LEGACY BRISBANE POLICY

CONFLICT OF INTEREST & RELATED PARTY POLICY

Policy number: **FIN-005**

Effective date: **25/11/2024**

Approving authority: **Board of Directors**

Sponsor: **Company Secretary**

Web address: **www.legateeguide.org.au**

Date for review: **25/11/2027**

Version History

Date	Description of Change	Version
19/08/2019	Initial release	1
25/11/2024	Update definitions and consequences	1.1

Purpose	The purpose of this policy is to assist Legacy Brisbane Board Members to identify, disclose and manage potential, perceived or actual conflicts of interest, including related party transactions, to protect the integrity of Legacy Brisbane and to manage risk.
Policy Statement	The Board Members acknowledge their ethical and legal obligations to disclose any conflict of interest they may have. The Board Members note that the general practice of the disclosure of conflicts of interest should be applicable across all of Legacy Brisbane. Compliance with this Policy will allow Board Members to ensure they effectively manage conflicts of interest and conform to the principles demanded of Member Clubs by Legacy Australia Inc.
Who should read, understand and comply with this policy	Board of Directors, Company Secretary, Group Chairs, Legatees, CEO, Managers, staff and volunteers who are involved in representing Legacy Brisbane's interest in a particular situation or decision making process.
Scope	Board of Directors, employees, contractors, Legatees and volunteers involved in representing Legacy Brisbane's interest in a particular situation or decision making process.

Definitions

Conflict of interest – A conflict of interest occurs when personal interests conflict with the responsibility to act in the best interests of Legacy Brisbane. 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). The definition includes a conflict between the duty to Legacy Brisbane and a duty owed by a Board Member, Manager, Staff Member or Legatee to another charity, business or person. A conflict of interest may be actual, potential or perceived, and may be financial or non-financial.

These situations present the risk that an affected person decides a matter based upon or affected by, these influences, rather than in the best interests of the Legacy Brisbane and must be managed accordingly.

Legacy Brisbane representative – Any Board member, Legatee, employee, contractor or volunteer involved in representing Legacy Brisbane's interest in a particular situation or decision making process.

Personal Interests – Personal interests would include:
• current & previous paid & volunteer work
• current & previous board memberships
• ownership of or share in a business
• memberships of other organisations
• similar interests of family, friends and significant associates.

Related party transaction – a transfer of resources, services or obligations between Brisbane Legacy and:
a) A member of the Legacy Brisbane Board
b) CEO

c) Senior Management team
d) A spouse, domestic partner, parent, child, step-child or dependant of the Legacy Brisbane Board, CEO, Senior Management team or Group Chair.
e) A child or dependent of a spouse or domestic partner of Legacy Brisbane Board, CEO, Senior Management team or Group Chair.
f) An entity controlled by, jointly controlled by or significantly influenced by any of a) to e) above
g) An entity of which its key management personnel includes any of a) to e) above
h) Legacy Australia Inc.
i) All other members of Legacy Australia Inc. and their subsidiaries or joint ventures,

Regardless of whether a price is charged.
All related party transactions are conflicts of interest.

Policy

This policy has been developed because conflicts of interest commonly arise. Such conflict does not necessarily threaten or impose risk to Legacy Brisbane if openly and effectively managed. It is the policy of Legacy Brisbane as well as a responsibility of the Board, that ethical, legal, financial or other conflicts of interest are avoided and that any such conflicts (where they do arise) do not conflict with their obligations to Legacy Brisbane.

Legacy Brisbane will manage conflicts of interest by requiring Board Members and other Legacy Brisbane representatives 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.

Legacy Brisbane requires that any related party transactions should be undertaken on an arm’s length basis (i.e. on terms that are no more favourable than would be offered to any other party) and should be disclosed as part of the financial statements in line with the regulatory requirements.

