



# Board Conflict of Interest Policy

## Summary

This Policy sets out clear requirements for Directors' approach to conflicts of interest.

## Document RASCI

| Role                                | Name and position                     |
|-------------------------------------|---------------------------------------|
| Owner<br>(Responsible)              | General Counsel and Company Secretary |
| Approver<br>(Accountable)           | Airways Board of Directors            |
| Author<br>(Support)                 | General Counsel and Company Secretary |
| In Consultation With<br>(Consulted) | Chief Executive Officer               |
| Informed Parties<br>(Informed)      | Executive Leadership Team             |

## Document Review

This policy document is to be reviewed every three years.

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## 1 Why Do We Have This Policy?

It is important for Airways to act responsibly and ethically to build and maintain its reputation with its stakeholders. This policy is designed to regulate, and manage the risks of, conflicts of interest at Board level. This policy supports the Board's obligation to maintain public trust and confidence in Airways as a Crown-owned company, and to meet the conduct, accountability and transparency expectations set out in the Treasury's *Owner's Expectations: Expectations for Crown companies and entities* 2024. This policy forms part of Airways' Board conduct framework and should be read alongside the Airways Board Code of Conduct.

## 2 Who Does This Policy Apply to?

The Directors of Airways and its subsidiaries.

In this Policy, references to Airways include Airways and its subsidiaries, unless the context requires otherwise.

## 3 What is a Conflict of Interest?

- 3.1 A 'conflict of interest' arises when a Director's duties or responsibilities to Airways could be affected by some other interest or duty. The other interest or duty may compete with the Director's duty to act in the best interests of Airways making it challenging, or creating a perception of challenge, for the Director to discharge that duty.
- 3.2 An interest may be monetary or non-monetary and may arise in a number of situations.
- 3.3 Without limiting clause 3.2, a Director is regarded as having a conflict of interest if the Director:
  - 3.3.1 is, for the purposes of section 139 of the Companies Act 1993 (the *Companies Act*), "interested" in a transaction or potential transaction involving Airways where the Director:
    - (a) is a party to, or will or may derive a material financial benefit from, the transaction; or
    - (b) has a material financial interest in another party to the transaction; or
    - (c) is a partner, director, officer, board member or trustee of another party to, or person who will or may derive a material financial benefit from, the transaction, not being a party or person that is a wholly owned subsidiary of Airways;

(d) is the parent, child, spouse, civil union partner, or de facto partner of another party to, or person who will or may derive a material financial benefit from, the transaction; or

(e) is otherwise directly or indirectly materially interested in the transaction;

3.3.2 is “interested” for the purposes of section 139 of the Companies Act, in any transaction or proposed transaction involving a subsidiary of Airways if it were a transaction involving Airways itself; or

3.3.3 has any other position or personal interest, including close family ties or personal relationships (including close social or business connections) which might reasonably be regarded as giving rise to a material conflict with the Director’s obligation to act in the best interests of the Company (whether generally or in relation to a specific transaction or other matter).

3.3.4 For the purposes of this Policy, close associates may include close family members, close personal relationships, business partners, trusteeships, advisory relationships, or entities in which the Director or a close associate has a material interest.

3.4 A Director will not be regarded as having a conflict of interest merely because the Director has an interest that is held in common with all Directors or members of the public.

3.5 When considering whether a conflict of interest exists, Directors must consider issues of perception as well as matters of fact, particularly given Airways’ status as a Crown-owned company and should err on the side of caution when deciding what to disclose.

## 4 Primary Responsibilities and Duties

4.1 A Director must act in the best interests of Airways and must avoid a conflict of interest as far as possible.

4.2 Where a conflict or potential conflict arises, each Director must disclose it in a timely and effective manner and follow the procedures provided by law, the Owners’ Expectations Manual, and this Conflicts of Interest Policy.

## 5 Managing Conflicts of Interest

5.1 If a Director identifies or becomes aware of a new conflict of interest or potential conflict of interest, the Director should raise the matter with the Chair (or, if the Director is the Chair, or the Chair is unavailable, then with the Chair of the Audit and Finance Committee). If a Director who has previously disclosed a conflict of interest becomes aware of any material development in the matter giving rise to that conflict, the Director will promptly raise the

matter with the Chair of the Board (or, if the Director is the Chair, then with the chair of the Company's Audit and Finance Committee).

- 5.2 As soon as practicable after raising the new conflict of interest or potential conflict of interest or a material development in the matter giving rise to the conflict with the Chair (or other Director), the Director and the Chair (or other Director) will determine the most appropriate way to address the matter. Options could include one or more of the following:
- 5.2.1 immediately declaring to the Board the nature, monetary value (if the monetary value cannot be quantified, the extent of the conflict of interest) and the actual or potential conflict of interest;
  - 5.2.2 refraining from voting or participating in any decision-making in respect of the transaction or matter in which the Director has a conflict of interest or potential conflict of interest;
  - 5.2.3 withdrawing from the discussion or deliberation on that transaction or matter, in any Board meeting or other deliberation in the course of the Director's role unless the Board or relevant Committee resolves this is not required; and
  - 5.2.4 not being able to execute, review or consider any papers, documents or other information relating to that transaction or matter, except for the purpose of identifying the conflict of interest.
  - 5.2.5 ensuring that any decision to permit a conflicted Director to remain present for discussion or deliberation is recorded in the minutes, including the Board's or relevant Committee's reasons.
- 5.3 If it is inappropriate to report any matter concerning a conflict of interest to the Chair or to the Chair of the Audit and Finance Committee, the Director must disclose the conflict of interest or potential conflict of interest to the Shareholders, other Directors, to the CEO or pursuant to the Airways Whistleblower policy (as they deem appropriate).
- 5.4 Where a conflict of interest or potential conflict of interest is material, sensitive, reputationally significant, or may affect the confidence of Shareholding Ministers, the Chair should consider whether disclosure to Shareholding Ministers and/or the Treasury is required, consistent with the "no surprises" principle and the Board's public accountability obligations.
- 5.5 Despite clause 5.1, the Board acknowledges that there is no "one size fits all" approach to conflicts of interest, and what is appropriate in any circumstance will depend on a range of factors, including
- 5.5.1 the significance of the matter to the Company;

