



RACP
Specialists. Together
EDUCATE ADVOCATE INNOVATE

RACP Board and College Bodies

Conflicts of Interest Policy

145 Macquarie Street, Sydney NSW 2000, Australia
Telephone +61 2 9256 5444 | Facsimile +61 2 9251 7476 | Email
companysecretary@racp.edu.au

Contents

1. Purpose.....	2
2. Objective	2
3. Scope	2
4. Definition of conflicts of interests	2
5. Policy.....	2
6. Action required to manage conflicts of interest.....	4
7. Compliance with this policy.....	4

1. Policy Application and Purpose

This Policy applies to the Board of directors (Board) of The Royal Australasian College of Physicians (RACP or the College) and the following College Bodies:

- A Council or the Council of each Division or Faculty;
- each Division, Faculty and Chapter formed within a Division or Faculty;
- each Board Committee; and
- each Committee, sub-committee, working group, expert advisory group or other sub-group formed under the auspices of any of the above, whether or not limited in time or purpose.

The purpose of this policy is to set out how members of the Board and members of any College Body (together, Board and College Body Members) effectively identify, disclose and manage any actual, potential or perceived conflicts of interest in order to protect the integrity of the RACP and manage risk.

2. Objective

The Board aims to ensure that Board and College Body Members are aware of their obligation to disclose any conflicts of interest that they have or may have, and to comply with this policy to ensure they effectively manage those conflicts of interest as representatives of the RACP.

3. Scope

This policy applies to the Board and College Body Members of the RACP.

4. Definition of Conflicts of Interests

A conflict of interest occurs when a person's personal interests conflict with their responsibility to act in the best interests of the RACP.

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).

It also includes a conflict between a Board and College Body Member's duty to the RACP and any other duty that the Board and College Body Member has (for example, to another charity). A conflict of interest may be actual, potential or perceived and may be financial or non-financial.

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 RACP. Therefore these situations must be managed accordingly.

5. Policy

This policy has been developed to address conflicts of interest affecting the RACP.

Conflicts of interest are common, and they do not need to present a problem to the RACP as long as they are openly and effectively managed.

It is the policy of the RACP as well as a responsibility of the Board, that ethical, legal, financial or other conflicts of interest be avoided and that any such conflicts (where they do arise) do not conflict with the Board and College Body Member's obligations to the RACP.

RACP will manage conflicts of interest by requiring Board and College Body Members to:

- avoid conflicts of interest where possible;
- identify and disclose any conflicts of interest;
- carefully manage any conflicts of interest; 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 conflicts of interest across the RACP;
- monitoring compliance with this policy; and
- reviewing this policy each two years to ensure that the policy is operating effectively.

The RACP must ensure that its directors are aware of the ACNC governance standards, particularly governance standard 5, and that they disclose any actual or perceived material conflicts of interests as required by governance standard 5.

5.2. Identification and Disclosure of Conflicts of Interest

Once an actual, potential or perceived conflict of interest is identified, it must be entered into the RACP's register of interests, as well as being raised with the Board or relevant College Body.

Where every other Board and College Body Member shares a conflict, the Board shall refer to ACNC Governance Standard 5 so that proper disclosure occurs.

The register of interests must be maintained by the Office of the Company Secretary. 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).

5.3. Confidentiality of Disclosures

- 5.3.1.** All individuals carrying out College business, including contracted employees, staff, members and directors are required to preserve the principles of confidentiality.
- 5.3.2.** Information contained in a standing declaration of interest, papers and minutes of Board or College Body meetings, and any other resource material from the RACP is provided and received in confidence and will be used only for RACP business.
- 5.3.3.** Under the Corporations Act 2001 (Cth) (the Corporations Act), directors must 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.
- 5.3.4.** To preserve confidentiality, Board and College Body members should not discuss RACP business with any other party at any stage, unless specifically authorised to do so under the following circumstances:
 - 5.3.4.1.** Requests to disclose relevant information made by The Australian Securities and Investment Commission, the Australian Prudential Regulation Authority or a member of the Australian Federal Police (within the meaning of the Australian Federal Police Act 1979 (Cth));

