



CONFLICT OF INTEREST POLICY

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| Policy Number: | 13 | Version: 2 |
| Updated by: | Paul Taylor | Approved by Board on: 29 November 2023 |
| Reason of Review: | Scheduled Review | Scheduled review date: As per schedule |

INTRODUCTION

Established in 2000, Mercy Works Limited (MWL) is the development arm of the Sisters of Mercy in Australia and Papua New Guinea.

We work in partnership with vulnerable communities and local organisations domestically and in the Asia Pacific region. We work with the people of these communities and organisations to build capacity, dignity and self-reliance.

1. PURPOSE

The purpose of this policy is to state MWL's commitment to ensuring it manages conflicts of interest and to outline the mechanisms for doing this.

The purpose of this Policy is also to ensure observance with the Australian Council for International Development (ACFID) Code of Conduct Principles, in particular:

- Commitment 7.4 - We have responsible and independent governance mechanisms.

Any exemption to this policy for Employees, Contractors and Volunteers must be applied for in writing, for approval by the Executive Director (ED). Any exemption granted by the Executive Director must be in writing.

Any exemption to this Policy for a Director or the Executive Director must be applied for in writing, for approval by the Board Chair. Any exemption granted by the Board Chair must be in writing.

2. SCOPE

This policy provides guidance to all workers (defined in section 3) in relation to their work with/for MWL.

3. DEFINITIONS & ACRONYMS

Terms used in this policy are:

Conflict of Interest - When a person participating in decision-making is able to gain or could be perceived as gaining an advantage for themselves or for another organisation or person in which they have an interest - due to access to privileged information or from the outcome of the decision. A perceived conflict may be as damaging as a 'real' conflict of interest. Conflicts of interest may involve

financial or non-financial interests of the worker and the interests of a business partner or associate, family member, friend or person in a close personal relationship with the worker.

Workers - refers to all Board Directors, committee members, employees, contractors and volunteers.

4. APPLICATION

MWL is committed to ensuring that it manages well conflicts of interest that relate to all activities MWL undertakes.

MWL takes a risk management approach to the identification of areas that may have actual or perceived conflicts of interest and putting processes and procedures in place to minimise the risk. Examples include fair and transparent processes in human resources areas such as recruitment, performance management etc. and in financial areas such as purchasing.

These situations present the risk that a person will make a decision based on, or affected by, these influences, rather than in the best interests of MWL.

Workers must not place themselves in a position where there is an 'actual or sensible possibility' of conflict between either a personal interest or a duty owed elsewhere and the their duties and obligations as a worker at MWL.

Workers must:

- not have a personal interest (pecuniary or otherwise) or an outside engagement that is inconsistent with the best interests of MWL
- not use their position with MWL to obtain advantage for themselves or a third party without the fully informed written consent of MWL
- not use MWL property or business opportunities for their own benefit or the benefit of a third party.

4.1 Examples of Conflict of Interest:

The following guidelines provide some examples detailing situations where it is considered a conflict of interest may, or may not, arise or exist. If the worker is in any doubt as to whether a conflict may exist, they should seek advice from the Board or Committee Chair, employee supervisor or the Executive Director.

When considering whether there is a conflict of interest, workers may wish to ask themselves:

Do I have a personal interest that may conflict or be perceived to conflict with my position at MWL?

Could there be benefits for me, now, or in the future, that could cast doubt on my objectivity to make decisions in my position at MWL?

