

The MSI Anti-Fraud and Bribery Programme

Conflicts of Interest Policy

Policy Name:	Conflicts of Interest Policy
Policy Number & Version:	20.5
Written By:	MSI
Date First Approved:	N/A
Last Amended By:	MSI/MSIAP Finance Team
Date Amendment Approved:	June 2024
Last Approved By:	MSI Asia Pacific Board
Date of Next Review:	June 2027 or when the global policy is updated by MSI – whichever is earlier
Policy Owner:	MSIAP Finance Team
Notes:	<i>This is a version of the Global MSI Policy which has been adapted for MSI Asia Pacific.</i>

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Conflicts of Interest Policy

Executive Summary

There is a conflict of interest if a member of staff or a Board Member has an interest, relationship, or friendship which could, or could be seen to, influence their ability to decide an issue in the best interests of MSI. *Or to put it another way: a conflict of interest is anything (including a relationship) **which might look to others** to affect your decision making.*

D.A.D

Where a member of staff or a Board Member has, or may be seen as having, a conflict of interest:

1. the member of staff or board member must **DECLARE** the conflict of interest;
2. **ACT** to avoid biased decision-making or ***the possible perception*** of such; and
3. **DOCUMENT** the conflict of interest and the mitigation/avoidance action taken in the Conflicts of Interest Register.

Introduction

A. Scope and overview of the Policy

In this Policy:

- “**Board Member**” means a board member or trustee of an MSI Entity.
- “**MSI Entity**” means MSI or any of its entities.
- “**MSI Person**” means any member of staff of an MSI Entity, and includes employees, contractors, business partners, trainees, volunteers, sessional workers and agency staff.
- “**personal relationship**” means:
 - family relationships including spouses and partners;
 - close personal friendships, including romantic attachments and extra-marital affairs.

This Policy applies to all MSI Persons and Board Members.

It is divided into four sections and one Appendix:

1. Understanding Conflicts
2. Declaring and Documenting Conflicts
3. Taking Steps to Avoid Biased Decision-Making
4. Maintaining the Conflicts of Interest Register

Appendix 1 contains examples of conflicts of interest, annual declarations, and decision- or transaction-specific declarations.

B. Why is the Policy so important?

The purpose of the Policy is to:

- Avoid bad decision-making i.e. that is not in the best interests of MSI entities.
- Protect the integrity of decision-making processes so that stakeholders (e.g. staff, clients, donors and partners) have confidence in MSI entities.

Not declaring, or not dealing appropriately with, conflicts of interest can have serious consequences:

- Funds may be used inefficiently (e.g. paying a higher price for a supplier or hiring a less capable candidate).
- Decisions that are taken by an MSI Person with a conflict may be challenged by an interested party, such as another supplier or a donor, and even overturned, with the result that decision processes may have to be repeated or funds returned to donors.
- Decisions made by a Board Member of any MSI Entity with a conflict may be regarded as invalid (whether by third parties or because of the terms of its Constitution).
- The reputation of the MSI Entity may be damaged if decisions are perceived to have been made to benefit a particular MSI Person or Board Member, and not the MSI Entity's mission.
- MSI Persons or Board Members with conflicts of interest may be required to repay sums disbursed, and/or face dismissal or removal for mismanagement and misconduct.

Although declaring conflicts of interest is primarily the responsibility of the affected MSI Person or Board Member, senior management in all MSI Entities must ensure that there are strong systems in place and a supportive organisational culture so that MSI Persons and Board Members:

- understand what a conflict of interest is;
- are aware of the sorts of circumstances that may give rise to a conflict of interest; and
- know how and when to declare a conflict of interest.

1. Understanding Conflicts

Key Definition

- 1.1 **There is a conflict of interest if an MSI Person or a Board Member has an interest, relationship or friendship which could, or could be seen to, influence their ability to decide an issue in the best interests of the MSI Entity for which they work or are a Board Member.**
- 1.2 It is possible to have a conflict of interest even if no actual impropriety occurs.
- 1.3 In addition to avoiding an actual or potential conflict of interest, MSI Persons and Board Members need to avoid any *perception* of a conflict. Even if they consider their relationship with a third party could not affect their ability to make a decision, if someone else has grounds for thinking that it could, they have a conflict of interest. See **Appendix 1** to this Policy for examples of conflicts of interest.

