

 Community Trust of Southland <i>Te Pou Arataki Pounamu o Murihiku</i>	Conflicts of Interest		2.5
	Section		Governance
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2.5 Conflicts of Interest

Given the size of the Southland community and the varied interests and roles of Trustees, situations involving conflicts of interest, whether actual or perceived, are unavoidable. In order to maintain the integrity of the CTOS, the principles of impartiality, honesty, transparency and openness guide Trustees in the identification, disclosure, and management of any conflicts of interest.

The Board recognises that in most situations the handling of conflicts of interest will be uncomplicated; however the Board also recognises that not all situations can be anticipated. The policies and procedures detailed in this item are therefore intended as a guide and as such the Board will exercise prudent judgement on a case by case basis.

2.5.1 Identifying and Disclosing a Conflict of Interest

2.5.1.1 Defining Interests

Circumstances where a Trustee is interested in a transaction or decision to which the Trust is a party shall include but are not limited to the following situations where a trustee:

- i. is a party to, or will, or may, or may by relationship be perceived to, derive a material financial benefit from, the transaction; or
- ii. has a material financial interest in another party to the transaction. Material in this context may be either from the perspective of the trustee's situation or from the perspective of the other party to the transaction (for example owning shares in a company that is or may become an investment manager or advisor for the Trust); or
- iii. is a Trustee or official of, or has an instrumental relationship with, another organisation that will or may or may be perceived to, derive a material financial benefit from, the transaction; or
- iv. Is the parent, child, stepchild (including of a de facto relationship), sibling, or spouse or de facto partner of another party to, or person who will, or may, or may be perceived to, derive a material financial benefit, or other advantage, from the transaction. The terms used in this clause shall have the meanings ascribed to them (where applicable) within the Property (Relationships) Act 1976; or
- v. is otherwise directly or indirectly materially interested in the transaction.

An interest or conflict does not arise simply by being a member of the community, whether or not that community may derive benefit from a decision of the Trust.

- #### 2.5.1.2
- Trustees are required to identify and disclose in a timely and effective manner any direct or indirect interest in any matter before the Trust. Such disclosures apply both to grants and any

other contracts or financial arrangements in which the Trust is involved.

- i. An initial disclosure will be undertaken by the Trustee upon appointment.
- ii. If a matter in which a Trustee has an interest arises at a formal meeting, the Trustee will declare that they have an interest in the matter before the matter is discussed.
- iii. At other times the matter should be raised and discussed with the relevant person (Chairperson or CEO) as soon as the potential for a conflict of interest is identified; and the nature of the interest must be recorded in the next Board minutes and in the Interests Register.

2.5.1.3 A Trustee's disclosure of the nature of interest will be sufficiently thorough to enable the Board to make an informed decision when determining actual, perceived or potential conflicts of interest and for determining how best to manage and mitigate the conflict of interest.

2.5.1.4 Disclosure of interests will be required to be reported in:

- i. the minutes of any meeting (Board, Committee or other CTOS meeting).
- ii. the CTOS Interests Register including:
 - initial disclosure upon appointment as Trustee;
 - annual updates; and
 - any other updates to reflect disclosures made at Board, Committee or other CTOS meetings.

2.5.1.5 Trustees who perceive that any other Trustee has, or may be perceived to have, a conflict of interest that has not been notified to the Board, have an obligation to draw this to the Board Chair's attention (or the Deputy Chair in the event that the matter concerns the Chair), as soon as possible. Where this is not possible for reasons of timing, the matter should be drawn to the attention of the Board meeting at which the non-declaration of a conflict becomes apparent.

2.5.1.6 In the interests of transparency, Trustees shall disclose any pecuniary remuneration or any sums of money or payments in kind whether directly or indirectly they have received because of their role as a Trustee. Trustees will also disclose any other generosity or benefit received because of their role as a Trustee.

