



**Making Pakistan Resilient**

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## **NATIONAL DISASTER RISK MANAGEMENT FUND**

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# **CONFLICT OF INTEREST AND DISCLOSURE POLICY**

(Approved in 10<sup>th</sup> Board Meeting held on 23<sup>rd</sup> October, 2018)

Chief Executive Officer



Company Secretary

# Conflict of Interest and Disclosure Policy

## 1. Purpose

- 1.1 National Disaster Risk Management Fund (NDRMF) is committed to conduct official business in a fair, transparent, accountable and impartial manner. This Conflict of Interest Policy deals with situations in which our employees may have an actual, perceived or potential conflict of interest between their official role and their personal interests.
- 1.2 The purpose of this policy is to provide guidance in identifying and handling potential and actual conflicts of interest involving the NDRMF. In most instances, conflicts of interest can be avoided simply by continuing to exercise good judgment. NDRMF relies on the sound judgment of its employees to prevent many such conflict situations.
- 1.3 Employees are expected to conduct their relationships with each other and outside the organizations with objectivity and honesty. The general rule is that: employees are obligated to avoid and disclose ethical, legal, financial, or other conflicts of interest, and remove themselves from a position of decision-making authority with respect to any conflict situation.

## 2. Scope

- 2.1 This policy applies to all persons administered by or working for NDRMF, including
  - a. employees, whether full-time, part-time, fixed-term or on contract;
  - b. board or committee members;
  - c. volunteers; and
  - d. suppliers or consultants whose contracts specify that they are bound by this policy.
- 2.2 Persons covered under this policy are hereinafter referred to as "interested parties."

## 3. Definitions

- 3.1 "Conflict of interest" is defined as: An action or situation, actual, potential or perceived that could lead an individual to be influenced by considerations of personal gain, or gain to immediate family, whether financial or otherwise.
- 3.2 Generally, a conflict of interest may occur if an endeavor 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 employment responsibilities in the best interests of the organization.



Chief Executive Officer



Company Secretary



3.3 An individual is considered to have a potential conflict of interest when:

- a. He or she or any family member<sup>1</sup> receives a financial or other significant **benefit** as a result of the individual's position at the organization;
- b. The individual has the opportunity to influence the organization'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 judgment in carrying out their responsibilities to the organization.
- d. For purposes of the Conflict of Interest Policy, the term "family member" means any spouse, domestic partner, parents, siblings, children, any other relative who resides in the same household and any other familial relationship that could create the appearance of a conflict.

#### 4. Policy & Procedure

- 4.1 A conflict of interest may affect a person's judgement as to what is in the public interest, or may lead to a bias in their decision making. It is not always possible to avoid a conflict of interest. A conflict of interest is not necessarily unethical or wrong.
- 4.2 It is important that any actual, perceived or potential conflict of interest is identified, disclosed and effectively managed (including avoided if possible). Management of conflicts of interest must be fair, transparent, accountable and free from bias.
- 4.3 Persons to whom this policy applies must:
  - a. disclose any actual, perceived or potential conflict of interest
  - b. seek independent advice about how a conflict will be managed; and
  - c. are encouraged to report any actual, perceived or potential conflict of interest that they observe.
- 4.4 Specific guidance about these matters is provided for roles or areas where there is a high risk that a conflict of interest may arise.
- 4.5 All reasonable steps shall be taken to identify conflicts that arise or may arise in the course of business conduct. When mitigation can be used to manage a conflict, NDRMF will do so with transparency and documentation as well as with regular independent review. If mitigation is inadequate to manage a conflict, NDRMF may choose to avoid or terminate the conflict.
- 4.6 If a conflict cannot be removed or its removal is determined not to be in the best interest of NDRMF, it is permissible for the organization to move forward with such existing conflict. However, it is important that the Conflict is adequately managed with ongoing controls as well as with review and oversight.
- 4.7 A conflict of interest may exist when the interests or concerns of an interested party may be seen as competing with the interests or concerns of the organization. There are a variety of situations which raise conflict of interest concerns including, but not limited to, the following.

