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Worldwide.



# FOUR PAWS Australia

## Conflict of Interest

### Policy

November 2023

## 1 TARGET GROUP

This Conflict-of-Interest Policy applies to all workers, meaning means any person performing work for FOUR PAWS Australia regardless of whether it is paid or voluntary. This includes all Directors, committee members, executives, employees, volunteers, students, contractors and consultants of FOUR PAWS Australia.

## 2 PURPOSE

The Board of FOUR PAWS Australia aims to ensure that all Workers are aware of their obligation to disclose any Conflicts of Interest that they may have, and to comply with this policy to ensure they effectively manage those conflicts of interest as representatives of FOUR PAWS Australia.

## 3 OBJECTIVE

- 3.1 The objective of this Conflict-of-Interest Policy (Policy) is to ensure that all Actual, Potential or Perceived Conflicts of Interest are identified, disclosed, and managed effectively at FOUR PAWS Australia.
- 3.2 This Policy aims to promote FOUR PAWS Australia's values in which honesty, integrity, and business ethics are a part of everyday behaviour and to prevent Conflicts of Interest from influencing actions or decision making.
- 3.3 This Policy has been developed to address any Conflict-of-Interest risks at FOUR PAWS Australia.

## 4 DEFINITIONS

**ACNC** means the Australian Charities and Not-for-profits Commission.

**Actual Conflict of Interest** means where a Worker is being influenced by a conflicting interest.

**Conflict of Interest** means a clash between a Worker's Personal Interests and their role in FOUR PAWS Australia that gives, may give, or may be perceived to give, advantage to the Worker, or to others who are associated with the Worker. It may be an Actual, Potential or Perceived Conflict of Interest.

**Declaration Form** means the FOUR PAWS Australia Conflict-of-Interest Declaration Form.

**Non-Pecuniary Interest** means a Personal Interest without a financial component where there may be a tendency for favouritism, or prejudice to arise due to friendship, animosity or other personal involvement with another person or group.

**Pecuniary Interest** means a Personal Interest involving actual or potential financial gain or loss by a Worker, or a Worker's relative, or a Worker's close associate (that owns property, holds shares, or is associated with a firm bidding for FOUR PAWS Australia work or funding).

**Perceived Conflict of Interest** means where a Worker could be perceived to be influenced by a conflicting interest.

**Personal Interest** means direct interests, including those of individuals, groups or organisations that a Worker associates with outside of the FOUR PAWS Australia (for example, as a shareholder or member).

**Potential Conflict of Interest** means where a Worker could be influenced by a conflicting interest.

**Register** means FOUR PAWS Australia's Conflict of Interest register in the form set out in **Annexure C**, as maintained from time to time.

**Worker** or **you** means any person performing work for FOUR PAWS Australia regardless of whether it is paid or voluntary. This includes all Directors, committee members, executives, employees, volunteers, students, contractors and consultants of FOUR PAWS Australia.

## 5 POLICY

### General

FOUR PAWS Australia is committed to ensuring that any Conflicts of Interest are effectively identified, declared and managed so that they do not affect the services, activities, decisions, integrity or reputation of the organisation, or the duties and responsibilities of all Workers.

#### 5.1 Identifying and declaring a Conflict of Interest

- 5.1.1 A conflict may be Actual, Perceived or Potential, and the conflict may be Pecuniary or Non-Pecuniary in nature. Examples of Conflicts of Interest are provided in **Annexure A**.
- 5.1.2 Workers have an obligation to avoid Conflicts of Interest. However, FOUR PAWS Australia recognises that the existence of a Conflict of Interest is not uncommon. What is important is how a conflict is managed.
- 5.1.3 When you become aware that you may have a Conflict of Interest, you must fill in a Declaration Form and provide it to your line manager.
- 5.1.4 When Directors have a Conflict of Interest, they must fill in a Declaration Form and provide it to the Chair or Secretary.
- 5.1.5 All Workers that identify improper conduct in relation to a Conflict of Interest are encouraged to speak up and report the matter to their line manager, or to a Board Member if the line manager may be involved in the Conflict of Interest.

## 6 MANAGING CONFLICTS OF INTEREST

### 6.1. Registering a Conflict of Interest

- 6.1.1 All Conflicts of Interest are to be documented in accordance with the Declaration Form. Line managers must ensure that all Conflicts of Interest are reported for their Workers.
- 6.1.2 All Conflicts of Interest must be registered in the Register. The Register 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).
- 6.1.3 The Board must ensure all Conflicts of Interest reported by Workers (other than Directors), are recorded and registered in the Register. Where the Conflict of Interest is reported by Directors, the Secretary must ensure that it is recorded in the minutes and the Register.
- 6.1.4 Where a Conflict of Interest is standing or ongoing, the Board must periodically review (at least annually) the implementation of the management and communications strategies and, if they require updating, they must update the Declaration Form and the Register accordingly.

