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# Conflict of Interest (Board of Directors)

# TEMPLATE

## Purpose

The purpose of this policy is to help board members of [ORGANISATION] to effectively identify, disclose and manage any actual, potential or perceived conflicts of interest in order to protect the integrity of [ORGANISATION] and manage risk.

## Application

This policy applies to current and past Directors of the Board of [ORGANISATION] unless otherwise specified. This includes where Directors are representing [ORGANISATION] as a Board member, attending a Board meeting, attending a [ORGANISATION] conference or function, including retreats and social events.

## Definitions

A conflict of interest occurs when a person’s personal interests conflict with their responsibility to act in the best interests of the [ORGANISATION]. 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). It also includes a conflict between a board member’s duty to [ORGANISATION]. and another duty that the board member has (for example, to another [ORGANISATION]). A conflict of interest may be actual, potential or perceived and may be financial or non-financial.

These situations present the risk that a person will make a decision based on, or affected by, these influences, rather than in the best interests of the [ORGANISATION] and must be managed accordingly.

## Policy

It is the policy of the [insert name of [ORGANISATION] as well as a responsibility of the Board, that ethical, legal, financial or other conflicts of interest be avoided and that any such conflicts (where they do arise) do not conflict with the obligations to [ORGANISATION].

[ORGANISATION] will manage conflicts of interest by requiring Board Directors to:

* Avoid conflicts of interest where possible
* Identify and disclose any conflicts of interest
* Carefully manage any conflicts of interest, and
* Follow this policy and respond to any breaches.

**4.1 Responsibility of the Board**

The Board is responsible for:

* Establishing a system for identifying, disclosing and managing conflicts of interest within the Board.
* Monitoring compliance with this policy, and
* Reviewing this policy on an annual basis to ensure that the policy is operating effectively.

**4.2 Identification and disclosure of conflicts of interest**

Once an actual, potential or perceived conflict of interest is identified, it must be entered into [ORGANISATION]’s register of interests.

The register of interests must be maintained by the CEO and 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).

* 1. **Confidentiality of disclosures**

The register of interests is to be maintained by the CEO as a confidential document and be available to the Board Chairperson at each Board meeting.

**5. Action required for management of conflicts of interest**

Once the conflict of interest has been appropriately disclosed, the Board (excluding the board Director disclosing and any other conflicted Board Director) must decide whether or not those conflicted Board Directors should:

* Vote on the matter (this is a minimum),
* Participate in any debate, or
* Be present in the room during the debate and the voting.

In exceptional circumstances, such as where a conflict is very significant or likely to prevent a Board Director from regularly participating in discussions, the Board may consider whether it is appropriate for the Director conflicted to resign from the Board.

**5.1 Taking action**

* In deciding what approach to take, the Board will consider whether the conflict needs to be avoided or simply documented
* Whether the conflict will realistically impair the disclosing Director’s capacity to impartially participate in decision-making
* Alternative options to avoid the conflict
* The [ORGANISATION]’s objects and resources, and
* The possibility of creating an appearance of improper conduct that might impair confidence in, or the reputation of, the [ORGANISATION].

The approval of any action requires the agreement of at least a majority of the board (excluding any conflicted board Director/s) who are present and voting at the meeting. The action and result of the voting will be recorded in the minutes of the meeting and in the register of interests.

**6. Compliance with this policy**

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.

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 the [ORGANISATION].

If a person suspects that a Board Director has failed to disclose a conflict of interest, they must notify the CEO.

## Relevant legislation

* Corporations (Aboriginal and Torres Strait Islander) Act 2006

## Associated policies

* Code of Conduct (Board)
* Communications Policy
* Confidentiality (Board) Policy

## Authorisation

<Signature of Board Chair>
<Signature of Manager>
<Date of approval by the Board>
<Name of Organisation>