



Webinar Transcript – Identifying and managing conflict of interest in the boardroom

So, hi, everybody. Welcome to our Governance Made Easy webinar today titled Identifying and Managing Conflict of Interest in the Boardroom. Today, we're having a discussion with our special guests, Julie Garland McClellan, Simon Telfer, and Linda Carroll, on our discussion panel. And my name's Sean McDonald. I'll be your moderator for the next forty odd minutes.

Firstly, thank you for attending today. We always appreciate the effort you make to be here for our live events.

During the session, if you have any questions for the panel, please use the q and a button at the bottom of your screen. We'll be answering these during the session and try to get through as many questions as we have time for in the session. And finally, if you stay through till the end, which we hope you will do, and as is customary for our webinars, we have a special treat for you. By answering our one minute survey at the end of the webinar, you'll go into the draw to win our beautiful gift hamper worth, over four hundred dollars. And last week's winner was Karen Tully from Southwest Hospital and Health Service. So congratulations, Karen. Thanks for leaving feedback on our survey.

Now for those who don't, know too much about BoardPro, we are a board software provider, sometimes called a board portal, and we serve, serve just around thirty thousand users around the world. And we enable organizations to prepare for and run their board meetings more effectively and efficiently with less time and deliver more impact and value to the organization.



And as much as we're a board software provider, part of our wider mission is to make the fundamentals of governance free and easy to implement for all organizations, especially those with resource constraints.

And these free webinars and the many templates, guides, and white papers on our resource page of our website are a great tangible example of how we look to achieve this mission for nonprofits and small to medium businesses around the world.

So, just sit back and relax for the next forty odd minutes. The slides from today, along with the recording of the webinar and the transcript will be sent to you, tomorrow morning. So just relax, sit back, and ask as many questions as you would like.

I shall now hand over to our team to introduce themselves starting with, Julie, yourself.

I was looking at Simon as he was first up on the slide, and he's nice to look at too. I'm Julie Garland McClellan. I'm hoping that quite a few of you will know me from my newsletter, The Director's Dilemma.

If you don't know me from that, I would be delighted for you to hop online and Google it and find it and subscribe. It's a great fun thing to put together, and I'm told it's fun to read. I'm a company director, so I currently sit on four boards, including one in the criminal justice system where everyone who works for me is a convicted criminal, which is good fun. And I also do board and governance consulting in my spare time.



So delighted to be here and, delighted with my fellow panelists. Over to you, Simon.

Kia ora koutou. Namai haere mai. Thanks for everyone to join. I run Appoint Better Boards, which is a community of about twenty five thousand board members in Te Aro New Zealand, all looking for board opportunities. So if that's, if you're looking for a board role, either in a not for profit or a commercial entity, make sure you join appoint Better Boards. I also do a lot of governance recruitment myself, predominantly in the privately owned business sector, and I serve on boards as well. Linda?

Thank you, Simon. Kia ora koutou. My name's Linda Carroll. I'm the CEO and founder of Align Group. We specialize in aligning governance strategy, culture, and performance for organizations.

I'm a charter fellow of the institute of directors, and I'm also an accredited futurist through the Institute for the Future in Sao Paulo, California.

Lovely to be here with you both today.

Thanks, team. Over to you, Julie, to get things started.

I didn't know you were a futurist, Carol. Linda, that's fantastic.

Oh, oh, we should talk about that some other time because you need futurists on boards.

You do. I say it's an essential it's an essential competency for boards today, the skill of foresight.



Foresight and looking around corners. And in fact, the foresight to know that a conflict of interest is lurking somewhere, and could come out and surprise you at any moment, would be really useful.

I thought I'd kick off one of my favorite governance gurus, is Bob Garrett, and his book, *The Fish Rots from the Head*, it's such a classic.

It still holds true, and he boils governance down to just five fundamentals. And the first one he says is that a director's primary loyalty is to the company as a separate legal entity.

And that is the basis of the conflict of interest issue. The fact that it is so common to find people in boardrooms whose loyalty, either all the time or sometimes, lies elsewhere.

And I'm just gonna handball it to Simon and Linda.

Tell us you've encountered this, I'm sure.

