The Proprietors of Waitutu Incorporated

Conflicts of Interest Policy

Policy number:	GOV08
Policy name:	Conflicts of Interest Policy
Contact person:	Chairperson or Delegate approved by the Committee of Management
Approval authority:	The Committee of Management
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Date of next review:	One year after the date of approval
Policy overview:	This policy provides the Proprietors of Waitutu Incorporated with the tools for identifying and managing conflicts of interest.

Conflicts of Interest Policy

1. Background and purpose

1.1. The Proprietors of Waitutu Incorporated (the **Incorporation** or **Waitutu**) maintain the core values of Kaitiakitanga (Guardianship), and Pono (Honesty and Transparency). These values encourage the Committee of Management (the **CoM** or the **Committee**) to act with a high standard of honesty, integrity, fairness, and equity.

1.2. There is the expectation to act impartially, without any possibility that Committee members could be influenced by favouritism, or improper personal motives, or Incorporation resources could be misused for private benefit. Care needs to be taken to avoid situations where Committee members could be accused of using their position to further their personal interests.

1.3. The purpose of this policy is to:

- provide the Incorporation with the tools to effectively identify, disclose, and manage any actual, potential, or perceived conflicts of interest.
- help the Committee members of the Incorporation to protect the integrity of the Incorporation and manage risk.

2. Scope

2.1. The policy applies to all CoM members of the Incorporation (past and current as of the date of approval) unless otherwise specified.

2.2. The scope of this policy covers the identification, elimination or management, and disclosure, of any actual, perceived, or potential conflicts of interest that may arise.

3. Definitions and effects

3.1. Conflict of Interest is defined as “a breach of a committee member's duty to act in the best interest of the Waitutu and decision-making is undermined by another interest you have, making it difficult to ensure you are meeting your duties.

3.2. Although Conflicts can arise as a result of situations and circumstances, Committee members should be especially aware of the following types of Conflicts:

- **Professional Conflicts:** This type of conflict generally arises when a business or financial relationship creates a threat to objectivity or other fundamental principles of professional ethics.
- **Legal Conflicts:** This type of conflict generally arises as a result of laws, regulations, and contractual obligations.
- **Business Conflicts:** This type of conflict generally arises if a proposed engagement, business relationship or financial relationship has the potential to harm an existing or prospective business relationship.
- **Conflicts related to Independence:** This type of conflict may arise if a proposed engagement, business relationship or financial relationship is incompatible with the applicable auditor independence standards.

3.3. A Conflict of Interest may be:

- **Actual:** where a conflicting interest is influencing you.
- **Potential:** where a conflicting interest could influence you.
- **Perceived:** where you could appear to be influenced by a conflicting interest.

4. Policy statement

4.1. Aotearoa New Zealand is a small country, and it is not unusual for people of valuable knowledge and skills to have wide relationships including social, business and whānau within the Māori sector and wider community. Sometimes these relationships may overlap and cause other people to question the person's ability to be impartial in their decisions. In these situations, it is not unusual for conflicts of interest or perceptions of a conflict to arise.

4.2. The existence of a family whānau or other close relationship or business, social or community connection does not automatically mean there is a problem. The question that needs to be asked is did or could that person use their position to gain an unfair advantage or could other people call their ability to be impartial and fair into question. If so, the situation needs to be managed to avoid risk.

4.3. If the Committee has reason to believe a member has failed to comply with this policy, it will investigate the circumstances.

4.4. If it is found that this person has failed to disclose a conflict of interest, the Committee may act against this person. This may include terminating their relationship with the Incorporation.

4.5. If a person suspects that a committee member has failed to comply with this policy, they must notify the Chairperson.

5. Governance best practice

5.1. Governing best practice identifies the fiduciary duties and powers of governance members which demonstrates the importance of this policy. Governance must in accordance with best practice duties, deal with the identification, elimination or management, and disclosure, of any actual, perceived, or potential conflicts of interest that may arise.

5.2. A 'fiduciary duty' implies that a person who has this type of responsibility conducts themselves according to an ethical standard above what may be legally required. In simple terms fiduciary duties demand that a person does what is right, no matter the circumstances. Best practice fiduciary duties may include:

5.3. **Duty of care:** Duty of care means that the Committee Members must give the same care and concern to their responsibilities as any prudent, reasonable, and ordinary person would manage their personal matters or similar circumstances, having regard, in particular to:

- Any special knowledge or experience that the Committee member has or that the Committee member holds out as having; and,
- If that person acts as a committee member in the course of a business or profession, to any special knowledge or experience that it is reasonable to expect of a person acting in the course of that kind of business or profession.

5.4. **Duty of Loyalty:** Duty of loyalty means to always place the interest of Waitutu ahead of self-interests. Conflicts of interest must be disclosed at all times, recorded on the Incorporations 'Risk Register' and in accordance with this policy.

5.5. **Duty of Obedience:** The Committee must ensure that Incorporation abides and is compliant with the law and refrains from any illegal activities.

