

Webinar

Identify & managing conflict of interest in the boardroom

With special guest **Julie Garland McLellan**





Congratulations **Karen Tully**

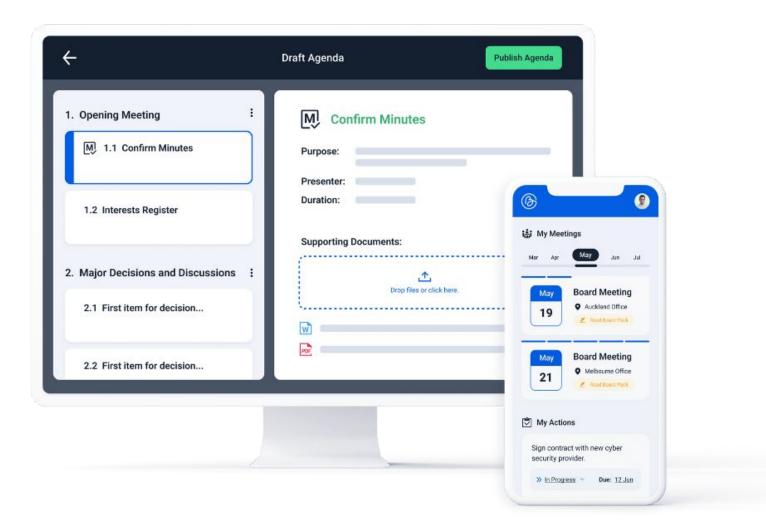
Chair South West Hospital and Health Service Australia













Making the fundamentals of governance free and easy to implement

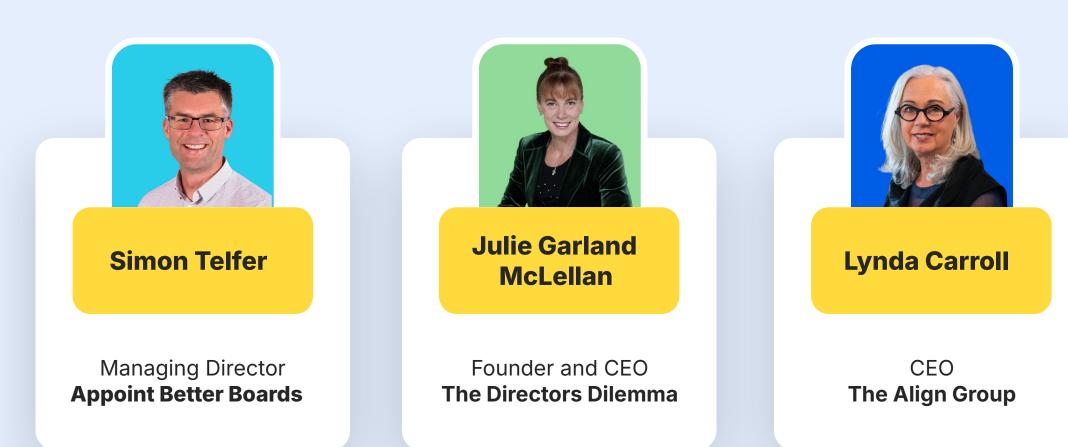


Explore free governance resources for growing your organisation and adopting good governance practises. From meeting minutes templates to CEO reporting templates, our comprehensive guides and templates will cover your governance and business essentials.



Slides, webinar video, and transcript will be sent to you. Relax, listen and ask questions





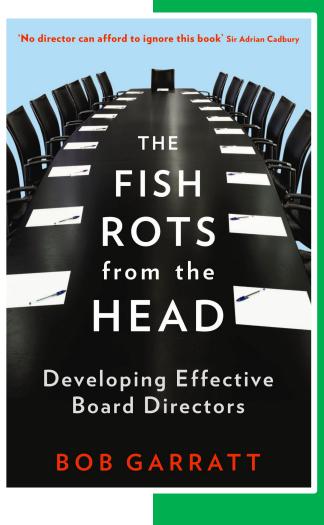


Identifying and managing Conflicts of Interest in The Boardroom



Bob Garratt's fundamentals

- ightarrow A director's primary loyalty is to the company as a separate legal entity
- \rightarrow Respecting the board's collegiality and collective responsibility
- The chairman is the 'boss of the board' and the CEO is the 'boss of the daily operations of the company'
- The board must develop effective annual selection, induction, evaluation, development and renewal processes to keep itself healthy and sufficiently diverse
- The board must ensure its connectedness to the rest of the organisation to test quickly the effectiveness of its policies and strategies, and have the flexibility to learn from them





What prevents you from identifying conflicts?

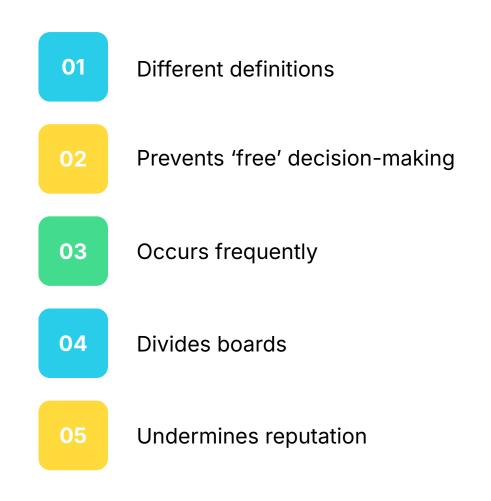


"I suppose I'll be the one to mention the elephant in the room."



