



AVA Board Conflict of Interest Policy

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1. Purpose

The purpose of this policy is to help directors of The Australian Veterinary Association Ltd (AVA) to effectively identify, disclose and manage any actual, potential or perceived conflicts of interest in order to protect the integrity of the AVA and manage risk.

2. Objective

In order to ensure their independent status all directors of the Association are subject to the statutory duties and prohibitions regarding conflicts of interest. The Association relies on the integrity of each director to identify and disclose any issues which could, or could reasonably be expected to, give rise to an actual or potential conflict of interest (COI). Importantly, a COI policy should emphasise the importance of creating a culture of disclosure. If in doubt about whether something could be a COI, it is always best to err on the side of caution and to disclose it. This can also assist in promoting accountability, especially if there is visibility of the disclosure by an organisation's stakeholders.

The AVA Board (called the 'Board' in this policy) aims to ensure that directors are aware of their obligation to disclose any COI that they may have, and to comply with this policy to ensure they effectively manage those conflicts as representatives of the AVA.

3. Scope

This policy applies to the directors of the AVA.

4. Definition of conflicts of interest

A conflict of interest (COI) occurs when a director's personal interests' conflict with their responsibility to act in the best interests of the Association.

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 (for example, as a shareholder).

A COI may be actual, potential or perceived and may be financial or non-financial;

- Actual – a conflicting interest is influencing decision-making.
- Potential – a conflicting interest may influence decision-making.
- Perceived – there may be an appearance that a conflicting interest is influencing decision-making.

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 the AVA. For that reason, the other directors and not the director in question are in the best position to assess the existence or otherwise of an actual, potential or perceived COI.

It's also important to explore whether there any personal non-financial interests that may be advanced by participating in an activity, now or in the future. Additionally, directors should examine whether it's possible to damage the reputation of the organisation through any action or affiliation.

Do I have a conflict of interest?

If you think you might have a conflict of interest, ask yourself these questions:

- Would someone from outside the Association or outside my family think I have a conflict of interest?
- What would I think if I heard of someone else doing this? Would I think there was a conflict of interest?
- How would I feel if my actions were printed on the front page of a newspaper?
- Who might be disadvantaged and who might benefit from my actions?
- Do I need to get an independent opinion about these issues?

If you suspect a COI based on this self-assessment process, the situation(s) must be managed accordingly.

5. Policy

This policy has been developed to address COI affecting the AVA.

COI are common, and they do not need to present a problem to the AVA as long as they are openly and effectively managed.

It is the policy of the AVA, as well as a responsibility of the Board, that ethical, legal, financial or other COI be avoided and that any such conflicts (where they do arise) do not interfere with the obligations to the AVA.

AVA will manage COI by requiring Board directors to:

- Avoid COI where possible;
- Identify and disclose any COI as soon as they arise;
- Carefully manage any COI, and
- Follow this policy and respond to any breaches.

5.1. Responsibility of the Board

The Board is responsible for:

- Establishing a system for identifying, disclosing and managing COI across the AVA;
- Monitoring compliance with this policy, and
- reviewing this policy on an annual basis to ensure that the policy is operating effectively.

5.2. Responsibility of directors

The duty to avoid COI is derived from both general law and statutory provisions found in the Corporations Act 2001 (the Act), which requires directors to avoid COI. Under the Act, directors must:

- Exercise their powers and discharge their duties with a reasonable degree of care and diligence (section 180);
- Act in good faith in the best interests of the company or for a proper purpose (section 181);

- Not use their position to obtain an advantage for either themselves or a third party, or to cause detriment to the company (section 182);
- Not improperly use information gained through their position as a director to obtain an advantage for either themselves or a third party, or to cause detriment to the company (section 183); and
- Notify other directors of material personal interest in any matter that relates to the affairs of the AVA.

5.3. Identification and disclosure of conflicts of interest

Directors are required to complete a Declarations of Interest disclosure form (Appendix A) on an annual basis.

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).

These disclosures will be reviewed by the President and / or the Company Secretary and recommendations to manage any conflicts will be presented to the Board in the Register of Interests. The Board will consider and agree on the appropriateness of the recommendations to manage any conflicts identified.

Once an actual, potential or perceived conflict of interest is identified, it must be entered into AVA's register of interests and be raised with the Board.

There are continuous disclosure requirements relating to conflicts of interest. The register of interests is to be updated by the Company Secretary if additional declarations are made outside of the annual review process.

5.4. Operational roles

Directors may be members of committees from time to time. However, to avoid perceived, potential or actual conflicts of interest in operational matters, directors are specifically excluded from holding the following roles:

- Any remunerated position, other than their roles as a director.
- Any role where they influence or make decisions on behalf of Special Interest Groups, Divisions and Branches. For example, any executive committee position in these groups, except in the case of SIG Nominee Directors which must be on the SIG Executive Committee as per clause 14.4(a) of the AVA Constitution.
- Note that when a SIG Nominee becomes an AVA Director, they are not a 'representative' of the SIG, and their primary focus is working in the best interests of the AVA.
- Any other role that may require them to manage AVA staff.

Potential candidates for Director roles must be made aware of this policy prior to finalising their decision to run for office and be prepared to stand down immediately upon being elected.

