

ASC TRUSTEE CONFLICT OF INTEREST POLICY

Introduction

The ASC Trustees have a legal duty to act only in the best interests of ASC. To help the Trustees to comply with this duty (and relevant UK regulatory guidance), the Trustees have adopted this policy on the declaration and management of conflicts of interest. Trustees must comply with this policy to ensure that all decisions are demonstrably taken in the best interests of ASC with the highest degree of integrity and transparency.

ASC was founded by a multi-stakeholder initiative known as the Aquaculture Dialogues and to maximise ASC's impact the organisation continues to engage with a wide range of stakeholders. ASC benefits from having Trustees with wide knowledge and experience in aquaculture from the commercial and not-for-profit sectors, whose expertise and connections bring significant value to the organisation. Trustees are not representatives of the institutions they work for, or of any associated organisation or interest, and the Trustees' understanding of this helps to facilitate relevant and critical discussion by the Trustees.

As in many organisations, from time-to-time conflicts of interest will invariably occur. It is important that any interests which could create a risk that a Trustee might be influenced in their decision making by an interest other than that of ASC are disclosed promptly and in full and managed in accordance with this policy.

Where a potential conflict of interest does not involve the possibility of a Trustee or person connected to them receiving a financial or other material benefit from ASC, the action required to deal with a potential conflict of interest will depend on how material the potential conflict is to the matter being considered.

The responsibility for identifying and declaring potential conflicts of interest starts with individual Trustees and the declaration by Trustees of potential conflicts of interest should be encouraged and supported by the Board. Should circumstances arise in which un-conflicted Trustees need to consider whether any steps should be taken to manage a potential conflict of interest of a Trustee they will often need to make a judgement. In doing so the un-conflicted Trustees

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should take a proportionate risk-based approach and get the balance right between: (a) ensuring that conflicts of interest are managed appropriately in line with legal and regulatory requirements, so that they do not influence decision-making or create reputational risk for ASC; and, (b) avoiding an overly cautious and procedural approach that might unduly restrict the perspectives Trustees can bring to Board discussions, drawing on their wider expertise.

This policy applies to the Trustees as charity trustees of the UK charity Aquaculture Stewardship Council. It is intended that the principles set out in this policy should also be followed by the board members of ASCI Limited and Stichting Aquaculture Stewardship Council Foundation (in the case of the Stichting, subject to any different requirements under Dutch law).

1. The importance of identifying and managing conflicts of interest

1.1 Trustees should avoid putting themselves in a position in which their duty to act in the best interests of ASC potentially conflicts with their personal interests or duties. Such conflicts may create problems for ASC and its stakeholders because they can:

- inhibit free discussion;
- result in decisions or actions that are not in the best interests of ASC;
- result in decisions that can be challenged (by regulators such as the Charity Commission, other oversight bodies and aggrieved parties such as a certified member or other stakeholder); and/or
- risk giving the impression that ASC, or a Trustee, has acted improperly, which could damage ASC’s reputation and public trust and confidence in ASC (and affect future funding, or consumer confidence in ASC’s certification scheme).

1.2 Even the appearance of a conflict can damage ASC’s reputation, particularly if concerns are raised publicly about the objectivity and credibility of ASC. Any interests, duties or obligations which may give rise to the appearance of a conflict must also be recognised, disclosed appropriately and dealt with in accordance with this policy.

2. What is a conflict of interest?

2.1 A conflict of interest is any situation in which a Trustee’s direct or indirect personal interests or loyalties could, or possibly could be perceived to, prevent the Trustee from making a decision which is solely in the best interests of ASC.

