

Conflicts of Interest – Directors – Policy	
Authorised by: Board	Owner: Company Secretary
P005 – Version 8 – May 2025	Date of Next Review: November 2026

## 1. Purpose

This policy sets out guidelines and procedures for identifying, declaring, documenting, and managing actual, potential and perceived conflicts of interests. This policy is to ensure the directors are meeting the requirements of the Companies Act 1993 and the Incorporated Societies Act 2022 alongside the Rules of DairyNZ Inc 2024, Board Charter and the Board's Code of Conduct 2024 to protect the organisation's interests when it is undertaking decisions that might benefit the private interests of a director, officer or otherwise.

The policy shall also extend to the Chief Executive and senior management.

## 2. Scope

This policy is intended as a practical guide to complement the Rules and Board constitutions and charters.

This policy applies to DairyNZ Inc, DairyNZ Ltd and all wholly owned subsidiaries referred to as 'DairyNZ' in the remainder of the policy.

## 3. Policy

Directors have a duty to act in the best interests of the organisation. This means the directors must not place themselves in a position where they have, or may have, a direct or indirect interest that conflicts with their duties as a director. As a general principle, directors must also not make a profit from their position as a director.

Conflicts of interests can inhibit open discussions and may result in directors taking irrelevant considerations into account or making decisions that are not in the organisation's best interests. They can also damage the reputation of DairyNZ if it appears the directors are influenced by personal interests or loyalties. It is inevitable that conflicts will arise from time to time. All directors must therefore be alert to the possibility that they, or their fellow directors, could be affected by a conflict of interests.

The procedures in this policy will enable directors to identify and manage conflicts of interests so they can ensure that conflicts do not prevent them from making decisions in the best interests of the organisation. The policy will also help protect both the organisation and the directors from any appearance of impropriety in cases where conflicts of interests arise.

In providing advice to the board, it is acknowledged that management have the ability to influence decision making. Accordingly, the Chief Executive and senior management will also be required to identify, declare and document, and manage any interests/conflicts.

### 4.1 Interests

- A conflict of interest arises where a director/management has an interest that conflicts (actual), might conflict (potential), or might be perceived to conflict

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(perceived) with the interests of the organisation (hereafter collectively referred to as ‘interests’).

- ‘Interests’ does not simply refer to financial interests, or those related to duties or roles.
- While the conflict itself is unlikely to be improper, it could lead to improper conduct or allegations thereof if not declared in advance and managed.
- Conflicts of interests need not cause a problem if they are promptly disclosed and well managed.

## 4.2 Types of interests

- Being a governing body member, officer or volunteer of another organisation.
- Being an employee, advisor, director or partner of a business or organisation that has a relationship with the organisation.
- Being a contractor or employee of the organisation.
- Owning or occupying a piece of land in which the organisation also has an interest (e.g. tenant).
- Owning or holding shares in a business or asset in which the organisation also has an interest.
- Owing a debt to someone or being owed a debt by someone who is associated with the organisation.
- Holding or expressing strong political or personal views that may indicate prejudice or predetermination for or against a person or issue.
- Being married to, or a parent, close relative or close friend of someone associated with the organisation, or the business of the organisation.

## 4.3 Duty to disclose

- When first appointed or re-appointed, directors/management must declare all interests and potential conflicts.
- Other interests and/or conflicts must be declared as soon as practicable after the information or situation that gives rise to the interest/conflict is known.
- It is better to err on the side of openness when deciding whether something should be disclosed or not.
- The Company Secretary and Chief Executive will review Board agendas before papers are released to identify any conflicts of interest against the register. If a conflict is found, they will collaborate with the Chair and affected individual/s to determine any appropriate course of action.

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- If a matter in which a director/management has an interest arise at a meeting, the person should declare to the meeting that they have an interest in the matter before the matter is discussed.
- In other situations, the matter should be raised and discussed with the chair (or committee chair) as soon as the potential conflict of interest is identified.
- The Conflict of Interests Register will be a standing item on every Board to ensure conflicts are declared and appropriately managed.
- An annual review of both the Interests Register and Director written confirmation of Interests will be undertaken.

