

POL 3005.26

Conflicts of Interest Policy

Version:	2.0
Effective Date:	26 June 2024
Administered by:	Head of Risk & Compliance
Reviewed by:	Executive Management Committee and Board Risk Committee
Approved by:	Board

References

POL 3005.39 Code of Ethics
POL 1425 Counselling & Disciplinary Policy
INF 0539 Disclosure of Gifts Register
INF 0526 Conflicts of Interest Register
FRM 2611 Disclosure of a Conflict of Interest

Definitions and Interpretations

Actual Conflict of Interest – when there is a direct conflict of interest between your professional responsibilities and a competing interest.

APRA – Australia Prudential Regulatory Authority.

ASIC – Australian Securities & Investments Commission.

Conflicts of interest include actual, perceived and potential conflicts of interests, as defined in this Policy, and may arise in the following (non-exclusive) situations:

- Circumstances where some or all of the interests of Members to whom the Credit Union provides financial services are inconsistent with, or diverge from, some or all of the interests of the Credit Union or its Employees.
- Transacting, processing or making adjustments to an account of a related party, regardless of whether the related party has previously been disclosed or not.
- Circumstances where the personal interests (including business shareholding, association with family or friend, previous employment or other private interest) of all Employees are, or may be, in conflict with their Credit Union duties and responsibilities. As a general rule, this duty is breached when an Employee has acted improperly – either directly or indirectly - for financial gain and/or the Credit Union has suffered a loss or experienced economical or reputational loss as a result.
- Engaging in Secondary Employment that results in the individual's failure to meet the minimum standards of on the job productivity or quality, or the Secondary Employment itself may be in conflict with the interests of the Credit Union in the reasonable opinion of Police Credit Union.
- Offering something (usually money) in order to gain an illicit advantage.
- An individual participating in decision making in respect of the Credit Union's operations which may benefit that individual or relationships.
- Favouring friends, business associates or family because of the relationship rather than their capabilities, competence and abilities.

Employee – All people performing work for Police Credit Union (PCU), including Directors, Executive Management, Managers, Employees and labour hire workers.

Interest – when someone has a stake in something, which can include for example:

- A relationship with a family member, spouse or close friend; or
- A financial investment, such as holding shares; or
- Ownership, membership, or involvement in an organisation.

Perceived Conflict of Interest – include situations where it could be perceived, or appears to a reasonable person that a person's personal interests could improperly or unduly influence the performance of their duties and responsibilities when conduct would lead an outside observer to believe a conflict might exist, even if it actually doesn't.

Potential Conflict of Interest – when there is a possibility that a conflict of interest could occur in the future, as a result of an action or relationship.

Secondary Employment – any activity outside of PCU, including but not limited to volunteering (outside of PCU-coordinated volunteering opportunities), profession, trade, business, membership of House of Parliament or other public office or appointment, or board or committee membership, whether paid or unpaid.

POL 3005.39 Code of Ethics Policy provides further guidance about the identification of conflicts of interest and the acceptance and disclosure of gifts.

Overview

The Board, Management and Employees of Police Credit Union are committed to maintaining good governance practices, ensuring that high levels of independence and segregation of duties exist across all areas.

Failing to manage a conflict of interest can have substantial and far-reaching negative effects, including:

- Damage to PCU's reputation
- Loss to PCU members
- Indicating an ineffective ethical and compliance culture at PCU
- Exposing Employees and PCU to serious civil and/or criminal legal consequences

Policy

All Employees must manage actual and potential conflicts of interests in its business in accordance with APRA prudential standards, ASIC licensee requirements and the *Corporations Act 2001*. The **CEO** must maintain clear conflicts of interest management arrangements ensuring that Board, Management and Employees operate efficiently, honestly and fairly and maintain a strong reputation of integrity in the provision of financial services and credit facilities.

It is the responsibility of **All Employees** to identify any conflicts of interest that may arise and report them, whether actual, potential, or perceived.

All Employees must avoid situations where there is a real possibility of conflict between their personal interests and the interests of the Credit Union. Where an actual or potential conflict arises, full disclosure must be made in accordance with this Policy.

Disclosure of a Conflict of Interest

All Employees are required to provide written disclosures of actual or potential conflicts of interests on appointment. This process is undertaken by the **Head of People & Culture** and a copy of FRM 2611 Disclosure of a Conflict of Interest will be provided as part of the onboarding starter pack.

The **Head of People & Culture** will consult with the **Head of Risk & Compliance** should a disclosed conflict of interest raise any issues or concerns.

The **Head of People & Culture** must ensure that all disclosed conflicts of interest are recorded against the relevant personnel file and a copy of disclosed conflicts of interest must be provided to the **Head of Risk & Compliance** for recording on the Conflicts of Interest Register.