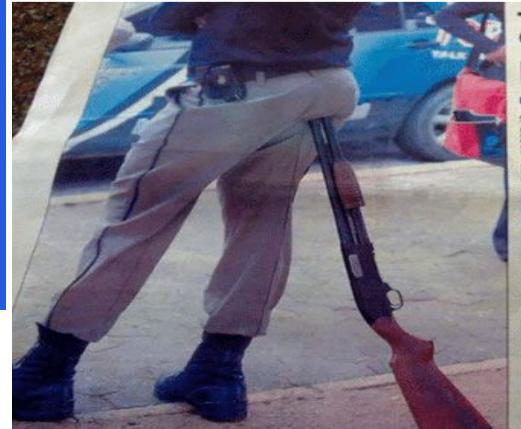


Conflict of Interest





What is a 'reasonable person'?



dumbest policeman?

PHOTO: Disbelief, disgust is the reacti

ALLEMAN THE DATA OF A STATE OF A

shotgan by a johanowsburg Metro-Police officer outside the Uniservicy of Johannesburg an Thursday during a student percent.

Burger and the image was "cent of the stupidest examples of gun handling I've seen in a long time". adding it showed a complete lack of understanding and training inthe safe hondling of a secaroon.

"There definitely alroad be scene kind of action taken against this officer - even if it's just a refresher course. This example demonstrates poor training, negligence and total recklessness and does not provide a good example. especially for civilians, on how to

tmost and respect firearms." Burger added the liability for the officer and his employer were huge should the fistaron have gone off. "Even if the gun was made safe.

mistakes can happen and people can be hurt or killed. Any well trained person knows not to do such a thing," he said.

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"This to a prime lack of supervision. discipline. The consequence

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serviceus conscretes. "The police for

to build public such an example by an officer de ence built," she Crowsley ad

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to be strictly of Johannesb spokesman () Wavne Minn duplayed in would "defin

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What prevents you from managing conflicts?

In the news

- Grok nominees to the board of AGL– 'independent' or acting on Grok's interests and instructions?
- Graham Merchant, Billabong "I was acting as a shareholder, not a director"
- Gina Rhinehart, Fairfax three board seats without 'unsuitable conditions'
- Solomon Lew nominates Terry McCartney for Myer board
- \rightarrow Lowy appoints son to Westfield
 - Telstra board and Mr Cousins
 - Senator Thorpe and Bikie 'boss'

- \rightarrow Lindsay Maxted appoints own successor
- \longrightarrow Optus CEO on Airtel Africa and REA boards
- MinRes CEO Chris Ellison, Harvey Norman Executive Chair Gerry Harvey, & Wise Tech CEO Richard White: use of shareholder funds for personal purpose





01 Establish a policy

- 02
- Identify and disclose conflicts of interest
 - -----> Standing
 - \rightarrow Ad hoc

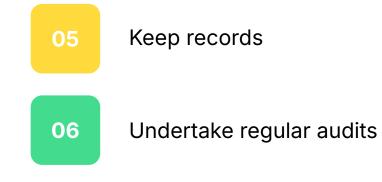


Categorise and assess



Determine how to handle (board to decide)









Let's try some conflicts

A school board consists of the headmaster, two ex-pupils, a local chaplain and three parents. They are considering building a new sports complex which will take five years to fund, plan and build. The plan is to start accumulating funds now by increasing fees and a call for donations. The parents resist an increase in fees as their children will not be at the school when the project is complete



School board





Large NFP

A large members association is funded by membership fees which are paid to the national body. Each state has a representative on the board (usually the state president). Board members elect a national president from their ranks. Directors serve two three-year terms; national president may serve three.

State funds are allocated under board resolution



Commercial in confidence!

A listed business has a board of five directors. Two directors and the CEO have large investments in another company which one of the directors founded. All three are on the board of that company.





Share ownership

A director has shares in Telstra. The holding is not material for Telstra but is an important part of his life savings. The company is renewing its telecommunications contract. The contract is not material for Telstra but is an important expenditure for the company and requires board approval.

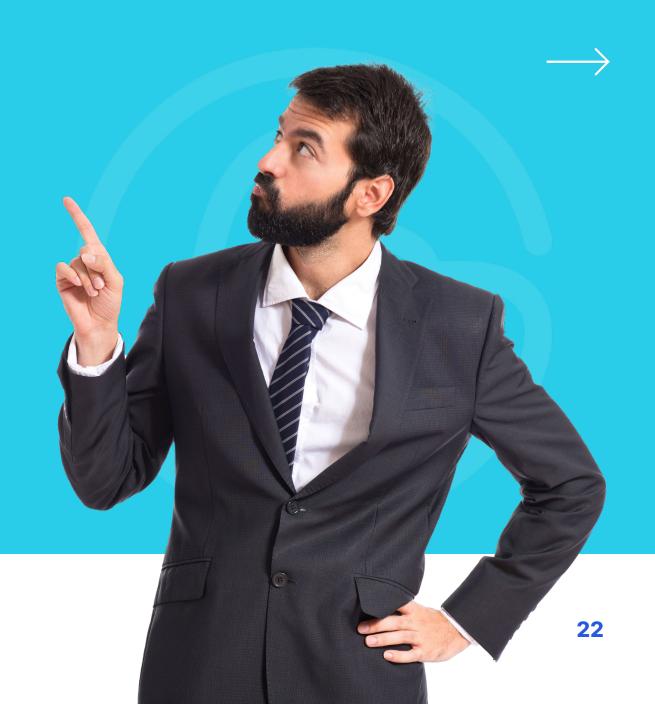


How should the board proceed?





Questions?







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Thank you

