

CONFLICT OF INTEREST POLICY

The Thoracic Society is a group of health professionals and scientists working to advance knowledge in respiratory medicine, with the goal of facilitating better lung health through the highest quality of patient care and community education.

1. Scope

The Thoracic Society is a health promotion charity and its work involves collaborators from a range of backgrounds, as well as funding from a variety of sources. As such, it is inevitable that material personal interests exist and likely that conflicts of interest will occur. This policy sets out how the Society deals with an actual, or potential, conflict of interest of a member of the Board, and provides advice to all members of the Society.

The procedures are largely related to Directors as part of the TSANZ Board. However, this Policy shall be employed in any circumstance where a member of the Society is engaging in a collaborative pursuit in which their material personal interest may conflict with the Society's goal. As such, it is also important to note that this policy covers all Branches, Sub-Committees, and Working Groups (here-in referred to as the 'Group'). This policy aims to provide guidance to all TSANZ members, ensuring the process is a consistent and transparent approach.

2. Legislation

This Policy reflects the *Corporations Act 2001 (Compilation No. 71, 1 Jul 15)*. This act highlights that is a "Director's duty to notify other directors of material personal interest when conflict arises" and prescribes particular duties of the Directors during office. In fact, any officer charged with the responsibility of making corporate decisions, including contributing to TSANZ publications, should adhere to these principles. The most the most significant duties of directors, secretaries, other officers and employees of corporations include:

- Care and diligence - A director or other officer of a corporation must exercise their powers and discharge their duties with the degree of care and diligence that a reasonable person would expect.
- Good faith - A director or other officer of a corporation must exercise their powers and discharge their duties in good faith in the best interests of the corporation; and for a proper purpose.
- Improper use of position - A director, secretary, other officer or employee of a corporation must not improperly use their position to gain an advantage for themselves or someone else; or cause detriment to the corporation.
- Improper use of information - A person who obtains information because they are, or have been, a director or other officer or employee of a corporation must not improperly use the information to gain an advantage for themselves or someone else; or cause detriment to the corporation.

3. Material Personal Interest

Something which is a "material personal interest" is interpreted as a matter which has 'a capacity to influence the vote of a particular director on the decision to be made'. An evaluation of your own interests is required to determine if they are 'material' and have the potential to translate into a conflict of interest, or not. As guidance, material personal interests include those where:

- A personal interest which may affect decisions you make as a director.
- A personal interest which has the capacity to influence your consideration of, and your vote on, a particular matter.

The material personal interest need not be the subject of a conflict of interest at the time it is disclosed. Furthermore, the interest need not necessarily be of a financial or pecuniary nature. A conflict of interest arises where a director has personal interests that conflict (or reasonable perceived conflict) with the public interests of the company.

Examples of Possible Conflicts of Interest

A conflict of interest may arise, for example, if the Society is considering a matter involving an outside party,

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and a member of the Society (or their spouse, child, etc):

- is an employee or consultant of that outside party,
- holds shares (etc) in that party,
- is an office holder of that party,
- has received a research grant from that party,
- receives travel grants, conference expenses, gifts or hospitality from that party, or
- is applying for any of those things.

In each of those cases, the existence of the outside relationship *may* influence how the member acts or votes on the Society group.

4. Responsibility to disclose material personal interests

Directors have a legal obligation to give and update notices of their material personal interests to all Directors of the Board. Legally, this notice may be given at any time, whether it relates to current company affairs at the time, or not. It is the Policy of the Thoracic Society for each Director to complete and sign the Declaration of Interest form upon appointment, or at the beginning of each year. These forms will be kept confidentially in the TSANZ office. This Declaration of Interest is a standing notice, however Directors will still be asked to disclose at the commencement of each meeting if they have a conflict of interest in relation to any of the items on the meeting agenda.

Any member of the Society has a duty to inform any Branch, Sub-Committee, Working Party or group which they are participating in, through the Chair / Convener of the group, of any actual or potential conflict of interest which they may face in relation to the work of the group, and the nature of the conflict. Some potential conflicts will prove to be non-material and this outcome will be established by the group. Members contributing to publications must complete a separate TSANZ Authors Declaration of Interest form and any potential conflicts of interest considered by the leader of the group before work on the publication is undertaken.

5. Register of Material Personal Interest Declarations

All board members should consider if they have a material personal interest which has the potential to be a conflict of interest during their tenure. If a director has a material personal interest then a standing notice should be raised. The standing notice should record details of:

- the nature and extent of the interest
- if applicable, the date upon which the interest arose, and
- how the interest relates, or may relate, to the affairs of the company.

Notification of conflict by other members of a Society group

If a member(s) of the Group believe(s) that another member may have a conflict of interest which should be disclosed but has not been, he or she is entitled to raise this matter with the Group. The members of the Group may request that the person be subject to the processes that apply when a conflict of interest has been declared.

In such a situation, the most prudent course initially is for the member to leave the meeting room so that the remaining members can decide (in the absence of the member with the alleged conflict) whether to hear and determine the matter in the absence of that member. This would clearly avoid the member having an influence on the outcome.

6. Handing a Conflict of Interest

The Group will establish if a material personal interest is in conflict with the company proceedings on a case by case basis. The Chair will be responsible for facilitating the evaluation of the material personal interest by the remaining meeting members, to assess whether a conflict of interest exists and if it is significance, or warrants any action or exclusion of the member from that topic.

If the potential conflict involves the Chair, they should vacate the Chair after disclosure of their potentially

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conflicting interest. The members present may appoint an acting Chair for this purpose.

The Process

- The member will disclose their potential conflict of interest.
- The member will leave the room.
- The Chair (or appointed Chair) will discuss with the Group:
 - whether a conflict of interests actually exists;
 - if its significance will likely impact on companies business, and
 - what action, if any, needs to be taken.
- The member with the conflict may be invited to rejoin the meeting and participate, or not, in line with the Group's decision.
- The member with the conflict of interest may not vote on a matter, unless the Board/members determine that they are satisfied that the interest should not disqualify the director from voting or being present.
- If exclusion of directors due to conflicts of interests reduces the board to below quorum then the issue may be resolved by:
 - The affected director seeking permission from ASIC to be present.
 - An AGM being called to deal the matter.

Minutes of Meeting

It is Society's Policy that the Board of Directors and any members of Committees or Working Parties declare any previously disclosed or new conflict of interest at the beginning of each board meeting.

The minutes of the meeting should record:

- the fact that the declaration was made,
- the process adopted by the Board to deal with it; and
- the conclusions of the Board following their consideration of the matter, including any actions that were taken.

7. Relationship to other Board Policies

The Thoracic Society of Australia and New Zealand is a public company limited by guarantee, and as such, is governed by the Corporations Act 2001. This Policy is in addition to federal and state legislation and the TSANZ Constitution, and it does not overrule them.

This policy interacts with the Publication Process and members who are contributing to guidelines, statements, positions papers and working parties must be familiar with the associated policies.

Endorsed by the Board: 9th October 2015

Review Date: 2020