

The purpose of this policy

1. This policy is issued by The Ian Potter Foundation Limited (the Company) in its capacity as trustee of The Ian Potter Foundation and The George Alexander Foundation (the Foundations) and applies to transactions carried out by the Company in that capacity.
2. This Policy is intended to provide guidance on how to deal appropriately with situations that involve, or may appear to involve, conflicts of interest, and to comply with the relevant provisions of the company's Constitution and the *Public Ancillary Fund Guidelines 2011*. Relevant extracts from these documents are appended to this Policy.

Policy

3. It is the Company's policy that conflicts of interest and appearances of conflicts of interest be kept to a minimum.
4. However, the Foundations have always included, and benefited from including Governors with close associations with other charitable entities that are appropriate recipients of grants. It is predictable that people with interest and expertise in the not for profit sector often will have such associations. The Company will not discriminate against worthy grant recipients because its Governors serve those recipients in some role.
5. This Policy describes, among other things, how decisions involving these and similar situations should be dealt with to ensure the integrity of the process. Its basic purpose is to avoid both the reality and the perception that Governors have used their positions to derive inappropriate financial, personal or institutional benefits, and it should be interpreted and applied to achieve this purpose.
6. In order to assure impartial decision making, it is the policy of the Company that any conflicts of interest, or apparent or potential conflicts of interest, be fully disclosed before a decision is made on the matter involved, and that no Governor participate (other than by providing information) in any decision in which he or she has a conflict of interest.
7. It is the continuing responsibility of all Governors to review their outside business interests, philanthropic interests, personal interests, and family and other close relationships for actual, apparent, or potential conflicts of interest with respect to the Foundation, and to promptly disclose the nature of the interest or relationship.

Definition

8. Generally, a conflict of interest may occur if an interest or activity influences or appears to influence the ability of an individual to exercise objectivity or impairs the individual's ability to perform his or her governance responsibilities in the best interests of the Foundations.
9. An individual is considered to have a potential conflict of interest in respect of a particular matter to be considered by the Board of Governors, grant-making or other Board committee when:
 - a. He or she or any member of his or her family¹ may receive a financial or other significant benefit as a result of the individual's position at the Foundation;
 - b. The individual has the opportunity to influence the Foundation's granting, business, administrative, or other material decisions in a manner that leads to personal gain or advantage; or
 - c. The individual has an existing or potential financial or other significant interest which impairs or might appear to impair the individual's independence in the discharge of her or his responsibilities to the Foundation.

¹ The "family" of an individual includes his or her spouse, domestic partner, parents, siblings, children, and any other relative who resides in the same household.

General Procedures

10. When a Governor begins his or her service with the Company, he or she shall file with the Chief Executive Officer a list² of his or her principal business activities, as well as involvement with other charitable and business organisations, vendors or business interests, or with any other associations that might produce a conflict of interest.
11. In addition to the disclosure required by the previous paragraph, each Governor is under an obligation to the Company and to the community served by the Foundations to inform the Company of any position he or she holds or of any business or vocational activity that may result in a possible conflict of interest or bias for or against a particular grantee, action or policy, at the time such grant, action or policy is under consideration by the Company grant-making committee or other board committee of the Foundations.
12. Any possible conflict of interest on the part of any Governor shall be disclosed to the Chair of the Board of Governors or the Chair of a grant-making or other board committee (in the case of committee members) and made a matter of record as soon as the issue in question is raised and a possible conflict is known.
13. When the Board, grant-making committee or other committee is to decide upon an issue about which a person has an unavoidable conflict of interest, that person shall not participate in the Board's or the committee's deliberation and vote on the issue, unless directly requested by the Chair of the Board or Chair of the relevant committee to provide factual information or answer factual questions that may assist the Board or committee in making a wise decision. The person will only physically absent himself or herself if requested to by the Chair of the Board or Chair of the relevant committee. In no case shall that person vote on such matter or attempt to exert personal influence in connection therewith.
14. Disclosure and non-participation shall be recorded in the minutes of the meeting(s) at which the issue is discussed and decided.

This policy was endorsed by the Audit Committee of The Ian Potter Foundation Ltd at their meeting on 18 August 2015.

² A form of declaration of interests accompanies this policy

Appendix

Extract from the Constitution of The Ian Potter Foundation Limited

Clause 8.2 of the Company's Constitution provides:

8.2 Declaration of conflict of interest

- a. A Governor who:
- i. is in any way directly or indirectly interested in a contract or proposed contract with the Company, or
 - ii. holds any office or possesses any property whereby duties or interests might be created in conflict with his duties or interests as a Governor, or
 - iii. has a material personal interest in a matter that is being considered by the Board, shall declare the fact of the conflict (if any) at a meeting of the Board.
- b. A general notice that a Governor is a member or officer of a specified company or firm and is to be regarded as interested in any subsequent transaction with such company or firm shall be sufficient declaration under this Article and after such general notice it shall not be necessary to give any special notice relating to any particular transaction with such company or firm.
- c. Irrespective of whether a declaration has been made under clause (a) of this Article or a notice has been given under clause (b) of this Article, if a Governor has a material personal interest in a matter that is being considered by the Board, the Governor shall neither be present while the matter is being considered, nor vote on it, unless permitted by the relevant provision of the *Corporations Act 2001*.
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Extract from the Public Ancillary Fund Guidelines

Guideline 42 of the *Guidelines* provides:

The fund must not provide any material benefit (except as set out in guideline 43), directly or indirectly, to:

- the trustee; or ^{[[]]}_{SEP}
- a member, director, employee, agent or officer of the trustee; or ^{[[]]}_{SEP}
- a donor to the fund; or ^{[[]]}_{SEP}
- a founder of the fund; or ^{[[]]}_{SEP}
- an associate of any of those entities (other than a deductible gift recipient). ^{[[]]}_{SEP}

Guideline 43 of provides:

The trustee may apply income or capital of a public ancillary fund:

- to reimburse the trustee for reasonable expenses incurred on behalf of the fund; and ^{[[]]}_{SEP}
- to pay fair and reasonable remuneration for the trustee's services in administering the fund. ^{[[]]}_{SEP}