Fairtrade Australia & New Zealand
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Fairtrade Australia & New Zealand

Board Conflict of Interest Policy

1. Purpose

Each Director of Fairtrade Australia New Zealand (Fairtrade ANZ) has a duty to act in the best interests of Fairtrade ANZ in performing their duties. This includes not putting their personal interests above the interests of the organisation.

The purpose of this policy is to help Fairtrade ANZ Directors (Board members) and committee members to effectively identify, disclose and manage any actual, potential or perceived conflicts of interest in order to protect the integrity of Fairtrade ANZ and manage risk.

This policy has been developed because potential conflicts of interest commonly arise, and do not need to present a problem, if they are openly and effectively managed.

2. Related Policies

- Anti-Fraud and Corruption
- Board Charter
- Complaints Handling
- Control of Funds
- Employee Conflict of Interest Policy (HR Policies)
- Procurement
- Whistleblowing Protection

3. Scope

This policy applies to all Fairtrade ANZ Directors (Board members) and Committee members.

Employees, contractors and volunteers are subject to the Conflict of Interest Policy contained in Fairtrade ANZ's HR Policies.

4. Policy

Definition of Conflict of Interest

A conflict of interest arises where a personal interest or activity of a Board or Committee member or their immediate family or business interests conflict with their responsibility to exercise their role objectively and in the best interests of Fairtrade ANZ. A conflict of interest may be actual, potential or perceived and may be financial or non-financial.

These situations present a risk that a person will make a decision based on, or affected by, these influences, rather than in the best interests of Fairtrade ANZ and must be managed accordingly.

Conflicts of interest may occur:

- when a director, and their immediate family or business interests, stand to gain financially from any business dealings, programmes or services provided by Fairtrade ANZ
- when a director offers a professional service to Fairtrade ANZ
- when a director stands to gain personally or professionally from insider knowledge if that knowledge is used for personal or professional advantage
- when a director has family who are active in the Fairtrade network and might benefit, or be seen to benefit from decisions made by the Board.

Types of Conflicts

The policy explicitly identifies and categorises conflicts into the following types:

Financial Conflicts:

Financial conflicts involve situations where a Board or Committee member's personal financial interests may influence their decision-making in a manner that may not align with Fairtrade ANZ's best interests. Examples may include but are not limited to:

- ownership of significant stock in organisations competing with Fairtrade ANZ
- direct financial interests or investments that may impact the member's impartiality.

Personal Conflicts:

Personal conflicts pertain to situations where a Board or Committee member's personal relationships or affiliations may compromise their ability to act objectively. Examples may include but are not limited to:

- personal relationships with individuals or entities involved in projects or decisions of Fairtrade ANZ
- immediate family members employed by or in contractual relationships with organisations interacting with Fairtrade ANZ
- engaging in activities that may affect the member's judgement due to personal connections, e.g.:
  - Board or Committee member has a close personal relationship with an individual involved in a project review
  - Board or Committee member is a member of an external organisation that may benefit from Fairtrade ANZ decisions.

Conflict of Duty:

A conflict of duty is a type of conflict of interest where a person's duties or responsibilities to one organisation or group clash with their duties or responsibilities to another, potentially compromising their ability to act impartially or in the best interests of all parties involved.

Disclosure of Conflict of Interest

Each Board and Committee member must declare any conflicts of interest to the Board and the Company Secretary as soon as they become aware of them. All conflicts of interest will be documented in the Board's Conflict of Interest Register, maintained by the Fairtrade ANZ's Company Secretary.

In addition, Board and Committee members shall declare any conflicts of interest of which they become aware at the start of the Board or Committee meeting where the potential conflict of interest is relevant to matters on the proposed agenda. The nature of the conflict of interest will be recorded in the meeting minutes as well as in the Board's Conflict of Interest Register.

A Board or Committee member who believes that another Board or Committee member has an undeclared conflict of interest should specify in writing to the Chair the basis of this conflict. The Chair will then discuss the matter with the subject member to determine if a conflict of interest exists and should be disclosed.

Board and Committee members are encouraged to obtain independent advice in relation to potential conflicts of interest and how such interests can be best managed.

Actions required for management of conflicts of interest

Once a conflict of interest has been disclosed, the Board or Committee (excluding the board member disclosing and any other conflicted board member) must decide whether the conflicted member(s) should be excluded from:

- voting on the topic (this is a minimum)
- participating in any debate or discussion on the matter (either in the meeting or with other Board/Committee members before or after the Board meetings)
- being present during any discussion or voting on the topic.

In deciding what approach to take – in particular, whether the conflict of interest needs to be avoided or simply documented – the Board will consider:

- Fairtrade ANZ's objects and resources
- any alternative options to avoid the conflict of interest
- whether the conflict of interest will realistically impair the Board member's capacity to act impartially
- whether the conflict of interest may create an appearance of improper conduct that might impair confidence in, or the reputation of, Fairtrade ANZ.

The decision of the Board/Committee will be recorded in the minutes of the meeting and the register of interests.

The Board will determine what records and other documentation relating to the matter will be available to the Director.

Consequences for Non-Disclosure and Non-Compliance:

Any director who has an ongoing, significant material conflict of interest must consider resigning from the Board.

Examples of non-disclosure and non-compliance actions include, but are not limited to:

- failure to disclose a conflict of interest
- intentional or repeated non-compliance with conflict of interest policies.

Graduated Scale of Consequences:

The consequences for non-disclosure, non-compliance, or unethical behaviour related to conflicts of interest may include, but are not limited to:

1) Written Warning
    - issued for minor instances of non-disclosure or non-compliance
    - serves as a formal notice outlining the violation and the expected corrective actions.
2) Temporary Suspension
    - imposed for more serious or repeated violations
    - involves a temporary suspension from certain board or committee activities.
3) Removal from Committees
    - in cases where the violation undermines the effectiveness of committee activities
    - removal is considered to protect the integrity of decision-making processes.
4) Termination

- reserved for the most severe or repeated violations
- Board or Committee membership may be terminated if the violation significantly compromises Fairtrade ANZ's integrity or reputation.

5. Document Control

This Policy is available in the shared Fairtrade ANZ drive for all board members and employees.

A copy of this policy will be provided to any person or organisation on request.

6. For More Information

For more information or to report any concerns/violations, please contact info@fairtrade.com.au or info@fairtrade.org.nz

7. Approval and Review

This policy will be reviewed once every 3 years.

Date	Description	Approved By
May 2019	V.1	Board
May 2025	V.2 – Updated to incorporate changes to NZ Charities Act Included Consequences for Non-Disclosure and Non-Compliance:	Board