  
Chief Executive Officer



  
Company Secretary



**a. Financial Interests**

A conflict may exist where an interested party, or a relative or business associate of an interested party, directly or indirectly benefits or profits as a result of a decision made or transaction entered into by the organization. Examples include situations where:

the organization contracts to purchase or lease goods, services, or properties from an interested party, or a relative, or business associate of an interested party;

the organization purchases an ownership interest in or invest in a business entity owned by an interested party, or by a relative or business associate of an interested party;

the organization offers employment to an interested party, or a relative, or business associate of an interested party, other than a person who is already employed by the organization;

an interested party, or a relative or business associate of an interested party, is provided with a gift, gratuity or favor, of a substantial nature, from a person or entity which does business, or seeks to do business, with the organization;

an interested party, or a relative or business associate of an interested party, is gratuitously provided use of the facilities, property, or services of the organization;

**b. Other Interests**

A conflict may also exist where an interested party, or a relative or business associate of an interested party, obtains a non-financial benefit or advantage that he would not have obtained absent his/her relationship with the organization, or where his/her duty or responsibility owed to the organization conflicts with a duty or responsibility owed to some other organization. Examples include where:

an interested party seeks to obtain preferential treatment by the organization for himself, or relative, or business associate

an interested party seeks to make use of confidential information obtained from the organization for his own benefit, or for the benefit of a relative, business associate, or other organization;

an interested party seeks to take advantage of an opportunity, or enable a relative, business associate or other organization to take advantage of an opportunity, which s/he has reason to believe would be of interest to the organization;

  
Chief Executive Officer



  
Company Secretary

#### 4.8 Disclosure of Actual or Potential Conflicts of Interest

- a. All directors of the Fund or their relative(s), is in any way, directly or indirectly, concerned or interested in any contract or arrangement entered into, or to be entered into, by or on behalf of the Fund shall disclose the nature of their concern or interest at a meeting of the directors.
- b. Any other officer (including the Chief Executive Officer and other Executives) of the Fund or their relative(s), is in any way, directly or indirectly, concerned or interested in any proposed contract or arrangement by the Fund shall disclose to the Fund through a communication to the Company Secretary, the nature and extent of his interest in the transaction. Such officer and the Fund shall ensure that such information is properly placed and considered by any forum where the matter relating to such proposed contract or arrangement is to be discussed and approved.
- c. If a director or officer has an existing interest, before joining the Board, they shall disclose such interest to the Board, which shall take such facts into consideration for any current and future decision making.


#### 4.9 Procedures for Review of Actual or Potential Conflicts

Generally whenever there is reason to believe that an actual or potential conflict of interest exists between NDRMF and an interested party, the management shall determine the appropriate organizational response. This shall include, but not necessarily be limited to, invoking the procedures described in section below, with respect to a specific proposed action or transaction.

#### 4.10 Procedures for Addressing Conflicts of Interest

- a. Specific Transactions Where an actual or potential conflict exists between the interests of NDRMF and an interested party with respect to a specific proposed action or transaction, NDRMF shall refrain from the proposed action or transaction until such time as the proposed action or transaction has been approved by the management. The following procedures shall apply:

An interested party who has an actual or potential conflict of interest with respect to a proposed action or transaction shall not participate in anyway in, or be present during, the deliberations and decision making with respect to such action or transaction. The interested party may, upon request, be available to answer questions or provide material factual information about the proposed action or transaction.

  
Chief Executive Officer



  
Company Secretary



NDRMF management may approve the proposed action or transaction upon finding that it is in the best interests of the organization. It shall be considered that whether the terms of the proposed transaction are fair and reasonable to the organization and whether it would be possible, with reasonable effort, to find a more advantageous arrangement with a party or entity that is not an interested party.

#### 4.11 Violations of Conflict of Interest Policy

- a. If the management has reason to believe that an interested party has failed to disclose an actual or potential conflict of interest, it shall inform the person of the basis for such belief and afford the person an opportunity to explain the alleged failure to disclose.
- b. If, after hearing the response of the interested party and making such further investigation as may be warranted in the circumstances, the management determines that the interested party has in fact failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

#### 5. Training and Communication

- 5.1 NDRMF will provide training on this policy as part of the induction process for all new employees. Employees will also receive regular, relevant training on how to adhere to this policy, and will be asked annually to formally accept that they will comply with this policy.
- 5.2 NDRMF will provide relevant training to employees etc. where we feel their knowledge of how to comply with this policy needs to be enhanced.

  
Chief Executive Officer



  
Company Secretary