

Conflict of Interest Policy

Policy Statement

Transform Aid International Ltd (“TAI”) and Baptist World Aid Australia Ltd (“BWAA”) - collectively referred to in this Policy as “our organisations” - are committed to ensuring that Conflicts of Interest are identified, disclosed and managed appropriately in order to protect the integrity of our organisations and to manage risk.

In adherence to Australian Charities and Not-for-Profits Commission (“ACNC”) Governance Standard 5, this Policy sets out the ways our organisations identify, obtain disclosure and manage Conflicts of Interest.

Scope

This Policy applies to all personnel of our organisations, including:

- Board Members;
- Company Secretary and other office-holders (e.g. Public Officer);
- Employees (full time, part time, casual, permanent or temporary);
- Volunteers;
- Contractors; and
- Consultants.

What is a Conflict of Interest?

A Conflict of Interest arises when an individual’s personal interests conflict with their responsibility to act in the best interests of another, affecting their capacity to remain impartial. For example, a Board Member who is shareholder of a third party company the organisation might be considering contracting with.

A Conflict of Interest may be actual, potential or perceived and may be financial or non-financial.

One example of a Conflict of Interest is a “Related Party Transaction” – where a transaction between the organisation and a third party involves an individual related to a Board Member. This can extend to, but is not limited to, family and friends (e.g. a spouse or spouse’s company). Board Members are to ensure details of related parties are disclosed during consideration of any affected transaction to ensure that any financial or other benefit to a party related to a Board Member is duly considered by the Board (e.g. by ensuring only market value is paid and that the possibility of an alternate supplier has been appropriately canvassed).

Other examples of Conflicts of Interest include, but are not limited to, the following:



- a Conflict of Interest between a Board Member's duty to our organisations and another duty that the Board Member has (for example, to another charity).
- a Conflict of Interest between an employee/volunteer/contractor and another organisation they might be affiliated with (for example, consulting out-of-hours to a peer agency).
- Purchasing goods or services supplied by the family business of an employee, or family company, relative or close friend.
- Participating in a tender for goods or services where a relative or friend will be submitting a bid.
- Directly negotiating for a friend or relative for them to provide goods or services to our organisations for payment.
- Involvement in selection of a relative or friend as an employee
- Sale of an entity asset to an employee without an equitable process
- An employee/volunteer voting on a decision which directly affects their private interests.
- A Board member or employee/volunteer using confidential information that could impact private interests.
- An employee/volunteer influencing decisions for funding to an organisation they have private interest or involvement in.

These situations present the risk that an individual will make a decision based on, or affected by, these influences, rather than in the best interests of our organisations.

Quote from ACNC Website

A helpful way of deciding whether or not a Conflict of Interest exists is to ask:

“Would a reasonable person (properly informed about the nature of your personal interests) believe that you might be influenced by your personal interests when making decisions on behalf of the charity?”

The Reality That Conflicts of Interest Will Arise

It is accepted that from time to time, Conflicts of Interest will arise despite diligent efforts to avoid their occurrence. This reality is, of itself, not a breach of this Policy, however this Policy requires that Conflicts of Interest be identified effectively and disclosed transparently so that they can be managed appropriately.

Identifying Conflicts of Interest

Board Members

In order to ensure that Conflicts of Interest are identified, the Board Chair will remind the Board at least quarterly of their duty to be alert to the possibility of Conflicts of Interest affecting decisions made and to be active in raising any queries or concerns about whether a particular decision might be affected by one

or more Conflicts of Interest.

In the event a Conflict of Interest is detected, but the subject Board Member/s affected are unwilling to admit and/or disclose same, a Board Member or other individual who draws the issue to attention is protected by TAI's Whistleblowing Policy.

As part of a wider consideration of actual, perceived or potential Conflicts of Interest, Board Members are to disclose all "Material Personal Interests" - which are matters where a Board Member has a direct personal interest (eg standing to gain personal profit from a transaction) which is significant enough to influence that Board Member's impartiality in decision-making.

