

ORG – 007 v. 5.1

Business Operations

Conflict of Interest Policy

Global

Policy Owner: Chief Operating Officer

1. PURPOSE

- 1.1 This policy covers the responsibilities and requirements of declaring and managing potential and real conflicts of interest in all related entities of The Fred Hollows Foundation (The Foundation) and these obligations apply to all directors, trustees, officers, managers, staff and volunteers of The Foundation.

2. DEFINITIONS

Legal framework - This policy outlines how The Foundation will comply with our global standard, based in Australian law. The duty to avoid conflicts of interest is derived from both general law and statutory provisions found in the Corporations Act 2001 (Cth) (the Act), which requires board directors to avoid conflicts of interest. Under the Act, the board directors must:

- (a) Exercise their powers and discharge their duties with a reasonable degree of care and diligence (section 180);
- (b) Act in good faith in the best interests of the company or for a proper purpose (section 181).
- (c) Not use their position to obtain an advantage for either themselves or a third party, or to cause detriment to the company (section 182);
- (d) Not improperly use information gained through their position as a director to obtain an advantage for either themselves or a third party, or to cause detriment to the company (section 183).

In addition Governance Standard 5 of the Australian Charities and Not-for-Profits Commission requires responsible persons, including directors, to disclose any situation where they may appear to have a conflict between their duty to act and a personal (private) interest, and should not discuss or vote on any matter where there is such a conflict. The Foundation's Constitutions and Global Corporate Governance Charter reflect these responsibilities.

Conflicts of Interest - A conflict of interest may occur when your duty to act in the best interest of The Foundation 'conflicts' (or may conflict) with the opportunity or potential to obtain a personal benefit (or a benefit for someone related to you).

There are three types of conflicts, which should be self-assessed:

- (a) Actual conflict, where a director, trustee, officer, executive, manager, staff and volunteer is likely to gain a personal advantage for themselves or a relative or a friend, because of their position as a director;
- (b) Perceived conflict, where others may reasonably perceive a conflict and that perception may create a risk for the organisation with regard to reputation or financial assets.

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- (c) Potential conflict, where a process has been set in train that, in the future, may create a conflict of interest.

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 charity and must be managed accordingly.

Personnel - A person who carries out work in any capacity for The Foundation which includes paid employees, contractors, sub-contractors, consultants, work experience students or volunteers.

Reputational risk - Due to the nature of our operations, The Foundation recognises that public scrutiny includes an inherent risk. This scrutiny may at times give rise to negative publicity. To mitigate this risk we will endeavour for best practice in stakeholder relationship management, including, but not limited to, clear and transparent communications.

3. BACKGROUND

3.1 The board directors and company secretary of The Foundation and its related legal entities currently in the United Kingdom, Kenya, Hong Kong and the United States of America and globally, The Foundation's executives and managers, must comply with the standard legal and statutory duties of their office. Broadly, these duties are to:

- act in good faith and in the best interests of The Foundation;
- act with due care and diligence;
- act for a proper purpose and in keeping with the objects of the organisation as set out in the various Constitutions;
- avoid conflicts of interest or duty; and
- refrain from making improper use of information gained through the office or taking improper advantage of the office.

3.2 In particular, the board directors, company secretary, executives and managers are expected to consider carefully whether a conflict of interests may arise in connection with any other activities, positions, employment, consultancies, relationships or interests they may pursue in other areas of their lives.

4. GUIDING PRINCIPLES

4.1 Directors of each entity board

- 4.1.1 All board Directors are required to complete a Declaration of Interests Form (see template) that sets out any other interests they hold and any of their other partnerships, trusteeships, memberships, investments or benefits that have a direct relationship to the operations of The Foundation.
- 4.1.2 This form is first completed upon their election or appointment to the board and thereafter on an annual basis, with the returns filed in the office. The local company secretary is responsible for ensuring this process is followed and communicated to the Chief Operating Officer of The Foundation.
- 4.1.3 It is the responsibility of board directors to declare/disclose any specific conflict of interest that may arise at any point during their directorship in relation to any matter before the board and then to remove themselves from any discussion or decision-making on the matter. If board

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directors are uncertain about their responsibilities or situation, they should discuss the situation with the chair who will provide guidance. Each board or committee meeting will include a standard agenda item for these conflicts or potential conflicts to be tabled.

4.2 Staff

- 4.2.1 All staff are also obliged to declare any conflict of interest and to remove themselves from discussion or decision-making on matters where a conflict may exist.
- 4.2.2 This form is first completed upon their acceptance of their offer of employment and thereafter when circumstances change, with the returns filed in the office. The Director – People and Organisational Development is responsible for ensuring this process is followed.
- 4.2.3 If managers are uncertain about their responsibilities or situation, they should discuss the situation with their line-manager, their People Partner or the CEO who will provide guidance.

4.3 Volunteers

- 4.3.1 All volunteers are required to complete a Declaration of Interests Form (see template) that sets out any other interests they hold and any of their other partnerships, trusteeships, memberships, investments or benefits that have a direct relationship to the operations of The Foundation.
- 4.3.2 This form is completed upon their engagement with The Foundation. The Associate Director – People and Organisational Development is responsible for ensuring this process is followed.

5. COMMITMENT UNDER THIS POLICY

- 5.1 The Foundation is committed to identify actual, perceived and potential conflicts of interests and manage those conflicts appropriately.
- 5.2 The Foundation is committed to educating its board directors and Personnel regarding identification, declaration and appropriate management of conflicts of interest.