Roles and Responsibilities
The Board is responsible for:

- establishing a system for identifying, disclosing and managing conflicts of interest, including related party transactions across Legacy Brisbane
- monitoring compliance with this policy,
- ensuring that the related party disclosures meet the minimum standard required by legislation and regulations governing Legacy Brisbane, and
- reviewing this policy every three years or on any material changes to the legislation and regulations governing Legacy Brisbane to ensure that the policy is operating effectively.

Board Members are responsible for familiarising themselves with the ACNC Governance Standards, particularly Governance Standard 5 and Members must disclose any actual, potential or perceived material conflicts of interests.

The Company Secretary is responsible for maintaining the Conflicts of Interest Register including the nature, extent of the conflict and steps taken to address the conflict. The Company Secretary will make this register available on request to Board Members.

The Governance Committee is responsible for monitoring compliance with this policy and reporting to the Board as required.

Legacy Brisbane representatives are responsible for maintaining an awareness of their own actual, potential or perceived conflicts of interest, and to avoid such conflicts of interest by identifying, disclosing and if required arranging for another Legacy Brisbane representative to act on behalf of Legacy Brisbane in the matter.

When a material conflict of interest is identified, the person so affected shall remove themselves from discussion and decision making relating to the issue, particularly in relation to any information that may be of a commercial nature.

Consequences

Potential consequences of failure to manage conflict of interest and / or non-disclosure of related party transactions:

Poor governance (perceived or actual) through

- the failure of the board and / or key individuals to act in the best interest of Legacy Brisbane,
- the loss of trust in the Board and / or key individuals and undermining the collective decision making
- risk to accountability & transparency about decisions, operations & transactions

Reputational loss with negative impacts on fundraising, public and client trust and belief in Legacy Brisbane and recruitment and retention of staff, volunteers and Legatees.

Suspected breaches of this policy will be investigated by the Board, or Senior Management as appropriate under the Code of Conduct.

Evaluation and review

The Governance Committee will conduct evaluation and review of this policy every three years. This policy should be reviewed before that time if there are material changes to the legislation and regulations governing Legacy Brisbane. Following review, recommendations for change will be forwarded to the approving authority.

References and linkages	The Constitution of the Legacy Club of Brisbane Limited The Legacy Brisbane Board Handbook *Australian Charities and Not-for-profit Commission Act 2012* (Cth) Australian Charities and Not for Profits Commission *Governance Standard 5: Duties of Responsible Persons* ACNC Governance Standard 5-duties responsible persons AASB Standard 124 Related Party Disclosures Legacy Brisbane Privacy Policy Legacy Brisbane Code of Conduct Legacy Australia Inc Code of Conduct approved 29/11/2017 Legacy Brisbane Purchasing Policy
Appendices	Appendix A – Procedures for identifying, disclosing and managing conflicts of interest Appendix B - Declaration of Interests Form Appendix C – Conflicts of Interest Register

APPENDIX A

Procedures for identifying, disclosing and managing conflicts of interest.

Identification and disclosure of conflicts of interest

<u>Board of Directors</u>
Prior to the first Board meeting following each Annual General Meeting, all Directors will complete a *Declaration of Interests Form* and provide the form to the Company Secretary.

The Company Secretary will record all Directors' interests in the *Conflicts of Interest Register* and present the Register to the first Board meeting following each Annual General Meeting.

At the commencement of any Board Meeting, the Chair will call all Directors to disclose any new actual, potential or perceived conflicts of interest not previously disclosed or any conflicts held in relation to the business of the meeting at hand.

Once a conflict of interest is identified, it must be entered into *The Conflicts of Interest Register*. Where all Board Members share a conflict, the Board should refer to Governance Standard 5 to ensure that proper disclosure occurs.

<u>Contact Groups</u>
At the commencement of any Contact Group Meeting, the Chair will call all members to disclose any new actual, potential or perceived conflicts of interest not previously disclosed or any conflicts held in relation to the business of the meeting at hand.

