benefit from Sedos; or
- where a Sedos Trustee has a duty of loyalty to a third party that conflicts with their duty to Sedos.

When considering if they have a conflict of interest, a Sedos Trustee must be aware of the following principles:

- a conflict of interest exists if there is a possibility that the Sedos Trustee's personal interest could influence their decision-making, even if the Sedos Trustee's

decision-making is not in fact adversely affected by the conflict. A reasonable perception that a conflict of interest exists can be enough for a Sedos Trustee to be in breach of their duties; and

- the interest that gives rise to a conflict may be direct or indirect and, in particular, a conflict may relate to the interests of someone who is connected to a Sedos Trustee as well as to their own personal interests.

It is impossible to set out all situations which may result in a conflict, but they may include:

- selling, loaning or leasing Sedos' assets to a Sedos Trustee (or a connected person);
- acquiring, borrowing or leasing assets from a Sedos Trustee (or a connected person);
- paying a Sedos Trustee for carrying out:
 - their role as Sedos Trustee,
 - a separate paid post at Sedos (even if they have resigned as a Sedos Trustee);
- paying a Sedos Trustee (or a connected person) for providing a service and/or goods to Sedos;
- employing a person connected to a Sedos Trustee at Sedos;
- making a grant to a Sedos Trustee (or a connected person);
- when a Sedos Trustee (or a connected person) owes a legal obligation or duty towards another organisation or person (for example, an employer or another charity of which they are a charity trustee) that conflicts with the Sedos Trustee's duty to Sedos;
- when a Sedos Trustee has a personal sense of loyalty to another organisation or person that conflicts with their loyalty to Sedos; and
- when a Sedos Trustee has religious or political views that could interfere with their ability to make decisions in the interest of Sedos.

D: PROCEDURE FOR DECLARING INTERESTS

All Sedos Trustees have a personal responsibility to declare any interest that might reasonably be regarded as potentially giving rise to a conflict.

On appointment, all Sedos Trustees must complete a declaration of interests form:

- listing any personal interests, business interests or other direct or indirect interests that might potentially give rise to a conflict of interests;
- listing any interests of connected persons that may potentially give rise to a conflict of interest;
- declaring any gifts or hospitality received or offered to them in their capacity as charity trustee;
- confirming that they are not aware of any conflict, other than those already disclosed, that exists between their role and their personal circumstances or other interests;
- confirming that they will update the form annually, or sooner if any changes occur; and
- confirming that they will declare any conflict that arises in the future.

The information provided by Sedos Trustees must be recorded in a register of Sedos Trustees' interests (the 'Conflicts' Register'). At least once in every 12-month period, all Sedos Trustees must review the information relating to them contained in the Conflicts' Register and declare that the information is correct or make a further declaration if necessary.

It is for individual Sedos Trustees to decide which matters to declare but, if in doubt, they should make a declaration.

The information provided by Sedos Trustees will be processed in accordance with any prevailing Sedos Privacy Policy, and in any event with data protection principles as set out in the General Data Protection Regulation and the Data Protection Act 2018. Data will be processed only for the purposes set out in this policy and not for any other purpose.

E: MAINTAINING THE CONFLICTS' REGISTER

The Secretary to the Sedos Trustees will be responsible for maintaining the Conflicts' Register and will:

- record in the Conflicts' Register all conflicts, interests, gifts and hospitality declared by Sedos Trustees; and
- circulate amendments or additions to the Conflicts' Register (if any) to the Sedos Trustees at the start of each Sedos Trustee meeting.

The Conflicts' Register will be available for inspection by any Sedos Trustee.

F: DECLARATION OF INTERESTS BY PROSPECTIVE SEDOS TRUSTEES

Before a prospective Sedos Trustee is appointed, they must be asked to declare any direct or indirect interests they have that might give rise to a conflict of interests.

If the Sedos Trustees consider it likely that the prospective Sedos Trustee will be subject to serious or frequent conflicts of interest, the Sedos Trustees should consider whether it is appropriate to proceed with the appointment.

G: PROCESS FOR DECLARING CONFLICTS

The first item on the agenda of each Sedos Trustee meeting will be a standing item requiring all Sedos Trustees attending the meeting to declare any conflicts of interest relating to the matters to be discussed at the meeting.

If a Sedos Trustee considers that they have an actual or potential conflict, they must inform the Chair as soon as possible and always before any discussion of the relevant matter. The declaration must specify the nature and extent of any direct or indirect interest that gives rise to the conflict.

If a Sedos Trustee is aware that another Sedos Trustee has an actual or potential conflict that has not been declared, they must notify the Chair OR the other Sedos Trustees.

If the Chair is declaring a conflict, they must inform the Vice-Chair OR the other Sedos Trustees.