Ongoing disclosure of a Conflict of Interest

All Employees will be required to update their disclosures annually by completing FRM 2611 Disclosure of a Conflict of Interest, a copy of which will be provided by the **Head of Risk & Compliance** or delegate for completion on an annual basis.

In addition, **all Employees** are required to disclose any actual or potential conflicts of interest, or those which could be perceived to be a conflict of interest as soon as they become aware. Disclosure must be made to the Chair of the Board in the case of the CEO or Directors, or to the Head of Risk & Compliance for all other Employees.

Secondary Employment

Prior to commencing any Secondary Employment, Employees must complete the FRM 2611 Disclosure of a Conflict of Interest and return it to their Manager and Head of Risk & Compliance for consideration as to whether the Secondary Employment constitutes a conflict of interest under this policy, and how that conflict of interest will be managed. The Employee shall only proceed with the Secondary Employment following written consent by the Head of Risk & Compliance.

The Employee may consult with either the Head of People & Culture or the Head of Risk & Compliance prior to the submission of the form should they wish to do so.

Register of Disclosed Conflicts

A register of disclosed conflicts of interest must be maintained by the **Head of Risk & Compliance** in the format set out in INF 0526 Conflicts of Interest Register.

The **Head of Risk & Compliance** must ensure that the Conflicts of Interest Register is tabled at each Board Risk Committee meeting. Following each meeting, a copy will be provided to the Head of People & Culture for information.

Additional Directors' obligation

Directors are required to complete and return an annual Director Independence Evaluation and Conflicts of Interest Declaration Form to the **Chair of the Board Remuneration and Governance Advisory Committee**. A **Director** who has a material personal interest in a matter that relates to the affairs of the Credit Union must give the other Directors notice of the interest and where the matter is being considered at a Board meeting the Director must not be present when the matter is being considered at the meeting; or vote on the matter unless the **Board** reasonably resolves otherwise. At the commencement of each Board meeting, **Directors** are required to declare an interest in any matter being addressed by the Board, or a matter relating to existing arrangements that the Credit Union has in place or is listed on the agenda of the meeting.

For **Directors**, all disclosed actual or potential conflicts of interest must be recorded in the minutes of the Board meeting.

Identifying a Conflict of Interest

All Employees must complete conflicts of interest compliance training on an annual basis. Completion of the training will be monitored by the **Head of People & Culture** or delegate and non-compliance will be escalated to the Chair of the Board in respect of Directors or the relevant Employee's Executive Manager.

Should **Employees** require assistance or clarification as to whether a conflict of interest exists and must therefore be disclosed, discuss with the Head of People & Culture or Head of Risk & Compliance.

If in doubt, Employees must err on the side of caution and disclose any potential conflict of interest.

Disclosure of Gifts

In addition to the required disclosures and declarations described above, **all Employees** must abide by POL 3005.39 Code of Ethics Policy, including in relation to the acceptance of gifts. All gifts received which exceed \$100 in value must be approved by the **Executive Manager** and all gifts of value of greater than \$500 must be approved by the **CEO**.

All gifts and will be recorded in a register maintained by the **Head of Risk & Compliance**, as set out in INF 0539 Disclosure of Gifts Register.

The Gifts Register will be presented to the Executive Management Committee at each monthly meeting and reported to the Board Risk Committee for oversight at each quarterly meeting.

Consequences of non-compliance

Disclosing a conflict of interest allows the issue to be dealt with at an early stage and counteracts potential criticism or disciplinary action. The object of notification is to protect the Employee and/or the Credit Union.

Any failure to appropriately identify, record, manage, disclose or avoid a conflict of interest is a breach of this policy.

The breach will be recorded, reported and escalated and appropriate remedial action undertaken in accordance with relevant PCU Policies.

Should any Employee be found to have engaged in behaviour that is prohibited by this Policy, where appropriate, that person may be the subject of appropriate disciplinary action (up to and including termination of employment, where applicable) in accordance with POL 1425 Counselling & Disciplinary Policy.

Employees must also be aware that if their conduct constitutes a breach of applicable legislation, they could be exposed to legal consequences and regulatory involvement.

Annual Policy and Control Attestation:

In completing this attestation and as the Responsible Officer for the implementation of this policy, I confirm that following reasonable enquiries and to the best of my knowledge, other than previously reported exceptions and/or those provided in support of this attestation, each listed policy requirement has been completed. Any known material exceptions have been reported to the Chief Executive Officer and the Chief Risk Officer.

Angela Scarfo

Signed

Angela Scarfo Head of Risk & Compliance, dated 7 June 2024

Version Control – Material Changes

Version Number	Effective Date	Changes
1.0 – 1.8	28 June 2023	Prior versions
2.0	26 June 2024	Material changes to version 1.8