

BRD Board, CEO, Executive

Document Status: Draft For Approval In Review Approved

Purpose

This Policy sets out the requirements for notification of actual, potential or perceived conflicts of interested in relation to matters before the Board.

Scope

All board members, CEO and Executive Managers at all times in the performance of their duties at HNECC.

Policy Objectives

This Policy aims to achieve the objectives by achieving a balance between:

Directors, the CEO and Executive Managers being encouraged to bring to Board discussions and deliberations the benefit of their individual backgrounds (in terms of their professional involvements, skills, experience and interests); and

The careful, consistent and transparent management of the potential for the individual backgrounds of Directors to lead to damaging conflicts of interest, whether actual, potential or perceived.

This Policy aims to provide a clear understanding of the principles to apply and the procedures to follow in relation to the management of conflicts of interest.

Policy and Principles

The Board and Executive will manage conflict of interest in accordance with all relevant obligations, including:

The *Corporations Act 2001*, the *Australian Charities and Not-for-Profits Commission Act 2012* and the Constitution of HNECC Limited

The Code of Conduct for HNECC Limited Board Members; and

Government policy and all other laws and obligations that bind the company.

Policy Statement

HNECC Board Directors, the CEO and Executive Managers are expected to:

Contribute fully and frankly to the discussions and work of the HNECC Board, drawing on their individual backgrounds, including their professional involvements, skills, experience and interests

Provide transparency and consistency in the reporting and management of conflicts of interest. This is essential in ensuring the ongoing confidence in the Board's work and in the prevention and detection of fraudulent, dishonest and/or unethical behaviour¹; and

Avoid conflicts of interest which may arise as a result of some aspect of their individual background conflicting, having the potential to conflict or being perceived to conflict with their work for or within the Board.

Roles and Responsibilities

1. Organisation

Has responsibility for:

- Establishing a system for managing conflicts of interest
- Communicating the system to all Board members
- Providing training in relevant policies and procedures
- Review of this policy and conflict of interest management systems that support the HNECC Board
- Receipt and investigation of complaints and grievances regarding conflicts of interest
- Reporting breaches to external agencies, where applicable; and
- Reporting to the Board on any notifications of conflict of interest or breaches.

2. Board Chair

Has responsibility for:

- Managing issues related to the CEO in liaison with the Board

3. Directors' Duties

HNECC Limited is a company limited by guarantee, incorporated under the Corporations Act 2001 (Act).

Directors are subject to the Directors' duties set out in the Act, including the duties to:

- Exercise due care and diligence
- Act in good faith in the best interests of the Company and for a proper purpose
- Not to use improperly their position or information obtained in their position; and
- Disclose all material personal interests in matters that relate to the affairs of the Company in accordance with this policy.

¹ Australian Standard AS 8000-2003, Good Governance Principles, Standards Australia International ISBN 0 7337 5303 5.

4. Company Secretary

The Company Secretary is the nominated Responsible Officer for the management of conflicts of interest within HNECC Limited.

The functions of the responsible officer include:

- Maintaining records of disclosed conflicts
- Ensuring the conflicts of interest policy is kept current
- Providing a point of contact for anyone wanting information or advice about its meaning or application
- Providing a point of contact for anyone wanting assistance in identifying a conflict of interest and/or the type of conflict
- Receiving complaints and grievances of possible breaches of the conflicts of interest policy, investigating these and enforcing policy compliance; and
- Ensuring that the conflicts of interest policy is communicated to all Board Members.

5. CEO

Has responsibility for issues related to Executive Managers

6. Executive Manager(s)

Has responsibility for all other employees who are not Board members.

Supporting Procedures

1. A copy of this policy must be promptly issued to Board Directors, the CEO and Executive Managers after being appointed.
2. The Company Secretary must maintain a Conflict of Interests Register, to record all declared interests of Directors, the CEO and Executive Managers.
3. Each Director, the CEO and Executive Managers must:
 - Promptly after being appointed to the Board or HNECC Limited
 - At least annually thereafter; and
 - At any time during their term of office that a new relevant material interest or relationship arises, complete and provide to the Company Secretary an Interests Declaration, in the form attached in the **Schedule** to this Policy, notifying all relevant material interests and relationships which give rise to an actual conflict of interest or which might reasonably be expected to give rise to a conflict of interest (i.e. a potential conflict of interest).

