

POLICY

Abbeyfield Australia is committed to managing conflicts of interest effectively. All staff, members, volunteers and directors of Abbeyfield Australia (our people) are responsible for ensuring that their personal interests do not come into conflict with their role in Abbeyfield Australia

Conflicts of interest occur when something other than the best interests of Abbeyfield Australia influences the decision making of our people. Conflicts of interest will always arise in organisations: they are an inevitable part of any business. Abbeyfield Australia's aim is not to eliminate all conflicts of interest but to develop a culture of recognition, disclosure, and effective management.

Managing conflicts of interest in a transparent and open way is vital not only to the best interests of Abbeyfield Australia, but also to the perception by others of Abbeyfield Australia's integrity. A perception that there is a conflict of interest that is not being managed effectively can be just as damaging as an actual conflict of interest.

This policy assists our people to meet their continuing responsibility to disclose potential conflicts of interest, and assists Abbeyfield Australia as a whole to manage conflicts of interest effectively.

RELATED DEFINITIONS & LEGISLATION

Definitions:

Conflict of interest has been defined as:

"any situation in which a decision-maker - whether a board member, board officer or staff member - is influenced in an organisational decision by personal, financial, business, or other concerns unrelated to the organisation's best interests." (Daniel Kurtz 2001 Managing Conflicts of Interest: Practical guidelines for nonprofit boards Page 3)

Conflict of interest has two dimensions - legal and ethical conflicts:

- Legal conflicts of interest are those concerned with financial or personal benefit to individuals due to lack of disclosure.
- Ethical conflicts arise when there is no direct benefit to the individual but their involvement in a decision is not made with the interest of the organisation being the primary consideration.

Affiliated persons is defined as:

- Any immediate family member
- Any corporation or organisation of which there is membership, ownership, employment or interest in
- Any trust or other estate in which a person has substantial beneficial interest.
- Staff includes paid employees, whether permanent or temporary, and volunteer workers.

PROCEDURE

The policy has three parts.

Part 1: Abbeyfield Australia directors - instructions for disclosing a potential conflict of interest

If you have reason to believe that you, or an affiliated person to you, may have an interest relating to a proposed decision of Abbeyfield Australia you should prepare a brief letter to the Chairman outlining:

- the issue or proposed decision
- the interest that you have that might bring you or an affiliated person into conflict
- your views about why the proposed decision is, or is not, in the interests of Abbeyfield Australia.

In instances where you have a conflict of interest or the potential for a conflict of interest arises during the course of an Abbeyfield Australia meeting you should:

- disclose that conflict at the commencement of the meeting (which will be recorded in the Minutes of that meeting)
- refrain from voting on the matter
- leave the meeting room while the matter is being considered (unless the remaining directors resolve to allow you to remain in the meeting room.)

More specifically, directors must comply with the Conflict of Interests clauses within the Constitution of Abbeyfield Australia.

22.1 Declaration of interest

(a) Any Director who has a material personal interest in a contract or proposed contract of Abbeyfield, holds any office or owns any property such that the Director might have duties or interests which conflict or may conflict either directly or indirectly with the Director's duties or interests as a Director, must give the Board notice of the interest at a Board meeting.

(b) A notice of a material personal interest must set out:

- (i) the nature and extent of the interest; and*
- (ii) the relation of the interest to the affairs of Abbeyfield.*

(c) The notice must be provided to the Board at a Board meeting as soon as practicable.

22.2 Voting by interested Directors

A Director who has a material personal interest in a matter that is being considered at a Board meeting must not:

- (a) vote on the matter at a meeting; or*
- (b) be present while the matter is being considered at the meeting (and accordingly will not count for the purposes of determining whether there is a quorum), unless the other directors, who do not have a material personal interest in the matter, have passed a resolution authorising the interested director to do so in accordance with section 195(2) of the Corporations Act.*

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Managing directors' conflicts of interest

Where a director of Abbeyfield Australia has an ongoing conflict of interest, the Chairman may ask them to stand down from Abbeyfield Australia for the period of the conflict, or to resign from Abbeyfield Australia, or to take other action to eliminate the conflict.

As part of managing conflicts of interest, the Chairman may check Abbeyfield Australia decisions by reference to external standards, to ensure that the decision is in the best interests of Abbeyfield Australia. External standards may include decisions of peer organisations, good practice standards, etc.

In order to manage a perception of conflict of interest, the Chairman will ensure that the minutes of Abbeyfield Australia meetings record any conflicts of interest identified. The Chairman may also take other appropriate action to manage a perception of conflict of interest.

If a director of Abbeyfield Australia believes that another director has a potential conflict of interest which has not been disclosed, they should raise this matter with the Chairman.

If the Chairman identifies that s/he has a potential conflict of interest with a matter, s/he must stand aside from the chair so that another director of Abbeyfield Australia can determine whether or not there is a conflict. If there is a conflict, the stand-in Chairman will manage the conflict according to the range of strategies outlined in this policy.

If a member of Abbeyfield Australia believes that the Chairman has a potential conflict of interest which has not been disclosed, they should raise this matter with Abbeyfield Australia as a whole.

In any case of potential conflict of interest, the Chairman and/or Abbeyfield Australia can seek external advice about the best way to manage the situation.

