



Conflict of Interest Policy

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Approved by: CEO

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1. Purpose

The *Corporations (Aboriginal and Torres Strait Islander) act 2006 (CATSI Act)* sets out the duties required of directors and other officers. These are consistent with the duties under common law and in the *Corporation Act 2001*.

To provide SEARMS Directors/Employee guidance on identifying and disclosing potential/perceived/real conflicts of interests (disclose material personal interests).

2. Conflicts of Interest Disclosures

A conflict of interest is a situation in which a company or an individual, in a position of trust, has competing professional or personal interests. Such competing interests may make it difficult for the company or individual to fulfil their duties impartially and can create an appearance of impropriety that may undermine confidence in the company or the individual.

What is a Material Personal Interest?

In general terms, SEARMS considers that a matter may be material where the personal interests of a director or officer could interfere with, or could reasonably be perceived to interfere with, the exercise of a directors or officers unfettered and independent judgement.

Whilst each circumstance must be dealt with on its own merits, the personal interests of a director and those of associated persons must not be allowed to take precedence over those of the organisation generally.

There is nothing wrong with having a conflict of interest so long as you, as a director or officer, disclose all of the information about the conflict of interest to the other directors or CEO and abide by their decision how it is managed.

All directors and staff have a responsibility under the terms and conditions of their employment to use all reasonable endeavours to avoid and situation where their interests may conflict or be inconsistent with the interests of SEARMS (the company). If such a situation arises, or may reasonably be expected to arise, employees and senior executives are required to notify their supervisor immediately.

Examples of a Material Personal Conflict of Interest include but are not limited to:

- SEARMS decides to purchase housing stock and a board member believes the housing s/he owns would be perfect.
- The SEARMS Board is planning to engage a consultant and a board member wants his/her company to bid.

- A board is planning to engage a consultant and a board member wants his/her relative's company to bid.
- A person serving simultaneously on two boards, and expected to help raise funds for both, finds s/he is expected to approach the same organisations for donations for the two different groups.
- A Board member advocates for a family member to be given preferential treatment in the allocation of housing.

When must disclosure be made?

Subject to the exemptions listed below a director or officer of SEARMS must disclose a material personal interest in a matter that relates to the affairs of SEARMS Corporation as soon as practicable, after the director or officer becomes aware of their interest in the matter.

Exemptions from giving a Disclosure Notice

A director or officer does not need to give notice of a material personal interest if:

- a) The interest arises because the director or officer is a member of the Company and the interest is held in common with other directors or officers; or
- b) The interest arises in relation to a directors or officers' remuneration as a director or officer of the Company; or
- c) The interest relates to a contract the Company is proposing to enter into that is subject to members' consent and will not obligate the Company if not approved by members; or
- d) The interest arises merely because the director or officer is a guarantor or has given an indemnity or security for a loan to the company/ or the director or officer has a right of subrogation in relation to the guarantee or indemnity; or
- e) The interest relates to a contract insuring the director or officer against liabilities the director or officer incurs as an officer of the company; or
- f) The interest relates to any payment by the company or a related body corporate in respect of an indemnity permitted under sec 199A of the Corporations Act or any contract relating to such an indemnity; or
- g) The interest is in a contract or proposed contract with a related body corporate and arises merely because the director or officer is a director or officer of the body corporate; or
- h) The director had given a standing notice in accordance with s192 of the Act of the nature and extent of the interest and the notice is still effective in relation to the interest; or
- i) The director or officer has already given notice of the nature and extent of the interest and its relation to the affairs of the company and all of the following are satisfied:
 - I. In the event a new director has joined the board, notice has been given to the new director;
 - II. The nature or extent of the interest has not materially increased above that disclosed in the notice; and
 - III. The company is a private company and the other directors are aware of the nature and extent of the interest and its relation to the affairs of the company.

3. Managing Conflicts of Interest

Disclosing a material personal interest to the Board and following the appropriate voting procedures established under the Act, does not in every situation release directors or officers of their conflict of interest obligations. In certain circumstances a director, or officer, will be

required to take positive action to ensure that they are acting in good faith and in the best interest of the Company.

Notification of Personal Interest

A director or officer must disclose a material personal interest by providing written notice of the interest to a board meeting or by providing written notice to each director individually. The disclosure must specify the nature and extent of the interest and its relation to the affairs of SEARMS.

Where notice is provided to a board meeting it should be delivered to the company Secretary prior to the board meeting so that it may be included in board papers and the other directors can be made aware of the circumstances surrounding a directors or officers interests.

Conduct of Board Meetings

Under s194 of the Act, a director of SEARMS who has a material personal interest in a transaction may vote on the transaction (or matters that relate to the transaction) at board meetings and retain the benefit of the transaction as long as the director has:

- a) Disclosed the nature of the extent of the interest and its relations to the affairs of the Company as noted above; and
- b) Made the necessary disclosures before the transaction has been entered into by the Company.

Where a director has provided written notice of a material personal interest, the nature of the interest shall be entered into the Directors and Officers Interests Register.

Any meeting where an issue relating to the conflict is considered the Chairman will ensure that:

- a) All other directors are fully informed with respect to the nature of the material personal interest; and
- b) Details of the disclosure are recorded in the minutes of the meeting.

Conflict of Interest Register

Will be maintained by the Company Secretary which will includes disclosures by Directors and Staff.

Related resources:

SEARMS Rule Book

[ORIC Fact Sheet: Duties of Directors](#)