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- 2.2 A conflict of interest can arise indirectly because of a Trustee’s relationship with, or connection to, another person or organisation. This is because of the risk that the Trustee’s decision-making could be affected, or that it could be perceived that there is a conflict of interest (for example, because a Trustee is seen to represent stakeholders which hold competing or conflicting interests on a particular issue). A ‘connected person’ includes, in relation to a Trustee:
- i. a child, parent, grandchild, grandparent, brother or sister of that Trustee;
 - ii. the spouse or civil partner of that Trustee or of any person falling within (i) above;
 - iii. a person carrying on business in partnership with that Trustee or with any person falling within (i) or (ii) above;
 - iv. an institution which is controlled:
 - 1. by that Trustee or any person falling within (i), (ii) or (iii) above or (v) below; or
 - 2. by two or more persons falling within (i) above, when taken together; and
 - v. a body corporate in which:
 - 1. that Trustee or any person falling within (i), (ii) or (iii) or (iv) above or (vi) below has a substantial interest; or
 - 2. two or more persons falling within (i) above who, when taken together, have a substantial interest.

3. Categories of conflict of interest

- 3.1 Conflicts of interest usually arise where either:
- o there is a potential financial interest or other material benefit directly linked to a Trustee, or indirectly through a person connected to the Trustee, or
 - o a Trustee’s duty to ASC may compete with a duty or loyalty they owe to another organisation or person.

3.2 Financial or other material benefits

Conflicts of this kind may, for example, arise in relation to:

- o payments of any sort to a Trustee or connected person (for example, for the provision of consultancy or other services);

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- o payments for the use of property of a Trustee or connected person by ASC in return for a payment or other benefit;
- o payments to a Trustee or connected person for carrying out a paid post as a director or employee of a subsidiary trading company of ASC;
- o entering arrangements with an organisation of which a Trustee or a connected person is a partner, shareholder (holding more than 1% of the shares) or director; or
- o any other action of ASC resulting in a Trustee or connected person receiving a benefit from a third party.

3.3 Conflicts of duty or loyalty

These types of conflict arise because, although the affected Trustee does not stand to gain any material benefit, their ability to make decisions solely in the best interests of ASC could directly or indirectly be influenced by other interests, duties, roles or loyalties.

For example, a Trustee’s loyalty to ASC could conflict with their loyalty to:

- o another organisation, such as an employer (particularly if the employer may have an interest in decisions taken by the ASC Trustees, for example in relation to aquaculture standards);
- o a network or alliance that supported the appointment of a Trustee;
- o an organisation that is in competition with ASC, which the Trustee is advising;
- o another not-for-profit organisation of which they are a trustee or have another role;
- o any other third-party person or organisation that may exert influence over the Trustee (including any commercial organisation that may seek to influence Trustee decisions to their advantage); or
- o a close relative of friend, or another connected person or organisation.

Conflicts of duty may also arise in respect of information known to a Trustee. For example, if a Trustee has information which might benefit another organisation, or a person who is connected to a Trustee.

4. Declaring interests

4.1 To enable conflicts to be managed effectively there needs to be transparency in respect of Trustees’ actual or potential conflicting interests.

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- 4.2 All Trustees are required to complete and sign the **Trustee COI Disclosure Form (ASC-GOV-006 (Annex A))** prior to taking office. In that form, Trustees must declare any interests, either directly or through a connected person that could be perceived to interfere with their independence as Trustees. The declaration of interests does not in itself infer that a Trustee is unable to act independently as a Trustee (and Trustees are in the form required to confirm that they will not in their role as Trustees act as representatives of any other organisation or interest), but it provides important information to enable the unaffected Trustees to manage conflicts of interest appropriately. The form should be updated annually and/or when any material changes occur.
- 4.3 If it is identified that a prospective Trustee has a conflict of interest that would create a severe or substantial and recurring risk of bias or conflict of duty, the person should not be appointed. If such a conflict arises whilst a Trustee is in office and the conflict cannot be removed, the Trustee may be required by the Board to stand down.
- 4.4 In addition to keeping their *Trustee COI Disclosure Form* up to date, Trustees must proactively declare any interest (including a perceived or potential conflict) at the earliest opportunity and before any discussion begins on the matter.
- 4.5 At the beginning of every Board meeting the Chair should check whether any Trustee has anything to declare in terms of any interest that could be perceived to impact their ability to take a decision solely in the interests of the ASC in relation to any agenda item and declare any interest of their own. A record must be kept of this in the minute of each Board meeting. If a Trustee is aware of an undeclared potential conflict issue affecting another Trustee, they should notify the Chair, or the un-conflicted Trustees. Trustees are not required to declare any interest if has been previously determined by the unaffected Trustees that the interest is not material to any decision-making, or to particular kinds of decision.

