



Scottish Public
Pensions Agency
Buidheann Peinnseanan
Poblach na h-Alba

Corporate Governance

**Board Member:
Conflict of Interest Policy**

1. Background

- 1.1 A conflict of interest is defined as
- a situation in which the concerns or aims of two different parties are incompatible and, or
 - a situation in which a person is in a position to derive personal benefit from actions or decisions made in their official capacity.
- 1.2 The Scottish Public Pensions Agency (SPPA) has an obligation to be satisfied that members of boards do not have a conflict of interest on appointment, and that the conflict of interest position is then checked throughout tenure. Corporate Governance Board members have an obligation to provide the SPPA with information to enable potential conflicts of interest to be managed.
- 1.3 This policy applies to members of all SPPA boards: Pension Boards, Scheme Advisory Boards, Management Advisory Board and Audit and Risk Committee.

2. Policy

- 2.1 It is a board member's personal responsibility to familiarise themselves and comply with the provisions of this policy, as well as the law and SPPA rules, standing orders and regulations.
- 2.2 On appointment, and annually thereafter, all board members must register their interests via a form. Failure to supply this, or to declare an interest as set out in section 4, will be considered a breach of appointment which may lead to a cease in tenure.
- 2.3 The first item on the agenda for every board meeting will be to test potential conflicts of interest and record that this has been done in the board meeting minutes. Conflicts of Interest will also be revisited during the meeting if necessary. Any changes will be recorded in the Register of Interests.
- 2.4 The SPPA Corporate Governance Team will maintain the Register of Interests. If it is considered necessary, they may seek advice from either the Scottish Government Legal Department or any other independent professional adviser, such as an accountant, on a potential conflict of interest.
- 2.5 Where in doubt, as to whether to declare an interest, a board member should always seek guidance from the SPPA Corporate Governance Team via SPPAGovernance@gov.scot.

- 2.6 Information contained within the Register of Interests is made available on request, such as a Freedom of Information Request.
- 2.7 In most circumstances a conflict of interest can be managed, for example, through a board member opting out of certain discussions or leaving meetings for relevant agenda items. It is however possible, although uncommon, that a conflict of interest may be so acute the board member should resign.
- 2.8 The SPPA may review this policy at any time if a situation arises which suggests a change to the policy is needed.

3. Registration Of Interests

- 3.1 Board members must register any interests when appointed and whenever their circumstances change. The register covers the period of time that individuals are an active member of the Board.
- 3.2 Regulations made by the Scottish Ministers describe the detail and timescale for registering interests; including a requirement that a board member must register their registrable interests within one month of becoming a board member and register any changes to those interests within one month of those changes having occurred.
- 3.3 The interests which board members are required to register are those set out in the following paragraphs. Board members must register the interests of any close family member who has interests with SPPA, its providers or service partners or is likely to have interests or do business with them.

Category One: Remuneration

- 3.4 Board members must register any work for which they receive, or expect to receive, payment. They have a registrable interest where they receive remuneration by virtue of being:
- a) employed
 - b) self-employed
 - c) the holder of an office
 - d) a director of an undertaking
 - e) a partner in a firm
 - f) appointed or nominated by SPPA to another body; or
 - g) engaged in a trade, profession or vocation or any other work.

- 3.5 In relation to 3.4 above, the amount of remuneration does not require to be registered. Any remuneration received as a board member of SPPA does not have to be registered.
- 3.6 If a position is not remunerated it does not need to be registered under this category. However, unremunerated directorships may need to be registered under Category Two, “Other Roles”.
- 3.7 Any allowances received in relation to membership of any organisation must be registered under Category One.
- 3.8 When registering employment as an employee, board members must give the full name of the employer, the nature of its business, and the nature of the post they hold in the organisation.
- 3.9 When registering remuneration from the categories listed in paragraph 3.4 (b) to (g) above, board members must provide the full name and give details of the nature of the business, organisation, undertaking, partnership or other body, as appropriate. Some other employments may be incompatible with the role as board member of SPPA, as set out in the [Code of Conduct](#).
- 3.10 Where board members otherwise undertake a trade, profession or vocation, or any other work, the detail to be given is the nature of the work and how often it is undertaken.
- 3.11 When registering a directorship, it is necessary to provide the registered name and registered number of the undertaking in which the directorship is held and provide information about the nature of its business.
- 3.12 Registration of a pension is not required as this falls outside the scope of the category.

