



Growing Cambodia Inc

March 2023

# Conflicts Policy

## Overview

This policy outlines the procedures and controls for identifying, managing and monitoring conflicts of interest and related party transactions so that we can meet our governance and reporting obligations and reduce the risk that our decisions are influenced by other interests.

Compliance with this policy will reduce the risk that decisions and activities of Growing Cambodia are undertaken in the interests of others or for extraneous purposes when they should be undertaken in the best interests and for the purposes of Growing Cambodia.

This policy requires conflicts of interest to be disclosed, managed and recorded in a register and related party transactions to be approved and recorded in a register.

An important principle in the management and approval of conflicts of interest and related party transactions is that someone with a material conflict of interest or involvement in a material related party transaction will usually be restricted in making decisions on behalf of Growing Cambodia about that matter.

# Defining the concepts

In this section we define what we mean by conflict of interest and a related party transaction. We also clarify what we consider to be a *material* conflict of interest and a *material* related party transaction.

## Responsible person

A responsible person is a member of Growing Cambodia's Committee.

## Conflict of interest

A conflict of interest is where a responsible person or manager will (or may) receive a personal benefit that conflicts with the interests of Growing Cambodia. It includes where a responsible person or manager may owe duties to another person or organisation that conflict with their duties owed to Growing Cambodia (sometimes called a 'conflict of duty').

Our concept of conflict of interest includes not only actual conflicts but also conflicts that a reasonable person might perceive to represent a conflict.

Examples are where the responsible person receives a gift or hospitality or might receive money or other benefits from making a decision or transaction involving Growing Cambodia.

## Related party

A related party is:

- a responsible person and their close family members; or
- a manager of Growing Cambodia and their close family members.

In other words, a related party is a person with a significant degree of influence over our strategic and financial decisions or a close family member of that person.

## Related party transaction

A related party transaction is a transaction between Growing Cambodia and a related party.

Examples are where Growing Cambodia buys or receives goods or services from a responsible person or manager or close family member of a responsible person or manager, including if at a discounted rate or for free.

## Materiality

Not every conflict of interest or related party transaction will be material if it would not have a major impact on Growing Cambodia's decision or activities.

Examples that would not be material include

- a gift of a box of chocolates or bottle of wine to say thank you for someone's pro bono services,
- donations from related parties,
- volunteer services from related parties (being the same as or similar to volunteer services provided by other volunteers)
- a transaction with a related party that is on the same terms and conditions as a transaction with a non-related party; and
- reimbursement of reasonable out-of-pocket expenses.

# Identification and disclosure

All responsible persons and managers are expected to identify and disclose:

- any conflicts of interest they may have either generally or in relation to a particular matter; and
- any related party transactions of which they are aware involving themselves or their close family members.

For example:

- a person could have a conflict of interest generally if the person is a member of the board or a manager of an organisation that directly competes for funding with Growing Cambodia.
- a person could have a conflict of interest generally if the person frequently receives gifts, hospitality or entertainment because of their role with Growing Cambodia.
- a person could have a conflict of interest about a particular matter if Growing Cambodia is considering entering into a contract to obtain goods or services from an organisation in which they (or their close family member) works. This would also be a related party transaction if the contract is awarded to the related party.
- a person could have a conflict of interest if their close family member is employed by Growing Cambodia. This would also be a related party transaction.
- a person could have a conflict of interest if the person sponsors someone or promotes another organisation where their support might otherwise be given to Growing Cambodia.

A conflict or related party transaction can be disclosed by way of standing notice or at a Committee meeting, before the matter is considered by the Committee.

In addition, each responsible person and manager will complete an annual declaration of interests.

When a conflict or related party transaction is disclosed it will be entered in the registers of conflicts or related party transactions (as appropriate) and the Governance Sub Committee members will decide if it is material.

## Managing and Monitoring

The Governance Sub-Committee members will review all conflicts of interest and related party transactions that are disclosed and entered in the registers to determine:

- if they are material; and
- how they will be managed to control the risk that they could impair Growing Cambodia's ability to make decisions and act honestly and fairly in the best interests of Growing Cambodia and for its purposes.

### Materiality

Materiality will be assessed by reference to the amount, nature and circumstances giving rise to the conflict or related party transaction, including whether it is one off or ongoing. Underlying considerations will be whether the conflict or transaction could:

- harm the quality or integrity of goods or services provided to Growing Cambodia,
- present a risk to our reputation if not managed effectively and appropriately; or
- affect a stakeholder's understanding of Growing Cambodia's operations or our financial performance and position.

## Control

If the conflict or related party transaction is assessed as material, the person with the conflict or involved in the related party transaction will generally be precluded from participating in decisions that relate to that matter so as not to compromise the objectivity of our decision making. In cases of a serious and pervasive conflict, the person may be asked to avoid the conflict by resigning.

All material related party transactions must be approved by the Committee.

## Arms-length transactions

If a related party transaction is on the same terms and conditions that would exist if the transaction were with a non-related party (known as an 'arms-length transaction'), it is not considered material. However, it may be necessary to obtain quotes from a non-related party to test if this is the case.

An example of this exception would be where professional services are provided by a related party accountant on the same terms as a non-related party.

## Gifts and hospitality

As a general rule any gifts, hospitality or entertainment above \$100 will be considered material. While not prohibited, their receipt will be monitored and controls will be imposed if the Governance Sub-Committee considers they are at risk of impairing the recipient's objectivity or ability to make decisions in the best interests and for the purposes of Growing Cambodia.

## Records

When the Committee determines that a conflict of interest or related party transaction is material, the control for that conflict or related party transaction will also be recorded in the relevant registers.

In addition to enabling us to monitor conflicts and related party transactions, these records will also assist us in meeting our reporting obligations.

The updated registers will be presented at the beginning of each Committee meeting.

## Review of policy

This policy will be reviewed [every two years] to ensure it remains appropriate, or sooner if there is a significant change to Growing Cambodia's operations or financial position. The review will be carried out by the Governance Sub-Committee members, who will make recommendations to the Committee for approval.

# Appendices

## Register of related party transactions

Growing Cambodia

Full name of related party	Nature of relationship	Description of transaction	Amount of transaction	Date(s) of transaction	Material?	Approval details (date and control)

## Register of conflicts

### Growing Cambodia

Full name of conflicted party	Nature of conflict	Actual or perceived	One off or ongoing	Possible impact	Control