6. External / Outside Directorships

- 6.1 The Foundation is supportive of executives serving as external directors on other external boards provided that conflict of interest, reputational risk, and time commitment considerations are carefully examined and deemed acceptable. The Foundation regards serving on an external board as an important professional development step for executives that helps them understand the role of Boards and the responsibilities of directors.
- 6.2 Any actual, perceived or potential Conflict of Interest must be managed in accordance with this Policy.
- 6.3 It is important that any outside board that a The Foundation executive serves on does not present a reputational risk to The Foundation. For this reason, any company that does not meet the risk appetite statements definition of non-acceptable sectors will not be deemed a suitable external board. The following industry sectors and activities have been identified as being contrary to The Foundation's mission and values, and/or damaging to the community. As such we will not knowingly partner with Corporates that operate within any from the following 'no-go' industry sectors:
 - 6.3.1 organisations listed on Terrorist Watch list;
 - 6.3.2 organisations listed on Australian Government Sanctions list;
 - 6.3.3 tobacco manufacturers;

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- 6.3.4 armament or arms dealers;
- 6.3.5 adult entertainment;
- 6.3.6 direct providers of gambling services such as betting agencies and casinos ;
- 6.3.7 predatory lending (pay day lenders);
- 6.3.8 prisons and corrective services;
- 6.3.9 nuclear power, fuel waste management and weapons;
- 6.3.10 political parties.

There may be instances where an organisation's key function, is not from the list above, but they have product offerings in this space, for example their key function may be retail but they have a presence in the tobacco industry These partnerships will be treated as high risk and assessed on a case-by-case basis and will require CEO/Board approval.

- 6.4 It is important to be realistic about the time commitment that service on an outside board can involve. A typical board will require 4-5 board meetings a year and then time spent on a sub-committee as well as additional strategy days. The Foundation takes the view that serving on one Board is about the limit for its executives due to the time involved. Serving on two Boards would be an exception.
- 6.5 Generally speaking the days / hours spent on an outside Board should be taken from the executives annual leave allocation. Due to the recognition of the professional development component of serving on an outside Board, The Foundation will allow 3 days per year as special leave to attend board meetings. Days beyond this will be the responsibility of the executive.
- 6.6 The CEO will approve any external directorships for The Foundation executives and the Board Chair will approve and external directorships for The Foundation's CEO.
- 6.7 Staff, other than executive directors, may serve on boards but should check with their manager to make sure that this does not create a conflict of interest or reputation risk. As there is no expectation by the Foundation that serving on a board is in the professional development program for general staff no allocation will be made for special leave. General staff will be expected to use annual leave or after-hours to serve on a board.

7. RESPONSIBILITIES & ACCOUNTABILITIES

7.1 Chief Executive Officer

- 7.1.1 The CEO is responsible for ensuring this Policy is upheld and will inform the Board of The Foundation of any concerns relating to conflicts that may present risk to The Foundation, its Personnel, beneficiaries, partners, reputation, operations or other activities.
- 7.1.2 The CEO will hold relevant Divisional Directors accountable to this Policy.

7.2 Divisional Directors

- 7.2.1 The Chief Operating Officer will promote the existence of this Policy to all Personnel.
- 7.2.2 Divisional Directors will ensure Foundation and Divisional procedures, practices, plans and operations align with this Policy and that all relevant Personnel are aware of, and understand, this Policy and their responsibilities under it.
- 7.2.3 Divisional Directors are responsible for monitoring and responding to any conflict risk or concerns arising within The Foundation's business activities. The Divisional Director will

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include risks and incidents on the Divisional risk register and seek the advice of the Policy Owner on issues of contention.

7.3 Policy Owner

- 7.3.1 The Policy Owner is responsible to ensure the Policy complies with The Foundation's obligations and contemporary practice and will update this Policy as required.
- 7.3.2 The Policy Owner will be responsible for addressing any issues arising in relation to this Policy and will be or arrange a point of contact for all Personnel for any issue of contention.
- 7.3.3 The Policy Owner will inform the CEO of any key risk to The Foundation regarding conflicts and will record risks and incidents on the organisational risk register.

7.4 All Personnel

- 7.4.1 All Personnel will adhere to the principles and commitments under this Policy and any related procedures and will take all reasonable care to ensure that their actions or omissions are not in breach of this Policy nor directly or indirectly encourage others to breach this Policy.
- 7.4.2 All Personnel are responsible for identifying and responding to any conflict based risk or concerns arising within The Foundation's business activities. Any matters of contention must be reported to the Divisional Director.

7.5 All associated stakeholders

All associated stakeholders operating with or on behalf of The Foundation are responsible to understand and abide by the principles and relevant commitments under this Policy and to advise the primary contact point within The Foundation of any issues that may arise.

8. MONITORING

- 8.1 This Policy will be reviewed every three years and the Policy Owner is responsible to undertake this review.
- 8.2 The Business Operations Division has oversight for all Governance and Operational Policy and will ensure the Policy is listed on the Policy Register and provide support to Policy Owner to ensure monitoring and reporting obligations are met.

References

CONTROL OF DOCUMENTATION

Document Number	ORG-007		
Document Name	Conflict of Interest Policy		
History	This policy consolidates the previous ORG-068 External Directors Policy into the existing ORG- 007 Declarations and Conflicts of Interest Policy as a new sub-version.		
Date Created	1/07/2002		
Author(s)	Head of Legal Governance Risk & Compliance		
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Policy owner(s)	Chief Operating Officer		
Division	Business Operations		
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Second Review	Governance & Nominations Committee		
Approval Body	Board		
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Related Policies	Constitution; ORG – 004 Corporate Governance Charter		

References