

IFS Foundation (UK) Trustees

Conflict of Interest Policy

Trustees have a special duty to the Foundation and its donors.

1. Introduction

- 1.1 The following policy and guidelines will help the Trustees define and understand their appropriate role in the Foundation's consideration and approval of grants, investments and other matters. A companion policy and guidelines apply to possible conflicts involving Foundation staff.
- 1.2 This policy is designed to assure prospective grantees and the public generally that:
 - 1.2.1 no person or entity has an unfair advantage in obtaining grant funds because of Trustee or staff affiliation;
 - 1.2.2 no Trustee or staff member will benefit unfairly from the Foundation's grant funds or other Foundation resources (i.e., no self-dealing);
 - 1.2.3 there will be the absence of any perception of favouritism or unfair benefit;
- 1.3 This policy applies to the grantmaking process, all investment and business decisions and any other related matters. This policy also applies to all Board-appointed committees.
- 1.4 This policy cannot cover all situations that may arise nor can this policy fully define what a conflict of interest is, as such, Trustees and the Foundation must evaluate each situation individually.

2. Policy guidelines

- 2.1 The reputation and credibility of the Foundation rests on its ability to make fair, objective and impartial grantmaking and other decisions in accordance with carefully defined criteria as such, it is essential to avoid situations where a conflict of interest may influence, or appear to influence, that decision making process.
- 2.2 There are two main types of conflict of interest situations:
 - 2.2.1 A Trustee or member of a Trustee's family has or appears to have a financial interest in a decision or will receive (or appear to receive) a benefit from Foundation resources; and
 - 2.2.2 A Trustee or member of a Trustee's family has or appears to have an affiliation or some relationship with a grant applicant that could influence or appear to influence a Trustee's decision.

3. General steps

- 3.1 The Foundation recognizes that its Trustees are usually employed outside the Foundation and have broad interests and participate in many community, charitable and business activities. The Foundation does not require any Trustee to sacrifice these activities as a Trustee's experience is of great value to the Foundation.
 - 3.1.1 A Trustee may serve as an officer, employee, director, trustee or consultant to an organisation under consideration for Foundation support.
 - 3.1.2 A Trustee may be an officer, employee, director, trustee or consultant of an organisation which provides donations or support to the Foundation.
 - 3.1.3 A Trustee may be an officer, employee, director, trustee or consultant of an organisation which has an agreement with the Foundation.
 - 3.1.4 Situations may also arise where a Trustee's business or personal interests may be affected by a Foundation grant or other decision.
- 3.2 Should a Trustee find herself in any of the situations listed in clause 3.1:

- 3.2.1 the potential for conflict of interest should be recognized and disclosed
- 3.2.2 appropriate steps should be taken by the Trustee and the Foundation to prevent influence or favouritism by such Trustee in the Foundation's grant or other decision.
- 3.3 The Foundation should avoid any situation that might appear to have involved such influence or favouritism.
- 3.4 Legal guidance should be sought if there is any question regarding the potential conflict of interest.

4. Tests to determine conflicts of interest

To assist Trustees and staff members in identifying and resolving Trustee conflicts of interest, proposed grants and other transactions should be evaluated in accordance with each of the following tests:

4.1 The Compliance or Legal Test (Self-Dealing)

- 4.1.1 In general, the Foundation should make no grant or investment that would result, directly or indirectly, in a financial benefit to any Trustee.
- 4.1.2 Applicable law usually prohibits transactions between Trustees or staff members and the Foundation.
- 4.1.3 Should there be a suggestion that self-dealing would benefit the Foundation, such particular transaction will be tested to see if it complies with law and/or applicable tax code.
- 4.1.4 When possible, conflicts should be avoided because this procedure can be costly and time consuming.
- 4.1.5 Upon association or employment with the Foundation, all Trustees and staff members are given an abbreviated explanation of the self-dealing and other pertinent provisions of the law, including a listing of a) those acts which constitute self-dealing; b) a definition of disqualified persons; and c) where to seek guidance regarding disqualified persons.
- 4.2 Examples of situations that would likely fail the legal compliance test (or, at very least, should be further reviewed):
 - 4.2.1 a Trustee is or becomes a paid employee of an entity receiving "general funding"
 - 4.2.2 a Trustee might financially benefit a particular project
 - 4.2.3 the Foundation might pool its funds with the personal funds of a Trustee in order to make an investment.
- 4.3 Should any of the above examples occur, the Trustee and Foundation should follow the guidance provided in clause 3 and elsewhere in this policy.

4.4 The Program or Merit Test

- 4.5 There are two basic elements of the program or merit test:
 - 4.5.1 Transactions with any organization which a Trustee serves as an officer, director, trustee, staff member or consultant should meet the general program criteria and priorities of the Foundation as previously reviewed and approved by the Trustees.
 - 4.5.2 A Trustee who is an officer, director, trustee, staff member or consultant of a prospective grantee organization should not be involved in submitting, reviewing, recommending or approving the grant, or in its subsequent monitoring or evaluation.

