



Conflict of Interest Policy for Women's Enterprise Scotland CIC

Board members of Women's Enterprise Scotland Community Interest Company (WES) are responsible for bringing independent and impartial judgement to the business of the Board. Our Terms of Reference and Board Member Agreement sets out the standards that are expected of all Board members while undertaking their duties. These include integrity, objectivity, accountability, openness and honesty.

This policy aims to identify and acknowledge actual and potential conflicts of interest for board members of WES in a timely manner and to enable any conflicts to be managed in a practical and appropriate way. Board members should familiarise themselves with the intention, purpose and spirit of the policy as well as its detailed content. If in doubt, individuals should always discuss any potential issues with the Chair or CEO.

What is a conflict of interest?

A conflict of interest occurs when an individual's ability to exercise judgement or act in the best interests of WES could be impaired or otherwise influenced by their involvement in another role or relationship. The individual does not need to exploit their position or obtain actual benefit, financial or otherwise, for a conflict of interest to occur. A potential for competing interests and/or a perception of impaired judgement or undue influence can also be viewed as a conflict of interest. Conflicts of interest relate to an individual's personal or professional interests and the interests of those connected to them.

Some common scenarios of potential conflicts of interest in Community Interest Companies include the following:

Dual Roles: When an individual serves as both a director or officer of the CIC and has a financial interest in a transaction involving the CIC. For instance, if a director owns a company that provides services to the CIC, this dual role could create a conflict.

Related Parties: Conflicts can occur when a CIC engages in transactions with related parties, such as directors, officers, or their family members. For instance, if a director's spouse is hired by the CIC, it could raise questions about impartiality.

Financial Interests: Any situation where a director, officer, or employee has a personal financial interest that may affect their decision-making. For example, a director who owns shares in a supplier company that the CIC contracts with.

Competing Interests: When a director or officer has affiliations with other organisations or businesses that compete directly with the CIC. This could impact their loyalty and decision-making.

Outside Employment: If a director or officer holds another job or position that could influence their actions within the CIC, it may lead to conflicts. Balancing responsibilities can be challenging.

Personal Relationships: Personal relationships between directors, officers, or employees can sometimes lead to conflicts. For example, if a director's close friend seeks a contract with the CIC.

Declaration of interests and the WES Register of Interests

Openness and transparency are at the heart of good governance and are essential to ensure that potential conflicts of interest are identified and managed appropriately. On joining the Board of WES, all members will be required to complete a register of interests and should discuss with the Chair any concerns they have. Each member will be then asked on an annual basis to review and confirm that their declaration is accurate and complete. Within the year, as soon as any new interests arise, the Chair should be informed in a timely manner. The Board will review the full register of interests each year as part of the annual cycle of sign off of the accounts.

The registers of interests should include employment, self-employment, other board positions, whether remunerated or not, ownership of companies and any other specific interests that could give rise to a conflict or perception of conflict. The rule of thumb should be, if in doubt, declare. Declarations should include interests relating to family members where these are clearly directly related to the activities of WES.

Managing conflicts of interest

Following completion of the Register of Interests, the Chair will discuss with the board member whether any action is required to manage any conflicts of interest at an overall level. When a specific issue which creates a conflict of interest is to be covered in correspondence or in a meeting, the board member will declare their interest so that the Chair and board can determine whether any mitigating action is required and for this to be recorded. Such actions could include:

- Requiring the board member to leave the meeting while an item is discussed
- Inviting the board member to remain in the meeting while the item is discussed but not to take part in the discussion nor vote
- Allowing the board member to speak on the item but not vote
- Allowing the board member to speak and vote on the item.

WES Conflict of Interest Policy for board members. If you require further information, please contact info@wecotland.co.uk