How would my involvement in the decision or action be viewed by others?

a) Activities that appear to present potential conflicts of interest or commitment include:

- where a worker has a financial/personal interest in an organisation that MWL does business with and could be perceived to be in a position to influence relevant business decisions
- situations where the time that a worker devotes to activities additional to their MWL work commitment appears substantial enough to compromise the amount or quality of their MWL activities

- activities for which workers are personally remunerated from an external source/party (e.g. teaching programs, remunerative consulting agreements etc.) that involve, or might reasonably be perceived to involve MWL's name, facilities, equipment and staff
 - a worker having a commitment paid or unpaid outside MWL that involves frequent or prolonged absence from MWL
 - a conflict between a worker's duty to MWL and another duty that the worker has (for example, to another organisation).
- b) Activities that present such serious problems as to be incompatible with MWL's policies include:
- Situations in which a worker assumes responsibilities for an outside organisation that diverts their attention from their MWL duties or creates other conflicts of loyalty. These could be paid or unpaid positions;
 - Use of MWL information or resources for personal profit, or assisting an outside organisation by giving it unreasonably exclusive access to such information.
 - A worker accepting gifts of value and/or favours from persons who would be seen to benefit from the making of these gifts;
 - A worker involved in the recruitment or supervision of another Worker with whom they have, or have had, a close personal or financial relationship.
 - A worker taking part in any selection, promotion, reclassification, evaluation or grievance process with prospective or current worker with whom they have, or have had, a close personal or financial relationship.
 - A worker using MWL assets or confidential information for their personal gain, or for the benefit of family or friends.
 - A worker with responsibility for the supervision of another member of staff with whom they have or have had a sexual relationship.
 - A worker taking part in the assessment of a tender application where they have, or have had, a close personal or financial relationship with a person or organisation submitting a tender application.

Specific examples of conflict of interest:

- A worker recommends that the **Bilum** be printed by XYZ Printing Pty Ltd, a company that is owned by his uncle. He does not disclose the interest or seek the written informed consent of MWL before making the recommendation.
- A worker allows XYZ Travel Pty Ltd to advertise in the **Bilum** magazine. In return, she is provided with free airline tickets for her annual holiday. She does not disclose the interest or seek the written informed consent of MWL before putting the arrangement in place.
- A worker uses XYZ Recruitment Agency and does not disclose to MWL that he personally receives free movie tickets from the agency every time he uses them to place temporary workers. He does not seek the written informed consent of MWL before using the agency.
- A worker decides to engage XYZ Accounting as MWL external accountants and does not disclose that they will do her personal tax returns for free. She does not seek the written informed consent of MWL before engaging the accountants.

4.2 Guiding Principles:

- All workers disclose any real or perceived conflict of interest or any affiliation they have with an actual or potential supplier of goods and services, recipient of grant funds or organisation with competing or conflicting objectives.
- MWL is committed to the open and fair procurement of goods and services relating to all activities undertaken by our organisation.
- All conflicts of interest will be managed in a transparent and fair way.
- Workers must disclose a conflict of interest (or potential conflict) to their manager/supervisor as soon as the worker becomes aware. Disclosing the conflict does not infer that MWL has agreed to allow the worker to continue to hold the interest that has created the conflict or absolves the worker from potential disciplinary action for allowing the conflict to arise in the first place or not immediately notifying their manager/supervisor of the conflict of interest whether actual or perceived.

4.3 Methods to meet the commitments:

When faced with a conflict of interest situation, the below procedure will be followed:

All Workers must ensure transparency by self-declaration, and by making sure that a record of the declaration is made in

- the Conflict of Interest Board Director Register in the case of a Board member
- in the Conflict of Interest – Others Register in the case of employees, contractors, and volunteers
- in a Gift Register in the case of a gift received by a worker visiting a program partner in Australia or overseas).

Workers are responsible for avoiding a conflict of interest. Where a conflict of interest arises, workers must immediately notify their manager/supervisor in writing and cooperate with any direction that MWL makes to the worker about managing the conflict of interest.

Once a declaration is made, it should be discussed with the relevant worker and the discussion recorded in writing.