5.5.2 the impact (if any) of the conflict, and the Board's approach to it, on the Company and, in particular, its reputation;

5.5.3 the desirability, in appropriate cases, of striking a balance between:

(a) ensuring that the Company receives the benefit of the Director's knowledge and expertise on a relevant matter, and their presence and participation is in the best interests of Airways; and

(b) ensuring that the Board is able to deliberate on the matter on a basis which is not, and is not seen to be, unduly influenced by the views of the conflicted Director (having regard to the Director's conflict of interest).

5.5.4 whether the matter involves procurement, major contracts, litigation, regulatory matters, commercially sensitive information, or any other matter where an actual, potential or perceived conflict may be particularly sensitive.

5.6 After discussion between the Director and Chair (or other Director), the Chair (or other Director) will:

5.6.1 advise the other Directors of the matter giving rise to the conflict of interest or potential conflict of interest or any material development in a previously disclosed conflict of interest and the proposal agreed with the Director for its management (or, as the case may be, that no such agreement has been reached); and

5.6.2 arrange for the Board to discuss the conflict and its management to the extent (if any) required by any other Director.

Following such advice (and further discussion, if any) the specific arrangements determined by the Board for managing the conflict will be recorded in writing and communicated to the Director concerned. The record should include the nature of the conflict, the agreed management approach, any restrictions on access to papers or discussions, any voting restrictions, and any escalation or disclosure required.

Conflicts of interest must be a standing agenda item at each Board and Board committee meeting, and Directors must declare any new or changed interests at the start of each meeting.

5.7 Where a Director has material continuing conflicts of interest or material potential conflicts of interest the relevant Director shall resign as a Director of Airways if asked to do so by the Board or the Shareholders and shall do so in a manner that preserves the reputation and standing of Airways.

5.8 Before Board or Committee papers are circulated, the Chief Executive Officer and General Counsel and Company Secretary will review the papers for any actual, potential or perceived Director conflict of interest. Where a conflict is identified, they will discuss the matter with

the relevant Director and, if appropriate, the Chair, and ensure the Director receives redacted papers, or is excluded from the relevant papers or parts of papers, as necessary to manage the conflict.

## 6 Confidentiality

- 6.1 The Director need not disclose any material particulars which the Director is obliged to keep confidential under confidentiality obligations which arose before the potential conflict. However, if the Director does not disclose any material particulars, the Director shall disclose this fact and provide such explanation as the Director is able to do.
- 6.2 Directors are expected not to undertake confidentiality obligations to third parties where it is reasonably foreseeable that a conflict of interest may arise in respect of which the Director may be prevented from making full disclosure under this policy.
- 6.3 For conflicts of interest or potential conflicts of interest that are confidential in nature, the matter will be dealt with without disclosing the details of the conflict of interest to other Directors, but otherwise in accordance with this policy.

## 7 Business Opportunities and Affiliations

- 7.1 Airways expects Directors at all times to act with high standards of personal and professional integrity.
- 7.2 While any conflict of interest is potentially a concern, Directors should particularly seek not to have any:
  - 7.2.1 affiliations as a shareholder, Director or employee with competitors of Airways;
  - 7.2.2 affiliations as a shareholder, Director or employee with any other company, or holds a similar position with any other organisation or body corporate, which has a contract with Airways, or provides services to or receives services from Airways, or is a party that is likely to be a counterparty to a transaction with Airways.
- 7.3 Directors also:
  - 7.3.1 must not provide business or professional services of a one-off or an ongoing nature to Airways or any subsidiary of Airways unless specifically authorised in advance by the Shareholders;
  - 7.3.2 must act on an arm's-length basis and not use his or her position as a Director to influence commercial decisions by Airways or any subsidiary when providing (directly or indirectly) goods or services to Airways or any subsidiary;

- 7.3.3 must, before accepting appointment to the Board, and thereafter as they occur, disclose to the Board all of his or her business relationships relevant to the interests of Airways; and
- 7.3.4 must, before accepting appointment to other Boards, governance bodies, advisory roles or leadership positions, discuss the proposed appointment with the Chair, including whether it may create an actual, potential or perceived conflict of interest, affect the Director's ability to carry out their Airways duties, or give rise to reputational or stakeholder concerns. Directors must promptly advise the Board of any new appointment or affiliation that may give rise to such issues.

## 8 Interests Register

- 8.1 Airways maintains an Interests Register in which are entered the disclosures made by Directors in respect of matters relating to Airways as required by the Companies Act, State-Owned Enterprises Act 1986 and other laws that apply from time to time. 8.2 Entries in the Interests Register made during the financial year are disclosed in the Annual Report of Airways for that financial year to the extent required by law or applicable reporting requirements.
- 8.3 Directors must review and confirm the accuracy of their Interests Register entries at least annually, and promptly update the register when any new interest, appointment, affiliation or other matter arises that may create an actual, potential or perceived conflict of interest.

## 9 Review and Publication

- 9.1 This Policy will be reviewed no less frequently than every three years, and earlier if there are material changes to applicable law, Treasury ownership expectations, Shareholding Ministers' expectations, or relevant governance guidance. Any changes must be approved by the Board.
- 9.2 This Policy will be made available to Directors and published or otherwise made accessible in accordance with Airways' governance and policy management arrangements.