Connected persons or organisations

- 1.4 An MSI Person or Board Member may have a conflict of interest through their connection with another person or organisation. This will be the case if there is a risk that the connected person or organisation may benefit, or be seen to benefit, from the MSI Person's or Board Member's position.

- 1.5 The connected person or organisation may be:
- family or relatives of the MSI Person or Board Member, including direct connections (e.g. spouse, children, siblings, etc.), extended family (e.g. uncles, aunts and cousins at different degrees, in-law family etc.) and any other close relationship (e.g. friendship, previous employers etc.); or
 - a business partner, supplier or business in which the MSI Person or Board Member has an interest through ownership or influence.

Personal relationships at MSI

- 1.6 MSI considers any personal relationships:
- between team members in the same department or a related area;
 - between team members and their line manager (or any manager in their team who they may report to from time to time); and
 - involving MSI Persons in executive teams and senior management teams,

To be conflicts of interest. While such personal relationships are permitted at MSI, they must be declared, documented and the appropriate action taken to ensure that there is no actual, potential or perceived bias. Managers must never have someone with whom they have a personal relationship, as a direct report, or be in a position where they contribute, or appear to contribute, to that person's performance review.

Senior managers: are role models and as such will find it difficult to do their roles whilst in a personal relationship with a staff member due to a likely perception of conflict of interest, favouritism or even bullying (for example when a relationship fails but normal performance management is still required), and so such relationships are discouraged. *Any failure to declare a relationship* with any other staff member, by a senior staff member (including anyone on any senior leadership team), is a breach of this policy and will result in at least a final warning issued and a possible dismissal.

Please also note that there can be a thin line between an attempt to start a relationship and sexual harassment. Please refer to the [MSI Sexual Harassment Policy](#).

2. Declaring and Documenting Conflicts

- 2.1 All MSI Persons and Board Members must **declare a conflict of interest** as soon as they are aware of any possibility that their personal or wider interests could influence, or be seen to influence, a decision-making process. This conflict of interest **must be documented in the online Conflicts of Interest Register which can be found on the Legal, Safeguarding and Donor Compliance team's website [here](#)**.
- 2.2 For all MSI Persons, conflicts of interest are logged on the Register via an online form available on the Global Intranet (More Together/Sharepoint). MSI Persons in Country Programmes and support offices must enter details of all conflicts that arise in the online form. All entries logged by staff in a Country Programme or support office team are accessible in a dashboard by the nominated person responsible for that CP's Conflicts of Interest Register. The collated entries/dashboard form the Conflicts of Interest Register for each Country Programme or team.
- 2.3 Board Member conflicts of interest will be declared using the process outlined in 2.8 to 2.10 below. All Board Member declarations will be collated and form the **Conflicts of Interest Register for Board Members**. For Board Members with no access to SharePoint, forms are available [here](#).

2.4 When deciding if an association with a **connected person or organisation** (see section 1 above) should be disclosed, the MSI Person or Board Member should consider the situation from the perspective of an outsider. Could the nature of such association lead to an allegation of a conflict of interest? If so, the MSI Person or Board Member should act in an open and transparent manner and declare the conflict. This will usually help to alleviate or avoid future misunderstandings.

2.5 Two types of declarations should be made and documented:

- **Annual declarations**
- **Decision or transaction specific declarations**

These two declarations differ in nature and are explained below. It is the responsibility of the line manager to be aware of the circumstances in which each declaration is applicable and be able to advise staff accordingly. Where they have any doubt, they should seek the advice of the Country Director/nominated Conflicts Person or the LSDC team.

Annual declarations

Definition: An annual declaration is a declaration that is made at the start of each year by those set out in clause 2.7, as to any **ongoing** relationships which could or could potentially be perceived by a third party to effect decision making that may be required during the year ahead.

