

# Conflict of Interest Policy

## Introduction and Context

ABM and AID are required to manage any Actual, Perceived or Potential Conflicts of Interest that may arise with Responsible People, Staff, Volunteers and Third Parties relating to all activities undertaken by the organisations.

Additionally, because of the close relationship between ABM and its wholly owned subsidiary, AID, the organisations are seen as *Related Parties*. Therefore, each organisation must be particularly vigilant in managing any *Conflicts of Interest* that may arise during transactions between the two companies. Poor management of *Related Party* transactions can have significant impact on ABM and AID's reputation, with potential legal or regulatory consequences.

## Scope

The Policy applies to all ABM and AID *Staff, Volunteers* and *Responsible People* and to the ABM and AID Organisations (as *Related Parties*).

## Policy Commitments

- 1 ABM and AID seek to prevent Conflicts of interest from occurring by requiring all Responsible People, Staff, Volunteers and to declare any Actual, Perceived or Potential Conflicts of Interest. Appropriate opportunities for such declarations may include at the beginning of all board meetings, via the Declaration of Gifts Register upon receipt of a Gift, when procuring goods and services, and in a signed memorandum of understanding (MOU), in the case of recurring Related Party transactions between ABM and AID.

*Example 1: One of your family members owns shares in a company with whom you are required to negotiate a contract on behalf of ABM, for the provision of services. This would constitute (at the very least) a perceived conflict of interest. If you own shares in the other company, that would certainly raise an actual conflict.*

*Example 2: The appointment of an IT vendor to provide technology hosting services to ABM and AID must be recorded in the Conflict of Interest Register to ensure transparency and to manage any conflict risk with priority given to the best interest of AID, ABM, their members, and partners.*

- 2 This Policy prohibits *Responsible People, Staff, Volunteers* and *Third Parties* from using their position, information acquired in their position, or ABM or AID's assets, to obtain a benefit or advantage for themselves or for any other person or body.
- 3 ABM and AID will document, review and manage all declared or disclosed *Conflicts of Interest* by recording them in a *Conflict of Interest Register* which will be reviewed regularly.
- 4 ABM and AID will further ensure that any *Related Party* transactions are documented, reviewed and managed in accordance with this *Conflict of Interest* policy, specifically by being recorded in a formal *Memorandum of Understanding* between the two companies

to govern all recurring *Related Party* transactions (for example, provision of services by one company to the other).

- 5 In the case of transactions between ABM and AID that occur in pursuance of a *Memorandum of Understanding* between the two parties, it is sufficient that the Memorandum (and any subsequent variations to it) be recorded in the *Conflict of Interest Register*, rather than the individual transactions. To this end ABM and AID will ensure that a *Memorandum of Understanding* is in place.
- 6 All *Related party* transactions must be in the best interests of both ABM and AID. They must be transacted at “arm's length” with benchmarking of the commercial terms to similar transactions with unrelated parties. These *Related Party* transactions will be reviewed by the Chief Financial Officer and approved by the Executive Director of AID and ABM prior to executing the contract for the transaction.

*Example 3: ABM's marketing team provides marketing and website maintenance and update services to AID, and these services are remunerated via cost recovery transfer pricing. The services must be recorded in the Conflict of Interest Register to ensure transparency and to manage any conflict of interest between the two related parties of AID and ABM, with priority given to the best interest of AID, ABM, their members, and partners.*

- 7 Managing Conflicts of interest is the shared responsibility of ABM and AID boards and committees, senior management, supervisors, human resources and all *Staff*.
- 8 All *Responsible Persons* have a responsibility to ask themselves whether their actions or decisions could give rise to an *Actual, Perceived or Potential Conflict of Interest*, and if so, to take action to manage that Conflict.
- 9 ABM and AID recognise that avoiding all *Conflicts of Interest (Actual, Perceived or Potential)* is not always feasible. However, in all cases where a *Conflict of Interest* arises, the Conflict should be openly and transparently declared.
- 10 *Actual, Perceived or Potential Conflict of Interest* must be registered or declared as follows:
  - a) In the case of a *Responsible Person* - to the next Board meeting in the case of a Board director, or to the next Committee meeting in the case of a Committee member,
  - b) In the case of *Staff, Volunteer or Third Party* (such as a Contractor), In writing to the relevant Supervisor. If the Supervisor is also subject to the *Conflict of interest*, the member of *Staff, Volunteer or Third Party* and the Supervisor should register or declare the *Actual, Perceived or Potential Conflict of Interest* in writing to the Executive Director or, where the Executive Director is the Supervisor, to the Chair of the relevant Board.
- 11 A Supervisor or Board or Committee Chair who receives a declaration regarding a *Conflict of interest* must determine how to respond to the *Conflict*. Any response must be sufficient to ensure that ABM and AID can continue to:

- a) perform their services in an impartial and professional manner;
  - b) maintain the highest ethical standards; and
  - c) deliver their services fairly, effectively and efficiently.
- 12 The ABM and AID boards will review the *Conflict of Interest Register* annually to **ensure** continued adequate management of the risk of *Conflicts of Interest*, including those of *Related party* transactions. ABM and AID boards should each ensure that all the planned *Related Party* transactions for the coming financial year are recorded in the *Related Party* Transactions MOU.
- 13 Measures that can be adopted to minimise a *Conflict of Interest* include:
- a) **restricting involvement** of ABM or AID Responsible People, Staff, Volunteers and Third Parties in matters in which they have an Actual, Perceived or Potential Conflict of interest;
  - b) **removing** the ABM or AID Responsible People, Staff, Volunteers and Third Parties from involvement in matters in which they have an Actual, Perceived or Potential Conflict of interest.
- 14 If Responsible People, Staff, Volunteers and Third Parties are ever under any doubt regarding whether a Potential, Perceived or Actual Conflict of Interest has arisen, the appropriate course of action is for those Responsible People, Staff, Volunteers and Third Parties to notify the circumstances following the procedures in clause 10 above.
- 15 For application of this policy to the open and fair Procurement of goods and services, please see ABM and AID's "Procurement Policy".
- 16 For application of this policy to the receipt by ABM or AID Responsible People, Staff, Volunteers and Third Parties of Gifts, please see ABM and AID's "Declaration of Gifts Policy".

### **Breaches of this policy**

A failure to comply with the obligations contained in this policy will lead to disciplinary action which may include, but is not limited to, termination of a *Staff* member's employment or a *Responsible Person's* or *Contractor's* or *Volunteer's* services or a *Third Party's* appointment.

### **Related Standards, Policies and Procedures**

ACFID Code of Conduct: 7.4.3

DFAT Accreditation Guidelines: A1.2

Australian Accounting Standard AASB 124 Related Party Disclosures

ABM and AID Related Parties Memorandum of Understanding

ABM and AID Conflict of Interest Register