



Webinar

Identify & managing conflict of interest in the boardroom

With special guest
Julie Garland McLellan

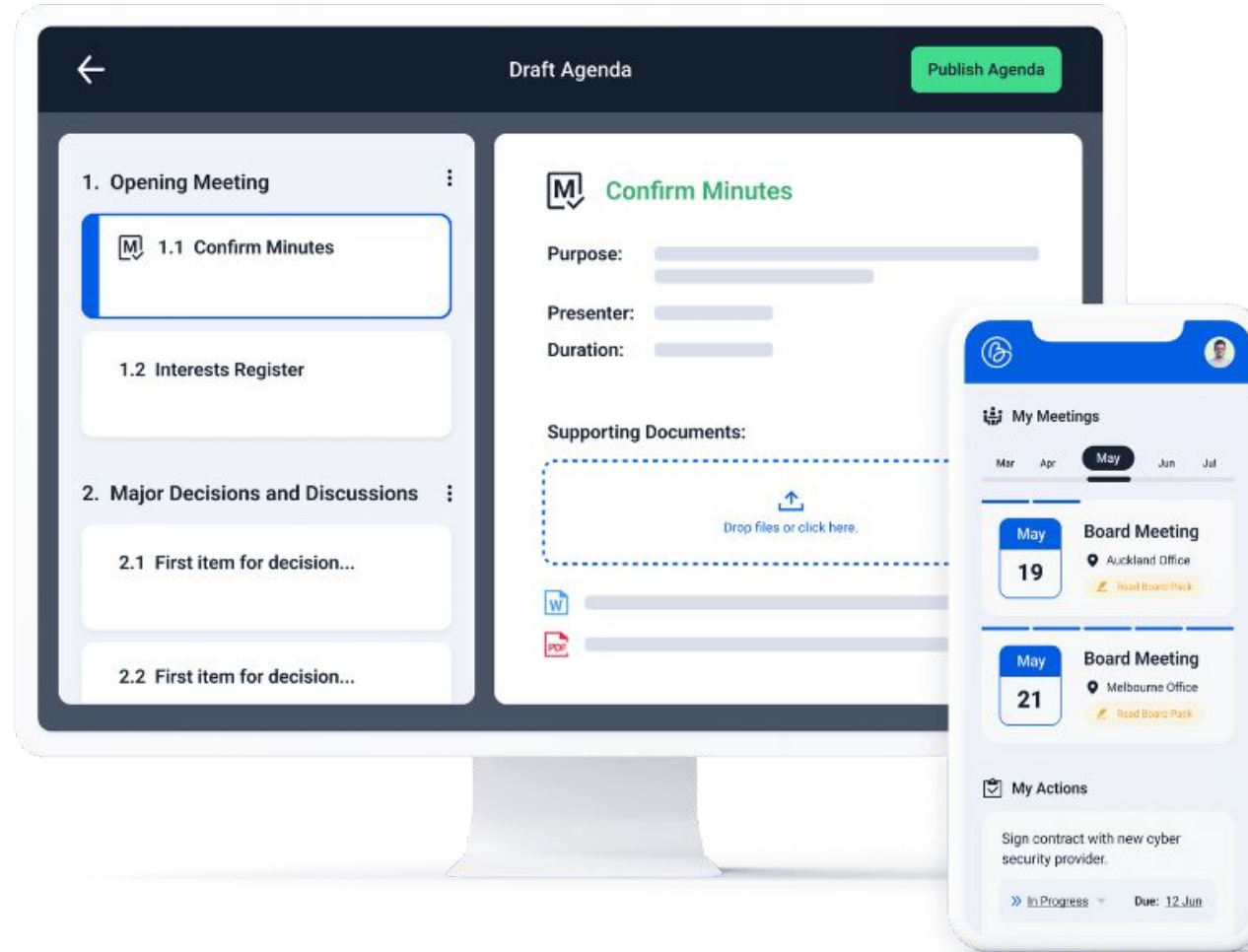




Congratulations
Karen Tully

Chair
South West Hospital
and Health Service
Australia







Making the fundamentals of governance free and easy to implement



Governance Made Easy

Governance Resource Centre

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.

Content type Topic Persona Search





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



Simon Telfer

Managing Director
Appoint Better Boards



**Julie Garland
McLellan**

Founder and CEO
The Directors Dilemma



Lynda Carroll

CEO
The Align Group



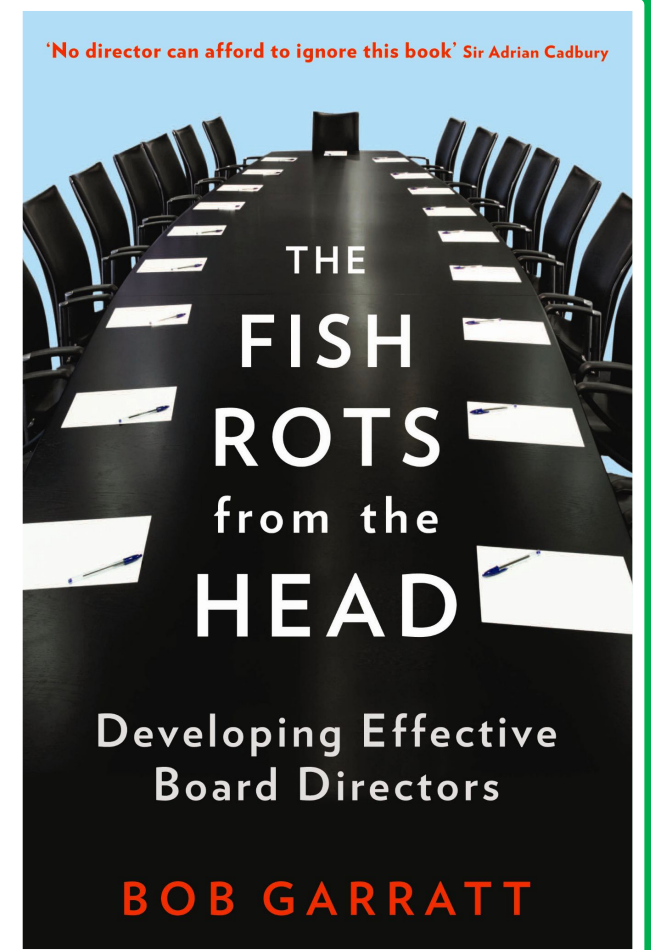
Julie Garland McLellan
LEADERSHIP. CLARITY. ACTION.

Identifying and managing Conflicts of Interest in The Boardroom



Bob Garratt's fundamentals

- **A director's primary loyalty is to the company as a separate legal entity**
- 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



01

Different definitions

02

Prevents 'free' decision-making

03

Occurs frequently

04

Divides boards

05

Undermines reputation



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
- Lowy appoints son to Westfield
- Telstra board and Mr Cousins
- Senator Thorpe and Bieke 'boss'

- Lindsay Maxted appoints own successor
- 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





How to handle?

01

Establish a policy

02

Identify and disclose conflicts of interest



Standing



Ad hoc

03

Categorise and assess

04

Determine how to handle (board to decide)

05

Keep records

06

Undertake regular audits





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 ?





**Julie Garland
Mclellan**

in www.linkedin.com/in/juliegarlandmclellan



Lynda Carroll

in www.linkedin.com/in/lynda-carroll-39b3a213



Simon Telfer

in www.linkedin.com/in/simontelfer



Thank you

