

Appendix 3 – Managing conflicts of interest

There is increasing concern and debate surrounding issues of conflicts of interest and potential risks that may arise from engaging with corporate entities. Whilst financial support from the corporate sector may be appealing, questions need to be asked about how accepting such support may influence your decisions, priorities, credibility and independence from business.

Non-governmental organisations (NGOs), governments and academics are under increasing scrutiny regarding their financial situation and sponsors. IASO has been working to develop its own “terms of engagement” which allows members of the steering committee to do a risk analysis on whether or not it would be acceptable and in line with IASO’s aims, to accept support or funding from a particular organisation.

To support your work in advocacy we recommend that you follow our terms of engagement as much as possible so as to support and guide your own funding decisions. The development of terms of engagement guidelines allow you to identify and manage potentially conflicting interests. This is important to ensure your aims and objectives are not affected, that potential reputational risks are managed and to enable you to defend any engagement that you do allow.

/ Key terms

“Risk” = Anything that could potentially cause reputational damage and/or prevent you working towards your goals in your capacity as an independent charitable organisation or research group.

Conflict of interests = This relates to the potential for an NGO’s links to commercial concerns to inhibit the NGO’s actions in pursuing their core public interest, health-promoting and health policy advocacy work – for example inhibiting their willingness to criticise commercial organisations or to propose policy measures which affect commercial markets (e.g. taxation, controls on advertising).

Sources of funding = ‘Funding’ includes income for its core operational activities, income for special programme and project activities, income obtained from conferences, publications and services and income obtained from the investment of funds. It also includes gifts and donations and sponsorship of staff (or the training of staff) or accommodation or equipment for an NGO.

Relations, partnerships and co-sponsorships = This relates to an NGO’s relations with commercial organisations in the pursuit of the NGO’s normal activities, such as the development of policies and consultation responses, the co-delivery of outputs including services and the co-sponsorship of third parties.

Governance processes = This relates to the structures and processes for decision-making within the NGO and the potential for commercially-interested parties to participate in these structures and processes.

Co-branding and public facing activities = This relates to a collection of additional activities which may bring an NGO into potentially conflicting positions.

/ Terms of engagement

There are four key elements of good practice that you should consider when engaging with the corporate sector

1. Presence of a risk assessment

2. Transparency
3. Protection of reputation
4. Avoidance of dependency

1. Presence of a risk management process

This should be transparent and can be inspected by observers, and can be used by governing bodies as an objective tool for decision-making.

/ Key components of a risk assessment

- (a) division of activities into categories of higher risk (e.g. core funding), medium risk (e.g. educational grants, project co-sponsorship) and lower risk (e.g. contracts with suppliers, advertisers in journals);
- (b) division of commercial sector into three tiers: (a) high risk / unacceptable; (b) medium risk / further information, (c) low risk / generally acceptable;
- (c) construction of a matrix which sets the activity categories against the commercial categories, thereby defining instances where no further risk assessment is required (due to immediate exclusion or to immediate acceptability);
- (d) a detailed risk assessment for those instances where further assessment is required: this should involve an ethical committee or similar body considering a check-list of questions about potential reputational damage from association with a specified commercial organisation, for a particular proposed activity or range of activities;
- (e) the use of a set of mitigation processes to further reduce and manage potential risks.

2. Transparency

You need to ensure that there is transparency of any engagement you may have with corporations, namely that all funding sources, relationships, governance and other activities are openly declared and available for inspection.

3. Protection of reputation

The governing body's duties include the protection of the reputation of the organisation. The activities described under the four issues here should not damage the NGO's image and reputation or allow the NGO's name to be used in a potentially damaging manner.

4. Avoidance of dependency and bias

Avoidance of dependency to ensure that the NGO remains capable of acting within its own remit, rather than co-optation with corporate interests is important.

An NGO should strive to avoid dependence on commercial sources of income and avoid bias due to commercial influence in governance. Reliance on commercial funding, and the presence of commercial influence on the governing bodies, may not only damage the NGO's reputation but may inhibit its ability to criticise commercial actors (especially those with which it has a funding or governance relationship) or to propose policies which include market-restricting measures (e.g. taxes on products, controls on advertising).

Actions which can mitigate dependency and bias include:

- Restricting the proportion of core funding from commercial sources to a specified limit;
- Increasing the spread of sources of funding, so that no industry sector provides the majority of the commercial funds;
- Requiring that all trustees maintain up-to-date conflicts of interest statements, and that trustees deemed to have a conflict of interest are always a minority of the total, both in general and in any specific meeting, and cannot hold the position of Chair;
- Requiring commercially-linked trustees to be absent from discussions of general policy and NGO policy directions;