Yeah. Yeah. Absolutely. And I think if you've been in the governance world for a number of years, it would be you'd be pretty un be pretty fortunate not to have come across this. I think a lot of time, it comes particularly in private owned businesses when it comes to paying out dividends, and that conflict of interest as to, what's needed personally to fund personal lifestyle and what's needed to continue to make sure a sustainable business and retained earnings for growth there. So I sort of see that as a time when there's sort of tension, and sometimes personal values and personal requirements gets in the way of, yeah, operating in the company's best interest.

Linda, where do you see it?

Yeah. Well, I think that's true. I mean, I have, the joy of working with, organizations that, one in particular that was putting their senior managers onto some of their subsidiary companies. And so that raised that really interesting point of if you've gotta go to the constitution and make sure you're clear on what you can share and where your loyalty lies, it always lies with the entity that you're on the board of. However, sometimes you actually do need to also have an eye on the parent company. So it's actually important to go back to your foundational documents and make sure you're aware of where you are, you know, where you sit in terms of some things that are a little bit more complex and straightforward.

Mhmm. For those of us in Australia in similar situations, if you are a one hundred percent wholly owned subsidiary and if you have a clause in your constitution that says you can consider the parent company's interest, you may.

But the Corporations Act is very specific.

So a sister company or a subsidiary, maybe not.

And I always say it's not a compromise or a trade off, it's a balance.

And one of the things that's so important is you cannot balance things if you don't know what they are.

So, yes, I totally agree. Go back and read your constitution.

Read the relevant clauses of the Companies Act or the Corporations Act or the Commercial Code, if you happen to be in a Commercial Code country.

But understand what your legal framework is And in most frameworks, you will find that the board has the power to make decisions in the best long term interests of the company so that balancing stakeholder interests is allowed and indeed encouraged. Next slide, Sean.

But, yeah, even when they're obvious, sometimes people just don't mention these things.

And indeed, people expect other people to know they are there and to tiptoe around the elephant. One of my favorite stories is from Al Dunlap's autobiography, I think he called it Chainsaw, but he came to Australia and he worked for Kerry Packer downsizing.

And he went through the company and said, oh, you know, these people are dead wood. These people are superfluous.

This is a lean, mean corporate machine.

And, he gave Kerry his Bluepoint and Kerry looked at it and said, can we keep my kid in his job?

We forget sometimes that a privately owned family business might not have the long term objective of maximizing profit.

It might have a long term objective of providing a focus for economic activity for the family.

As long as that's clear, it's good, it's allowed, it's not illegal, it would be considered a proper purpose in law. But very often, things are



murky, people don't quite understand, and something in the atmosphere in the boardroom holds us back.

Those of you that are listening in rather than on the panel, pop your hands up and give me a wave if you've ever felt nervous about calling out a potential conflict.

Gosh. Nobody's waving.

They might not have that.

They cert they certainly are, Julie. Uh-huh.

You can't see them like all the I can see them.

They're all flooding through now. I can see the waves.

Fabulous. Yep. Excellent. Because it's scary.

And, you know, some of the things that stop us, if you've been appointed by one of the directors or by all of the directors, actually, when you're there because Elon Musk said, I will put you there, and then Elon Musk turns around and says, I'd like fifty six billion dollars please this year. I think that's a reasonable paycheck for me for being a CEO of this company twenty percent of the time because I've got four other CEO roles as well.

It's kind of hard to say, Elon, you've got that conflict of interest that Simon called out of not understanding what's good for the company, and not understanding what's appropriate and what's normal.



That one is still reverberating through the courts, which is why I can happily talk about it. But you can sympathize for those directors because if they stand up to Elon, they're gonna lose their positions.

And if you're powerless, speaking to authority when you're powerless takes an awful lot of courage.

The interesting thing as well with conflict of interest is people have different decisions, different definitions.

And I particularly dislike organizations where they specify very carefully what is a conflict because people if the more you tighten your definition, the easier oh, I can see nods on the panel. The easier it is to tiptoe round the outside of it.

So I don't know about you guys. My preference is that anything that might impact your ability to make a free decision based only on the importance and impact on this company is a conflict.

And it doesn't matter whether it's direct, indirect, pecuniary, non pecuniary, potential, actual, or even just perceived.

