

<b>Conflict of Interest</b>		
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## 1. Purpose

As a non-profit, tax-exempt corporation, Mercy Ships Australia (MSA) has been organised for public benefit and depends on public support through charitable contributions, grants, and other forms. The Australian Tax Office (ATO) of Australia., as well as state corporate, tax, and consumer protection officials, view the operations of non-profit organisations as a public trust, with legally enforceable accountability for such organisations to both government authorities and members of the public.

This policy defines the measures taken by MSA to promote public, non-private interests, and to avoid conflicts of interest between its decision-makers and other parties who may benefit from their association or business dealings with MSA.

## 2. Scope

This policy applies to all members of the personnel of MSA the non-profit organisation registered in the State of Queensland, including the members of MSA Community of Faith LLC, engaged either full-time or part-time, whether as employees or volunteers, including those personnel serving as crew members on board the ships managed by MSA.

This policy is managed by the MSA, with review by the Board of Directors. When this policy is changed, all personnel are notified through the organisation's intranet.

## 3. Definitions

- **Affiliate** - any entity (whether non-profit or for-profit) (1) of which MSA directly or indirectly owns or controls 20% or more of the voting stock, voting membership rights, or governing board, or which directly or indirectly owns or controls a similar 20% or more of MSA; or (2) which has a principal purpose to benefit MSA, Inc.; or (3) which is under common control with MSA, Inc.
  - An example of an affiliate, under definition (2), is MSA Foundation.
- **Conflict of interest** - a situation in which financial or other personal considerations may compromise, or have the appearance of compromising the professional judgment in administration, management, or other professional activities of a Decision Maker of the organisation. COI is any action or situation involving an employee that may result in the employee(s) personal gain or gain to immediate friends or family, taking precedence over their obligations to MSA. Personal gain may or may not be financial.
- **Apparent conflict of interest** - a situation that appears to create a conflict of interest, such that a reasonable person will conclude from the circumstances that the Decision Maker's ability to protect the public interest, or perform public duties, is compromised by private interests
- **Material conflict of interest** - a conflict of interest that involves measurable impact, such as financial loss or gain, or the loss or gain of other measures of value, reputation or capacity to work

- **Decision Maker** - any member of the personnel of MSA with authority to engage another party, whether an individual or a business, in a material transaction which commits or obligates the goods of the organisation to be exchanged with that other party for some consideration
- **Interest** - for the purposes of this policy, a material position or social state held by one party that can be enhanced or diminished by business transactions with other parties
  - **Private interest** - a material position or social state that only affects a private individual or group of private individuals, as opposed to a public corporation or trust
  - **Public interest** - a material position or social state that affects the public in general, whether directly or through a public corporation or trust

## 4. Policy Statements

### 4.1. General

Between MSA and the general public, there exists a fiduciary duty which carries with it a broad and unbending duty of loyalty. The Decision Makers of the organisation are responsible to administer the affairs of the organisation honestly and prudently, and to exercise their best care, skill, and judgment for the benefit of this organisation and of the public. These Decision Makers shall exercise the utmost good faith in all transactions related to their duties, and they shall not use their positions with this organisation or knowledge gained therefrom for their own personal benefit, or for the exclusive, private benefit of any other individual or entity.

Any possible conflict of interest on the part of a Decision Maker shall be fully and promptly disclosed to the Chief Executive Officer (CEO), and then by the CEO to the Chair of the Board, who shall promptly address the matter in keeping with Board procedures. Disclosure shall be made as soon as a Decision Maker discovers a personal or other interest that could affect the activities, programs, property, employees, or services of this organisation.

When a possible conflict of interest has been disclosed, the Board shall determine whether a conflict actually exists and whether it is material. Where a material conflict exists, the Board shall determine whether the contemplated transaction or other conflicting involvement may be authorized as just, fair, and reasonable for the organisation. The decisions of the Board on these matters will be guided by independent counsel as appropriate, and their guiding principle shall be the integrity and best interests of this organisation and the advancement of its purposes.

There are certain cases in which the appearance of a conflict of interest is present even when no conflict actually exists. Such apparent conflicts pose a risk harm to the organisation, with the potential to undermine the credibility of the business decisions of MSA and call into question the integrity of a Decision Maker at MSA, or both. For this reason, it is important for a Decision Maker, in evaluating a potential conflict of interest, to consider how it might be perceived by others. MSA may require its personnel to desist from certain activities that create an apparent conflict of interest.