Category Two: Other Roles

- 3.13 Any unremunerated directorships where the body in question is a subsidiary or parent company of an undertaking in which a board member holds a remunerated directorship must be registered.
- 3.14 The registered name and registered number of the subsidiary or parent company or other undertaking and the nature of its business, and its relationship to the company or other undertaking in which the board member is a director and from which they receive remuneration, must be registered.

Category Three: Contracts

- 3.15 Board members have a registerable interest where they (or a firm in which they are a partner, or an undertaking in which they are a director or in which they have shares of a value as described in paragraph 3.20 below) have made a contract with SPPA:
- a) under which goods or services are to be provided, or works are to be executed; and
 - b) which has not been fully discharged.
- 3.16 A description of the contract, including its duration, but excluding the value, must be registered.

Category Four: Nomination or Appointment Expenses

- 3.17 If a board member has been nominated or appointed to an SPPA board, then they must register a description of, and statement of, any assistance towards expenses incurred relating to their appointment to the SPPA Board.

Category Five: Houses, Land and Buildings

- 3.18 Board members have a registrable interest where they own or have any other right or interest in houses, land and buildings, which may be significant to, of relevance to, or bear upon, the work and operation of SPPA.
- 3.19 When deciding whether or not there is a need to register any interest in houses, land or buildings, the test to be applied is whether a member of the public, with knowledge of the relevant facts, would reasonably regard the interest as being so significant that it could potentially affect board member responsibilities to SPPA and to the public, or could influence board member actions, speeches or decision making.

Category Six: Interest in Shares and Securities

- 3.20 You have a registerable interest where you have an interest in shares comprised in the share capital of a company or other body which may be significant to, of relevance to, or bear upon, the work and operation of (a) the body to which you are appointed and (b) the **nominal value** of the shares is:
- (i) greater than 1% of the issued share capital of the company or other body; or
 - (ii) greater than £25,000.

Where you are required to register the interest, you should provide the registered name of the company in which you hold shares; the amount or value of the shares does not have to be registered.

Category Seven: Gifts and Hospitality

3.21 Board members must not accept any gifts or hospitality, other than under the limited circumstances allowed, as outlined in the SPPA [Code of Conduct](#).

Category Eight: Non-Financial Interests

3.22 Board members may also have other relevant interests such as membership or holding office in other public bodies, companies, clubs, societies and organisations such as trades unions and voluntary organisations, of which it is equally important to register and describe. In this context, nonfinancial interests are those which members of the public with knowledge of the relevant facts might reasonably think could influence board member actions, speeches, votes or decision-making in SPPA (this includes its Committees and memberships of other organisations to which board members have been appointed or nominated by SPPA).

4. Declaration Of Interests

Stage 1: Connection

- 4.1 For each particular matter they are involved in as a board member, board members will first consider whether they have a connection to that matter.
- 4.2 A connection is any link between the matter being considered and the board member, or a person or body they are associated with. This could be a family relationship or a social or professional contact.
- 4.3 A connection does not include being a member of a body to which a board member has been appointed or nominated by SPPA as a representative of SPPA, unless:
- a) The matter being considered by SPPA is quasi-judicial or regulatory; or
 - b) There is a personal conflict by reason of actions, connections or legal obligations.

Stage 2: Interest

- 4.4 A connection is an interest that requires to be declared where the objective test is met – that is where a member of the public with knowledge of the relevant facts would reasonably regard the connection to a particular matter as being so significant that it would be considered as being likely to influence the discussion or decision-making.

Stage 3: Participation

- 4.5 Board members must declare interests as early as possible in meetings. They must not remain in the meeting nor participate in any way in those parts of meetings where they have declared an interest.
- 4.6 Board members must consider whether it is appropriate for transparency reasons to state publicly where they have a connection, which they do not consider amounts to an interest.
- 4.7 Public confidence in the SPPA is damaged by the perception that decisions taken by the SPPA are substantially influenced by factors other than the public interest. Board members must not accept a role or appointment if doing so means they will have to declare interests frequently at meetings in respect of their role as a board member. Similarly, if any appointment or nomination to another body would give rise to objective concern because of existing personal involvement or affiliations, board members must not accept the appointment or nomination.

Document Control

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