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## 1. Overall role of the TAG

- 1.1 1.1 Provide scientific and technical advice and recommendations to the Board and the Executive in support of ASC pursuing its Vision and Mission.
- 1.2 1.2 In order to ensure that decisions of TAG made during meetings are based on transparency and that no single member or organizational interest can be seen to conflict with the overall interests of ASC, this Conflict of Interest (COI) Policy has been established to guide TAG member composition, behavior and procedures.

## 2. Rules and Operating Procedures

- 2.1 The rules governing the TAG are formed by the Board as outlined in the Governance Framework.
- 2.2 Members of the TAG will contribute to ASC's overall objectives as is stated in the Governance Framework.
- 2.3 In conducting its business TAG will strictly adhere to ASC's TAG Conflict of Interest Policy (this policy) in order to ensure that all decisions by members are taken in the interest of ASC with the highest degree of integrity and transparency.
- 2.4 The ASC Conflict of Interest Guideline (Annex A) and the ASC CoI Disclosure Form, constitute an integral part of this policy. They enable TAG members to identify, declare and deal with potential conflicts of interest in a coherent and transparent manner.
- 2.5 When elected or appointed, a TAG member is trained or inducted on his or her responsibilities as a TAG member by ASC and is made fully aware of those responsibilities.

## 3. Membership, representation and decision-making

- 3.1 TAG will provide scientific and technical advice to the Supervisory Board and to the Executive regarding the scientific and technical needs of the ASC to pursue its Mission and Vision.
- 3.2 Members of the TAG are there as individuals and not as representatives of their organizations. Only one (1) person per single organisation or institution can be represented in the TAG, and memberships are not transferrable in case of staff turnover in the concerned organization of the TAG member.
- 3.3 TAG members will represent current research, science, academics, and other relevant technical expertise areas as related to the operation of ASC's certification and accreditation programmes.
- 3.4 TAG is not a stakeholder forum, where conflicts of interests may be seen as an inherent or even natural aspect of the member composition. Instead, TAG will conduct its business applying the highest degree of objectivity and independence.
- 3.5 Decisions or advice made by the TAG shall ideally be made by consensus. If no consensus can be reached, final agreement on advice by the TAG is made by simple majority voting of the present members, noting in the minutes to the Board a summary of the minority and majority positions. Recommendations to the Board on the ToRs and adoption of new or revised Standards require approval by a majority of voting members.

## 4. Identification and declaring of conflicts of interest

- 4.1 All TAG members have a legal duty to act only in the best interests of ASC. To ensure this happens, TAG members each have an individual personal responsibility to declare potential conflicts of interest which may affect them. Also, ASC should have in place strong systems so that it is able to identify and manage conflicts of interest.
- 4.2 Conflicts of interests may reveal themselves during the appointment process of a TAG member, due to the his or her existing positions and interests with other organisations, which may seem to conflict with or

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compete with those of ASC. Conflicts of interests may also reveal themselves as part of TAG regular meetings when it conducts its business, deliberating over specific issues put before them for advice.

- 4.3** All TAG members are obliged before they take office to complete and sign a COI Disclosure Form. In that form, TAG members declare to not carry any conflicting personal or loyalty interests, either directly or through connections with any company, business or other entity, that could be seen to interfere with their independence as TAG members.
- 4.4** TAG members must also declare any future related transactions or representations which may be seen as a conflict of interest, which must immediately be communicated to the Chair of the TAG.
- 4.5** In case the Chair of the TAG is informally alerted to a potential conflict of interest before the start of a TAG meeting, he or she may inquire in advance about the nature of the conflict. However, in the interest of transparency, the Chair should abstain from trying to settle the issue before the meeting, as this could be construed as meddling in a potential conflict of interest outside the established governance procedures of ASC.
- 4.6** In such cases, the Chair will ensure that the issue is tabled at the beginning of the subsequent TAG meeting to allow TAG to address the issue collectively. In this way, any potential conflict of interest is presented and dealt with transparently and adequately, ensuring proper documentation by the TAG.