### 4.2. Areas In Which A Conflict Of Interest May Arise

A conflict of interest may arise whenever a Decision Maker, or someone closely related to the Decision Maker, holds an interest in a third party which conducts business with MSA. Such a conflict can occur in many different areas. Examples include, but are not limited to:

- Persons or entities supplying goods and services to MSA
- Persons or entities from whom MSA leases property or equipment, or hires staff

- Persons or entities with whom MSA is dealing or planning to deal in connection with the donation, purchase or sale of real estate, securities, or other property
- Persons or entities paying honorariums or royalties for products or services delivered by MSA or its agents or employees
- Other non-profit or for-profit organisations pursuing possible affiliation or collaboration for a transaction, project, or ongoing program
- Foundations, government grantors or contractors, corporations, or others supporting or capable of supporting MSA
- Individuals, agencies, organisations, and associations that inspect, monitor, regulate, or otherwise affect the operations of MSA

### 4.3. Nature Of Conflicting Interests

A conflict of interest may arise from direct or indirect interests of the Decision Maker.

#### 4.3.1. Examples Of Direct Interests

- Owning stock or holding debt or other proprietary interests in any third party dealing with MSA or its affiliates
- Investing in a business in which MSA or an affiliate holds an interest that reasonably could affect the value of the individual's investment
- Investing in a non-publicly traded business in which the Decision Maker either owns 5% or more of the voting stock, or in any other way exercises effective influence of the business
- Holding office, serving on the Board, participating in management, or being otherwise employed (or formerly employed) in any third party dealing with MSA or its affiliates
- Receiving any form of remuneration or benefit for services with respect to individual transactions involving MSA or its affiliates
- Using the personnel, equipment, supplies, resources, or good will of MSA or its affiliates for personal benefit, or for any activity, program, or purpose other than those approved by MSA
- Receiving personal gifts or loans from third parties dealing MSA or its affiliates (Receipt of any gift is disapproved except gifts of nominal value which could not be refused without discourtesy. No personal gift of money should ever be accepted)
- Obtaining or possessing an interest in real estate, securities, or other property that MSA or its affiliates might consider buying or leasing
- Expending staff time during normal business hours for personal affairs or for other organizations, non-profit or otherwise
- Obtaining or reserving personal ownership or royalty interest in copyrights, trademarks, or patents in which MSA or one of its affiliates has an interest

#### 4.3.2. Examples Of Indirect Interests

A Decision Maker will be considered to have an indirect interest in another entity, transaction, or property if any of the following related parties have such an interest:

- A family member of the Decision Maker, defined by the ATO for these purposes as spouses; brothers and sisters, by whole or half-blood; spouses of brothers and sisters, by whole or half-blood; ancestors; children; grandchildren; great grandchildren; and spouses of children, grandchildren, and great grandchildren.
- An estate or trust of which the Decision Maker or their family member is a beneficiary, personal representative, or trustee.

- An entity of which a family member of the Decision Maker is an officer, director, or employee, or in which the family member has ownership or other proprietary interests.
- A colleague or employee of a law firm, accounting firm, or other professional entity of which the Decision Maker or their family member is an owner, employee, or otherwise affiliated

#### 4.4. Interpretation Of This Policy

The fact that any particular one or more of the interests described in this policy exists for a Decision Maker does not necessarily mean that a conflict of interest exists. If a conflict does actually exist, it may not be sufficiently material to be of practical importance, or it may not be adverse to the public interests addressed by the organisation.

However, Decision Makers shall promptly disclose the existence of any of the interests described in this policy in the manner described in the Conflict of Interest Reporting Procedure.

The Board of MSA reserves the right to fully investigate any apparent or actual conflict of interest before any related transactions are completed. The CEO will advise the Decision Maker of the determination of the Board in the matter disclosed.

Decision Makers are responsible at all times to scrutinize their transactions and outside business interests and relationships for potential conflicts and to immediately make disclosures of all relevant facts and circumstances as described in the Reporting Procedure.

#### 4.5. Annual Conflict Of Interest Questionnaire

To further promote and facilitate the full disclosure of potential and actual conflicts of interest, each Decision Maker shall complete the Annual Conflict of Interest Questionnaire, administered by the Chief Financial Officer (CFO), at least once each year. The CFO reports the outcomes of these annual questionnaires to the Board of MSA.