Directors, the CEO and Executive staff have an ongoing obligation during their term of office to notify all other Directors and executive staff of relevant material interests or relationships as they arise, where they consider that they may reasonably be expected to result in a conflict of interest.

4. This may be done by tabling the Interests Declaration referred to in paragraph 7.3 above at the next Board meeting.

5. The Company Secretary must inform all new Directors of the Interest Declarations made by all current Directors, the CEO and Executive Managers as soon as practicable after their appointment and bring a copy of the current Conflict of Interest Register to each meeting.

At meetings

1. There must be a standing item on the agenda of each Board meeting, prompting consideration and declaration of conflicts of interest (including potential or perceived conflicts of interest) as they arise.
2. Directors, the CEO and Executive Managers must, having regard to the policy and principles set out in Section 5, promptly declare all relevant interests at all Board/Executive meetings at which any matter to which the relevant interest relates is to be discussed.
3. At a Board/executive meeting at which a declaration is made, or is identified by the meeting as having, a conflict of interest, the Director, CEO or Executive Manager who declared, or is identified by the meeting as having, a conflict of interest (the **conflicted person**) in relation to a matter must not:
 - Be present whilst the matter is being considered at the meeting; or
 - Vote on the matter,unless the meeting determines otherwise under paragraph 7.9.
4. The Board/Executive may, having regard to the policy and principles set out in Section 5, determine how best to manage a declared or identified conflict of interest (including a potential or perceived conflict of interest), depending on its nature and extent. This may include deciding (in the absence of the conflicted person) that the conflicted person may do any or all of the following:
 - Be present whilst the matter is being considered at the meeting;
 - Take part in discussion of the matter at the meeting; and
 - Vote on the matter.
5. Any breach of this policy will be reported to the Chair as soon as possible. The Board/Executive will determine on an urgent basis, and record in the minutes, whether a breach has occurred and, if so, whether it relates to a material conflict.
6. The Director, CEO or Executive Manager who declares or is identified by the meeting as having a conflict of interest must abide by the will of the meeting expressed, if necessary, by way of an ordinary resolution of the meeting (excluding the vote of the conflicted person), but may take their own independent advice in respect of the decision of the meeting.
7. Where members of the public could reasonably form the view that a conflict of interest is of unacceptable frequency and/or duration, then to protect the reputation of HNECC, it may be necessary, in the public interest, for the board member, CEO or Executive Manager to:
 - Relinquish their private interest
 - Resign from the other organisation to which he/she has a duty (or stand down on a temporary basis); or
 - Resign from the HNECC Board or the Company.
8. The minutes of any meeting at which a conflict of interest declaration is made, or identified during the course of the meeting, must record the declaration and the manner in which the conflict was managed.

Between meetings

9. If a Director, CEO or Executive Manager is concerned about the existence, or potential existence, of a conflict of interest in relation to another Director or Senior Executive which has not been declared, the concerned person should discuss the matter in confidence with the relevant responsible officer as identified in Clause 6 – Roles and Responsibilities. The responsible officer should then discuss the matter with the conflicted (or potentially conflicted) board member or Executive Manager to determine how the matter should best be handled.

Definitions

At HNECC, a conflict of interest is defined as the conflict between a person's duty to serve HNECC and its stakeholders and their private interests and/or duty to another organisation which could improperly influence the performance of their duties and responsibilities as a HNECC Board Member, Chief Executive Officer (CEO) or Executive Manager. For the purpose of this policy, Executive Manager means any manager on the next tier below the CEO.

Private interests are divided into three types: pecuniary, non-pecuniary and conflicting duties as follows:

- **Pecuniary interests** involve an actual or potential financial gain or loss
- **Non-pecuniary interests** do not have a financial component, but may arise from personal or family relationship which may cause a prejudice or tendency toward making a certain decision; and
- **Conflicting Duties** is a situation where an individual has multiple roles in competing organisations or where an individual has access to information from one organisation that is useful to the other, giving advantage to one organisation over another or creating bias against or prejudicial treatment of another group or person.