Making annual declarations

2.6 **All senior and key MSI Persons (via the online system) and Board Members (where not employees of the entity concerned, they should complete via a separate form) must declare, at the start of each year, that:**

- they have one or more conflicts of interest, and give details of what that/those conflict(s) is/are; or
- they have no conflicts of interest.

If their situation changes, they will need to **update their declarations** during the year.

2.7 The following people are “**senior and key MSI Persons**”:

- MSI Persons in executive teams and senior management teams.
- MSI Persons who are directors.
- All MSI Persons in procurement teams, human resources teams and Global Internal Audit.
- Any other MSI Person considered likely to be subject to potential conflicts by Board Members or senior management teams.

See **Appendix 1** to this Policy for examples of annual declarations.

Documenting Conflict of Interest Declarations

2.8 Board Members of MSI Entities in Country Programmes must communicate their declarations in writing to the Country Director using the **Board Member Annual Conflict of Interest Declaration or similar**. The Country Director will ensure that Board Members are provided with a blank form and the completed version is returned to the Country Director. Board Members with access to SharePoint should use the online version of the Annual Conflict of Interest Declaration. MSI's Trustees must communicate their declarations to the Director of Legal, Safeguarding and Donor Compliance or Secretary to the Board, using the **Declaration of Interests and Related Party Transactions Form**.

2.9 Declarations of new senior and key MSI Persons and new Board Members will be documented in the online Conflicts of Interest Register at the start of their employment or engagement. In the

case of Board Members who do not have access to SharePoint, the Country Director will ensure that these declarations are retained with board files.

Decision- or transaction- specific declarations

Definition: A Decision- or transaction- specific declaration is an obligation for all MSI staff to declare any actual or perceived conflicts of interest as and when they arise during the year.

Making decision- or transaction- specific declarations

2.10 All MSI Persons or Board Members who:

- are part of a committee or board, making a decision, for example on contractual commitments (e.g. finance staff taking part in the selection of a supplier); or
- can influence any decision-making process (e.g. HR staff screening CVs); or
- become aware of a transaction involving a connected business or organisation (e.g. Team Coordinator becomes aware that team is tendering for services and their spouse works for an organisation that will tender),

must **declare** to the person leading the decision-making process, or to a manager (in the case of MSI Persons), or the Chairperson of the Board (in the case of Board Members), any conflict of interest that arises or may arise, as a result of the decision-making process or transaction, and they must do so as soon as they become aware of the conflict.

See **Appendix 1** to this Policy for examples of declarations of decision- or transaction- specific conflicts.

Documenting decision- or transaction- specific declarations

- 2.11 The person to whom a decision- or transaction- specific conflict is declared must ensure that the **conflict is documented in the Conflicts of Interest Register** by the relevant MSI person completing the online form. Board Members with no access to SharePoint, should use the [Board Member Transaction Specific Conflict of Interest Declaration](#).
- 2.12 If an MSI Person or Board Member is aware of any undeclared conflict of interest affecting another MSI Person or Board Member, they must notify it to:
- (a) a manager or the Country Director (in the case of Country Programmes) or the Director of Legal, Safeguarding and Donor Compliance or Finance Director (in the case of support offices), where the person notifying is an MSI Person; or
 - (b) the Chairperson of the Board and either the Country Director (in the case of Country Programmes) or the Director of Legal, Safeguarding and Donor Compliance or Finance Director (in the case of support offices), where the person notifying is a Board Member.
- 2.13 An MSI Business Partner who is aware of a conflict with an MSI person must ensure that the Conflict is documented in the Business Partner Supplier Questionnaire provided to business partners during the pre-qualification and vetting stages. The Business Partner may also speak with an MSI staff member or report such a conflict through any of the MSI speaking up channels.

3. Taking Steps to Avoid Biased Decision-Making

- 3.1. If a conflict of interest can influence, or appear to influence, the decision-making process, the MSI Person or Board Member with the actual or potential conflict must **step aside from the process**, or the relevant MSI Entity must **stop working with** the relevant connected person or organisation (see section 1.5 above). In the case of a Board Member with a conflict, this may mean that, in the relevant board meeting, they **cannot participate in discussions or vote on the subject to which the conflict relates**.

