

# Conflict of Interest Policy



Policy number	POL002	Version	A
Drafted by	FOP Australia Board	Approved by Board on	02/07/2019
Responsible person	FOP Australia Board	Scheduled review date	02/07/2022

## INTRODUCTION

The Board of FOP Australia is committed to high standards of ethical conduct and accordingly places great importance on the identification and disclosure of any actual, potential or perceived conflicts of interest.

## PURPOSE

The purpose of this policy is to help FOP Australia Board members to effectively identify, disclose and manage any actual, potential or perceived conflicts of interest, in order to protect FOP Australia's integrity and manage risk.

This policy is also applicable to committee members or volunteers acting on behalf of FOP Australia.

## DEFINITIONS

In this policy, the following definitions apply:

**'Conflict of interest'** occurs when a Board member's personal interests conflict with their responsibility to act in the best interests of FOP Australia.

**'Personal interests'** include direct interests as well as those of family, friends or other organisations a Board member may be involved with or have an interest in (e.g. as a shareholder).

Typical **examples of conflicts of interest** include where:

- a) a Board member stands to gain financially from any business dealings, programs or services of FOP Australia, other than where:
  - i. the Board member falls into the class of people benefited by FOP Australia and the financial gain is of a nature common to other beneficiaries; or
  - ii. the person is an employee of FOP Australia, and the financial gain is of a nature common to other employees;
- b) the immediate family or business connections of a Board member, or any person with whom the Board member is in a close relationship, stands to gain financially from any business dealings, programs or services of FOP Australia;
- c) the person is an employee of FOP Australia;

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# Conflict of Interest Policy



- d) a Board member or the ex-officio member of the Board has a role on the governing body of another organisation and the activities of that other body may be in direct conflict or competition with the activities of FOP Australia.

'**Close relationship**' is any relationship that may reasonably give rise to a perception that the Board member may place the interests of the other party above the interests of FOP Australia.

The Board may further supplement the definition of conflict of interest from time to time if it so wishes, and may specify the procedures to apply in such cases.

## POLICY

FOP Australia will manage conflicts of interest by requiring Board members to:

- avoid conflicts of interest where possible;
- identify and disclose any conflicts of interest;
- carefully manage any actual, potential or perceived conflicts of interest; and
- follow this policy and respond appropriately to any breaches of this policy.

A conflict of interest may be **actual**, **potential** or **perceived** and may be **financial** or **non-financial**. It is sufficient for the purposes of this policy that the interest places a Board member in a situation where the Board member's duty to act in the best interests of FOP Australia is undermined by another interest the Board member has, making it difficult to know if the Board member is meeting his or her duties. These types of conflicts present a risk that a Board member may make a decision that is based on, or affected by, these external influences, rather than in the best interests of FOP Australia

The Board places great importance on Board members identifying and disclosing any actual, potential or perceived conflicts of interest. All such conflicts of interest shall be declared by the Board member concerned. All conflicts of interest shall be documented in FOP Australia's register of interests.

Where a Board member has an actual, potential or perceived conflict of interest in respect of a matter, that Board member shall not initiate or take part in any Board discussion on that topic (either in the Board meeting or with other Board members before or after the Board meeting), unless invited to do so by unanimous agreement by all other Board members present.

Where a Board member has an actual, potential or perceived conflict of interest in respect of a matter, that Board member shall not vote on that matter unless invited to do so by unanimous agreement by all other Board members present.

Where a Board member has an actual, potential or perceived conflict of interest related to their relationship with an employee or volunteer of FOP Australia, or any other person having dealings with FOP Australia, that Board member shall not initiate or take part in any Board discussion on that topic (either in the Board meeting or with

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# Conflict of Interest Policy



other Board members before or after the Board meeting), unless invited to do so by unanimous agreement by all other Board members present.

Where a Board member has an actual, potential or perceived conflict of interest related to their relationship with an employee or volunteer of FOP Australia, or any other person having dealings with FOP Australia, that Board member shall not vote on that matter, unless invited to do so by unanimous agreement by all other Board members present.

Board members are not barred from engaging in business dealings with FOP Australia, provided that these are negotiated at arm's length without the participation of the Board member concerned. In particular, a Board member may only be engaged to provide goods and services to or on behalf of FOP Australia if:

- a) the Board member is for bona fide reasons considered by the Board, determined to be a suitable person to provide the required goods and services;
- b) bona fide attempts have been made by the Board to identify third parties who provide the goods and services and to compare rates and service levels of such third parties, compared with the Board member's rates and/or service levels;
- c) the goods and services are provided on arm's length terms;
- d) the provision of the goods and services is disclosed clearly and expressly to FOP Australia's members in the annual report; and
- e) the Board agrees, by ordinary resolution excluding the interested Board member, to the provision of goods and services by the Board member.

A Board member who believes another Board member has an undeclared conflict of interest should specify in writing to the Secretary the basis of this potential conflict.

To avoid potential conflicts of interest Board members are also required to follow ['The International FOP Association's Guidelines for Engagement with Pharmaceutical Companies Version 1.0, September 13, 2016'](#)

## AUTHORISATION

02/07/2019  
FOP Australia

# Conflict of Interest Procedure



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## RESPONSIBILITIES

Generally, the Board is responsible for:

- establishing a system of identifying, disclosing and managing conflicts of interest across FOP Australia;
- monitoring compliance with this policy; and
- reviewing this policy on an annual basis, following the annual general meeting, to ensure that the policy is operating effectively.

