



AUDIT AND RISK

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REGISTER OF INTERESTS

The purpose of this policy is to guide the Trust, Trustees and Trust staff on managing “interests” so that the potential for conflicts or perceptions of conflicts are negated or at least minimised. If not well managed, a conflict of interest could lead to decisions which are not in the best interests of the Trust, create disputes, or damage the Trust’s reputation.

Trustees always have an obligation to act in good faith and in the best interests of the Trust; the policy applies to BayTrust Trustees, BayTrust staff, BayTrust advisors and members of any Trust-appointed committee.

This policy is to be read in conjunction with the Community Trusts Act 1999 and Sections 6.3, 9 and the Schedule the Trust Deed.

Ensuring that conflicts of interest are properly managed is crucial to reducing legal and reputational risk and demonstrating the integrity of Trustees and staff of BayTrust.

What is a Conflict?

A conflict of interest may arise when a Trustee, staff member or advisor has an interest in a matter that conflicts, or may be perceived to conflict, with the interests of the Trust, where their impartiality in respect of Trust business is, or may be, affected.

Clause 9 of the Trust deed outlines that a Trustee will be interested in a transaction to which the Trust is a party if the Trustee:

- *is themselves a party to the transaction, or will derive or may derive a material financial benefit from the transaction;*
- *has a material financial interest in a party to the transaction;*
- *is a director, officer or trustee of a party to the transaction, or of a person who will or may derive a material financial benefit from the transaction (other than a party that is wholly owned by the Trust);*

- *is the parent, child, spouse, civil union partner, or de facto partner of a party to the transaction, or a person who will or may derive a material financial benefit from the transaction; or*
- *is otherwise directly or indirectly materially interested in the transaction.*

A useful question to ask when considering whether an interest might create a conflict is: Does the interest create an incentive for the Trustee, staff member or advisor to act in a way that may not be in the best interests of the Trust and its stakeholders. If the answer is yes, a conflict of interest exists. The existence of the incentive is sufficient to create a conflict, whether or not the Trustee would act on it.

What may or may not constitute an actual or potential conflict is best assessed on a case by case basis, with independent advice if appropriate.

Trustees are responsible for ensuring robust policies and procedures are in place to:

- a. Assist Trustees identify and record any conflicts of interest that may arise; and
- b. Enable the Trust to manage any Trustee, staff member or advisor conflicts of interest effectively and transparently.

Trustees are also responsible for ensuring that the CEO has policies and procedures in place, based on principles similar to this policy, to enable employee/contractor conflicts of interest to be managed appropriately.

Disclosure

Disclosure of interests is covered in clause 9.3 of the Trust Deed which states:

As soon as a Trustee becomes aware that he or she is interested in a transaction or proposed transaction to which the Trust is a party or has an interest which requires disclosure under a Trust policy, he or she must disclose the following information to his or her co-trustees:

- *the fact of the Trustee's interest in the transaction;*
- *if the monetary value of the Trustee's interest is able to be quantified, the nature and monetary value of that interest; and*
- *if the monetary value of the Trustee's interest cannot be quantified, the nature and extent of that interest.*

This definition also applies to Trust staff and Trust advisors.

Responsibility for disclosing an actual or potential conflict of interest lies primarily with the Trustee, staff member or advisor. This should be done at the earliest opportunity, to the Trust Chair and/or the earliest available meeting of the Trust or Trust committee.

Any other Trustee, staff member or advisor may bring a conflict circumstance to the attention of the Trust Chair.

Trustees and Trust staff are responsible for ensuring the Trust's Register of Interests is accurate and up to date in respect of themselves.

Managing Conflicts of Interest

Conflicts of interest can be managed in a number of ways including:

- a. The Trust will maintain a Register of Interests for all Trustees and staff, updated at least annually.
- b. Disclosures and abstentions will be recorded in Trust minutes.

Meeting Procedure

An Interested Trustee will require that the Trustee, staff member or advisor does not participate in that part of the meeting dealing with the matter concerned. The Trustee may wish to withdraw from the meeting. The minutes must accurately record the disclosure, withdrawal and return to the meeting once the decision has been made.

Schedule Clause 5 of the Trust Deed sets out the voting procedures to apply in the case of an Interested Trustee.

A Trustee who is interested in a transaction entered into, or proposed to be entered into, by the Trust may not:

vote on a matter relating to the transaction;

attend the portion of a meeting of Trustees at which a matter relating to the transaction arises, and be included among the Trustees present at the meeting for the purpose of a quorum for the part of the meeting discussing and voting on the transaction;

sign a document relating to the transaction on behalf of the Trust; and

do anything else as a Trustee in relation to the transaction;

Ongoing Conflicts of Interest

In the case of a significant, actual ongoing conflict of interest the member may request, or the Trust may invite, the member's leave of absence from the Trust while the conflict exists.

Induction

Induction for new Trustees and staff will include guidance on the Trust's policies on conflicts of interest.