

TRAIDCRAFT POLICY

CONFLICT OF INTEREST

*Adopted at the July 2006 Board Meeting
For review (as a policy) July 2009*

Scope

This policy applies to trustees and directors of Traidcraft (plc, Exchange and Foundation) and includes those who regularly attend the Board meeting too. The term “director(s)” is used throughout to signify those covered by this policy. The policy itself will be made public through Traidcraft’s website and the register of Directors’ interests in shares of Traidcraft is, of course, always available for scrutiny by members of the Company (or by the general public on payment of a fee), through written request to the Company Secretary. The details of disclosures of other possible conflict of interest points is a matter for self-regulation by the Boards and will not be made publicly available, other than in circumstances where company law or the Articles oblige this.

Why we have a policy

Directors have a legal obligation to act in the best interests of Traidcraft, and in accordance with the organisations’ governing documents.

Conflicts of interests may arise where an individual’s personal or family interests and/or loyalties conflict with those of Traidcraft. Such conflicts may create problems as they can:

- inhibit free discussion
- result in decisions or actions that are not in the interests of Traidcraft and
- risk the impression that Traidcraft has acted improperly

The aim of this policy is to protect both the organisation and the individuals involved from any impropriety or appearance of impropriety.

Before Appointment

Most of this policy is aimed at those who have already been appointed as directors of Traidcraft. However, a number of conflicts of interest can arise at appointment – for example if an individual is already a director of another company which does business with Traidcraft or is a close competitor. Anyone seeking to be appointed a director of Traidcraft will be asked to confirm in writing that they do not have any material conflicts of interest of this kind, or conversely to disclose to the Boards of Traidcraft what such conflicts are, in order that these can be properly considered before any appointment is made.

The declaration of interests

Once appointed, directors should regularly declare their interests, and any gifts or hospitality received in connection with their role in Traidcraft. A declaration of interests form is provided for this purpose, listing the types of interest you should declare. To be effective, the declaration of interests needs to be updated at least annually, and also when any changes occur. It should include conflicts relating to immediate family members as well as directly to yourself. This includes spouse and children (including step-children). Significant interests of which you are aware relating to parents or siblings should also be disclosed, but it is acknowledged that you may not have full knowledge of these. If you are not sure what to declare, or whether/when your declaration needs to be updated, please err on the side of caution. If you would like to discuss this issue, please contact the Company Secretary or the Chair of the Boards for confidential guidance.

Interests relating to Traidcraft shares will be recorded in the Register of Directors' Interests, which will be maintained by the Company Secretary and is open to public inspection. [NB in this context the definition of connected persons is somewhat tighter and means spouse, minor children or step-children, business partner(s) and companies in which you have an interest of 20% or more].

Data Protection

The information provided will be processed in accordance with data protection principles as set out in the Data Protection Act 1998. Data will be processed only to ensure that directors act in the best interests of Traidcraft. The information provided will not be used for any other purpose.

What to do if you face a conflict of interest

If you or a close family member are party to a contract with Traidcraft, for the supply or purchase of any goods or services, you should not be involved in decisions that directly affect the service that you, or the family member, receive(s). You should declare your interest at the earliest opportunity and withdraw from any subsequent discussion. The same applies if you face a conflict for any other reason, for example use or receipt of assets of Traidcraft at less than market value or indeed where you allow Traidcraft to use an asset at less than market value but where there is the potential for future benefit accruing to you. (See footnote). This policy specifically does not prohibit directors from buying Traidcraft plc products and enjoying the usual staff level discount on these (i.e. buying from the Canteen shop). The Chair of the meeting will have a deciding vote in any situation of doubt as to whether it is right and proper for a director to participate in a discussion.

You may, however, participate in discussions from which you may indirectly benefit, for example where the benefits are universal to all users, or where your benefit is minimal. Examples might include discussion about the pension scheme which is open to all staff not just Executive Directors, or the use of a building for a Traidcraft meeting where you are connected to the organisation that owns the building but will not benefit from the use by Traidcraft.