Material Personal Interests should be disclosed as standing interests and recorded on the Conflicts of Interest Register (see below).

Other Personnel

The Human Resources Department is to ensure that each individual recruited is asked to disclose in writing any Conflicts of Interest which might exist; and such disclosures are to be recorded on individuals' personnel files.

Departmental Directors are to remind their respective teams at least quarterly of the obligation to consider actively whether a Conflict of Interest exists and to disclose it promptly to enable such Conflicts of Interest to be managed effectively.

In the event a Conflict of Interest is detected, but the subject individual/s affected are unwilling to admit and/or disclose same, an individual who draws the issue to attention is protected by TAI's Whistleblowing Policy.

Conflicts of Interest Register

Board Members

The Company Secretary is to ensure that a Conflicts of Interest Register is raised and maintained in the Company Register. This document is to be tabled at each Board Meeting, and with new interests to be declared. Any substantive new interests will also be recorded in the Board Minutes.

The Conflicts of Interest Register is to be signed annually by Board Members.

Other Personnel

Records of Conflicts of Interest will be maintained by the following (as the case dictates):

- HR Department -
 - For all new recruits, as noted above;
 - If requested by a Departmental Director, to make a consideration of whether a record of a Conflict of Interest notified from a Departmental Director (as indicated below) should be retained on an individual's personnel file.

- Departmental Directors –
 - A record in writing will be retained by Departmental Directors and a copy submitted to the HR Department for consideration of whether or not such record should be retained in the respective individual's personnel file.

Disclosure of Conflicts of Interest

Board Members

Disclosure of Conflicts of Interest of Board Members of our organisations is to be made as follows:

- All standing interests are to be disclosed to our organisations by each Board Member at their first Board Meeting noted on the Conflicts of Interest Register;
- New Conflicts of Interest are to be noted on the Conflicts of Interest Register quarterly at each Board Meeting (as noted above); and
- Ad hoc Conflicts of Interest are to be notified to the Board Chair between Board Meetings if they are substantive and likely to affect any decisions made between Board Meetings (for example, Conflicts of Interest affecting decisions made by Circulating Resolution) and re-declared at the next Board Meeting, with the Conflicts of Interest Register to be updated accordingly.

Other Personnel

Disclosure of Conflicts of Interest of other personnel is to be made as follows:

- Disclosure of a Conflict of Interest known to an individual at the time of recruitment to our organisations is to be discussed with the relevant Human Resources Advisor and recorded in the individual's Personnel file (as noted above);
- Each subsequent Conflict of Interest is to be advised immediately, as relevant individuals become aware, to the individual's supervising Departmental Director and recorded electronically (i.e. confirmed by email or retained in an electronic File Note).

Management of Conflicts of Interest

Board Members

Board Members are to avoid Conflicts of Interest where possible.

The Board Chair is to take responsibility for the effective management of all Conflicts of Interest disclosed.

The Board Chair is to ensure:

- all Board Members are reminded at each Board Meeting to raise any new Conflicts of Interest and to facilitate any relevant Board discussion about the Conflict of Interest;
- confidentiality, if an issue, is managed effectively; and
- the Board Member/s affected by the Conflict of Interest refrain from considering - but the remainder of the Board is to consider - whether the subject Board Member shall:
 - vote on the matter;
 - participate in any debate on the matter; or
 - be present in the room during the debate and the voting when a decision is made on the matter.

In deciding what approach to take, the Board will consider:

- the provisions of Paragraph 5.10 of the Constitution of TAI (and equivalent provisions at Paragraph 4.8 of the Constitution of BWAA);
- whether the Conflict of Interest needs to be avoided or simply documented;
- whether the Conflict of Interest will realistically impair the disclosing Board Member's capacity to impartially participate in decision-making;
- alternative options to avoid the Conflict of Interest;
- our organisations' objects and resources; and
- the possibility of creating a perception of bias or an appearance of improper conduct that might impair confidence in, or the reputation of, our organisations.