4.6 The Appearance Test

- 4.7 The appearance of favouritism could undermine the Foundation's credibility, so the Foundation may decline to grant support for any situation where there may be the appearance of favouritism.
- 4.8 The appearance of favouritism may bring rise to a real conflict of interest and should be evaluated and acted upon using this policy.
- 4.9 Close personal, business, or other relationships may cause a transaction to fail the appearance test because it suggests the appearance of favouritism.
- 4.10 This does not imply that any organization with which a Trustee is associated can never have business dealings with the Foundation.
- 4.11 These examples would assist in removing the appearance of favouritism:
 - 4.11.1 A grant falls within the established program guidelines (e.g. the Grant Making Policy) of the

Foundation.

- 4.11.2 A grantee organization is an established public charity with broad support among the local or national charitable community.
 - 4.11.3 A Trustee with a conflict of interest did not submit the grant request, become involved in the grant review process, or receive economic benefit from the grant.
 - 4.11.4 The legal structure or business practices of the entity that will be transacting business with the Foundation and the role of the Trustee in that organization suggests that the Trustee's relationship with that organization would not cause the appearance of favouritism.
 - 4.11.5 Standardising procurement models and publicising results and rankings.
 - 4.11.6 The potential conflict was fully disclosed.
- 4.12 The appearance of favouritism may be the most difficult situation to define, so the Foundation counters it with its policies, its procedures, and its general practices.

5. Disclosing potential conflicts

- 5.1 Each Trustee is under an obligation to the Foundation and to the other Trustees to inform them of any position held currently or during the past three years, the investment in any business, or any avocational activities that may result in a possible conflict of interest.
- 5.2 A Trustee should also disclose any activity or interest that may cause bias for or against another organisation, action or policy being considered by the Board of Trustees – this should include personal (e.g. close friendships) as well as financial interests.
- 5.3 Each Trustee is asked to annual file with the Secretary and Treasurer a Disclosure Statement setting forth:
 - 5.3.1 Any position held (director, officer, trustee, employee) with any charitable or community organization at date of such statement and during the prior three years.
 - 5.3.2 Any position held (director, officer, employee) with any business enterprise at date of such statement and during the prior three years.
 - 5.3.3 Each Trustee is asked to update such Disclosure Statement by amendment as the Trustee's relationships change.
- 5.4 The Secretary/Treasurer and the Trustee will be responsible to make disclosure to the Board at any time Foundation action is considered involving any organization or enterprise listed on a Trustee's Disclosure Statement.

6. Withdrawal / Excusal / Recusal requirements

- 6.1 The Constitution clause 7 provides as follows:

A trustee must:

 - (1) declare the nature and extent of any interest, direct or indirect, which she has in a proposed transaction or arrangement with the Foundation or in any transaction or arrangement entered into by the Foundation which has not previously been declared; and*
 - (2) absent herself from any discussions of the board in which it is possible that a conflict of interest will arise between her duty to act solely in the interests of the Foundation and any personal interest (including but not limited to any financial interest).*

Any trustee absenting himself or herself from any discussions in accordance with this clause must not vote or be counted as part of the quorum in any decision of the charity trustees on the matter. [shortened and harmonised only]
- 6.2 By following the tests in clause 4 and throughout this policy, the Trustee should be able to determine what level of remedy is required to satisfy the potential conflict of interest. Withdrawal (also known as excusal or recusal) is the most likely remedy.
- 6.3 Withdrawal may be temporary (e.g. from a vote) or quasi-permanent (e.g. from all discussions surrounding a topic). Should a Trustee or the Board determine that continued withdrawal is no longer practicable, the Trustee or the Board may consider removing the Trustee from the Board.
- 6.4 Example situations to assist Trustees and the Board:
 - 6.4.1 Withdrawal would be required if the Trustee is an officer or other paid employee of a bank or

financial institution, and the Foundation is voting on any matter involving the financial institution (e.g., opening an account, considering an investment).

- 6.4.2 Withdrawal is appropriate by a Trustee of the Foundation who is a “substantial investor” in a business concern which may be affected by an action. If the Trustee, his or her family or business associates have over 2 percent of ownership, it is considered “substantial.” Substantial investment, or the potential for significant benefit, should lead the Trustee to withdraw from the meeting. If the Trustee’s investment is not “substantial,” it would be appropriate, after disclosing the investment, to participate in the vote on the question.
 - 6.4.3 A Trustee of the Foundation who is an officer (paid or unpaid) or employee of an institution to which a grant is proposed would be required to withdraw from the meeting until the matter has been acted upon. A Trustee who formerly was a paid or nonpaid director or officer of the proposed grantee is technically not required to withdraw from the meeting, after disclosing the connection.
- 6.5 The above list of examples are only examples, the Trustee, Chairman, or majority of Trustees present, may also decide that withdrawal is appropriate for any particular situation (including those listed above) to avoid a conflict of interest or the appearance of a conflict of interest.

7. Future policy

- 7.1 This policy, approved by the trustees of the Charity on **November 19th 2020**, will be reviewed annually to ensure that it continues to meet the objects of the Charity.