If you fail to declare an interest that is known to the Company Secretary and/or the Chair of the Boards, the Secretary or Chair will declare that interest.

Decisions taken where a director has an interest

In the event of the Board having to decide upon a question in which a director has a material interest, all decisions will be made by vote, with as usual a simple majority required. A quorum must be present for the discussion and decision and interested parties will not be counted when deciding whether the meeting is quorate for such business. Interested Board members may not vote on matters affecting their own interests.

All decisions under a conflict of interest will be recorded and reported in the minutes of the meeting. The minute will record:

- the nature and extent of the conflict
- an outline of the discussion
- the actions taken to manage the conflict.

[Where a trustee of the Charity benefits from the decision, this will be reported in the annual report and accounts in accordance with SORP 2000. It may also be necessary to obtain written permission from the Charity Commission in certain circumstances.]

A de minimis exemption applies to contracts less than £250 in value. Random checks against the declarations of interest will be made on the award of contracts below this value. If the cumulative value of a series of small contracts exceeds £250, the directors will operate the policy as if the £250 limit had been exceeded. The contract of employment of the Chief Executive is excluded from the effect of this policy (as this is specifically permitted in the Articles of the Charity).

Independent external moderation will be used where conflicts cannot be resolved through the usual procedures but in most cases the Chair (or where the conflict affects him/her directly, the Senior Independent Director), will rule on who can participate in a discussion or vote on an issue which is potentially a conflict for one/several Board members.

Managing contracts

If you have a conflict of interest, you must not be involved in managing or monitoring a contract in which you have an interest. Monitoring arrangements for such contracts will include provisions for an independent challenge of bills and invoices, and termination of the contract if the relationship is unsatisfactory.

Policy Agreed: July 2006

Review Date: July 2009

Footnote

This provision is to prevent, for example, the situation where a director allows Traidcraft to use land owned by him/her at less than market rate but could then potentially benefit from building or improvement to buildings on that land where

Traidcraft has no formal interest. Such building or improvements could then accrue to the director at some future point.

Form of Declaration of Interests

I

as a director of Traidcraft Exchange/plc (delete as appropriate), have set out below my interests in accordance with the Traidcraft's Conflicts of Interest Policy.

Please give details of the interest and whether it applies to you, or a connected person (spouse, parents, siblings, minor children and stepchildren or a company in which you have an interest of 20% or more of the shares). In most cases sections 1-6 will apply only to you (and your spouse), with any other potential conflict linked to a wider family member being disclosed under 7.

1. **Current employment and any previous employment in which you continue to have a financial interest.**
2. **Appointments (voluntary or otherwise) e.g. trusteeships, directorships, local authority membership, tribunals etc.**
3. **Membership of any professional bodies, special interest groups or mutual support organisations.**
4. **Investments in unlisted companies, partnerships and other forms of business. Major shareholdings (more than 1%) and beneficial interests in any listed companies:**
5. **Gifts or hospitality offered to you by external bodies and whether this was declined or accepted in the last twelve months (limit £50).**
6. **Any contractual relationship with the Charities or the plc.**
7. **Any other conflicts that are not covered by the above.**

To the best of my knowledge, the above information is complete and correct. I undertake to update as necessary the information provided, and to review the accuracy of the information on an annual basis. I give my consent for it to be used for the purposes described in the Conflicts of Interest Policy and for no other purpose.

Signed.....

Date.....

Guidance Note for completion of the Declaration of Interests Form.

When completing the form please try to view any potential conflict from the point of view of an outsider looking in. If the general public knew of this particular relationship, ownership, or gift, would they construe (even unfairly) that some personal benefit had or might accrue to you? You need to consider assets, relationships and roles of close family members as well as yourself. For example: “Is my brother a senior employee in a firm with whom Traidcraft might do business?”, “Am I a director of another concern which might appear to compromise my ability to act impartially for Traidcraft and gain some personal benefit?”

A level of £25 for any gift or hospitality should be used and under this category disclosure will often be retrospective (because, for example, you don't know in advance that a supplier is going to give you a bottle of whisky for Christmas).

Please update between the annual check if some material change occurs.