In exceptional circumstances, such as where a Conflict of Interest is very significant or is likely to prevent a Board Member from regularly participating in discussions, consideration is to be given to whether it is appropriate for the person conflicted to receive a warning or to be requested to resign from - or be involuntarily stood down, if required - from the Board.

The approval of any Conflict of Interest-related action requires the agreement of at least a majority of the Board (excluding any conflicted Board Member/s) who are present and entitled to vote at the meeting.

The consideration of Conflicts of Interest affecting the Board Chair will be dealt with by the Chair stepping down briefly and with another individual - preferably the Vice Chair unless also affected by the Conflict shall take the Chair while the Conflict of Interest is considered by the remainder of the Board and resolved. Once a decision has been made on how the Conflict of Interest is to be dealt with and a vote has been taken on the substantive matter affected by the Conflict of Interest, the regular Chair role will be resumed.

The Company Secretary, or delegate, is to ensure that a Minute is drawn recording the nature and extent of such Conflicts of Interest and how the Conflict of Interest

was addressed.

Other Personnel

Other personnel are to avoid Conflicts of Interest where possible.

Departmental Directors are to take responsibility for the effective management of Conflicts of Interest disclosed.

Departmental Directors are to ensure consideration is given to the following:

- the most effective method of managing the Conflict of Interest is determined and that communication to relevant stakeholders of the issue and the means of addressing the Conflict is made in a timely manner;
- confidentiality, if an issue, is managed effectively;
- The individual with the Conflict does not participate in any relevant criteria-setting or decision-making processes;
- the subject individual refrains from discussion, debate, and voting where appropriate, about the plan or proposal; and
- access to information is restricted where appropriate, particularly to sensitive documents or confidential information.

Breaches of this Policy

Board Members

If the Board has a reason to believe that a Board Member or non-director otherwise subject to this Policy (e.g. Company Secretary) has failed to comply with it, the Board will investigate the circumstances with due regard to issues of Confidentiality as the investigation proceeds.

If it is found that the individual has failed to disclose a Conflict of Interest or has not acted reasonably in relation to a Conflict of Interest, the Board may take action which may include:

- a written warning to the individual;
- professional development concerning Conflicts of Interest for the remainder of the Board if the Conflict of Interest could have been flagged earlier but was not;
- termination of an individual's Board Appointment;
- notice to Australian Baptist Ministries ("ABM"); and
- legal action to recover any loss if appropriate, arising from unreasonable behaviour by a Board Member, for example:
 - serious misconduct (e.g. fraud connected with a Conflict of Interest);
 - misleading conduct (for example, conduct that has led to a financial or other substantial benefit to the subject Board Member); or
 - other substantial breach of Directors' Duties under the *Corporations*



Act (Cth) 2001 and common law.

Other Personnel

Consequences for breach of this Policy by other personnel are to be managed in accordance with the Disciplinary Policy and related procedures.

Provisions Directly Affecting the Boards of Our Organisations

The Constitution of TAI provides as follows (at Paragraph 5.10), with equivalent provisions at Paragraph 4.8 of the Constitution of BWAA:

Disclosure of Interest

- (a) *A Director is not disqualified by the holding of that office from contracting with the Company in any capacity notwithstanding any rule of law or equity to the contrary.*
- (b) *A contract or arrangement made by the Company with a Director or in which a Director is in any way, directly or indirectly, interested shall not be avoided merely because the Director is a party to or interested in it.*
- (c) *A Director who has duly declared the nature of his interest in a contract or arrangement with the Company is not liable to account to the Company for any profit derived by him from that contract or arrangement merely because of his office as director or the resulting fiduciary relationship.*
- (d) *A Director who is interested in a contract or arrangement with the Company and who has declared that interest may affix or witness the affixing of the Seal to a document (or otherwise take part in its execution) evidencing that contract or arrangement without affecting its validity, and whether or not that Director is entitled to vote or does vote in relation to the contract or arrangement.*
- (e) *Subject to the applicable provisions of the Act, a Director who has a material personal interest in a matter that is being considered at a meeting of the Board must not be present while the matter is being considered at the meeting or vote on the matter.*
- (f) *A reference in this clause 5.10 to the declaring of an interest of a Director means a declaration or disclosure in accordance with the applicable provisions of the Act.*

