

Conflict of Interest Policy

Kina Board

The policy provides the minimum foundation to assist Kina's Board and employees conduct its business in an honest and ethical manner.

Owner: Chief Executive Officer
Level: Level 1-Board
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1. INTRODUCTION AND APPLICATION

This policy regulates all Conflicts of Interests (“COI”) to ensure the corporate governance risks are prudently managed and supports overall compliance with the various Legislative and Prudential Authorities prevalent in the respective jurisdictions where we operate.

Kina Bank is committed to conducting its business in an honest and ethical manner and in accordance with all applicable laws, rules and regulations in the jurisdictions in which it operates and expects the Board of Directors (Directors) and the employees to observe the highest standards of ethical conduct.

Directors, employees and associates representing or acting for Kina Bank should avoid situations that present, or create the appearance of a potential conflict between their interests and those of the company. A COI exists when private interests, including personal, family, political, or financial interests, interfere in any way with their responsibilities to Kina Bank.

1.1 Statement of Policy

The policy sets out our commitment to high standards of ethical conduct and accordingly places great importance on making clear any existing, perceived or potential COI at Kina Bank. The conflict or perceived conflict may arise wholly or partly from activities undertaken in relation to our operation as a company, authorised financial institution or credit provider.

Compliance with the Policy ensures Kina Bank maintains its integrity and consistency of an open and transparent process by outlining the procedures in identifying and addressing COI.

Ultimately the Policy’s main objective is to avoid or prevent any attempt to exert influence in unduly favoring any party, or being favored by any party and to ensure that Kina Bank’s independence in decisions is not jeopardized by its business relationships.

1.2 Application

This Policy applies to Directors, all employees of Kina Bank as well as Associates representing or acting for Kina Bank. The Policy covers all circumstances and aspects of COI.

Primary responsibility for Managing COI within Kina Bank rests with the

- Company Secretary for Board Declared Conflicts; and
- Chief Risk Officer (CRO) for Management declared conflicts

All staff are to be aware of their obligations in respect of the fundamental principle that all Directors and staff members have a responsibility to disclose a conflict, or potential COI situation.

1.3 Legislative Framework

The implementation of this policy provides overall guidance to assess COI within the business. The legislative framework encompasses: -

- Banking and Financial Institutions Act 2000
- Bank of PNG BPS310 :- Fit & Proper
- Bank of PNG BPS300: : Corporate Governance

Guidance can further be taken from ASIC Regulatory Guide 205 Credit Licensing, General Conduct Obligations (Section D) and ASIC Regulatory Guide 181 Licensing: Managing Conflicts of Interest.

1.4 Compliance Assurance & Maintenance

The CRO is responsible for this policy and supported by the Board Risk Committee (BoRC) to oversight all COI requirements.

To facilitate the ongoing compliance, the COI registers for management will report regularly to ExCo and Board.

This Policy will be reviewed annually from the date of approval or more frequently where appropriate. As part of process, the review shall also determine whether or not:

- COI disclosures made by any Director or employee meets the requirements of this Policy and other applicable Kina Bank policies;
- proper document filing and retention procedures are being maintained;
- corrective measures have been taken for business improvement where applicable; and
- the business has taken into account changes to legislation, regulatory developments or significant organisational changes such as changes in Kina Bank's business operations, products, or services.

Modifications that are necessary should be made expeditiously to minimise compliance risk, and applicable personnel in all affected operating units should be advised of the changes once these changes are approved by BoRC.

All COI Disclosures are to be documented along with any material facts or results of any investigation relating to these disclosures and the records of which are to be retained by Kina Bank for up to a period of seven (7) years.

1.5 Process

The following approach is to be adopted to ensure that COI are adequately and appropriately managed:

- all COI (actual or perceived) are to be identified and evaluated on an ongoing basis;
- all conflicts evaluated as material, must be managed by either controlling, managing, avoiding or disclosing them.

The Company Secretary is responsible for applying this policy as it relates to Directors.

Where a Director has a COI or potential COI, section 4.3.1 provisions of this Policy became applicable to the Director.

The CRO will ensure that this Policy is communicated to all employees and Directors at least once per year.

The CRO will also ensure that appropriate training and communication is carried out to ensure that Directors and employees know:

- that certain personal, family, professional or business interests may have the potential to create a COI. For any such decisions the individual may be involved in during their tenure as a Director or employee and therefore must be declared in advance; and
- the procedures for making COI disclosures during their employment or directorship with Kina Bank

1.6 Delegation

The Board is ultimately responsible for the Policy. Board is responsible for maintaining of an up-to-date Register for recording and managing COI.

The Board has delegated operational responsibilities to Management with oversight by the BoRC. The CRO is responsible for the day to day operations of COI.

Business Units (BU) are obliged to establish, maintain and document procedures to identify, prevent and manage COI within their respective BU.

