



Conflict of Interest Policy

1. Purpose

The Conflict of Interest Policy (Policy) provides a framework for the effective identification, management and monitoring of actual, potential or perceived conflicts of interest, in order to protect the integrity of Contracting Industry Redundancy Trust (CIRT) and support continued growth.

This Policy is designed to ensure that CIRT maintains adequate arrangements for the management of conflicts of interest in accordance with section 912A(1)(aa) of the Corporations Act 2001 (Cth) and ASIC Regulatory Guide 181 (Managing conflicts of interest).

The objective of this Policy is to ensure that conflicts of interest do not adversely affect CIRT's ability to provide its services efficiently, honestly and fairly, and that the interests of members are prioritised at all times.

2. Scope

This Policy applies to conflicts of interest arising at both:

- an individual level (Directors, committee members, employees and subcontractors); and
- an organisational or structural level, including conflicts arising from CIRT's governance structure, funding arrangements, related parties, service providers and commercial relationships.

Matters addressed in this Policy are:

- Definition of a conflict of interest
- Board Director interests
- Identifying and disclosing a conflict of interest
- Managing conflicts of interest
- Monitoring conflicts of interest
- Failure to identify conflicts of interest
- Procedure for handling a conflict of interest

3. Alignment with Governance Principles

CIRT is committed to meeting the following Australian Institute of Company Directors' (AICD) *Not-for-Profit Governance Principles*¹:

Principle 9 – Conduct and Compliance

The expectations of behaviour for the people involved in the organisation are clear and understood.

9.3 Conflicts of interest are identified, disclosed and managed.

¹ Australian Institute of Company Directors, *Not-for-Profit Governance Principles*. Second Edition, January 2019, page 6.

This Policy also aligns with CIRT’s obligations as an Australian Financial Services Licensee (or authorised representative) (once obtained), including the requirement to maintain documented, effective and monitored arrangements for conflicts management.

4. Legislation

Laws and/or regulation related to this Policy are:

- Corporations Act 2001 (*Cth*) — section 912A
- ASIC Regulatory Guide 181 — Managing conflicts of interest
- Fair Work Act 2009 (*Cth*)

5. Definitions

Conflict of interest

The Australian Institute of Company Directors define a conflict of interest as:

*“When a person’s personal interests conflict with their duties”.*²

This may affect a person’s responsibility to act in the best interests of CIRT.

A conflict of interest may be actual, potential or perceived and may be financial or non-financial.

CIRT has defined three types of conflicts of interest:

Actual conflict	Potential conflict	Perceived conflict
<p>There is a direct conflict of interest.</p> <p>For example, you are in a close personal relationship with an employee of the organisation you are a director of.</p>	<p>There could be a conflict of interest.</p> <p>For example, you are a director of two charities that may both compete for the same grant in the future.</p>	<p>There may appear to be a conflict of interest.</p> <p>For example, you are an investor in a company that your board may be perceived to be able to influence.</p>

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.

It also includes a conflict between a Board member’s duty to CIRT and another duty that the board member has (for example, to another organisation).

These conflicts present the risk that a Board member or employee may make a decision based on, or affected by other influences, rather than in the best interests of CIRT.

Situations that might generate conflicts of interest include, but are not limited to, the following:

- Where a director, senior leader, officer or employee of CIRT is also a director, senior leader, officer or employer of any other organisations;
- Where a director, senior leader, officer or employee of CIRT is likely to make a financial gain or avoid a financial loss if they act against the interests of any other organisations;

² Australian Institute of Company Directors, *Not-for-Profit Governance Principles*. Second Edition, January 2019, page 100.

and/or

- Where a director, senior leader, officer or employee of another organisation is likely to make a financial gain or avoid a financial loss if they act against the interests of the organisation.
- Where a director, senior leader, officer or employee of CIRT receives a gift (this could be gift, benefit or hospitality) from a potential service provider.

For AFSL purposes, a conflict of interest includes circumstances where:

- CIRT's interests may conflict with the interests of members;
- the interests of one group of members conflict with another; or
- the interests of CIRT, its related parties, service providers, directors or staff may influence the provision of services or decision-making.

The above list is non-exhaustive and is not intended to cover all the conflicts of interest situations that might arise.

6. Responsibilities

CIRT Board:

- A duty to act in the best interest of CIRT and its members.
- Create a culture of disclosure.
- Oversee the system for identifying, managing and monitoring conflicts of interest.
- Comply with the general law in respect of disclosure of conflicts of interest or duty, and with section 191 of the *Corporations Act 2001*.
- Ensure conflicts of interest are managed in a manner that prioritises member interests.
- Oversee organisational and structural conflicts, including related-party arrangements and service providers.
- Receive regular reporting on conflicts that may materially impact members or service delivery.
- Where conflicts cannot be adequately managed, prevent the activity or arrangement from proceeding.
- Approve the Conflict of Interest Policy.
- Maintain the Register of Relevant Interests and Duties - Board level and organisational level (Conflict of Interest Register).
- Monitor conflicts of interest within the Conflict of Interest Register.
- Review this Policy on an annual basis to ensure that it is operating effectively.

Audit and Risk Committee (if applicable):

- Monitor compliance with this Policy.
- Review the effectiveness of conflicts management arrangements annually.
- Ensure conflicts are integrated into the organisation's risk management framework.

Board Chair:

- Accepts and consults with Directors who disclose conflicts of interest.
- Report to the Board on conflicts of interest.

Chief Executive Officer/General Manager (if applicable):

- Accepts and consults with individuals who disclose conflicts (employees).
- Maintain the Conflict of Interest Register (employees).
- Monitor conflicts of interest within the Conflict of Interest Register.
- Report to the Board on conflicts of interest.