Once a conflict of interest is identified, it must be entered into minutes of the meeting along with steps taken to address the conflict. The conflict of interest identified must also be notified to the Finance Manager / Company Secretary and included in the Conflict of Interest register.

<u>Employees and Contractors</u>
At the commencement of engagement, and as soon as they become aware of it, at least annually after engagement, all employees or contractors will complete a *Declaration of Interests Form* and provide the form to the Company Secretary.

The Company Secretary will record the declared interests in the *Conflicts of Interest Register* and advise the relevant employee's/contractor's manager of any interests that need to be addressed.

Confidentiality of disclosures	Unless otherwise agreed by the Board, the *Conflicts of Interest Register* will be accessible only to Board Members, the Governance and Risk Committee Members, the Company Secretary, the CEO, senior managers, Legacy Brisbane's Auditors or other persons authorised by law.

Action required for management of conflicts of interest

Once the conflict of interest has been appropriately disclosed, the Board, Manager or Contact Group (excluding the Legacy Brisbane representative disclosing and any other conflicted Legacy Brisbane representative) must decide whether those conflicted Board Members or other Legacy Brisbane representatives should:

- vote on the matter (this is a minimum),
- participate in any debate or discussion on the matter or
- absent themselves from the meeting during discussion, debate and voting.

When a material conflict of interest is identified, the person so affected shall remove themselves from discussion and decision making relating to the issue, particularly in relation to any information that may be of a commercial nature.

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

<u>What should be considered when deciding what action to take</u>

In the case of Board, Committee or Contact Group Meetings:

- In deciding what approach to take, the Board or Meeting Chair will consider whether the conflict needs to be avoided or simply documented
- whether or not the conflict will realistically impair the disclosing person's capacity to impartially participate in decision-making
- alternative options to avoid the conflict
- Legacy Brisbane's objects and resources, and
- the possibility of creating an appearance of improper conduct that might impair confidence in, or the reputation of, Legacy Brisbane.

The approval of any action requires the agreement of at least a majority of the Board, Contact Group or Committee (excluding any conflicted Member/s) 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.

In the case of employees, contractors or other individual Legacy Brisbane representatives the individual's manager or Group Chair will consider whether the conflict needs to be avoided or simply documented using the same as the Board (above).

<u>Compliance with this policy</u>

If the Board has 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 the termination of their position as a Director or their relationship with Legacy Brisbane.

If a person suspects that a Board Member, or any other Legacy Brisbane representative, has failed to disclose a conflict of interest, they must, in the first instance, discuss the conflict with the person in question and if the suspected conflict is confirmed, notify the Company Secretary and President for the attention of the Board.

Examples of Conflicts of Interest

Example 1

Steve is a board member of Helping the Kids, a charity whose purpose is to assist children living in poverty.

Helping the Kids is currently preparing a response to a government tender to provide services to indigenous children in rural South Australia. It has not previously undertaken work in this area.

Indigenous Children in Need (ICIN) is much smaller charity whose purpose is to assist indigenous children with learning difficulties. Steve is also a board member of ICIN. For the last five years, ICIN has been the successful recipient of the government tender that Helping the Kids is applying for.

Steve is concerned that if Helping the Kids wins the tender, ICIN will lose the majority of its funding and may be forced to close. Steve wonders how he could help ICIN to win the tender.

In this situation, Steve's access to the confidential information of both Helping the Kids and ICIN means he has a conflict of interest.

Source: ACNC Managing Conflicts of Interest – A guide for charity board members (November 2015)

Example 2

Remember Me is a charity whose purpose is to fund research on Alzheimer's Disease.

Remember Me's accountant has recently retired and the board is looking for a new accounting firm.

Michael is a board member of Remember Me. He is also a partner at accounting firm Accounts R Us. Remember Me is considering a number of potential firms, including Accounts R Us.

If Accounts R Us is appointed, Michael stands to benefit financially from the extra work, which means he has direct financial interest in this decision. This is a conflict of interest.

