

CONFLICT OF INTEREST – FRIEND IN ME INC

1. Purpose

- 1.1. The purpose of this policy is to assist Board members, committee members and volunteers of Friend In Me Inc (called “FIM” in this policy) to effectively identify, disclose and manage actual, potential or perceived conflicts of interest in order to protect the integrity of FIM and manage risk.
- 1.2. This Policy also:
 - 1.2.1. Explains the process for disclosing conflicts or potential conflicts;
 - 1.2.2. Provides guidance to those responsible for dealing with conflicts; and
 - 1.2.3. Assists in the management of conflicts to protect the integrity of the decision-making processes and reputation of FIM, its directors, its committee members and volunteers.
- 1.3. This policy is not meant to supplement good judgment and the directors, committee members and volunteers should act in accordance with the policy’s spirit as well as its wording.

2. Objective

This policy aims to ensure that Board members, committee members and volunteers are aware of their obligation to disclose any conflicts of interest that they may have, and to comply with this policy to ensure they effectively manage those conflicts of interest as representatives of FIM.

3. Scope

This policy applies to the Board, committee members and volunteers of FIM (members).

4. Definition of Conflict of Interest

- 4.1. This policy is to ensure the members seek to avoid putting themselves in a position where their duty to act (legally or otherwise) in the best interests of FIM conflicts with their personal, professional and business interests.
- 4.2. Actual, perceived or potential conflicts of interest can arise because Members will have outside personal and professional relationships, interests and experience (which can bring benefits to the work of FIM).
 - 4.2.1. **Real (actual):** where there is genuine conflict between the interests of FIM and the individual or other body.
 - 4.2.2. **Apparent (perceived):** where it looks like there might be a conflict, even if there isn’t one.
 - 4.2.3. **Potential:** where an actual or perceived conflict might develop in the future, even though one doesn’t currently exist.
- 4.3. When a conflict arises, the issue is not usually one of integrity, but of the management of any actual, perceived or potential profit from a person’s position, or any conflicting loyalties. Even the appearance of a conflict has the potential to damage FIM’s reputation

and so any interests, duties or obligations which give rise to any unavoidable conflict of interest must be recognised, disclosed appropriately and dealt with carefully in accordance with this policy.

- 4.4. For the avoidance of doubt, personal interests include direct interests, as well as those of family, friends, or other organisations a person may be involved with or have an interest in (for example, as a shareholder). In determining personal interest, it is subject to an objective test, which is: how would a disinterested observer see the interest as likely to affect decision making?
- 4.5. Clause 65 of FIM's Rules imposes a duty on a committee member to declare an interest and section 181 of the Corporations Act 2001 contains fiduciary duties for directors to act in good faith and for a proper purpose.

5. Policy

- 5.1. This policy has been developed to address conflicts of interest affecting a Member and FIM
- 5.2. Conflicts of interest are common, and they do not need to present a problem to FIM as long as they are openly and effectively managed.
- 5.3. It is the policy of FIM, as well as a responsibility of the Members, that ethical, legal, financial or other conflicts of interest be avoided and that any such conflicts (where they do arise) do not conflict with their obligations to FIM.
- 5.4. FIM will manage conflicts of interest by requiring Members to:
 - 5.4.1. Avoid conflicts of interest where possible;
 - 5.4.2. Identify and disclose any conflicts of interest;
 - 5.4.3. Carefully manage any conflicts of interest; and
 - 5.4.4. Follow this policy and respond to any breaches.

6. Responsibility of the Board

- 6.1. The Board is responsible for:
 - 6.1.1. Establishing a system for identifying, disclosing and managing conflicts of interest. The Register of Interests must record information related to a conflict of interest (including the nature and extent of the conflict of interest and any steps taken to address it)
 - 6.1.2. Monitoring compliance with this policy
 - 6.1.3. Reviewing this policy on an annual basis to ensure that the policy is operating effectively.
- 6.2. For highly sensitive conflicts of interest, the conflict must be disclosed to the Managing Director and the Secretary.

7. Declaring Conflicts of Interest

Whilst this policy focuses on a conflict of interest which may arise at Board level, it is important to note that a conflict of interest that arises in any of the Committees by any Member must be elevated to their respective manager (until it is elevated to the Board level) and then managed in accordance with clauses 7 to 9 inclusive.

