	<b>CONFLICT OF INTEREST POLICY</b> This policy is part of the CLAC Organization Code Principle 6.5	Version: 1
		Date of issue: 25 September 2020.
		Last revision: September 2020.
<b>Ethical Compliance Unit</b>		

## CONFLICT OF INTEREST POLICY

### 1. Scope.



This Conflict of Interest Policy is applicable to the following persons involved in CLAC:

- Members of the Directive Board.
- Members of the Board of Directors.
- Members of committees and commissions of the Board of Directors.
- Members of the Management Committee.
- Individuals who are members of CLAC National Platforms, Product Networks, Workers' Networks, their committees and commissions.
- CLAC employees and staff members.
- Consultants, contractors and vendors.
- Volunteers.
- Students.
- Interns.
- Partners and responsible parties engaged / contracted by CLAC for projects or activities determined as “implementing partners” and “responsible parties,” respectively.

It is expected that all persons within the scope of this policy will be familiar with this policy, which is available on CLAC's intranet.

### 2. Purpose.

- 2.1 The Latin American and Caribbean Network of Fair-Trade Small Producers Association, CLAC is a member of Fairtrade International, which is a non-profit organization that works to ensure a better deal for producer and worker organizations in developing countries.
- 2.2 As such all those involved in the scope of this policy often work with producer organizations, worker organizations, producers, workers, exporters, importers or any part of the Fair-Trade supply chain, receive confidential information from different parties and may even act as mediators for negotiations.

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All parties involved in the scope of this policy must act in good faith and act with the diligence of a good parent in all transactions involved in their duties and must not use their positions in CLAC or knowledge gained from their position for their personal benefit or for the benefit of one party to the disadvantage of the other.

- 2.3 All persons involved in the scope of this policy have a responsibility to manage the affairs of CLAC honestly and prudently, and to exercise their best care, skill and judgment for the exclusive benefit of CLAC. Such persons must exercise the utmost good faith in all transactions involved in their duties and must not use their positions with CLAC or knowledge gained from their position for personal gain.
- 2.4 It is not always possible to avoid conflicts of interest, but it is important that, should they arise, they are transparent in order to manage them. The interests of the organization must be the first priority in all decisions and actions. The purpose of this policy is to protect CLAC, and the people associated with CLAC from the risks arising from conflicts of interest.
- 2.5 This policy defines certain conflicts of interest that could arise and the appropriate procedure and possible remedies to apply.



### 3. Conflict of Interest.

3.1 For purposes of this policy, a conflict of interest is defined as:

“A set of circumstances whereby a reasonable person would consider that an individual's ability to apply judgment or act in his or her role as a representative of CLAC is, or could be, affected or influenced by another interest or obligation he or she has.”

Such conflicts may affect actions and decisions, even if there is no improper interference, it may appear to others that there is a conflict of interest that leads to decisions or opinions detrimental to CLAC.

3.2 A conflict of interest may, for example, arise when one of the parties described in the scope of this policy has a direct or indirect interest, as described below.

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3.3 The interests and third parties listed below are not all-inclusive. Conflicts may arise in other areas or through other relationships. It is assumed that an involved party described in the scope of this policy will recognize such areas and relationships by association or analogy. In case of doubt, he/she should contact CLAC's Ethics Compliance Officer for confidential advice and to make the situation he/she faces and his/her concerns transparent.

3.4 Conflicts of interest may arise through:

- Receive confidential information about or from a third party.
- Own shares or have debt or other ownership interest in any third party related to CLAC or Fairtrade International (e.g., supplier or consulting firm).
- Holding office, serving on the board, participating in management, or being employed (or formerly employed) with any third party that is related to CLAC or Fairtrade International.
- Receive additional remuneration for services with respect to individual transactions involving CLAC or Fairtrade International.
- Using time, equipment, resources or supplies, in good or bad faith, for other than CLAC business.
- Receiving gifts or personal loans from third parties that deal with or compete with CLAC or Fairtrade International. Receiving any gift, except gifts of a value of less than USD\$50, which may not be refused without courtesy. No personal gifts of money may be accepted or given.