5. Dealing with conflicts of interest

- 5.1 Once a conflict of interest has been disclosed it must either be managed or removed so that any potential effect on decision-making is eliminated.
- 5.2 A disclosure of a conflict of interest by a Trustee will be subject to deliberation led by the Chair at the start of the relevant Board meeting (or by another un-conflicted Trustee if the Chair has a potential conflict of interest), and in the absence of the potentially conflicted Trustee before the relevant agenda item.
- 5.3 If the un-conflicted Trustees decide that the potential conflict is not material – that there is minimal risk that any stakeholder, if they were aware of it, would

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consider that it constituted a conflict of interest – the potentially conflicted Trustee may participate fully in discussion and decision making.

- 5.4 If the un-conflicted Trustees consider that there is a material risk of a conflict of interest, or they do not agree that the potential conflict is not material, the conflicted Trustee must:
 - be absent from the part of the meeting at which there is discussion of the matter, unless the un-conflicted Trustees invite the conflicted Trustee to remain to provide information to assist the un-conflicted Trustees in their discussions; and
 - be absent during any vote and have not voted on the matter, and not be counted in the quorum for that part of the meeting.
- 5.5 If a conflict arises for a Trustee because of a duty of loyalty owed to another organisation or person, the un-conflicted Trustees may authorise that conflict where (in addition to following the above requirements) the un-conflicted Trustees consider it is in the interests of ASC to authorise the conflict in the circumstances. In addition, the un-conflicted Trustees may impose upon the conflicted Trustee requirements for the purposes of dealing with the conflict and the conflicted Trustee shall be obliged to conduct themselves in accordance with any such requirements.
- 5.6 The un-conflicted Trustees may also determine that, where a conflicted Trustee obtains, or has obtained (through their involvement in the conflict and otherwise than through their position as a Trustee) information that is confidential to a third party, they shall not be obliged to disclose that information to ASC, or to use it in relation to ASC’s affairs where to do so would amount to a breach of that confidence.
- 5.7 The un-conflicted Trustees may revoke or vary any authorisation given at any time, but this shall not affect anything done by the conflicted Trustee prior to such revocation or variation in accordance with the terms of such authorisation.
- 5.8 In relation to interests where there is a material benefit to a Trustee or a person connected to a Trustee, the conflicted Trustee should never be authorised to vote on the matter. And a Trustee must not be involved in managing or monitoring on behalf of ASC a contract in which a Trustee or connected person has an interest.
- 5.9 If a situation was to arise where a conflict is so acute or extensive, or affects several Trustees, such that following these procedures will not allow the Trustees to demonstrate that they have acted in the best interests of ASC, a specific approach may need to be developed with the benefit of advice.

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5.10 The Trustees and ASC must also always be able to demonstrate how Trustees have managed risks associated with conflicts of interest and made their decisions in the best interests of the ASC and in a transparent manner.

6. Keeping records

6.1 The Trustees will in all instances when a conflict of interest has been declared and action decided to deal with it, keep a written record of the conflict and chosen course of action to address the conflict and the rationale for their decision in the minutes of the meeting.

6.2 Special care must be taken to ensure that minutes or other documents relating to the item presenting a potential conflict are appropriately redacted before being provided to the conflicted Trustee. A balance needs to be made to ensure that the person still receives sufficient information about the activities of ASC generally without disclosing information which it would be inappropriate for the person to receive.

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