And the Constitution of TAI provides as follows (at Paragraph 5.11(l)) with an equivalent provision at Paragraph 4.9(l) of the Constitution of BWAA:

- (l) *An alternate director does not have a conflict of interest solely by reason of the fact that his appointor has (or vice versa).*



The role of Board Member on the Boards of our organisations is entirely voluntary and Board Members must not be remunerated for their time or contribution of professional services (subject to the provisions below), however Board Members may claim reasonable out-of-pocket expenses associated with their Board Membership.

A Board Member may not hold any other office in our organisations, except that of Public Officer in the case of the CEO.

For the purposes of this Policy, and without limitation, a Board Member will have a “material personal interest” and therefore a Conflict of Interest in any matter which involves any of the following persons or entities receiving grants or remuneration for the supply of goods or services, their appointment to supply goods or services for remuneration, or their terms and conditions of service for remuneration:

- the Board member;
- a person in the Board member’s immediate family; or
- an individual or entity closely connected with the Board member, including an organisation/individual that:
 - employs the member; or
 - nominated the Board member for election to the Board.

A firm or company in which a Board Member is a member or director may be engaged in a professional capacity by our organisations (otherwise than as Auditors) at market-value professional remuneration only.

A contract entered into on behalf of our organisations is not void or voidable by reason only that a Board Member is in any way directly or indirectly interested in it.

Board members are required to disclose any material gifts or offers of gifts for their personal use. They are prohibited from accepting otherwise inappropriate gifts.

Provisions Directly Affecting the International Programs Department

Any official representative of a Partner organisation is bound to disclose at any meeting any actual, potential or perceived Conflict of Interest related to their participation in matters to be considered at the meeting.

Any disclosure must be assessed by the other meeting members present as to whether it constitutes a Conflict of Interest or not and appropriate action taken to ensure that the discussion and decision-making remains fair and unbiased.

Provisions Directly Affecting the Human Resources Department

All personnel are to disclose any actual, potential or perceived Conflict of Interest, including but not limited to the following:

- any association with an actual or potential supplier of goods and



- services to our organisations;
- any association with a recipient of grant funds; and
- any association with a peer organization.

Such Conflicts of Interest are to be disclosed at the commencement of employment (in the recruitment phase) and thereafter as and when a Conflict of Interest arises.

Individuals who have a Conflict of Interest will agree to absent themselves from relevant discussions and/or meetings, as appropriate, and to abstain from voting or otherwise participating in decision-making on any issue in which a Conflict of Interest.

Each individual is to disclose any material gifts received, or offers of gifts made, for personal use and are prohibited from accepting valuable or otherwise inappropriate gifts.

Related Documentation

- Policy Development Policy
- Policy Development Procedure
- Disciplinary Policy and Procedures
- Whistleblowing Policy
- Organisational Value for Money Policy
- Purchasing Policy
- Fraud Control Policy
- Constitution of TAI
- Constitution of BWAA

External References

- ACNC Governance Standards
- Corporations Act (Cth) 2001

Document Control Information

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Date	Version	Revision Description	Reviewed / Updated by
2011	1	Board-only Conflict of Interest Statement	
2016	2	Combine Board-only Conflict of Interest statement with other Department-specific statements to form an organisation wide-policy	Governance & Compliance Specialist
8/8/2016	3	Applied HRGC feedback (include reference to Whistleblowing Policy)	Governance & Compliance Specialist
30/11/2017	4	Updated related policies	Policy QA Coordinator