

1. Introduction

The Board of St Michael's is committed to high standards of ethical conduct. Accordingly it places great importance on making clear the processes to deal with any existing or potential conflict of interest and/or third party transactions.

For the purposes of this policy the following terms are defined as:

A "**related party**" includes:

- each Director and any spouse, de facto spouse, parents and dependent children of each Director, and entities controlled by any of them;
- any person or entity who was a related party of St Michael's at any time in the past six (6) months; and
- any entity that believes or has reasonable grounds to believe that it is likely to become a related party of St Michael's at any time in the future.

A "**financial benefit**" to a related party may include:

- providing finance or property to a related party;
- supplying services to or receiving services from the related party;
- taking up or releasing an obligation of the related party.

A transaction is at "**arm's length**" if the parties have dealt with each other as parties would normally do when they are not related so that the outcome of their dealing is a matter of genuine bargaining with terms reflecting market practice and the ordinary course of business.

2. Purpose

This Policy provides guidance on the Board of St Michael's' procedures for managing related party transactions and actual, potential and perceived conflicts of interest.

3. Policy Type and Owner

Governance / (Board/CEO)

4. Scope

This policy applies to all Office Bearers, Ordinary Committee Members and special advisors of the Board of St Michael's Association Inc, collectively referred to in this policy as 'Directors'.

5. Definitions:

St Michael's St Michael's Association Inc.
CEO Chief Executive Officer

6. Policy

6.1. Conflict of Interest

Under general law, Directors must avoid situations where their interests and the interests of St Michael's conflict.

Each Director has a duty to avoid actual, potential or perceived conflicts of interest. Interests which give rise to a conflict include:

- other directorships;
- potentially conflicting duties owed to other entities;
- outside investments of the Director or officer and their related parties; and
- outside employment or engagements.

A conflict of interest may occur if an interest or activity influences or appears to influence the ability of Director to exercise objectivity.

The Board places great importance on making clear any existing or potential conflicts of interest. All such conflicts of interest must be declared by the Director concerned and documented in the Board's Conflicts of Interest Register.

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A Director who believes another Director has an undeclared actual or potential conflict of interest should specify in writing the basis of this potential conflict and provide this to the President and the Public Officer.

Where a Director has an actual or perceived conflict of interest, as defined by law, that Director shall not initiate or take part in any Board discussion on that topic (either in the meeting or with other Directors before or after the Board meetings), unless expressly invited to do so by unanimous agreement by all other Directors present.

Where a Director has a conflict of interest, as defined by law, that Board member shall not vote on that matter.

Board members are not barred from engaging in business dealings with the organisation, provided that these are negotiated at arm's length without the participation of the Board member concerned.

6.2. Related Party Transactions

St Michaels' policy on related party transactions is that:

- all related party transactions and payments should be conducted on an arm's length basis;
- the process surrounding related party transactions must be transparent and fully documented; and
- all related party transactions include any financial transaction between a Director and St Michael's and are to be documented at each Board meeting.

Other Relevant Documents

- St Michael's Board Governance Charter
- St Michael's Board Code of Conduct Policy

7. Procedure for Handling Conflict of Interest

7.1. Obligations in relation to actual, potential or perceived Conflicts of Interest

Directors are required to comply with St Michaels' Board Governance Charter and the Board's Code of Conduct, which includes obligations in relation to conflicts of interests.

In addition to those obligations, Directors have the following obligations:

- take all reasonable steps to avoid actual, potential or perceived conflicts of interests;
- must comply with the Board procedures set out in the section below;
- must immediately notify the President or the Public Officer if they become aware of any current or potential conflicts of interest;
- submit standing notices of interest to all Directors, or they must disclose their interest in a matter being considered by the Board at that time;
- are expected to be sensitive to actual and perceived conflicts of interest that may arise and give ongoing consideration to this in view of the changing nature of St Michaels' activities and services; and
- must obtain the Board's consent before disclosing sensitive information to a third party.

7.2. Board Procedures for Directors to Manage Conflicts of Interest

The Director cannot receive the relevant Board or Board Committee papers if an actual or potential conflict is recognised in advance of the distribution of the papers. At the discretion of the other Directors, the Director may be advised that certain papers have been excluded.

The Director must leave the room when the Board or Board Committee discusses and votes on matters to which the conflict relates unless the other Directors resolve unanimously that the Director in question may stay.

The Director cannot vote on the matter unless the other Directors resolve unanimously that the Director in question can vote.

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The Director cannot have access to the minutes of the Board or Board Committees in relation to the conflicted matter, and must, if deemed appropriate by the Board, take any other steps as are necessary and reasonable to resolve any conflict of interest within an appropriate period.

7.3. Specific Arrangements

From time to time, the Board may enter into specific arrangements with a Director to assist with the management of conflicts. In such cases, that arrangement will override this policy to the extent of any inconsistency.

7.4. Procedure for Related Party Transactions

Where St Michael's proposes to enter into a transaction which may provide a financial benefit on a related party of St Michael's:

- i. The CEO must inform the Public Officer (unless they are the same person) with details of the transaction, how the parties are related, and evidence of arm's length terms.
- ii. The Public Officer will review the transaction and may seek any external legal advice as necessary.
- iii. The Public Officer will advise the Board of the proposed transaction and, if appropriate, seek Board approval for St Michael's to undertake the transaction.
- iv. Where the transaction is considered not to be at "arm's length" and does not fall within any statutory exception, the Board will determine whether to proceed with the transaction.
- v. Where Board approval is obtained, the transaction must proceed in accordance with any procedures and conditions determined by the Board.
- vi. A register of all Board approvals in respect of related party transactions must be maintained by the Public Officer including:
 - o details of the nature of each transaction;
 - o the date of approval; and
 - o any key conditions set by the Board to which the approval is subject.

8. Additional Information

Policy:

- [PGOV07 Board Directors Confidentiality Policy](#)
- [PGOV08 Board Grievance and Dispute Management Policy](#)
- [PGOV09 Board Induction Policy](#)
- [PGOV11 Board Code of Conduct Policy](#)

Forms:

- [Board Governance Charter](#)
- [FGEN15 Nomination for Office Bearer or Ordinary Committee Persons](#)
- [FGEN17 Board Member Confidentiality and Consent](#)
- [FGEN18 Board Member Information Kit](#)
- [FGEN19 Board Member New Member Letter](#)
- [FGEN20 Board Member Orientation Program](#)

Review

Board will review the policy when required.

Policy Update

Version	Details
1.0	New Policy

Uncontrolled when Printed

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