Conflict of Interest Policy

Last updated: 15 February 2020

1. Purpose

Femili PNG is committed to high standards of ethical conduct and accordingly places great importance on making clear any existing or potential conflicts of interest. The purpose of this policy is to help board members, staff, volunteers and contractors effectively identify, disclose and manage any actual, potential or perceived conflicts of interest in order to protect the integrity of Femili PNG and manage risks.

Femili PNG aims to ensure that board members, staff, volunteers and contractors are aware of their obligations 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 Femili PNG.

2. Scope

This policy covers both Femili PNG and Friends of Femili PNG. Both organisations are governed by the same board. For simplicity, the policy will mention only ‘Femili PNG’ when referring to both organisations. The policy applies to all Board members, staff, volunteers and contractors but, for simplicity, will refer to Board and staff members.

This policy should be read in conjunction with section 4.17 of the Human Resources Manual, which outlines the management of conflict of interest for staff and volunteers.

3. Definition of conflicts of interest

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 or staff member’s duty to Femili PNG and another duty that the board or staff 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.

4. Policy

Conflicts of interests may occur if an interest or activity influences, or appears to influence, the ability of a board member to exercise objectivity. This policy has been developed because conflicts of interest commonly arise, and do not need to present a problem to the organisation if they are openly and effectively managed.
It is the policy of Femili PNG, and the responsibility of the board and staff, to make clear any ethical, legal, financial or other conflicts of interest. All such conflicts of interest shall be declared by the board or staff member concerned and documented in the Register of Interests in Annex A.

Femili PNG will manage conflicts of interests by requiring board and staff members to:
- Avoid conflicts of interests where possible;
- Identify and disclose any conflicts of interest;
- Carefully manage any conflicts of interests;
- Respond to any breaches;
- Not initiate or take part in board discussions or staff meetings on topics where conflicts of interest exist unless invited to do so by unanimously agreement by other members present; and
- Not vote on matters where there are conflicts of interest.

4.1 Responsibility of the board

The board and Executive Management Committee (EMC) is responsible for:
- establishing a system for identifying, disclosing and managing conflicts of interest across the organisation;
- monitoring compliance with this policy; and
- periodically reviewing this policy to ensure that the policy is operating effectively.

Friends of Femili PNG is registered with the Australian Charities and Not-for-profits Commission (ACNC) and hence must ensure that its board members are aware of the ACNC governance standards and that they disclose any actual or perceived material conflicts of interests as required by governance standard 5.

The ACNC governance standards are available at acnc.gov.au/for-charities/manage-your-charity/governance-hub/governance-standards/5-duties-responsible-persons and a copy of governance standard 5 is also provided at Annex B.

4.2 Identification and disclosure of conflicts of interests

Board members shall declare any conflicts of interest of which they become aware either at the start of the board meeting concerned or when a relevant issue arises. The nature of this conflict of interest should be entered into the meeting minutes. The interest should also be documented in the Register of Interests.

Where all of the other board members share a conflict, the board can refer to governance standard 5 to ensure that proper disclosure occurs. The Register of Interests will be maintained by the Femili PNG and Friends of Femili PNG CEOs. The Register of Interests records information related to a conflict of interest including the nature and extent of the conflict of interest and any steps taken to address it.

Staff can declare a conflict of interest at any time, by raising it with their supervisor, their Operations Director or the CEO. The conflict is reported to the Executive Management Committee, and a separate Register of Interests is maintained for staff, contractors and volunteers, also noting the nature and extent of the conflict of interest and any steps taken to address it.
4.3 Confidentially of disclosures

Only the following people will have access to the information relating to conflicts of interest disclosed by board and staff members:

- board members and board observers; and
- the Femili PNG Executive Management Committee.

5. Action required for management of conflicts of interest

5.1 Conflicts of interests of board members

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

- vote on the matter (this is a minimum);
- participate in any debate; and
- 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 member from regularly participating in discussions, it may be worth the board considering whether it is appropriate for the conflicted person to resign from the board.

5.2 What should be considered when deciding what action to take

In deciding what approach to take, the board and EMC will consider:

- whether the conflict needs to be avoided or simply documented;
- whether the conflict will realistically impair the disclosing person’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 member/s) or EMC 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 policy

If the board or EMC 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 or EMC may take action against them. This may include seeking to terminate their relationship with the organisation.

If a person suspects that a board or staff member has failed to disclose a conflict of interest, they must discuss with the person in question and notify the other board members, or the CEO in the case of staff.
## Annex A – Register of Interests

<table>
<thead>
<tr>
<th>Name of board member</th>
<th>Description of interest</th>
<th>Has the board been notified of the interest?</th>
<th>Date of disclosure</th>
<th>Steps taken by board for dealing with the conflict</th>
<th>Actions taken by the board member to address the conflict</th>
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Annex B – ACNC Governance Standard 5

Governance standard 5: Duties of responsible persons

This standard requires charities to take reasonable steps to make sure that the following duties apply to responsible persons and that they follow them. The duties can be summarised as follows:

- to act with reasonable care and diligence
- to act honestly and fairly in the best interests of the charity and for its charitable purposes
- not to misuse their position or information they gain as a responsible person
- to disclose conflicts of interest
- to ensure that the financial affairs of the charity are managed responsibly, and
- not to allow the charity to operate while it is insolvent.

Generally, the duties mean that responsible persons should act with standards of integrity and common sense.

Purpose of this standard

A charity must make sure that its responsible persons are required to meet a set of legal duties. This ensures that they act in the best interest of the charity and in a way that doesn’t endanger its work. Responsible persons have a responsibility to put the interests of their charity above their own personal interests. Generally, they need to be careful and conscientious in their roles and act with standards of common sense and integrity.

The purpose of this standard is to give the public confidence that your charity’s responsible persons are managing the charity well and meeting these duties.

Ways to meet this standard

Steps your charity can take to meet this standard are to:

- bring these duties to the attention of responsible persons (such as providing them with a copy of this guidance or other resources) or outline their duties in a letter of appointment or by setting them out in a board or committee charter
- regularly provide information or training to responsible persons on their duties to refresh their knowledge (such as by advising of ACNC webinars on relevant topics, such as Welcome to the board)
- encourage responsible persons to attend, prepare for, and participate at meetings
- have processes for the responsible management of money
- have processes in place to manage conflicts of interests, and
- take action if your responsible persons are failing to meet their duties.

Other laws on the duties of responsible persons

Your charity’s responsible persons may already be subject to duties under other laws that apply to it. For example:

- equivalent duties exist in state or territory incorporated associations legislation – if your charity and its responsible persons comply with these duties, your charity will meet this standard
- for companies under the Corporations Act 2001 (Cth), the governance standards replace most requirements relating to director duties under this Act. However, some criminal offences under this Act and similar duties under common law continue to apply. Read more about the changes for charities registered with ASIC and ACNC, and
- trustees will generally have higher duties (for example, under the common law).
Annex C – Document Version

<table>
<thead>
<tr>
<th>Date</th>
<th>Comments</th>
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<tbody>
<tr>
<td>12 August 2017</td>
<td>Conflict of Interest Policy approved by MC.</td>
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<tr>
<td>15 February 2020</td>
<td>Conflict of Interest Policy approved by Board</td>
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