If a director of Abbeyfield Australia fails to identify a minor conflict of interest, the Chairman will seek to resolve the issue. This may include an internal investigation of the matter and formal agreement from the Abbeyfield Australia member about how to avoid the conflict in future.

If a director of Abbeyfield Australia fails to identify a major conflict of interest, or is involved in corrupt behaviour, the Chairman will seek the member's resignation from Abbeyfield Australia. Where relevant, the Chairman will report the matter to the Police, or other appropriate bodies. If the member fails to resign from Abbeyfield Australia, the Chairman will convene a special general meeting of Abbeyfield Australia's members to expel the member from Abbeyfield Australia.

Part 2: Abbeyfield Australia CEO - instructions for disclosing a potential conflict of interest

If a person has reason to believe that they, or an affiliated person to them, may have an interest relating to a proposed decision/activity of Abbeyfield Australia they should prepare a brief letter to the Chairman outlining:

- the issue or proposed decision/activity
- the interest that they have that might bring them into conflict
- your views about why the proposed decision/activity is, or is not, in the interests of Abbeyfield Australia.

If a conflict of interest or the potential for a conflict of interest arises during the course of their work they should immediately raise it with the Chairman who will determine whether you should step aside from the decision/activity. Their disclosure and the Chairman decision will be kept on their personnel file.

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Management of CEO's conflicts of interest

Any decision/activity in which the CEO has an interest will be reviewed carefully to ensure that it is in the best interests of Abbeyfield Australia.

The Chairman will report to the Board on conflict of interest matters including the actions taken.

In order to manage a perception of conflict of interest, the Chairman will ensure that appropriate action is taken to record any identified conflict and the action taken to manage it.

If a staff member believes that the CEO has a potential conflict of interest which has not been disclosed, they should raise this matter with the Chairman.

In any case of potential conflict of interest, the Chairman may seek external advice about the best way to manage the situation.

If the CEO fails to identify a minor conflict of interest, the Chairman will seek to resolve the issue. This may include an internal investigation of the matter and formal agreement from the CEO about how to avoid the conflict in future.

If the CEO fails to identify a major conflict of interest, or is involved in corrupt behaviour, the Chairman will commence formal disciplinary action against the CEO. Where relevant, the Chairman will report the matter to the Police or other appropriate bodies.

Part 3: Abbeyfield Australia employees and volunteers (other than the CEO) - instructions for disclosing a potential conflict of interest

If a person has reason to believe that s/he, or an affiliated person to him/her, may have an interest relating to a proposed decision/activity of Abbeyfield Australia they should prepare a brief letter to the CEO outlining:

- the issue or proposed decision/activity
- the interest that the person has that might bring him/her into conflict
- your views about why the proposed decision/activity is, or is not, in the interests of Abbeyfield Australia.

If a conflict of interest or the potential for a conflict of interest arises during the course of a person's work they should immediately raise it with the CEO who will determine whether they should step aside from the decision/activity. This disclosure and the CEO's decision will be kept on their personnel file.

Any decision/activity in which an employee or volunteer has an interest will be reviewed carefully to ensure that it is in the best interests of Abbeyfield Australia. The CEO will determine how the matter will be dealt with to avoid the conflict of interest and the appearance of a conflict of interest.

Management of employee and volunteers conflicts of interest

The CEO is responsible for the process of managing potential conflicts of interest on the staff of Abbeyfield Australia. All employees or volunteers are responsible for identifying and disclosing potential conflicts of interest.

Where an employee or volunteer has an ongoing conflict of interest, the CEO will ask them to take action to eliminate the conflict.

As part of managing conflicts of interest, the CEO may check Abbeyfield Australia's decisions by reference to external standards, to ensure that the decision is in the best interests of Abbeyfield Australia. External standards may include decisions of peer organisations, good practice standards, etc.

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The CEO will report to Abbeyfield Australia, via the Chairman, on conflict of interest matters including the actions taken.

In order to manage a perception of conflict of interest, the CEO will ensure that appropriate action is taken to record any identified conflict and the action taken to manage it.

If an employee or volunteer believes that another employee or volunteer has a potential conflict of interest which has not been disclosed, they should raise this matter with the CEO.

In any case of potential conflict of interest, the CEO can seek external advice about the best way to manage the situation.

If an employee or volunteer fails to identify a minor conflict of interest, the CEO will seek to resolve the issue. This may include an internal investigation of the matter and formal agreement from the employee or volunteer about how to avoid the conflict in future.

If an employee or volunteer fails to identify a major conflict of interest, or is involved in corrupt behaviour, the CEO will commence formal disciplinary action against the employee or volunteer member. Where relevant, the CEO will report the matter to the Police or other appropriate bodies.

Application to affiliated Abbeyfield Australia local societies

This policy applies to all affiliated local societies with modifications necessary to reflect the differing size and structure of each organisation.

SCOPE AND RESPONSIBILITY

Scope: All employees, volunteers and directors.

Responsibility: All staff members and members of Abbeyfield Australia, overseen by the Chairman and CEO.

Date Ratified: Approved in Principle by the Abbeyfield Australia board on 13 February 2010. Finalised under the Chairman's approval on 8 March 2010.

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