Yeah. I I agree. The the more prescriptive it is, Judy, the more that it suddenly starts being interrogated into the minutiae and you lose the sense of that broader picture. So wholeheartedly agree.

And, you know, that is it's difficult. I I chair a community board, so a local government community board here at Monica in in New Zealand. And it's up to the individual to determine, as part of the agenda, the agenda's been taken as as confirmed. Are there any conflicts arising from there?

And that does create sort of awkward sort of situations because you're sort of looking across the table going, I would suggest you've got a conflict, but the way that the standing orders are written is up for the individual to to, to declare that themselves. So that does create an interesting dynamic there when, it is broader. It is open to interpretation, but it's opened up to the interpretation of the individual who might be conflicted rather than a, a consensus decision.

That's a really good point, Simon. And it is and it is a problem. I think the other thing that we have here is, the definition of of close family member or, you know, how far around the layer of the onion of where we sit and our whanau sit do we actually go? And does it actually matter whether they're your auntie or whether they're your cousin or whether they're your spouse or partner?

The fact is it's about the relationship you have with them. And your definition there, Julie, was just lovely about and and how may it impact on your ability to make a free decision in the best interest of your entity.

Yeah.

Absolutely. And sometimes the person with the conflict, having worked on a lot of not for profit boards, the person who's on this board and that board and there's the opportunity to do something together, they're so excited by the opportunity that they forget to declare the conflict.

And an alignment is still a conflict.



Just because it's a positive impact doesn't mean it's not impacting your decision making.

So, again, that thinking through and being very broad, I have my stepson on all of my declarations of interest because he's a lawyer and he works for a major law firm.

At some point, one of my boards is going to use that law firm for something.

And when they do, I want to be able to completely usually I've completely forgotten about him because I'm busy reading my papers and doing my stuff, but I want people to go, hang on, Julie.

Do you have a stepson that works there? And then I can go, oh, yes.

But he's in this department in Sydney, and we're talking in this other department in Brisbane.

It it's a conflict, but it's a very, very remote one.

Would you like me to leave the room? How how do you want to handle this? Because it's easy to overlook these things, and it happens all the time.

If you have people sitting there holding back from mentioning things, it can divide the board. But if you don't have them declared and therefore managed, and somebody picks them up after you've made a decision, it's going to wreck your reputation.

Next slide, Sean.



Let's remind people if you do have questions, please pop them in the q and a.

The other thing that I often remind people is if you are found to have acted with a conflict of interest, there's a reasonable person test.

Most of us would think, oh, yes, you know, a policeman's a reasonable person. We can all be unreasonable at times, and when we apply the reasonable person test, yes, it's a man in the street or a woman in the street, but it's a man or woman in the street who is in the situation you're in with the duties you have for a company in this situation, and you never ask them until after there's been a problem.

And, of course, because the reasonable person knows that you had a problem because of what you do being reasonable, they'll always say, I would have done something different.

Yeah. Julie, a really good question has come up in the chat there from Marco and saying that given every director is, is a citizen who has a strong moral and political duty deck and the best one is just the community, here here's a clincher. What would you say that as soon as the organization starts acting against the interests of the wider community, is that director automatically has a conflict of interest? So that's taken from a very personal linear to a, is there an obligation in conflict if this is objectively seen to be running contrary to the best interest of the society?

Yeah. I like it, Marco. That's a really, really great question. And, again, if your organization is acting against the interests of the wiser, wider community, my guess is that you're breaching your obligation to look after the long term best interests unless you are only doing it for a



short moment in a very carefully controlled, time frame, geographic impact.

Because as an organization you are part of society, you are deeply linked.

So not only would you be acting with a conflict of interest against yourself, but you would also be acting against the interests of the organization.

And this is one of those cleft sticks that, mining companies and people get into because some organizations do things that used to be okay, and now they're not.

So managing the conflicts around, well, I'm British Petroleum or n Exxon or, my whole life is fossil fuels, and all of a sudden fossil fuels are against the interests of life on this planet, that is a really difficult conflict when you have a duty to the long term well-being of the company for those directors to manage. And you can see them treading that careful fine line of trying to find a strategic path to a future for their companies that doesn't rule out a future for the rest of the world.

