

Riding Pony Stud Book Society Ltd.

ABN 18 129 850 531

BOARD CONFLICTS OF INTEREST POLICY

Version 1, March 2021

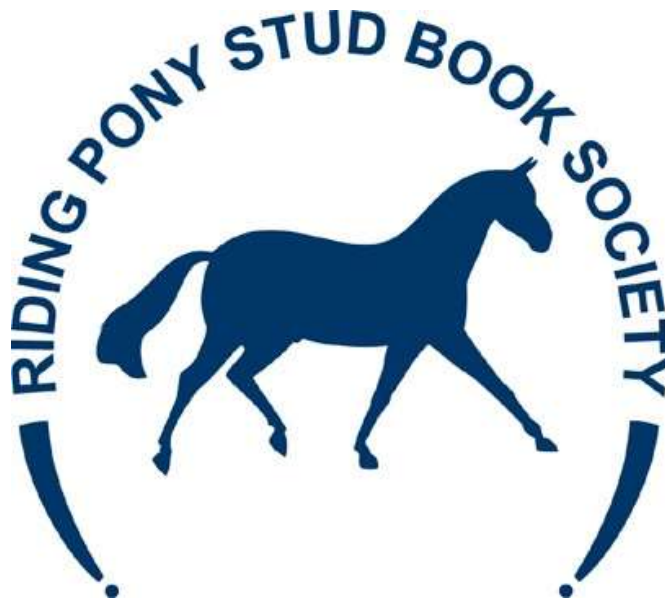


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1. Introduction

- (a) The Riding Pony Stud Book Society Ltd (**RPSBS**) endeavours to create a fair and accountable environment in which conflicts of interest do not interfere with decision making.
- (b) This policy:
 - (i) provides a framework for Directors to identify **conflict of interests** and **related party benefits**; and
 - (ii) explains the processes to be undertaken, where a conflict of interest or related party benefit has been identified.

2. Scope

The policy applies to all Directors and officers of the RPSBS.

3. Identifying conflicts

- (a) A conflict of interest is when there is a conflict between a person's performance as a Director and their private interests.
- (b) A conflict of interest has the potential to undermine the impartiality of a Director's decision making because of the clash between their personal interest and the RPSBS' interest.
- (c) A conflict of interest can be:
 - (i) *actual*, where a conflict actually exists;
 - (ii) *perceived*, where a conflict is believed to exist (whether or not it actually exists); and
 - (iii) *potential*, where a conflict may arise in the future.

4. Disclosing conflicts

- (a) It is important that Directors disclose any conflicts of interest that they may have – whether they are *actual*, *perceived* or *potential*.
- (b) At the start of each Board meeting, the Chairperson will ask if any Director present has an interest in respect to any matter on the agenda. If a Director has an interest, he or she must declare it, including the nature of the interest and the conflict that results, or may result, from it.
- (c) A Director is required to declare a conflict of interest that relates to an item on the agenda even if he or she has already declared it on his/her Declaration of Private Interests form (discussed below).
- (d) If, during the meeting, a Director becomes aware that he/she has an undeclared interest, he/she must declare it immediately.

5. Determining whether a conflict is material

- (a) If a conflict of interest is declared by a Director, the Board will determine whether the conflict is material, taking into account all the relevant factors, including:
 - (i) the agenda item that is to be discussed and determined by the board;
 - (ii) the nature and severity of the conflict, for example:
 - (A) whether it is *real, potential, or perceived*;
 - (B) for financial interests, the quantum, scope, and likelihood of the expected benefit;
 - (C) the degree to which the interest could compromise, or reasonably be seen to compromise, the Director's ability to make an impartial decision in the best interest of the RPSBS; and
 - (D) the likelihood that the community will perceive that a conflict of interest exists, and the extent to which this may affect member confidence in the integrity of the board and its decisions.

6. Managing conflicts

Once a conflict has been identified, the Board must manage it appropriately and ensure that it does not affect decision making.

6.1 Standard practice

- (a) Whether or not a conflict is material, it will usually be in the RPSBS' interests for the Director to:
 - (i) leave the room at the start of the relevant agenda item and not return until the start of the next agenda item;
 - (ii) not discuss the matter at all with any other Director (either in the meeting or elsewhere); and
 - (iii) not participate in any Board decision (i.e. voting) on the matter.

6.2 Lesser option

- (a) If, taking into account all the relevant factors, the Directors on the Board who do not have a conflict of interest decide that it is not necessary to exclude the Director from all discussions and decision-making, the Directors on the Board who do not have a conflict of interest Board may decide to allow the Director to remain in the Board and participate in the agenda item (in the same manner as all other Directors).
- (b) If the Board decides to take this approach, it must monitor the conflict to ensure that it does not escalate and require stronger action.

6.3 Stronger option

- (c) Where the Board forms the view that a conflict of interest is of unacceptable frequency and/or duration then to protect the reputation of RPSBS, it may be necessary for the Director to be asked by the Board to:
 - (i) relinquish their private interest;
 - (ii) resign from the other organisation to which he/she has a duty (or stand down on a temporary basis); or
 - (iii) resign from the board.
- (d) If the board is uncertain whether a stronger option is required, legal advice can be sought.

7. Recording in minutes

- (e) If a Director declares a conflict of interest, the following information will be recorded in the minutes:
 - (i) a description of the nature and scope of the interest and the conflict (the dollar value of a financial interest does not need to be included);
 - (ii) the action that the board has determined will be taken to manage the conflict; and
 - (iii) where the Director leaves the room during discussion and/or decision-making on the conflicted issue, the time that he/she leaves and returns and the item (or part of the item) for which he/she was absent.

8. Register of Interests

- (a) An up-to-date Conflicts of Interest Register will be maintained that includes details of all conflicts which have been disclosed by Directors.
- (b) Additionally, all Directors are required to complete a Disclosure of Interest form when they're first appointed as Directors, which identifies their personal interests which may potentially lead to a conflict throughout their term as a Director.

9. Related party benefits

- (a) In some instances, where a conflict of interest exists, the potential for a related party benefit may also exist.
- (b) Under the Corporations Act, the RPSBS must obtain approval from its members if the RPSBS or an entity that the RPSBS controls wants to give a financial benefit to a related party, subject to some exceptions. The process for obtaining member approval is very strict and is clearly set out in the Corporations Act.
- (c) The RPSBS should seek legal advice if it considers that a related party benefit exists and it wishes to seek member approval.

10. Breach of policy

- (a) A Director who becomes aware that he or she may have breached this policy, must report it to the RPSBS Chairperson as soon as possible.
- (b) A breach of this policy may result in disciplinary action.

11. Amendments to policy

This policy can be amended by resolution of the RPSBS Board.

12. Questions

Please contact the RPSBS Chairperson if you have any questions in relation to this policy.