5.6. **Duty of Confidentiality:** Duty of confidentiality means to keep certain types of information confidential. The Committee must ensure that all 'confidential and sensitive' information must be kept confidential and not be used for personal gain.

5.7. **Duty of Prudence:** Duty of prudence is to be aware of risks and exercise caution in decision-making. The Committee must ensure that it maintains a high degree of professionalism. Compliance with the Incorporations internal accountability and approval policies and processes is paramount. An example of acting prudent is the duty to invest prudently, when exercising any power to invest property, a committee member must exercise the care and skill that a prudent person of business would exercise in managing the affairs of others, having regard, in particular,

- To any special knowledge or experience that the Committee member has or that the Committee member holds out as having; and,
- If the person acts as a committee member in the course of a business or profession, to any special knowledge or experience that is reasonable to expect of a person acting in the course of that kind of business or profession.

5.8. **Duty of Disclose:** Committee members must be forthright in their speech and behaviour. If they have information that would influence decision-making (biases), Committee members have a duty to make that information known.

5.9. The following are the best practice duties of a governance member:

5.10. **Duty not to exercise power for own benefit**: a committee member must not exercise a power of a committee member directly or indirectly for the Committee member's own benefit.

5.11. **Duty to consider exercise of power**: A Committee member must consider actively and regularly whether the member should be exercising 1 or more of the member's powers.

5.12. **Duty not to bind or commit to future exercise of discretion**: A Committee member must not bind or commit members to a future exercise or non-exercise of a discretion.

5.13. **Duty to avoid conflict of interest**: A Committee member must avoid between the interests of the members and the interests of the beneficiaries.

5.14. **Duty of impartiality**: A Committee member must act impartially in relation to the beneficiaries and must not be unfairly partial to one beneficiary or group of beneficiaries to the detriment of the others.

5.15. **Duty to act for no reward**: A Committee member must not take any reward for acting as a member, but this does not affect the right of a member to be reimbursed for the members legitimate expenses and disbursements in acting as a member.

5.16. **Duty to act unanimously**: If there is more than 1 Committee member, the members must act unanimously.

5.17. **Duty to exercise powers for proper purpose**: A Committee member must exercise the members power for the proper purpose.

6. Processes

6.1. The Incorporation will manage conflicts of interest by requiring Committee members to:

- Identify and disclose a list of their principal business activities and involvement with other organisations (charitable or otherwise) that associations with may lead to a potential conflict of interest to the Secretary before the Committee member begins his service with the Incorporation.
- Committee members will be required to uphold fiduciary responsibilities as outlined in this policy. Especially as it relates to their 'Duty of Disclose.' This duty requires Committee members to be forthright in their speech and behaviour. If they have information that would influence decision-making (biases), Committee members have a duty to make that information known.
- Committee members shall also file with the Secretary a list of any relationships between themselves and any employee of the Incorporation, or any other person who is having dealings with the Incorporation that may give rise to the perception of a conflict of interest.
- Committee members will declare any conflicts of interest they become aware of at the beginning of the Committee meeting concerned or when a relevant issue arises. The nature of the conflict of interest is to be entered into the meeting minutes.

6.2. Where a potential or perceived conflict of interest is identified, the Committee member must follow the appropriate action that has been decided by the Committee. For example:

- The Committee member concerned may need to leave the room as soon as that item comes up for discussion.
- The concerned Committee member may not be able to vote on the concerned issue, initiate or take part in any Committee discussion on that topic (either during a committee meeting, before or after with Committee members) unless expressly invited to do so by a unanimous agreement by all other Committee members present.

7. Risk register of interest

Overview

7.1. Where conflicts of interest arise, Waitutu will maintain an accurate and up-to-date risk register of interest which details any risk identified.

7.2. Them Secretary will create and maintain the risk register of interests. The purpose of this register is to record all information related to conflicts of interest, including the nature and extent of the conflict, and steps taken to address the conflict, if any.

7.3. Once an actual, potential, or perceived conflict of interest is identified it must be entered into the risk register of interest and included in all Committee packs.

Action for management of conflict of interest

7.4. Once a conflict of interest has been appropriately disclosed, the Committee (excluding the member affected) must decide whether those conflicted Committee members should:

- Vote on the matter
- Participate in any discussion, and/or
- Be present in the room during the discussion and voting.

7.5. In exceptional circumstances, such as where a conflict is significant or likely to prevent a committee member from regular participation in discussion, the Committee may consider if it is appropriate for the conflicted member to resign from the Committee.

7.6. In deciding what approach to take the Committee will consider whether:

- the conflict needs to be avoided or simply documented.
- the conflict will realistically impair the disclosing member's capacity to impartially participate in decision-making.
- alternative options to avoid the conflict.
- the possibility of creating an appearance of improper conduct that might impair confidence in or the reputation of Waitutu.

8. Policy amendments

8.1. The Incorporation can change this policy at any time as part of our policy review process.