That's a very extreme example, But Yeah.

Linda Linda, what do you think, prevents people from managing conflicts?

What what have you seen that, Well, I think that, what I'm hearing, that that particular question that we got from Marco, I think that it really does come back, doesn't it, to, social license to operate and ESG.

And the important thing for the board to remember is that with the, benefit of foresight, we know that we, actually need to look out intergenerationally. And so to actually go against the, the wishes of the community or the wider society in which you operate, you really do need to go and, have a conversation to understand the concerns and work out how you can work better together collaboratively to find a solution for the long term or your your organization, your entity, regardless of its of its, best interest is not going to actually, probably be there in the long term.

There's a good, there's a good question in the chat that's just come through from Helen, Julie. Yep. She says, I have a situation here. The CEO of company a is one of three owners of an office building where company a is a tenant.

Is it correct that we will include the CEO's interest on the conflict of interest register?

Or if it was a director if it was director, it was it would be obviously a conflict if you're around the board table. But should you just extend to the CEO? I mean, on on on a board conflict, a board interest register and conflict of interest, and the CEO is not part of the board, should that be noted? I mean, how how wide do you go? Should the company secretary's, interest be how about the CFO that attends for a part of the meeting?

C suite.

Yep. I'd like to see as a board, if I'm making a decision and one of the people who's giving me the papers with the information to make that decision has a vested interest Mhmm. I wanna know.



Because, again, I go back to the fact that if somebody afterwards says, well, hang on. This company was paying too much rent, and your CEO was benefiting from that, and I'm losing dividends, and most board members get on well with their CEOs most of the time. So people are going to say, you let the relationship between the board and the CEO override the best interests of the company.

So yes, you do have to move on and really think through the wider context.

Another lovely question: is it a conflict of interest or a related party transaction? Both. A related party transaction is always a conflict of interest.

Even if the transaction is at the right price and you've done your homework and found out, the related party transaction is always going to be a conflict of interest because there is an interest there.

Let's, hop through and have a look at some conflicts. Can we hop forward three slides short?

Some organizations where oh, we've got another question as well. Significant personality conflict.

Conflict.

There are plenty of ways to change people's behavior.

The question is, I have a situation whereby three directors have a personality conflict. They have difficulty listening to each other's perspective and being civil. Is there a way to change their behavior?

Yeah. I think well, I yeah. I think we gotta be careful that conflicts of interest don't solve everything. That's a board dynamic question I would suggest and, that that requires, you know, cheerleadership, etcetera. But I think we just gotta be careful that just because there's tension around doesn't always come to vector conflict of interest. So good good question, Lloyd, but probably outside the scope of this particular, webinar.

But definitely education and imposing standards.

School boards where you frequently find people who get excited and behave badly.

Who's been involved on a school board? There are Oh, yes.

It's the rite of passage, isn't it?

Yes.

But but are you on the road to hell or is it Yes.

It's difficult, isn't it, Julie? Because as as we talked about before that a lot of times you stand for the school board is because your children are there and you want your children to have the best education and the best experience. So there's naturally already, an ability to be completely objective because you are naturally referencing it back to how does this affect, my child. I think what's really difficult on these boards is that if you if people are standing on a single issue, so that it's what I call single issue candidates, there might be a particular aspect at a school.



They stand for it and and and and they get onto the board, and then either that problem is solved, and goes away, and then they're left sort of why am I here and on this board now for the remainder of that term, or it doesn't go away and that's the only lens they can look that, look at it through and they can't look at the broader governance. So at least a conflict, but I do see some of those things around single issue rather than someone being able to say, I'm on the board, cliché, holistically to look at a whole lot of things. Yes. I might have some certain aspects around pedagogy or around bullying or something like that.

But I think the challenges that we get is when we get, particularly not for profit organizations, where we've got people standing just based on one thing that irks them.

I think there's a middle of the layer as well, Julie. Yeah. Around around sorry. Around the board of trustees. And that is that if there's something that that that the school is doing that you fundamentally don't agree with or if you actually end up being on the employment committee, we're actually dealing with the performance of the principal, then there's the other layer for you as a board member about, well, if I take to task the principal who isn't performing, is that going to have a backlash against my child?