7.1. When should a conflict of interest be declared?

7.1.1. For Directors, there are five occasions when conflicts of interest should be declared:

- (a) **Pre-selection:** any prospective Director should be asked to complete a Declaration of Interests form prior to confirmation of appointment.
- (b) **On arrival:** every new Director should review and update the Declaration of Interests form at the time of appointment.
- (c) **Annually:** the Directors should review, update as necessary and confirm their Declaration of Interests each year.
- (d) **As and when:** new interests should be declared by Directors as they arise.
- (e) **At any meeting where a conflict may arise:** Conflicts of interest will be a standard agenda item at the beginning of each Board meeting and the Directors present should declare any new interests and any matters that could give rise to a conflict in respect of any of the agenda items for that meeting. If in doubt, a potential conflict should be declared and clarification sought. All such declarations must be minuted.

7.1.2. Directors may seek the advice of the Chair of the Board to clarify any responsibility to declare and where the Chair has a conflict, that advice may be sought from the Managing Director.

7.1.3. For committee members and volunteers, it is the responsibility of each individual to declare any matters to their immediate supervisors which they feel may present actual or potential conflicts, or the perception of such conflicts. For the avoidance of doubt, the general approach is that if in doubt it is always better to make a declaration.

7.2. What must be declared?

7.2.1. This policy requires that the nature and scope of any conflict must be declared. The declaration must include sufficient information to enable appropriate decisions to be taken as to the seriousness of the conflict and its management. This is likely to include:

- (a) The type of conflict;
- (b) A description of all parties involved and their relationship; and
- (c) The potential financial or non-financial interests or benefits, or other duties or obligations

8. Managing Conflicts of Interest

8.1. Once a conflict of interest has been appropriately declared to the Board, the Board (excluding the Board member who has made the disclosure, as well as any other conflicted Board member) must decide whether or not those conflicted Board members should:

- (a) Vote on the matter; and
- (b) Participate in any debate

8.2. Until the conflict has been resolved in either of these ways, the relevant Board member should take no part in the matter(s) relating to that interest. In exceptional circumstances, such as where a conflict is very significant or likely to prevent a Board member from regularly participating in discussions, it may be worth the Board considering if it is appropriate for the person conflicted to resign from the Board.

8.3. What should be considered when deciding what action to take?

8.3.1. The Board must deliberate on the conflict in the best interests of FIM and pursuant to the specific requirements set out in FIM's Rules which deal with how conflicts of interest must be handled.

8.3.2. Factors to be considered by the Board when deciding what action to take, may include:

- (a) Whether the conflict needs to be avoided or simply documented;
- (b) Whether the conflict will realistically impair the disclosing person's capacity to act impartially;
- (c) Whether there are any viable alternative options to avoid the conflict;
- (d) Whether the conflict hinders FIM's objectives; and
- (e) Consideration as to the possibility of the conflict creating an appearance of improper conduct that might impair confidence in, or the reputation of, the charity.

8.4. Possible action the Board may require:

8.4.1. Possible action the Board may require, includes:

- (a) The Director must declare the interest and may contribute information to the meeting, and may remain in the meeting but not vote or be counted in the quorum;
- (b) The Director must not participate in the discussion, or vote on the matter, and will not be counted in the quorum for that issue;
- (c) The Director must leave the meeting, not participate in the discussion or vote on the matter. Steps will need to be taken to ensure information is not disclosed to the conflicted Director (for example, when distributing the Minutes, they must be appropriately redacted before being provided to the conflicted Director);

- (d) Ceases to undertake the activity giving rise to the conflict;
- (e) The Director resigns; or
- (f) Any other necessary step(s).

8.4.2. The approval of any action requires the agreement of at least a majority of the Board (excluding any conflicted Board members) who are present and voting at the meeting.

8.4.3. The action and result of the voting must be recorded in the Minutes of the meeting and in the Register of Interests. The Minutes should record:

- (a) The nature of the conflict;
- (b) Which Directors were affected;
- (c) Whether any conflicts of interest were declared in advance;
- (d) An outline of the discussion;
- (e) Whether anyone withdrew from the discussion; and
- (f) How the Board took the decision in the best interests of FIM.

9. Compliance with this Policy

- 9.1. If the Board has a reason to believe that a person subject to the policy has failed to comply with it, it will investigate the circumstances.
- 9.2. If it is found that this person has failed to disclose a conflict of interest, the Board may take action against them. This may include seeking to terminate their relationship with FIM.
- 9.3. If a person suspects that a Board member has failed to disclose a conflict of interest, they must notify the Secretary for the Board to investigate the compliant.

10. Distribution

- 10.1. This policy will be available to Directors, committee members and volunteers.
- 10.2. For questions about this policy, contact the Board or the Managing Director by email at hello@friendinme.org.au.

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