Source: ACNC Managing Conflicts of Interest – A guide for charity board members (November 2015)

Example 3

Seven Day Smiles is a charity whose purpose is to brighten the lives of older Australians through undertaking home visits, facilitating social outings for disengaged people and facilitating attendance at medical appointments.

Seven Day Smiles wishes to purchase a new mini van to assist in transportation to medical appointments.

Robert is a board member of Seven Day Smiles. His daughter, Patrice, runs a car dealership and offers to sell Seven Day Smiles a mini van at a discounted price.

In this situation, the purchase of the mini van from Patrice would result in an indirect financial benefit to Robert. Therefore, Robert decides to declare his conflict of interest to the rest of the board as soon as possible. Seven Day Smiles have a form on their website which board members can fill in to declare a conflict of interest and submit it to the chief executive officer, in line with their conflicts of interest policy.

The board decides that the offer is genuinely good value and are inclined to accept Patrice's quote. They recognise that Robert could, in this situation, reach an impartial decision, but they are concerned about how it might look to other potential providers if he participated in the decision. The board asks Robert to refrain from participating in the discussion about the purchase or from voting in the matter.

The conflict of interest and the action taken to address it are recorded in Seven Day Smiles' register of interests.

Source: ACNC Managing Conflicts of Interest – A guide for charity board members (November 2015)

Example 4

Max Legatee is a Legatee of Legacy Brisbane, his second cousin Wanda Widow is supported by Legacy Brisbane. This is a conflict of interest. Max is excluded from discussions about and decisions affecting the provision of services potentially / actually provided to Wanda Widow. This conflict of interest is recorded in the Register of Interests.

Example 5

Felicia Friend is a manager at Legacy Brisbane. Sandy Supplier wants to sell Legacy Brisbane with printing services. Sandy Supplier gives Felicia Friend (unsolicited) a large gourmet hamper worth $250. Felicia Friend declares the gift and the circumstances on the Gift Register and gives the hamper to Fundraising to raffle off. Felicia also records the conflict of interest and as a result will absent herself from discussions and decisions about new printing services supplier.

APPENDIX B

Declaration of Interest Form

The Legacy Club of Brisbane Limited

Declaration of Interests Form

I, _________________________________, as Director/Committee Member/Legatee/Employee/Contractor of The Legacy Club of Brisbane Limited, have set out below my interests and conflicts.

Category	**Details of interest, and whether it applies to you, an immediate family member or other close personal connection**	**Relationship of interest to The Legacy Club of Brisbane.**
Current employment and any previous employment in which you continue to have a financial interest		
Appointments (voluntary or otherwise). E.g. Trusteeships, Directorships, Local Authority Memberships, Tribunals, etc.		
Membership of any professional bodies, special interest groups, Ex-Service or Military Organisations, or charities.		
Investments in unlisted companies, partnerships and other forms of business, major shareholdings (more than 1% or 5% of issued capital) and beneficial interests.		

Category	Details of interest, and whether it applies to you, an immediate family member or other close personal connection	Relationship of interest to The Legacy Club of Brisbane.
Gifts or hospitality offered to you by external bodies, or parties related to The Legacy Club of Brisbane Limited, and whether this was declined or accepted in the last 12 months		
Any contractual relationship with the organisation and its subsidiary		
Any conflict of interest and ties of personal affection		
Any other conflicts that are not covered by the above		

To the best of my knowledge, the above information is correct and complete. I undertake to update as necessary the information provided, and to review the accuracy of the information as required. I give my consent for it to be used for the purposes described in the Conflicts of Interest Policy, and for no other purpose.

Signed: ________________________________ Print Name: _____________________________

Position: _______________________________ Date: __________________________________

APPENDIX C

Register of Conflicts of Interest

Name of Legacy Brisbane Representative	Description of interest	Has the Board/ Chair/ Company Secretary been notified of the interest?	Date of disclosure	Steps taken by the organisation for dealing with the conflict	Actions taken by the Representative to address the conflict