## 5. Procedure for dealing with conflicts of interest during meetings

- 5.1** At the beginning of each TAG meeting, when adopting the agenda, TAG members will declare or raise potential or perceived conflicts of interest of others to the Chair as a standard agenda item.
- 5.2** When a conflict of interest has been declared and action decided in order to deal with it, it is essential that a written record of that decision is made by TAG. The usual way to record this is in the minutes of the TAG meeting, which helps TAG demonstrate that it has acted properly and complied with its governance duties.
- 5.3** In cases of conflicts of interest, TAG may decide to remove the conflict by:
  - not appointing a particular TAG candidate member in case of a permanent conflict of interest or by securing an existing TAG member's resignation
  - not pursuing a proposed resolution or course of action so as to eliminate a potential conflict of interest
  - proceeding with the proposed issue resolution in a different way so that a conflict of interest does not arise
  - requesting that the conflicted TAG member does not participate on the specific issue or agenda item where a conflict of interest has been identified
- 5.4** A potential conflict of interest by a member will be subject to deliberation led by the Chair to ensure that the risk to ASC is fully understood before it is addressed. Addressing the conflict may happen either by TAG not pursuing a course of action in order to eliminate a potential conflict of interest, or by having TAG proceed with the issue in a different way so that a conflict of interest does not arise.
- 5.5** Eliminating the conflict may happen when the Chair requests the conflicted member to withdraw from relevant meetings, discussions, decision making and voting. That includes during initial discussions and during any subsequent discussion or decision-making on the issue.
- 5.6** Alternatively, and if several other TAG members may also be conflicted, the TAG Chair may decide to motion for TAG to abstain from providing advice on the concerned matter and note this in the minutes. The issue may then be addressed by a separate non-conflicted entity outside TAG.
- 5.7** Should TAG fail to come to an agreement on the best course of action, the TAG Chair is authorized to suspend the concerned agenda item and escalate further decision on this issue to the Board for final decision.

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**5.8** The TAG Chair must in all cases ensure that the written record of the decision stipulates:

5.8.1 the nature and extent of the conflict and its potential impact on ASC;

5.8.2 which TAG member(s) were affected;

5.8.3 an outline of the discussion;

5.8.4 whether anyone withdrew from the discussion;

5.8.5 what other actions taken to manage the conflict; and

5.8.6 how the TAG took the decision in the best interests of ASC.

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## Annex A: ASC Conflict of Interest Guideline

### 1. The nature of conflicts of interests

This brief guideline explains the general elements of conflicts of interests that TAG members may be confronted with in its work for ASC and its suggests different ways for the TAG members to deal with encountered potential conflicts of interest. This guideline must be read in conjunction with ASC's Conflict of Interest policy which represents the formal governance document for dealing with conflicts of interest.

#### 1.1 A challenge to all types of organisations

The personal and professional connections of TAG members can bring several benefits to the work of ASC and often form part of the very reason or justification for why an individual was asked to join ASC as a TAG member in the first place. However, those same connections also can give rise to conflicts of interest.

Conflicts of interest affect organisations and non-profits of all types and sizes operating within a number of sectors. This includes the work of TAG members, whose discussions and decisions may regularly touch upon key technical issues, which influence how a standard is interpreted or how a standard holder may be assessed in the future as part of ASC certification audits.

The existence of a conflict of interest does not in itself reflect on the integrity of the affected TAG member, so long as it is properly addressed by the organisation. If not properly identified and monitored by the TAG members collectively, however, such discussions may intentionally or unintentionally lead to decisions that are not in the best interests of ASC, are deemed invalid, or are open to challenge by the wider public.

Conflicts of interest, or the perception thereof, if left unaddressed, could seriously damage the reputation of or the public trust in the logo of ASC. However, most conflicts of interest can, in fact, be managed where individual TAG members are able to identify them and proactively to demonstrate action taken to prevent them from unduly affecting decision-making.