If a Sedos Trustee is uncertain whether or not they are conflicted, they should make a declaration to the Chair OR the other Sedos Trustees.

The Secretary to the Sedos Trustees must note all conflicts declared in the minutes of the meeting in which they were declared or, if not declared in a meeting, in the minutes of the next Sedos Trustee meeting.

H: PROCEDURE FOR ASSESSING CONFLICTS AT MEETINGS

At the start of each meeting of Sedos Trustees:

- the Chair must inform the other Sedos Trustees and the Secretary to Sedos of any conflict of interest that has been declared by a Sedos Trustee that relates to the business to be discussed at the meeting; and
- the Secretary to Sedos will circulate any amendments or additions to the Conflicts' Register made since the last meeting of Sedos Trustees.

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

- assess the nature and extent of the conflict;
- assess the risk or threat to decision-making by the Sedos Trustees;
- decide whether the conflict is serious (for example, the conflict is acute or extensive, will or may be seen to prevent the Sedos Trustees from making decisions in the best interests of Sedos, relates to a significant decision or risks significantly damaging Sedos' reputation); and
- decide what steps to take to handle the conflict.

When considering the conflict, the Sedos Trustees must take all relevant factors into account, make decisions only in the best interests of Sedos and always protect Sedos' reputation.

The conflicted Sedos 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.

The non-conflicted Sedos Trustees must consider whether it is necessary to seek legal advice on whether the conflict is serious and/or on how to manage the conflict declared.

I: AUTHORISED CONFLICTS OF INTEREST

A Sedos Trustee's duty to avoid a conflict of interest does not apply if, and to the extent that, the conflict of interest is authorised by any of the following:

- an express provision in the Sedos Constitution;
- a statutory provision, such as the powers in the Charities Act 2011 to:
 - pay a charity trustee (or a connected person) for providing services to the charity (sections 185 to 188); or
 - take out and pay premiums for trustee indemnity insurance (section 189); or
 - the Charity Commission or the court.

In each case, the Sedos Trustee must always follow any conditions that apply to the authorisation.

J: PROCEDURES FOR MANAGING CONFLICTS

If the conflict arises owing to a financial transaction between Sedos and a Sedos Trustee (or a connected person), or because a Sedos Trustee (or a connected person) will or may obtain a benefit from Sedos:

- any potential or proposed benefit must be authorised in advance; and

- the conflicted Sedos Trustee must:
 - withdraw from all discussions and decisions in relation to the matter; and
 - not be counted in the quorum for that part of the meeting.

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

- securing the conflicted Sedos Trustee's resignation and/or appointing a new Sedos Trustee who is not conflicted;
- 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;
- seeking independent, expert advice about how to handle the conflict; and
- asking the Charity Commission for guidance.

If a conflict is not serious, the non-conflicted Sedos Trustees must decide what procedures and level of participation by the conflicted Sedos Trustee are appropriate. A number of steps can be taken to deal with the conflict, including:

- requiring the conflicted Sedos Trustee to withdraw from the meeting for the relevant item and not to be counted in the quorum for that part of the meeting;
- allowing the conflicted Sedos 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
- appointing a new, non-conflicted Sedos Trustee.

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

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

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.

Where a Sedos Trustee or a connected person receives a payment or benefit from Sedos, this must be reported in the annual accounts in accordance with the current Statement of Recommended Practice for accounting by charities (Charities SORP).

K: ADVISERS AND CONFLICTS

Before appointing any advisers to Sedos, the Sedos Trustees must consider whether the adviser has, or may be seen to have, any actual or potential conflict with the interests of Sedos.

Although most advisers will be members of professional or regulatory bodies and will be required to comply with the relevant professional guidelines, some advisers will not be members of such bodies. The terms of appointment of those advisers may therefore need to be modified to include specific provisions relating to conflicts:

- an obligation to inform the Sedos Trustees if any circumstances arise in which they are or may be conflicted; and
- an obligation to address any conflicts that arise in the work they do for the Sedos Trustees.

L: TRAINING

All newly appointed Sedos Trustees must receive training on this policy and on identifying situations that may result in a conflict and ways in which conflicts can be managed in practice. In addition, charity trustees must be familiar with the principles contained in the Charity Commission's guidance on conflicts.

M: MONITORING, ENFORCING AND REVIEWING THIS POLICY

Any Sedos Trustee who becomes aware of a breach of this policy must report it to the Secretary to the Sedos Trustees or the Chair as soon as possible. This policy shall be enforced by the Sedos Trustees as a body. This policy shall be made available to members of Sedos via the Sedos website. This policy will be reviewed annually in line with industry best practice standards and all relevant legislation and regulations.

Approved: 14 July 2020