### 6.2. Resolving a Conflict of Interest (for Workers who are not Directors)

- 6.2.1. Once a Conflict of Interest has been identified, there are several options available to manage this Conflict of Interest.
- 6.2.2. Where the Worker is not a Director, line managers will work with their Workers to identify the appropriate risk management strategy in dealing with the Conflict of Interest. As guidance, a Conflict of Interest may be managed and resolved by one of the following strategies, set out in detail in **Annexure B**.
  - a. removing the Worker from participating in the matter;
  - b. restricting the Worker on their involvement in the matter;
  - c. recruiting a third party to provide advice (such as a probity adviser, lawyer, or governance expert); or
  - d. relinquishing the private interest.
- 6.2.3. Along with the management strategies noted above, line managers should ensure that there are appropriate communications strategies in place to manage the perceptions other employees may have regarding the Conflict of Interest.

### 6.3. Resolving a Conflict of Interest (for Directors)

- 6.3.1. Where every other Director shares a Conflict of Interest, the Board should refer to ACNC Governance Standard 5 to ensure that proper disclosure occurs.
- 6.3.2. Once the Conflict of Interest has been appropriately disclosed, the Board (excluding the Director who has made the disclosure, as well as any other conflicted Director) must decide whether or not those conflicted Directors should:
  - a. vote on the matter (this is a minimum);
  - b. participate in any debate; or
  - c. be present in the room during the debate and the voting.
- 6.3.3. In exceptional circumstances, such as where a Conflict of Interest is very significant or likely to prevent a Director from regularly participating in discussions, it may be worth the Board considering if it is appropriate for the person conflicted to resign from the Board.
- 6.3.4. In deciding what approach to take, the Board will consider:
  - a. whether the Conflict of Interest needs to be avoided or simply documented;
  - b. whether the Conflict of Interest will realistically impair the disclosing person's capacity to impartially participate in decision-making;
  - c. alternative options to avoid the Conflict of Interest;
  - d. FOUR PAWS Australia's objects and resources; and
  - e. the possibility of creating an appearance of improper conduct that might impair confidence in, or the reputation of, FOUR PAWS Australia.
- 6.3.5. 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 meeting.
- 6.3.6. The action and result of the voting will be recorded in the minutes of the meeting and in the Register.

## 7 RESPONSIBILITIES

- 7.1 Everyone in FOUR PAWS Australia is responsible for identifying, disclosing, and resolving Conflicts of Interest. Specific responsibilities are:
  - a. Directors:
    - i. establishing a system for identifying, disclosing and managing Conflicts of Interest across FOUR PAWS Australia;
    - ii. monitoring compliance with this Policy;
    - iii. reviewing this Policy every three years to ensure that the Policy is operating effectively; and
    - iv. be aware of and comply with the ACNC Governance Standards, particularly ACNC Governance Standard 5.

- b. Secretary:
  - i. receive Conflict of Interest notifications from Directors, review the effectiveness of management strategies and record Conflicts of Interest in the minutes and the Register.
- c. Chair:
  - i. provide leadership in implementing, communicating, reviewing, giving effect to, and facilitating compliance with this Policy;
  - ii. perform periodic reviews of the Register to identify patterns or trends which may need organisation-wide action.
- d. Heads of and Line Managers:
  - i. identify Conflicts of Interest for those they supervise, and ensure any Conflicts of Interest are reported
  - ii. formulate management and communications strategies to resolve any identified Conflicts of Interest for those they supervise;
  - iii. participate in Conflict-of-Interest resolution for those they supervise; and
  - iv. take appropriate action for breaches of this Policy for those they supervise.
- e. Workers:
  - i. be aware of Conflicts of Interest that might affect them;
  - ii. disclose Conflicts of Interest;
  - iii. speak up to advise your line manager (or to a Board Member if your line manager may be involved in the Conflict of Interest) if you see an Actual or Potential Conflict of Interest that may not be appropriately managed; and
  - iv. manage these conflicts as required by management plans and notify your line manager of any changes.

## 8 COMPLIANCE

- 8.1 If the Board has a reason to believe that a Worker has failed to comply with it, it will investigate the circumstances.
- 8.2 If it is found that the Worker has failed to disclose a Conflict of Interest, the Board may take action against them. This may include seeking to terminate their relationship with FOUR PAWS Australia.
- 8.3 If a person suspects that a Director has failed to disclose a conflict of interest, they must immediately notify the Board.

