



Lyvennet Community Pub Ltd

Conflict of Interest Policy

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Introduction

The use of transparent mechanisms to manage conflicts of interest, thereby ensuring probity in Director Actions and decisions, is vital in order to protect both Lyvennet Community Pub Ltd (LCP), investors and individuals.

Directors (along with volunteers) have a legal obligation to act in the best interests of the LCP (hereinafter referred to as the 'Business'), and in accordance with the Articles of Association. They must not, excepting reimbursement of out-of-pocket expenses and any shareholding annual interest payment, receive any benefit from LCP in return for a service provided, unless such benefit is expressly authorised by LCP's governing document.

Conflicts of interest may arise where an individual's personal or family interests and/or loyalties conflict with those of LCP; such conflicts can inhibit free discussion, result in decisions that are not in LCP's best interests and/or risk the impression that LCP has acted improperly. In terms of reputation, the latter risk may be the most serious. A conflict of interest which is not managed properly and which leads to a financial benefit to the Director, may lead to allegations of breach of trust and criminal proceedings.

Potential Conflicts of Interest

These can arise in many ways and include;

Direct financial gain or benefit to a Director

- Payment to a Director for services provided to LCP
- Payment for acting as a Director
- Directors acting as (paid) Directors of subsidiary trading companies
- Sale of land or property to a Director
- Use of a Director's property by LCP
- Take a tenancy of any property owned by LCP

Indirect financial gain or benefit to a Director

This may apply for example where a friend or family member of a Director wishes to become a tenant of property owned by LCP or purchase a property in respect of which approval is required from LCP. In such cases the Director should declare his/her interest, abstain from taking any part in the process to be exercised by LCP and (in addition to the general duties of confidentiality) should not disclose any information which might give any advantage.

Policy Statement

LCP's Constitution clearly state in paragraph 37;

A Director shall declare an interest in any contract or matter in which he/she has a personal material of financial interest, whether directly or indirectly, and shall not be present in any discussion of the matter unless the majority of the Board agrees to their presence, and shall not vote in respect of such contract or matter except where that interest is shared with a majority of the other members of the Board.

Directors must recognise the importance of ensuring probity, both financial and moral, in all aspects of LCP's work. This must include ensuring that Directors do not use any involvement they may have in other organisations to influence, whether positively or negatively, any decisions they make about LCP. It is the Directors' paramount duty to act in the best interests of LCP at all times.

Directors will declare, on an annual basis, any organisations of which they are a member, or in which they hold a position of general control, management or influence. This declaration will be required immediately following the Annual General Meeting, and the results will be collated into a Register of Interests which will be available for inspection at all Business meetings. The Chair will remind Directors about their obligations in respect of potential conflicts of interest at the start of each Board meeting.

It is the responsibility of individual Directors to make a judgement about whether a connection elsewhere creates a conflict of interest with any given issue on a Business agenda, and to openly declare the potential conflict of interest if required. This should be done by making the Chair aware of any such issues prior to the start of Board meetings, and by publicly declaring the possible conflict of interest at the start of the relevant item. It will be up to the Chair to decide whether the Director should leave the meeting for the duration of the relevant item, or whether he or she should be asked not to take part in any decision on the item.

It is unlikely that passive membership of a cognate organisation would lead to a conflict of interest. Directors recognise that they are likely to have interests beyond LCP, and these should not present any issue so long as Directors respect and adhere to their duty to act in the best interests of LCP whilst representing the organisation.