- 5.3.4.2. Requests to disclose relevant information made by a Commonwealth authority or a State or Territory authority, for the purpose of assisting the authority in the performance of its functions or duties;
- 5.3.4.3. Requests to disclose relevant information made by regulatory and/or legislative authorities; or
- 5.3.4.4. Requests to disclose relevant information regarding any legal proceedings of any nature and to any third parties connected with those proceedings.
- 5.3.5. The obligation to keep the information confidential continues after the completion of the director's engagement with the RACP as outlined in the deed of access and indemnity for directors.
- 5.3.6. It is unethical and unlawful for Board and College Body Members to use for other purposes any information contained in standing declarations of interest, papers and minutes of meetings or other resource material provided by the RACP.

6. Action Required to Manage Conflicts of Interest

6.1. Conflicts of Interest of Board and College Body Members

Once the conflict of interest has been appropriately disclosed, the Board (as required of the Board under the Constitution) or College Body Members (excluding the Board or College Body Member who has made the disclosure, as well as any other conflicted Board or College Body Member) must decide whether or not those conflicted Board or College Body Members 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.

If the relevant meeting is held using videoconferencing, teleconference or streaming technology, the Board or College Body Member should still absent his/herself from the proceedings while the discussion and voting takes place.

If a decision is being made by circular resolution of the Board or relevant College Body, the director or College Body member should still not participate in the voting until the conflict of interest has been disclosed and the other Board or College Body Members not conflicted determine the level of participation by conflicted director or College Body member.

In exceptional circumstances, such as where a conflict is very significant or likely to prevent a Board or College Body Member from regularly participating in discussions, it may be worth the Board or relevant College Body considering if it is appropriate for the person conflicted to resign from the Board or College Body.

Similarly, s195 of the Corporations Act states that a director with a material personal interest may not be present while the matter is being considered at a meeting or vote unless an exception applies. A breach may incur criminal penalties.

The key exceptions are where:

- (a) the director does not have to disclose his or her material personal interest to the directors under the Corporations Act; or

(b) directors who do not have a material personal interest in the matter have passed a resolution that:

- (i) identifies the director, the nature and extent of the director's interest in the matter and its relation to the affairs of the College; and
- (ii) states that those directors are satisfied that the interest should not disqualify the director from voting or being present.

Material personal interest is not defined. It must be of some substance or value, rather than merely a slight interest. It must be one that could have the capacity to influence the vote of the director upon the decision to be made. An example may be a related party transaction under which fees are payable to a third party firm of which a director is a member. A material personal interest does not apply where the director has a conflict of duties.

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

In deciding what approach to take, in accordance with paragraph 6.1 of this policy, where a Board or College Body Member has a conflict of interest, the Board or relevant College Body 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 RACP's objects and resources; and
- the possibility of creating an appearance of improper conduct that might impair confidence in, or the reputation of, the RACP.

The approval of any action requires the agreement of a majority of the Board or relevant College Body (excluding any conflicted Board or College Body Members, if applicable) who are present and voting at the meeting.

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

7. Compliance with this policy

If the Board or College Body has a reason to believe that a Board or College Body Member has failed to comply with the policy, it will investigate the circumstances.

If it is found that this person has failed to disclose a conflict of interest, the Board or College Body (as applicable) may take action against them. This may include seeking to terminate their term on the Board or College Body membership with the RACP.

If a person suspects that a Board or College Body Member has failed to disclose a conflict of interest, they must:

- discuss this with the Board or College Body in question;
- notify the Board; or
- notify the Office of the Company Secretary as the office responsible for maintaining the register of interests.

Contacts

For questions about this policy, contact the board or the Office of the Company by email at companysecretary@racp.edu.au or phone at 02 9256 9619.