The Chair is also responsible for bringing this policy to the attention of prospective Board members.

All Board members are responsible for respecting and complying with this policy.

## PROCEDURES

### IDENTIFICATION AND DISCLOSURE OF CONFLICTS OF INTEREST

Before a Board member begins his or her service with FOP Australia, they shall file with the Secretary a list of any business activities, interests or associations that constitute actual, potential or perceived conflicts of interest. This information should be documented in the Conflict of Interest Checklist (see Appendix A).

Once an actual, potential or perceived conflict of interest is identified, it must be entered into FOP Australia's register of interests and must also be raised with the Board. Where all of the other Board members share a conflict, the Board should refer to the duties of responsible persons set out in ACNC Governance Standard 5 to ensure that proper disclosure of the conflict occurs in accordance with that Standard.

The register of interests must be maintained by the Secretary, and it must record information related to a conflict of interest (including the nature and extent of the conflict of interest and any steps taken to address it).

During induction of new Board members, the Chair must ensure that new Board members are aware of the ACNC Governance Standards, particularly the duties of responsible persons set out in Governance Standard 5, and that any actual, potential or perceived conflicts of interests are disclosed in accordance with that Standard.

Board members shall declare any conflicts of interest of which they become aware either at the start of the relevant Board meeting or as soon as reasonably practicable

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# Conflict of Interest Procedure



after the matter giving rise to the conflict of interest arises. The nature of this interest should be entered in the meeting minutes. The nature of the interest should also be documented in the Conflict of Interest Checklist.

If a person alleges that there exists an actual, potential or perceived conflict of interest in relation to a Board member, and the relevant Board member disagrees, if the Board cannot resolve this allegation to the satisfaction of the relevant parties, the Board may seek external legal or regulatory advice to resolve the issue.

## **ACTIONS REQUIRED FOR MANAGEMENT OF DISCLOSURES**

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; or
- be present in the room during any debate and voting on the matter.

In exceptional circumstances, such as where a conflict is very significant or likely to prevent a Board member from regularly participating in Board discussions and meetings, consideration should be given as to whether it is appropriate for the conflicted person to resign from the Board.

## **What should be considered when deciding what action to take**

In deciding what approach to take in respect of a conflict of interest, the Board 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 charity's objects and resources; and
- the possibility of creating an appearance of improper conduct that might impair confidence in, or the reputation of, the charity.

The approval of any action requires the agreement of at least a majority of the Board (excluding any conflicted Board member/s) who are present and voting at the Board meeting. The action and result of the voting will be recorded in the minutes of the meeting and in the register of interests.

If the Board has decided that a conflicted member should not be present during discussion on the relevant item, the Board member concerned shall leave the meeting as soon as that item comes up for discussion. The concerned Board member shall not vote on that issue, nor initiate or take part in any Board discussion on that topic (either in the Board meeting or with other Board members before or after the Board meeting), unless expressly invited to do so by unanimous agreement

# Conflict of Interest Procedure



by all other Board members present. The Board member's abstinence should be recorded in the meeting minutes.

## CONFIDENTIALITY OF DISCLOSURES

Disclosures of conflicts in accordance with this policy shall also be made available to the auditor of FOP Australia.

## COMPLIANCE WITH THIS POLICY

If a Board member or another person, believes another Board member has an undeclared conflict of interest, or if a Board member receives a report from a concerned individual that this may be the case, the Board member should notify the Secretary in writing, setting out the basis of the potential conflict.

If the Board has a reason to believe that a person subject to this policy has failed to comply with it, it will investigate the circumstances.

If the Board determines that a person has failed to disclose a conflict of interest, the Board may take action against the person. Depending on the seriousness of the breach, the Board may consider whether it is appropriate for the person to continue as a Board member, or whether they should resign from their position.

To avoid potential conflicts of interest Board members are also required to follow ['The International FOP Association's Guidelines for Engagement with Pharmaceutical Companies Version 1.0, September 13, 2016'](#).

## RELATED DOCUMENTS

- FOP Constitution
- FOP Australia's Governance Policy
- FOP Australia's Board Induction and Handover Policy
- FOP Australia's Financial Management Policy
- ACNC's guideline, "Governance for Good"
- ACNC's guideline, "Managing Conflicts of Interest"
- ACNC's guideline, "Managing Charity Money"

## AUTHORISATION

02/07/2019

FOP Australia

# Appendix A



## CONFLICT OF INTEREST CHECKLIST

This checklist shall be used by the Chair of the Board of FOP Australia, to record any conflicts of interest should they be identified by Board members.

Completed checklists should be stored with the minutes of each meeting in which they were identified.

**After the opening of the Board meeting, ask all the Board members to declare any potential conflict of interest arising out of any of the issues to be put to the Board meeting.**

Date of Meeting: \_\_\_\_ / \_\_\_\_ /20 \_\_\_\_

Name of Member: \_\_\_\_\_

Issue of Conflict: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Note the disclosure of the conflict of interest and the decision of the Board on how to deal with this conflict.

Record Response: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Ensure that the minutes record the declaration of interests declared at this meeting

Dated the \_\_\_\_ day of \_\_\_\_\_ 20\_\_

Signed: \_\_\_\_\_ Position: \_\_\_\_\_

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