Document Control

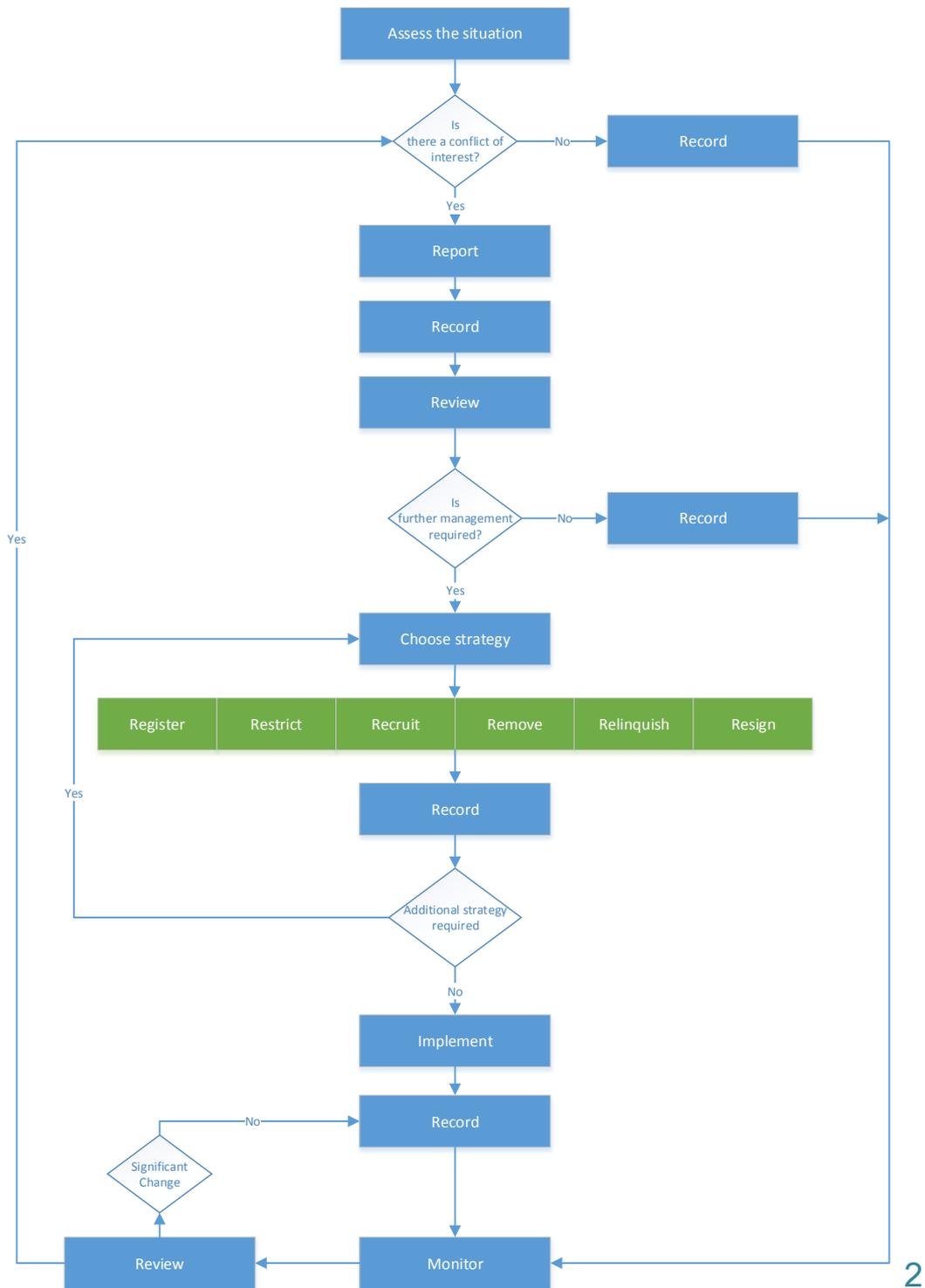
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Revision History

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| V1.0 | 1 st Issue | | 07/05/2015 | For Board approval |
| V1.1 | Amended | Maureen Beckett | 07/10/2015 | Updated to new template |
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Appendix 1: Procedure



² ICAC, Managing Conflicts of Interest in the Public Sector Guidelines, November 2004, Independent Commission against Corruption and Crime and Misconduct Commission Queensland, ISBN: 1 920726 08X