#### 1.2. Consequences of failure to manage conflicts of interests

Where TAG members fail to identify or properly respond to a conflict of interest, there can be serious consequences for ASC, and the public trust and confidence in ASC, as well as the stakeholders that ASC has set out to support as part of its mission. This may result in three types of consequences.

##### *a. Legal consequences*

- Where TAG members have acted outside ASC's governing documents or the law, its decisions may not be valid, or they could be challenged by the legal oversight bodies or commissions or by another aggrieved party, such as a certified member or a third party stakeholder.

##### *b. Regulatory consequences*

- The relevant legal oversight bodies or commissions may intervene where it has concerns about TAG member misconduct or mismanagement or where there is a risk to ASC's property, which may challenge its charitable status.

##### *c. Reputational consequences*

- Mismanaged conflicts of interest could have significant long term negative effects on ASC's reputation and generally public trust and confidence, which may also affect future funding or consumer confidence.

### 2. What is a conflict of interest?

#### 2.1. Perception versus fact

A conflict of interest is any situation in which a TAG member's personal interests or loyalties are preventing, or could be seen to prevent the TAG member from making an objective decision in the best interests of the ASC. A conflict of interest may relate to the TAG member's personal interests and/or the interests of other people or institutions connected to them. This may include situations where TAG members are seen to represent stakeholders which hold competing or even conflicting interests on a particular issue.

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Even the public perception that there is a conflict of interest among TAG members could do damage to the reputation of ASC and draw questions to its objectivity and credibility. TAG members and the governance entities which they are part of and by extension ASC should always be able to respond appropriately to such situation by proactively managing the risks and by being prepared to explain how TAG members have made their decisions in the best interests of the ASC.

## 2.2. Personal benefits or loyalties

### **Personal benefits:**

Possible conflicts of interest may arise where there is a potential direct financial or measurable benefit to a TAG member due to a decision being made or not being made by the TAG member or by ASC as a result of advice by the relevant governance entity. Examples of possible benefits include:

- sell, loan or lease ASC assets to a TAG member;
- acquire, borrow or lease assets from a TAG member to ASC;
- pay a TAG member for carrying out his or her role, or consultancies without a transparent decision-making process for this;
- pay a TAG member for carrying out a separate paid post as a director or employee of subsidiary trading company of the ASC logo;
- pay a person or company closely connected to a TAG member for providing a service to the ASC, including legal, accountancy or consultancy services, or any other maintenance work;
- employ a TAG member's spouse or other close relative to ASC's subsidiary trading company of the ASC logo;
- allow a potential or actual certified farmer to influence TAG member decisions to their exclusive advantage, quid pro quo.

### **Personal loyalties:**

Another type of conflict of interest concerns where a TAG member's duty to the ASC may compete with a duty or loyalty owed to another organisation or person that the TAG member may be affiliated or connected with. Examples of loyalty conflicts include decisions which may be affected by relations with:

- a related network or alliance that supported the candidacy for the TAG members governance membership;
- the TAG member is conducting governance or advisory duties for another organisation that is seen to be in competition with ASC's products or services or intellectual property;
- another connected third party person or organisation that may exercise pressure over the TAG member;
- a member of the TAG member's own family who may expect family loyalty over ASC interests.

Deciding whether a conflict of interest is low, medium or high risk to ASC, whether the conflict concerns personal benefits or loyalties, and whether the affected TAG member may participate in a specific decision remains a judgement for the concerned governance entity to make, under the leadership of the designated Chair.

It is not possible to give a definitive view of an appropriate course of action at all times, as this would depend on the particular decision and a number of associated circumstances. In either case, TAG members and the concerned governance entity must always be prepared to explain its approach and document decisions related to a potential conflict of interest issue in a convincing manner for full transparency.

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