## 9 CONTACT

For questions about this Policy, please email [enquiries@four-paws.org.au](mailto:enquiries@four-paws.org.au)

## ANNEXURE A: EXAMPLES OF CONFLICTS OF INTEREST

### Example of Conflicts of Interest

1. Purchasing goods or services supplied by a family business, family company, relative or close friend of a Worker.
2. Managing the ongoing supply of goods or services provided by a family business, family company, relative or close friend of a Worker.
3. Participating in a tender for goods or services where a relative or friend will be submitting a bid.
4. Directly negotiating for a friend or relative for them to provide goods or services to FOUR PAWS Australia for payment.
5. Making decisions in relation to whether a friend of family member is a recipient of any services provided by FOUR PAWS Australia.
6. Providing funds or grants to another charity or organisation that is run by a friend or family member of a Worker.
7. A friend or family member exchange of gifts and or benefits with a worker supplied by a customer, client, applicant, supplier or potential supplier and contractors or external organisation as a consequence of their relationship with FOUR PAWS Australia.
8. Involvement in the recruitment selection of a relative or friend as an employee of FOUR PAWS Australia.
9. Being the manager of a friend or family member also employed by FOUR PAWS Australia.
10. Sale of an entity asset to a Worker without an equitable process.
11. Worker voting on a decision which directly affects their Personal Interests.
12. Worker knowing confidential information about FOUR PAWS Australia that could impact Personal Interests.

### Example of a Potential or Perceived Conflict of Interest

13. Potential - A Worker has taken up an employment, contracting or volunteering opportunity with another charity and that Worker may, at some point, apply for a grant on behalf of that charity while being a Worker for FOUR PAWS Australia.
14. Perceived - A Worker might review quotes for a service and one of the potential providers is the employer of that Worker's sibling – while the Worker believes they can make an impartial decision in the best interests of FOUR PAWS Australia, it could be perceived as being made in their own interest.

## ANNEXURE B: STRATEGIES

### Restricting

1. Restricting the Worker with the Conflict of Interest in the decision-making process is an appropriate method where the conflict is not likely to arise frequently.
2. Restriction could include one or more of the following:
  - a. Not participating in any critical criteria-setting or decision-making role in the process
  - b. Refraining from debate about the plan or proposal
  - c. Limiting access to information and / or denying access to sensitive documents or confidential information in the process
  - d. Withdrawing from discussion of the plan or proposal
  - e. Abstaining from voting on the decision
  - f. Allocating another Worker as the point of contact for the management of any activity that gives rise to the Conflict of Interest

### Recruiting

3. Recruiting an independent person to oversee all or part of the process is an appropriate method where the Conflict of Interest is more significant and needs more proactive management, but where the Worker with the Conflict of Interest has particular expertise and cannot be easily replaced.
4. Recruiting strategies include:
  - a. Arranging for an independent third party to make the decision
  - b. Requiring another person in the organisation to obtain three written quotes to compare against any bid by a Worker's family member
  - c. Engaging an independent third party or probity auditor to oversee or review the integrity of the decision-making process – this strategy is particularly appropriate where there is a reasonably Perceived, but not Actual, conflict of interest or the Conflict of Interest is only identified at or near the conclusion of the process or after the making of the decision
  - d. Increasing the number of people sitting on decision-making committees to balance the influence of a single member who may have a Conflict of Interest but who has some special reason to remain on the committee
  - e. Seeking the views of those likely to be concerned about a Potential, Actual or reasonably Perceived Conflict of Interest about whether they object to the Worker with the Conflict of Interest having any, or any further, involvement

### Removing

5. Removing the Worker with the Conflict of Interest from the process is appropriate where there is ongoing serious or Actual Conflict of Interest and restriction or recruitment is not practical or feasible.
6. Removal strategies include:
  - a. Removing the Worker with the Conflict of Interest from any involvement
  - b. Abstaining from any formal or informal discussion about the matter
  - c. Separating the Worker with the Conflict of Interest from the situation where there may be a perception of exerting a covert influence on decisions or actions



- d. Re-arranging duties and responsibilities to a non-conflicting function but not to a person who is supervised by the person with the Conflict of Interest
- e. Transferring the Worker with the Conflict of Interest to another project or another area of the organisation

## Relinquishing

- 7. Relinquishing the Personal Interest that gives rise to the Conflict of Interest by the Worker:
  - a. Liquidating the Personal Interest in an arm's-length transaction
  - b. Divesting or withdrawing support for the Personal Interest

## ANNEXURE C: REGISTER

Worker Name	Date Reported	Duration of Conflict of Interest	Brief Description of Conflict of Interest	Brief Description of Management Strategy



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