2.5.2 Assessing Conflicts of Interest

In assessing disclosed conflicts of interest the Board will take into consideration:

- i. Size and materiality of the transaction in question;
- ii. Size and materiality of the interest the Trustee has in the provider;
- iii. Seriousness of the connection between the interests or the remoteness of the interest if it is indirect; and
- iv. Actual, perceived or potential risk that:
 - the Trustee may influence the decision/transaction of the CTOS, or
 - the Trustee may influence the applicant (in the case of grants or scholarships), or

- the Trustee may influence the provider (in the case of service provision to CTOS), or
- the Trustee may derive advantages as a result of the Trustee's position.

2.5.3 Managing Conflicts of Interest

2.5.3.1 The Board will use prudent judgement, on a case by case basis, when deciding what action (if any) is necessary in situations involving conflicts of interest.

2.5.3.2 Where there is a conflict/potential conflict of interest with any item to be discussed on a meetings agenda, the Trustee(s) concerned will:

- i. Identify and declare that interest without prompting at the beginning of the meeting under the Declarations of Interest agenda item.
- ii. Reiterate the conflict/potential conflict of interest, when the specific item is to be discussed.
- iii. Absent themselves from the meeting for the duration of the discussion and decision-making relating to the conflicted matter, unless the leave of the meeting is sought or unless the Trustee concerned wishes to provide the meeting with relevant information prior to their departure. The Trustee's comments will be recorded in the minutes of the meeting.
- iv. Not vote on the conflicted matter unless the provisions of clause 14(b) and (c) of the Trust Deed apply in which case those provisions shall apply with the necessary modification.
- v. Conflicted Trustees may be recalled at the discretion of the meeting for points of clarification.

2.5.3.3 For the purposes of Trustees' disclosure and participation in decision-making, there is no practical distinction between actual and perceived conflicts of interest.

2.5.3.4 Interests Register

The Trust shall keep and maintain a register of Trustees' interests.

- i. Trustees will initially disclose interests on appointment as a Trustee.
- ii. Trustees will complete and submit a declaration listing specifying personal interests annually and at any other times when a conflict of interest is identified.
- iii. The register of interests will be reviewed and updated annually by Trustees.

2.5.3.5 A written record of declarations of interests made at meetings will be included in the relevant minutes.

2.5.3.6 Generally, because of the potential for conflict (or perceptions of conflict), the Trust will refrain from appointing Trustees to bodies that may seek Trust financial support. In the instance that a Trustee is the CTOS nominee or appointee on an external body, that Trustee is deemed to have a conflict of interest, and shall not participate in CTOS decisions relating to that body although, at the invitation of the Board, may remain in the meeting to inform the Board's discussions prior to a decision.

2.6 Collective Responsibility

Once the Board has reached a decision, Trustees will abide by the principle of board collective responsibility and accountability. When speaking externally, Trustees will reflect and support the implementation of the agreed position of the Board even though their personal views may differ.

2.7 Process for Dealing with Breaches of These Guidelines

If any Trustee becomes concerned that conduct of a fellow Trustee, (including the Trust Chair or Deputy Chair), is in breach of these guidelines, she/he should:

1. First discuss the concern with the Trustee involved. If the matter of concern persists, the matter should be raised with the Trust Chair or Deputy Chair.
2. The Trust Chair or Deputy Chair should then discuss the concern with the Trustee involved. If the matter of concern persists, the matter should be raised at a meeting of all Trustees with the Trustee concerned being given adequate notice of such meeting and of the concerns raised. The Trustee whose conduct is causing concern should have the opportunity to respond. The other Trustees should then have the opportunity to discuss the matter of concern without the presence of the Trustee involved.
3. Outcomes of the Trustees' deliberations may include:
 - a) Cessation of the matter or situation causing concern.
 - b) Retraction of the expression of concern.
 - c) A facilitated resolution of the matter or situation causing concern.
 - d) A motion of censure of the Trustee.
 - e) Removal from internal office, including positions such as Chairperson, Deputy Chairperson, or Committee Chairperson.
 - f) Such other actions as the Trustees are legally able to undertake including but not limited to a letter from the Trust to the Minister of Finance, informing him/her of the concerns held.