Mhmm.

So there's that layer of conflict of interest as well, which can drive different behavior than you may normally find.

Yes. It does.

We we have a great question from Carrie. We do.



For boards with lived experience, at what point do they have a conflict?

They declare the conflict, but whereas the line pricing discussions versus quality of care discussions.

And she says, how should, a board decide if there is a conflict or if this is a perspective or insight to be considered?

Yeah. Again, there could be a little bit more nuanced here. Yeah. Because for a for a director or a board member coming on, of course, you got lived experience.

That's sorry. Not of course, but naturally, you do have lived experience. And, you know, we've all run a bank account. So, you know, are we conflicted because we run a bank account?

You know? So I think it's got to I I don't think we can take this so, science algorithm based. It it there is art to this, and I I don't wanna get caught up and say, look. Everything is a conflict.

I think we should come back to those first principles around, can, the the individual act in good faith in the best interest of their their organization without another aspect influencing unduly influencing their decision. So, Julie, do you think we have to sort of have that balance there around there's naturally gonna be things that people are informed about, but that doesn't make it a conflict?

Yep. Definitely.

But, again, there might be a conflict in, well, I'm interested in quality of care because my mother is a resident in this aged care home.

Oh, sure.

And there are often conflicts with people setting budgetary targets for savings and also setting targets for quality, and the two cannot coexist.

I'm happy for there to be tension and challenge, but when you set ridiculous targets, you tend to wind up having a problem further down the road. And again, those targets aren't necessarily a conflict of interest, but they are an indication that the governing body is making decisions that aren't necessarily in the best interest of the organization, but they're probably doing it because they haven't thought it through thoroughly enough.

So back to conflicts of interest, large NFP.

Who here has been on a federated board? I mean, some organizations are designed to have conflicts of interest. In fact, I had a board meeting last night where we had the Victoria director, the Brisbane director, I guess that's Queensland, the West Australian director.

Geography is not my strong suit. Governance is my strong suit.

But that board has been put together deliberately from people who've all got conflicts of interest because they've got that lived experience and they understand what this company is all about and what it does. But it means that when we're doing things like signing off on our budget, everybody or most of the people in the room have

got a conflict. If you're on a board like this, very often the best thing you can do is change your constitution and bring in just a couple of independents.

Yes, it makes your board bigger, which means it's more expensive if you get them all together physically, but it means that you've got somebody in the room who doesn't have that conflict who can call it out.

Whereas when you get Victoria saying to New South Wales, you always spend more money on yourselves, it can't just be that much more expensive', it's harder for them because they have to live together. This is the thing, after you've dealt with a decision where there was a conflict, you have to form a team again and work together.

Yeah. And I and I think when you say the federated sort of state structure, similar very similar franchisees and franchisors. You know? That what's the there is natural tension there.

You're spending too much money at head office, you know, you reduce our fees, and then, franchisees, you're not working hard enough. You're not, you know, you're you're not returning enough to the franchise or so it is an interesting dynamic there. Look. One of the things I've been really careful when I've been doing board recruitment over the years is avoiding using the word representative in a board context.

Yeah.

Because as soon as we say this person is representing or represents or represents, it's automatically, putting them in that position that

they are there to act on someone else's behalf rather than acting in the organization's best interest. So that's just something too that is just something psychological or something, that if if you are finding in a boardroom that you're using that word representative, if you could avoid doing that, it can some be it sometimes be a mind shift that avoids, that that those conflicts that have naturally arise by looking at your role through that lens.

Mhmm. And the other thing is if you find yourselves in a situation where your directors can't behave and you've got those unmanageable conflicts, advisory boards are a really good solution To actually put this problem down to an advisory board that sits outside of those constitutional constraints and then have your board ratify a decision that's come to them can sometimes take a lot of that intransigent conflict out of your discussions.

Julie Martin's raised a really good point here that just because a conflict of interest exists and it declares doesn't preclude you from initially participating in the, the conversation or the discussion decision. So it is about declaring the interest and then letting it decide how that could think. So I think when sometimes when, when you hear that question, what stops us managing conflicts, it's because I'm really passionate about this, and and I feel like if I declare it, I'll be excluded from it. But it's not you know, if it's at a very acute level, maybe, but that's not always the case. So I thought that's, you know, it's well worth bringing that up as well.

