



Companies Act 2006

2006 CHAPTER 46

PART 10

A COMPANY'S DIRECTORS

CHAPTER 2

GENERAL DUTIES OF DIRECTORS

The general duties

175 Duty to avoid conflicts of interest

- (1) A director of a company must avoid a situation in which he has, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the interests of the company.
- (2) This applies in particular to the exploitation of any property, information or opportunity (and it is immaterial whether the company could take advantage of the property, information or opportunity).
- (3) This duty does not apply to a conflict of interest arising in relation to a transaction or arrangement with the company.
- (4) This duty is not infringed—
 - (a) if the situation cannot reasonably be regarded as likely to give rise to a conflict of interest; or
 - (b) if the matter has been authorised by the directors.
- (5) Authorisation may be given by the directors—
 - (a) where the company is a private company and nothing in the company's constitution invalidates such authorisation, by the matter being proposed to and authorised by the directors; or

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- (b) where the company is a public company and its constitution includes provision enabling the directors to authorise the matter, by the matter being proposed to and authorised by them in accordance with the constitution.
- (6) The authorisation is effective only if—
- (a) any requirement as to the quorum at the meeting at which the matter is considered is met without counting the director in question or any other interested director, and
 - (b) the matter was agreed to without their voting or would have been agreed to if their votes had not been counted.
- (7) Any reference in this section to a conflict of interest includes a conflict of interest and duty and a conflict of duties.

Modifications etc. (not altering text)

- C1** Ss. 170-177 modified (22.2.2008) by The Northern Rock plc [Transfer Order 2008 \(S.I. 2008/432\)](#), art. 17(1), **Sch. para. 2(e)**
- C2** Ss. 170-177 modified (8.00 a.m. on 29.9.2008) by the The Bradford & Bingley plc [Transfer of Securities and Property etc. Order 2008 \(S.I. 2008/2546\)](#), art. 13(1)(3), **Sch. 1 para. 2(e)**
- C3** Ss. 170-177 modified (9.30 a.m. on 7.10.2008) by The Heritable Bank plc [Transfer of Certain Rights and Liabilities Order 2008 \(S.I. 2008/2644\)](#), art. 26, **Sch. 2 para. 2(e)**
- C4** Ss. 170-177 modified (retrospective to 30.3.2009 at 8.00 a.m.) by The Amendments to Law (Resolution of Dunfermline Building Society) Order 2009 (S.I. 2009/814), arts. 1(2), 7, **Sch. para. 2(e)**
- C5** Ss. 170-177 modified (1.3.2016) by The NRAM plc (formerly Northern Rock plc) [Consequential and Supplementary Provisions Order 2016 \(S.I. 2016/114\)](#), arts. 1(1), 7(1), (3), **Sch. para. 1(e)**

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