3.5 Conflicts of interest may arise in relationships with any of the following third parties:

- Persons and companies that receive or supply goods and services to CLAC.
- Persons and companies from whom CLAC leases property and equipment or with whom CLAC is dealing or planning to deal in connection with the gift, purchase or sale of real estate, securities or other property.
- Competing or related organizations.
- Funding partners and others who support CLAC or Fairtrade International.
- Agencies, organizations and associations that affect the operations of CLAC or Fairtrade International.
- Family members, friends and other employees.



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#### 4. Disclosure and transparency.

- 4.1 All persons involved in the scope of this policy must continually analyze their interactions and relationships to determine if there is a potential or actual conflict of interest as described in section 3 and immediately disclose any conflict of interest to their leader, Ethics Compliance Officer, President or Vice President of the Board of Directors.
- 4.2 Disclosures involving directors, CEOs, COOs and members of the Board of Directors, Management Committee or Members of Directive Boards of CLAC National Platforms must be made to the President of the Board of Directors or the Vice President.
- 4.3 Disclosures involving employees, consultants or other third parties must be made to CLAC's Ethics Compliance Officer.
- 4.4 If you have reasonable grounds to believe that an individual has failed to disclose an actual or potential conflict of interest, you shall inform CLAC's Ethics Compliance Officer in confidence, who will notify the Legal Department, the CEO or the President, as appropriate. You may also raise a concern through CLAC's or Fairtrade's whistleblowing system (see CLAC's Whistleblower Protection Policy).
- 4.5 The CEO or President of CLAC, as appropriate, shall inform the individual of the basis for such belief and give the individual an opportunity to explain the alleged failure to disclose. If the CEO or President determines, after hearing the individual's response and after further investigation as warranted by the circumstances, that the individual has failed to disclose an actual or possible conflict of interest, he or she will initiate appropriate disciplinary and corrective action.

#### 5. Procedure.

- 5.1 CLAC's Ethics Compliance Officer, as appropriate, shall determine whether a conflict of interest exists, whether the contemplated action may be authorized as fair and reasonable to CLAC, or whether there is an appropriate remedy for the conflict of interest. This decision will be communicated to the interested party in writing.

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5.2 Matters involving conflicts of interest of employed persons or consultants will be decided at the discretion of CLAC's Ethical Compliance Officer and his or her concern must be the welfare of CLAC and the achievement of its mission. The CLAC Ethical Compliance Officer will report the case and the decision to the Board of Directors.

5.3 Matters related to conflicts of interest of directors, Management Committee members and directive board members of CLAC National Platforms, Product Networks and Worker Networks shall be decided at the sole discretion of the Board of Directors, excluding potentially conflicting members, and their concern must be the welfare of CLAC and Fairtrade International and the achievement of its mission.

## 6. Remedy.



6.1 The fact that one of the interests described in Section 3 exists does not necessarily mean that a Conflict of Interest exists, or that the conflict, if it does exist, is sufficiently substantial to be of practical importance, or if it is substantial, that after full disclosure of all relevant facts and circumstances it is necessarily adverse to the interests of CLAC or Fairtrade International.

6.2 Actions by a party with a conflict of interest may only be permitted if (1) the conflict of interest is fully disclosed and (2) the CLAC Ethical Compliance Officer has determined that the action is in the best interests of CLAC.

6.3 Possible remedies for a conflict of interest are:

- No working relationships in certain types of operations.
- No working relationships with certain operators or in certain areas/regions/countries.
- No access to certain types of information.
- No participation in certain discussions.
- No vote in certain types of decisions.
- Termination of work assignments or employment contracts in serious cases, such as when a conflict of interest was intentionally not disclosed.

7. Allegations to Quality Management.

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7.1 In case of an allegation of a Conflict of Interest of a CLAC Representative is submitted to the CLAC Ethics Compliance Officer.

7.2 The Case will follow the procedure described in this Policy.

**I confirm that I have read and understand this Policy, and I will disclose any conflict of interest that may influence my work or role:**

Place and Date: \_\_\_\_\_.

Name: \_\_\_\_\_.

Signature: \_\_\_\_\_.

<b>Written by</b>  <small>CARLOS EUGENIO VARGAS VARGAS (SIGNATURE) Date: 2021-05-20 17:25:06 -0400</small> <b>Ethical Compliance Unit</b>	<b>REVIEWED</b>  <b>Executive Director</b>	<b>APPROVED</b>  <b>Operating Commission</b>
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