It's a great comment. And, of course, if you haven't declared it, you can't possibly manage it because half of the board aren't aware.

So really important and one of the things that we go through in the masterclass on this is that it is very important for the board to create

its own policy of what do we classify as a significant conflict, a moderate conflict or an insignificant conflict? How do we handle them? Is it enough for someone to say well of course you know that my son is a pupil at the school and then we carry on talking' or 'is it so bad that you say well hang on, I'm a full time employee and we're talking about remuneration strategy, maybe I should just tell you what the staff are saying and then leave the room' or this is a commercial decision where the company that I work for is one of a range of contractors. I better not take part in the conversation at all. And so having those firm rules, I have never seen a court second guess a board that had a policy and that applied their policy to manage the conflict.

It's when boards don't have a policy or even worse, when you've got a policy but you breached it, that's when you get into trouble.

But we've got a couple of questions from Brodie, and I just wanna get this before we move on to the next slide because I think we we talked about lived experience and, Brody is saying, I'm an NGO. I'm on the on the board because of my lived experience. So it's often a conflict. Does my lived experience have to be noted on the conflict register? Well, those of us that are getting a bit of, you know, could take many pages. So I think we just again, what's that prudent pragmatic first principles guidance around that sense of when is it a conflict that needs to be declared, not on a single issue, but sort of on the register versus what is the colorful makeup of my life's worth of experiences to date.

Yep. I think yeah. The the other thing that John Wright's just commented on, and and the thing is that, sometimes directors don't declare clawfoot because they don't think it is one, but it's not for them to decide. And when I'm running my governance fundamental



courses, I make it quite clear that a lot of people talk about their conflict of interest register, and that means that people have to decide if it's a conflict before they write it down. And I really believe we just need an interest register. So you put down whatever your interests are, whatever you think is actually going to be a touch point with the company.

And then it's up to the board to decide if it's actually a conflict that needs to be managed or not. So it takes it away from the individual because sometimes as an individual, as John said, you know, that they don't think it is a conflict. But as a couple of instances where I've been here where people have been in that situation, genuinely, gobsmacked when I said, well, this is actually a conflict of interest. They're, what? And they're horrified that they've inadvertently, you know, done something that isn't good practice. So I think we just want to try to minimize the opportunities for people to make that mistake.

Yeah. And people do make mistakes. I mean, we've all made mistakes. This case study is a board this was a big listed multinational company, with five directors on its main board. Two of them and the CEO had investments in a startup company, which one of those two directors had founded.

And, you know, they'd all ticked the independent director box.

They were all theoretically independent of each other. They were all skills based hires.

And then the, the director who had founded the company asked the CEO, are you going to invest in the next funding round? And the CEO



said, well, it depends. If I get my full bonus, yes, I'll definitely be topping up.

At which point, the director luckily was aware and went, oh my gosh. I'm lead independent director or chair of the audit committee.

I'm signing off on whether or not your bonus targets, a lot of them, have been met.

And you're now telling me that your investment in my company depends on you getting your bonus.

I'm I'm I'm just gonna go straight to the chair and declare a conflict of interest here. And, of course, all three of them had this same conflict that they were working together, and you had the chair who personally recognized and stood aside, would anyone have noticed? Probably not. They would probably have got away with it. But if they had not declared it and managed it and somebody had then said, hang on. How about the fact that these three directors are acting in concert or these two directors and the CEO are acting in concert? It would have been so reputationally damaging that the company's share price and all of the stakeholders would have suffered.

So it's really important. Sometimes, yeah, you you don't notice that you've got a conflict, but you've got to be constantly alert and looking for them.

Yeah. Judy, that might have been related to the, the, yeah. I I think another one is that we we talked about it might have been related to that slide or the the next slide we're gonna talk about is when there is, direct when there are directors that, have directorships on the same boards outside of, you know, on on on on others. And I have



actually seen this in practice where it automatically if you've got a a relationship with colleagues on a single board, I think that dynamic is different than when you've got a relationship with that director on another board as well.