Company Secretary:

- Review the conflicts of interest on the Conflict of Interest Register.
- Confirm whether conflicts remain current.

Employees and subcontractors:

- Understand this Policy and declare any conflict of interest immediately.

7. Policy

This Policy concerns competing interests of involved parties with CIRT functions and objectives.

The CIRT Board is committed to high standards of ethical conduct and accordingly places great importance on clearly declaring any existing or potential conflicts of interest.

CIRT will manage conflicts of interest by requiring Directors and staff to:

- Avoid conflicts of interest where possible;
- Identify and disclose conflicts of interest;
- Carefully manage any conflicts of interest; and
- Follow this Policy.

Conflicts of interest must be avoided where possible. Where avoidance is not possible, conflicts must be identified, assessed, controlled, monitored and, where appropriate, disclosed in a manner that ensures member interests are not adversely affected.

Conflict Management Hierarchy

CIRT will manage conflicts of interest using the following hierarchy:

1. Avoid the conflict where reasonably possible.
2. Control or mitigate the conflict through governance, structural or procedural controls.
3. Disclose the conflict where it cannot be adequately avoided or controlled.
4. Decline or cease the activity where the conflict cannot be appropriately managed.

8. Board Director Interests

CIRT will maintain a Register of Relevant Interests and Duties – Board Level (including Conflicts Register) which records any relevant interests that may give rise to a conflict now or in the future.

Disclosure alone does not constitute adequate management of a conflict of interest. The Board must determine whether additional controls or avoidance measures are required.

All persons named in the Register must keep their activities as a senior leader, officer and/or employee of another organisation separate from their activities as a director, senior leader, officer and/or employee of CIRT or any other organisations.

Without limitation, such persons must refrain from discussing, reviewing and/or distributing any non-public information and data accessed or otherwise obtained due to their position as a Director, senior leader, official and/or employee of CIRT and/or other organisations while carrying out any function or duty directly or indirectly connected to their position as a senior leader, official and/or employee of another organisation.

Directors must only be engaged to provide goods or services to, or on behalf of CIRT, if:

- That Director is for bona fide reasons considered by the Board, and agreed to be a suitable person, to provide such goods or services;
- Bona fide attempts have been made to identify others who provide the goods or services and to compare rates and service levels of such others compared with the Director's rates and service levels;
- The goods or services are provided on arms-length terms;
- The provision of the goods and services is disclosed clearly and expressly reported to the Members; and
- The Board agrees by ordinary resolution (excluding the interested Director) to the provision of the goods or services by the Director.

9. Identifying and disclosing a conflict of interest

Conflicts of interest are common, and do not need to present a problem for CIRT, as long as they are openly and effectively managed.

All Board members, employees (including subcontractors) must sign the Conflict of Interest Declaration Form that confirms they have read and understood the Conflict of Interest Policy, they are aware of the need to disclose interests, that if unsure the matter can be discussed with the Company Secretary, and if their circumstances change that the conflict can be disclosed at any time.

Board members and employees may find themselves in situations that are not clear cut or where there is a genuine doubt as to whether a conflict of interest exists. In such circumstances, individuals should err on the side of caution and declare a conflict of interest or a potential conflict of interest.

The disclosure must be made as soon as possible after the relevant facts come to the Board member's or staff member's knowledge.

Disclosing an interest is done by completing the Conflict of Interest Disclosure Form and submitting it to the Company Secretary.

Disclosures are expected to be made before and/or at any time a conflict may arise during which the Board member / employee / subcontractor is associated with CIRT.

Conflicts of interest are a standing item with the Chair inviting Directors to declare any conflicts at the beginning of each meeting and during the meeting if a new conflict arises.

The confidentiality of individuals who declare an existing or potential conflict of interest is respected.

The Register of Relevant Interests and Duties must record information related to a conflict of interest, including the nature and extent of the conflict of interest, and the steps taken to address it.

10. Managing conflicts of interest

In the event that a conflict of interest is identified, it must be raised with the Board. The Board will decide how the conflict will be managed and it will be entered into the Register of Relevant Interests and Duties (including Conflicts Register).

To manage conflicts, CIRT may take any of the following courses of action which may include, but are not limited to:

- Authorise the Board member/staff member to continue working.
- Put in place additional processes to avoid the conflict, e.g. refrain from participating in any discussion about the related matter (this may include leaving the room).
- Direct the Board member/staff member to withdraw from involvement or re-organise their duties to avoid the conflict.
- Abstain from voting on any matter related to the conflict.
- Request the Board member not be present while any matter which relates to their conflict of interest is being considered at the meeting or vote on the matter – unless otherwise agreed.

All remedial action will be recorded in the minutes of meetings.

Where the Board determines that a conflict of interest cannot be adequately avoided, controlled or mitigated, CIRT must not proceed with the relevant decision, transaction or arrangement.

11. Monitoring conflicts of interest

Conflicts of interest must be reported to the Board at least annually, including an assessment of whether existing controls remain effective and whether any conflict poses a material risk to members.

Once a conflict of interest is entered into the Register, it must be reviewed on a frequent basis and if and when the conflict no longer exists, should be closed out, in consultation with all parties involved.

12. Failure to identify conflicts of interest

If a Board member fails to disclose a conflict, or has breached the Conflict of Interest Policy, or considers that another member may have done so, the member must immediately notify the Chair. The Board will determine at the next Board meeting and record in the minutes, whether a breach has or has not occurred and agree on any steps that will be taken.

In the event of a CIRT employee's failure to identify a conflict of interest this will be dealt with through internal human resource processes and policies.