5.5. Confidentiality of disclosures

Access to the AVA register of interests will be limited to the Board, CEO, Company Secretary and Company Secretariat.

6. Action required to manage conflicts of interest

6.1. Conflict of directors

Once the actual, potential or perceived COI 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:

- vote on the matter (this is a minimum);
- participate in any debate; or
- be present in the room during the debate and the voting.

In exceptional circumstances, such as where a conflict 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.

6.2. What should be considered when deciding what action to take

In deciding what approach to take, the Board will consider:

- whether the conflict needs to be avoided or simply documented;
- whether the conflict will realistically impair the disclosing person's capacity to impartially participate in decision-making;
- alternative options to avoid the conflict;
- the AVA's objects and resources; and
- the possibility of creating an appearance of improper conduct that might impair confidence in, or the reputation of, the AVA.

The approval of any action requires the agreement of a majority of the Board (excluding any conflicted director/s) who are present and voting at the board meeting.

The action and result of the voting will be recorded in the minutes of the board meeting and in the register of interests.

Where a director has disclosed a COI, the Chair may determine that the director is not to be provided with board papers or other materials relating to the conflict. This determination may be recorded on the agenda, the relevant board paper and/or the minutes as the Chair determines.

A director with a declared and material COI shall not vote on any resolution concerning the issue and may only remain in the meeting during any discussion with the approval of the non-involved directors, which shall be minuted.

The Chair will determine whether the discussion, outcome or resolution is to be shared with the director with a COI and if the information is not to be shared with the director, the information will be redacted from that director's minutes.

7. Compliance with this policy

If the Board has a reason to believe that a director subject to the policy has failed to comply with it, it will investigate the circumstances.

If it is found that a director has failed to disclose a COI, the Board may take action against them. This may include seeking to terminate their relationship with the AVA.

If a person suspects that a director has failed to disclose a COI, they must either notify the Chair of the Board, the CEO or the Company Secretary.

The AVA's COI policy should be regularly reviewed. There is an ongoing need to understand what constitutes a conflict; to understand the ethical dimensions of the role and to fully appreciate what fiduciary duties mean on a practical level.

8. Examples of conflicts of interest in a NFP organisation

Interests may be personal, commercial, political, academic or financial. Individuals must declare their interests including employment, share ownership, consulting, board appointments, advisory appointments in:

- The veterinary profession including clinical, research and regulatory
- Veterinary industry including manufacturing, wholesaling, retailing, and agency
- Animal industries including racing, production, animal welfare and research
- Government and regulatory
- Being a member of an advocacy organisation relevant to the issue (other than the AVA)
- Being an active advocate for a relevant animal or veterinary welfare reform organisation, if relevant to the issue
- Having undertaken or currently undertaking research funded by a relevant animal industry or commercial company.

Examples of likely conflict of interests in a not-for-profit company include:

- Board calls for tenders, a relative or close associate of a director responds and in consideration of the tender, the director fails to reveal the relationship with the tenderer. A similar situation would exist if the Board considered employing a person or contracting a consultant with a relationship to a director and the director failed to disclose that relationship. Under the Corporations Act this could be considered as a “material personal interest” and may also involve direct pecuniary interest;
- Having a relative or close friend apply for a senior role at the organisation, for which the Board has oversight;
- Sharing confidential or privileged information with another organisation, say in the case of sitting on multiple boards;
- Accepting gifts of more than nominal status (\$50) from staff of another company, from which the organisation currently orders (or in the future may order) products or services;
- Another area is “related party transaction” where a director may receive any financial benefit (in money or otherwise) – again, pecuniary interest;
- Formation of intimate relationships with members of staff;
- Allowing personal relationships to influence decisions that are in the best interest of the Board and/or Association;
- Collaboration with other agencies or organisations can be an issue if the director is on the Board of that agency/organisation or is in senior staff position;
- Offering public comment as a director on an issue with which you are associated, that relates to the organisation's field of interests; and
- If a director serves on two Boards/Executives and approaches the same donors on behalf of both organisations this should be disclosed.

A “direct pecuniary interest” occurs in the case where a director stands to gain financially from a transaction, while an “indirect pecuniary interest” is more ambiguous and may occur if a relative, close associate, friend or organisation stands to gain from a transaction or linkage with AVA.

9. Protecting whistleblowers

The Board should be satisfied that people who report wrongdoing are protected from any retribution. These people are often referred to as ‘whistleblowers’. Reports of wrongdoing may come from a range of sources including current and former staff, contractors, volunteers, clients and suppliers. These people are an important line of defence against wrongdoing and providing them with adequate protection against retribution can encourage them to come forward with valuable information.

There are laws that provide protection to whistleblowers where they raise issues of wrongdoing in certain circumstances. It is important to know and understand how these laws apply and to comply with them.

AVA has established a whistleblower policy that sets out:

- Who can make a disclosure (which should ideally include as broad a range of people as reasonably practical);
- How they can make a disclosure (including to whom, by what method and whether they can do so anonymously);
- The matters about which they can make a disclosure;
- The protections they will receive (including any protections under the law);
- How their disclosure will be investigated;
- How the organisation will communicate with them about the investigation; and
- The consequences for people who take retribution against whistleblowers.

Contacts

For questions about this policy, contact the President or Company Secretary.

Appendices

Appendix A – Declarations of Interest disclosure form