And I think it ameliorates or or or softens that. And I don't think the challenge is there because I think they are thinking about not just the implications of what is the best what is in the best interest of the current board we're sick sitting on. It's I'm I know that this is happening. It's will this influence the relationship I have with this director on organization b?

So when you're looking for true independence around a board table, obviously, not serving with fellow directors around another board table is a key one because it's human nature that you're very careful not to take conflict from one board into the other. And you do get a little bit of group think, and you do get a little positive reinforcement and stuff because it has wider implications than the current board.

Especially if on the other board, one of them is the chair. Yes.

Well, there. Well, then there's a yes. Then there's a hierarchy. That's really good point. And then there's a hierarchical relationship. So you're trying to sort of used to being, you know, and got been guided by the chair, and then your peers over in this board, but you're still thinking of a a slightly relationship.

Really tricky.

Great question from Greg about an elected chair paid by a corporation that's auspiced by their own corporation.



What information again, aligned with the conflict of interest is confidentiality.

If you feel that you are there because somebody has put you there, very often when that somebody asks you for information, you feel obliged to divulge.

And so as a chair and as a board, actually being very clear on what's confidential and what's not is also very important.

And sometimes you declare these things and, I mean, this is a classic.

Half of Australia at one time had shares in Telstra because it was a big government privatization float. But even though this is a material investment for the director who owns those shares, whether or not this company does their telecoms with Telstra or with Optus or with any of the others, isn't gonna move the Telstra share price.

It's a material thing for the company. It needs its whole board there making that decision in the best interests of the company. And quite frankly, once the board's just aware, this is more of a if somebody asks the question, we can say, yep. Some of our directors have shares.

We know who they are. We know how many shares. Thank you.

Declare. Sunlight is the best disinfectant is, my response. I'd rather over declare and then manage lightly than not declare, and then you can't manage at all.



The judicial planning process, if so, if you're chairing a meeting, where do you have conflicts of interest or the interest register on the agenda? Are you do you put it at the top of every meeting, or do you just, once a quarter? Or how do you how do you do that on a practical basis for for the team out there that are looking for some guidance at that level?

I look for, three different types. First of all, you've got your standing or statutory, declaration, which is the one that you fill in a form every year, and that's on record either in your board papers or on your portal for directors. And I would reference that at the beginning of every meeting. But also at the beginning of every meeting, I would have what you call an interim or ad hoc, declaration because sometimes something comes up and you go, oh my gosh.

I didn't declare it, but my husband plays tennis with the CEO of that company. And everyone goes, oh, right. Well, we'll we'll just make a note, Julie. Thank you.

Because if somebody came up after we'd awarded that company a contract with a photo of me and my husband and the CEO and his wife out for dinner, which could happen because I forget my husband's tennis partners on a regular basis, it would just look very embarrassing.

So, again, having that every meeting reminder of, are there any declarations in respect to matters on this agenda?

And then the other thing I always ask is for the internal audit Or if I haven't got internal audit because I'm too small, then I ask my statutory auditor every once in a while, just have a look through our



board papers, our minutes, our conflict of interest policy, and just tell us that it looks like we're complying.

Sean, I think you're indicating to us that it's, quarter to the hour.

Indeed. We are over time, in fact. So, thank you, Simon, for that. What a joy. Thanks for your conversation today.

We're one minute inside.

And The clock is a minute fast, but I think We're on time now.

As always, we're very happy to be emailing questions.

So you'll receive an email from us, everybody.

It'll be tomorrow morning now, which will include a copy of the, webinar today, the presentation slides, and also the transcript. So as you leave the webinar, don't forget to complete our short one minute survey going to draw for our hamper. I'll also announce the winner for that in the morning. So thank you again, everybody. I hope you enjoyed the session with Julie, Simon, and Linda.

Our final webinar in the twenty twenty four series is on the nineteenth of December at one o'clock. That's New Zealand, daylight time and eleven o'clock Australian daylight time. That's with, Craig Richardson, who's CEO of Crane Group, who will be presenting this webinar.

The topic of the webinar is the purpose and function of advisory boards for small business. So that's gonna be a a great session. So



thank you, everybody. Thanks again, team. Much appreciated. Have a great day, everybody..