#### 4.4 Principles

DairyNZ will apply the following principles to ethically identify and manage interests:

- Integrity
- Impartiality
- Accountability
- Trustworthiness
- Respect
- Responsiveness

#### 4.5 Procedure – Identify, Declare and Manage Interests

- The onus to declare lies with the person concerned, but if in doubt, declare.
- A conflict of interest can be:
  - **actual** – where a conflict already exists
  - **potential** – where it is reasonably probable that, in future, an actual conflict of interest will come into play, or
  - **perceived** – where other people might reasonably think that a person has been compromised.
- For avoidance of doubt, even if listed on the Interests Register, directors/management must declare any conflicts relating to items on the agenda before the matter is discussed or as soon as the item is raised.
- If a director considers that another person may have an undeclared conflict, then they may request an adjournment of the meeting to discuss this matter with the chair.
- The primary obligation to determine the appropriate next steps, and to direct the affected person accordingly, lies with the directors.

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- In determining whether a conflict is present or not, there are two questions to ask:
  - Would a reasonably-informed, objective observer infer from the circumstances that the director's professional judgement is likely to be compromised?
  - Am I able to fairly, impartially and objectively represent the interests of the organisation when making decisions without being influenced or impacted by my interest?
- There is scope for a range of options and the exercise of discretionary judgement depending upon the seriousness of the conflict and the range of possible mitigating circumstances.
- The assessment is not primarily about the risk that misconduct will occur, it is about the seriousness of the connection between the interests, the risk that the organisation's capacity to make decisions lawfully and fairly may be compromised, the likelihood of the organisation's best interests not being taken into account, and the risk that the Board's and/or organisation's reputations may be damaged.

The way in which conflicts are dealt with will depend on the nature and extent of the conflict. The non-conflicted directors must therefore:

- Assess the nature and extent of the conflict.
- Assess the risk or threat to decision making by the directors.
- Decide whether the conflict is serious (for example, the conflict is acute or extensive, will or may be seen to prevent the director from making decisions in the best interests of the organisation, relates to a significant decision or risks significantly damaging the board's and/or organisation's reputation).
- Decide what steps to take to handle the conflict.

#### 4.6 Mitigation and Management

- Maintain an Interests Register at all times and have it as the first item on every agenda.
- Company Secretary to review agenda prior to papers being issued to determine if any likely conflicts could arise based on the agenda, proposed papers and the existing interests register. If concerns arise then the Company Secretary, CE and Chair to discuss and resolve accordingly.
- Declare any conflicts pertaining to items within the agenda at the start of the meeting and record that a conflict has been declared in the minutes of the meeting.
- Record what mitigation option has been adopted in the minutes of the meeting.
- Usually, mitigation means:

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- a) that the conflicted person withdraws and is excluded from being involved in any discussion, decision or work on the particular matter.
  - b) it is however acknowledged that there might be times when that person has particular knowledge on a subject and it would be disadvantageous to the organisation to exclude them from all of the discussion, so they may be permitted to stay for a part, or all, of the discussion
  - c) that the conflicted person stays for the course of the discussion and does vote.
- Where the interest is of a pecuniary nature, the director/management must declare the nature of the conflict or the potential conflict and must not take part in deliberations or proceedings, including decision making in relation to the conflict of interest.
  - Depending upon the nature of the interest, other options may include doing nothing at all, re-assigning certain tasks or duties, withholding certain confidential information, or placing restrictions on access to information, through to a director/management divesting themselves of one or other interests or roles.

In most circumstances it is considered best practice that even if legislation permit it, a conflicted director should not vote on the conflicted matter and should absent themselves during the vote so as not to be considered to have had any potential influence over other directors.

#### **4.7 Management processes**

When preparing reports, management need to be conscious to check if an interest has already been declared on the Interests Register. Where a conflict has been declared, notify the chair of the conflict and do not send that board paper to the conflicted director. If in doubt, discuss the potential conflict with the chair who may need to seek further information and clarification from the director.

After a meeting, if a conflict was declared and the board member was required to leave the meeting, then the minutes of meeting will need to be redacted for the portion of the meeting that they left. The resolution will not be redacted.

#### **4.8 Management conflicts**

Conflicts that are identified must be reported to the Company Secretary (or the chair in the case of the chief executive). The conflict and the process for managing it must be recorded in writing and notified to the chair in the first instance.

If the conflict is in relation to a report/recommendation to the board, the report needs to include how the conflict was managed, for example, restricting the person's involvement in the matter or engaging an independent third party to oversee all or part of the process and verify its integrity.

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## 5 Associated Documents and Legislation

- Companies Act 1993
- Incorporated Societies Act 2022
- Agreement in relation to Dairy Industry Good Animal Database (“The formal Agreement”)
- NZAEL Ltd Constitution.
- The Rules of DairyNZ 2024
- The Board Charter
- Board Code of Conduct

## 6 Review

- This policy shall be reviewed every year.
- This policy was most recently reviewed in March 2025.
- The next renewal date is November 2026.