- 3.2. If **withdrawal** or removal is not possible, because other policies will be affected (e.g. segregation of duties, minimum number of bids etc.), or it would significantly affect the efficiency of the relevant MSI Entity's operations (e.g. the two people in a personal relationship are key staff), the MSI Person leading the relevant decision-making process must bring the case to a manager or the Country Director (in the case of Country Programmes) or the Director of Legal, Safeguarding and Donor Compliance or Finance Director (in the case of support offices), in order to set up alternative arrangements that ensure the best interests of the relevant MSI Entity are maintained.
- 3.3. The **avoidance action** that is taken in each situation, its justification and the relevant authorisations will be **documented in the Conflicts of Interest Register**. Both the online and paper based declarations contain a section for noting any action taken to mitigate the conflict.

4. Maintaining the Conflicts of Interest Register

- 4.1 The paper based Conflict of Interest Register has been replaced by an online form system on More Together/SharePoint. It is the responsibility of the Country Directors (for Country Programmes) and team Directors or team managers (for support offices), to monitor the accuracy of the online register via the dashboard to which they and their nominee (if any) should have access, ensure mitigating actions are noted and taken, provide advice to team members on the register, ensure that team members receive appropriate training so they know when and how to declare an actual or potential conflict.
- 4.2 In January of each year, all Country Directors are required to submit a declaration on SharePoint confirming that staff (i) are aware of their obligations in respect of Conflicts of Interest and (ii) have made the necessary declarations on SharePoint and Board Members without access to SharePoint have completed the Board Member Conflict of Interest Form.
- 4.3 The Country Director (in the case of Country Programmes), and team Director or team manager (in the case of support offices), can delegate to other members of staff the maintenance of the Conflicts of Interest Register. However, they remain ultimately responsible for its accuracy and completeness.

Appendix 1

Examples of Conflicts and Declarations

Examples of Conflicts

- An MSI Person is a member of a procurement committee and has an interest in a business that may be awarded a contract to do work for, or provide services to, an MSI Entity.
- An MSI Person is a member of the HR team that is deciding on a role that has been applied for by a relative or friend of that MSI Person.
- An MSI Person has an interest in another organisation which is competing for the same funding as the MSI Entity for which the MSI Person works.
- A senior MSI Person has a relative working in the same MSI Entity (raising perceptions of bias and favouritism).
- An MSI Board Member's nephew is one of the prospective candidates being considered for a position on the Board or in any employed position in the same MSI Entity.

Annual Declarations

- The Head of Human Resources declares that their daughter works as the Country Director's personal assistant.
- A Board Member declares that they are the father of the owner of one of three pharmaceutical distributors in the country.
- The Country Director declares that their partner works as a sessional doctor for the Country Programme.
- The Head of Procurement declares that they are a non-executive director of a manufacturer of contraceptives in the country.
- The Deputy Country Director declares that their brother-in-law is a partner in the legal department of the accountancy firm that conducts the Country Programme's external audit.

Decision- or Transaction- Specific Declarations

- A board meeting is held to approve a Country Programme's entry into an agreement for the supply of pharmaceuticals. One of the Board Members declares that the Finance Director of the supplier is their spouse.
- The Country Programme is interviewing for a new Operations Manager. The head of the appointment's panel declares that one of the applicants is the girlfriend of their son.
- A line manager is asked to preside over a disciplinary hearing. They declare that the employee in question is the ex-wife of their best friend.
- A member of the procurement team is asked about the benefits of using a new supplier to distribute IUDs to the Country Programme. They declare that their uncle is the supplier's Sales Director.
- The senior management team meet to approve a new large donor agreement. One of the members of the senior management team declares that his cousin is senior Operations Manager in the donor's local office.
- The cousin of an MSI employee working in a donor team is in the final round of an interview for the marketing team. While the MSI employee is not involved in the hiring decision, they declare this as a potential conflict to avoid any perception that they coached or assisted their cousin in the interview process for MSI.