4.4 Mitigating or eliminating a conflict of interest:

Measures to mitigate or eliminate a conflict of interest will depend on what is appropriate to the severity of the situation. Options include:

- a) Restrict the involvement of the individual
This is possible if the conflict is not going to arise frequently, and the person can be effectively separated from parts of the activity or process. An example is non-involvement in criteria-setting or decision-making for the process that is affected by the conflict (e.g. a Board member recusing themselves). This option would not be appropriate if the conflict of interest arises frequently, and the individual is constantly being restricted from performing a number of duties.
- b) Recruit a third party to assist
When the possible effects of a conflict of interest are more significant, MWL can engage a disinterested party to oversee part or all of the process that relates to the conflict (e.g. asking an independent third party to make a decision). This third party must be qualified to properly handle the situation.
- c) Remove the individual from affected duties
When restriction and recruitment are not suitable options, the individual with the conflict of interest may be removed from duties related to the conflict for as long as the conflict exists.

For example, an individual could choose to transfer to other duties (as long as her new duties did not include supervising the person now dealing with the affected duties).

d) Relinquish the private interest

The individual with the conflict of interest may choose to relinquish the private interest (e.g. by resigning from the Board of another organisation when their participation in that Board is causing a conflict of interest).

e) Resign

In cases of a serious conflict of interest where other solutions are not possible, the most extreme option may be for the individual to resign from the position whose duties are conflicting with their personal interests.

The decision must then be documented. For example, in Board minutes or in correspondence to interested parties or stakeholders.

5. BREACH

A breach of this Policy may result in disciplinary action that may involve severance from the organisation.

6. AUTHORITY

This Policy is approved and reviewed by the Board.

7. RELATED POLICIES/DOCUMENTS

Other organisational policies, legislation, and codes etc. that should be read in conjunction with this Policy and with MWL's ethical value principles include:

- Code of Conduct Policy
- Management of Complaints, Concerns and Commendations Policy
- Fundraising and Development Policy
- Risk Management Policy
- Transparency and Accountability Policy
- Whistleblowing Policy
- ACFID Code of Conduct - Commitment 7.4
- Appendix 1 - Board Directors Register of Interest
- Appendix 2 – Others Register of Interest
- Appendix 3 - Gift Register

8. CONTACTS

Executive Director
Mercy Works Ltd
Level 3, 6 Victoria Road
Parramatta NSW 2150
02 9564 1911
mercyworks@mercyworks.org.au

9. REVIEW

Review of this Policy, related forms and resources will be undertaken every three years by the Executive Director and approved by the MWL Board.

10. REVISION/MODIFICATION HISTORY

| Date | Version | Current Title | Summary of Changes | Approval Date | Commencement Date |
|------------------|---------|-----------------------------|---|------------------|-------------------|
| 28 October 2020 | 1 | Conflict of Interest Policy | New | 28 October 2020 | 29 October 2020 |
| 16 November 2023 | 2 | Conflict of Interest Policy | Revised introduction, Standardisation, Updated responsibilities | 29 November 2023 | 29 November 2023 |

11. APPROVAL DATE/REVISION SCHEDULE

Approved by: Board, Mercy Works Limited
Date: 29 November 2023

To be Revised: November 2026

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|------------------------------|---------------------|
| Board Chair Signature | <i>Joseph Zakar</i> |
| Date | 29 January 2024 |

Appendix 1



Mercy Works Limited

Register of Interest

| Name of Board Member | Description of interest | Has the Board been notified? | Date of disclosure | Steps taken by Board for dealing with the conflict | Board Member actions to address the conflict |
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Appendix 2



Mercy Works Limited

Others - Register of Conflict of Interest

| Name of Worker, (Employee, Contractor or Volunteer) | Description of Interest | Has the Executive Director been notified? If in the case of the Executive Director or Director approval must be given by the Board Chair | Date of Disclosure | Steps taken by Executive Director for dealing with the Conflict | The Worker's actions to address the Conflict |
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Appendix 3



Mercy Works Limited
Gift Register

| Date | Name and Position of Person receiving Gift | Gift received from | Description of Gift | Reason for receiving Gift | Approx. value of Gift | Date, Who and Method of notifying MWL of receiving the Gift. |
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