All Executive, Senior Managers and Compliance Team are responsible for ensuring that Kina Bank systems, controls and procedures are adequate to identify and manage COI and potential COI.

2. POLICY DETAIL

Given the many different personal, family, professional and business interests that Directors and employees have, there is a potential for decisions they are involved in to be construed as having been influenced by personal or related interest.

This Policy explicitly recognises the potential for such conflicts in commercial life and puts in place systems and procedures to ensure that the interests which may create a COI are disclosed in advance. This allows for the interests to be managed to exclude the conflicted person from involvement in matters that are the subject of conflict or where the conflict cannot be avoided, that the COI must be appropriately remediated.

The Policy establishes procedures to record how actual conflicts and potential conflicts are managed to provide assurance that decisions are not influenced by personal or related party interest. Finally, the Policy provides for disciplinary actions and penalties in the event Directors, employees or associates are found to have breached the policy including the requirements for training and communication and record retention.

2.1 Identifying Conflicts

A COI refers to any situation in which financial, professional or personal obligations may compromise or present the appearance of compromising an individual's professional judgement. That is where the interest of an individual interferes or appears to interfere with the interests of the company and how Directors, executives and employees will be prevented from taking improper advantage of property, information or position, or opportunities arising from these, for personal gain.

The interest may be of benefit to an entity (including any subsidiary), an officer or Director, their spouse and/or their children or any related party / colleague.

It is the responsibility of all Kina Bank personnel and officers to identify any conflicts of duties and interests that arise or may arise in their own individual situation.

2.2 Materiality and Assessment

The COI will need to be assessed and evaluated for:

- seriousness;
- its impact on the quality of services provided;
- its impact on the officer's fit and proper status;
- whether the conflict can be avoided;
- whether the conflict affects remuneration practice/s; and
- whether the conflict is of a confidential nature

and then actioned accordingly.

A COI will be material where knowledge of the conflict, may, or is likely to impact on whether

- a) A client acquires the financial product offered
- b) Someone receives a benefit that is not regularly offered (or is not at arms-length); or
- c) A reasonable person would consider a conflict to arise

A COI matrix should be maintained to detail the assessment and is discussed. Immaterial conflicts need only be handled by internal control procedures.

3. CIRCUMSTANCES WHERE A CONFLICT OF INTEREST MAY ARISE

COI may arise where an employee, a Director or a person entrusted to represent Kina Bank places his or her personal interests before the interests of Kina Bank and where such personal interests unduly influence business judgments, decisions, or actions.

Below are circumstances where a COI may arise and where particular attention is required:

3.1 Personal Financial Interests

Directors and employees shall not give preference to personal interests, or to the interests of another person, where to do so would be in conflict with the best interests of Kina Bank.

3.2 Political Activity

Directors and employees are expected to clearly separate any official actions or views from possible political inference to ensure that no COI arises between such discussion and or activity should this be apparent or deemed to be conducive to compromising Kina Bank's reputation.

3.3 Family and Friends

Directors and employees must not attempt to influence any company related decision or business dealings that may benefit or be perceived to benefit an immediate family member or an entity in which a family member or close associate may have financial interest in. Kina Bank has in place the Vendor Management Policy and a Procurement Policy that shall be complied with to ensure there is no appearance of special treatment for immediate family members.

3.4 Gifts, Entertainment, Gratuities and Other Favors

Kina Bank recognizes that there will be instances where Directors and employees may be offered benefits (gifts, hospitality and entertainment) and under certain circumstances it may be appropriate for Directors and employees to accept. However, Directors and employees are to avoid all situations in which the acceptance of any benefit could create a COI with their official duties.

Employees are not to solicit any personal and other benefits during their employment tenure with Kina Bank unless they are specifically authorized by Kina Bank (e.g. legitimate pursuit of donations or sponsorship in accordance with company policy). Should there be any doubt about the intention or integrity of the source making an offer, employees are expected to reject the offer or consult with their Unit Manager or the People and Culture Group Manager.

3.5 Outside Employment and External Activities

Directors and employees shall not engage in any other employment or hold directorship responsibilities that will create or appear to create a COI with Kina Bank's interests. All external employment opportunities or company holdings must be declared.

3.6 Fair Dealing

Kina Bank aims to achieve the highest possible standards of corporate code of conduct and governance through its business dealings by ensuring fair dealing by employees and Directors with suppliers, customers, distributors, vendors, partners and competitors. No employee or Director of Kina Bank shall take unfair advantage of inside information or be involved in any insider trading activities.

3.7 Outsourcing and Service Providers (suppliers)

The Outsourcing & Procurement Policy requires the conduct of regular and thorough enquiries to identify all conflicts arising from relationships of Kina Bank with an existing or prospective service provider or adviser, including those that have the potential to affect the service provider's performance in respect of the obligations undertaken for Kina Bank and its business operations.

Where an officer or member of staff becomes directly or indirectly involved in a services contract, or proposed services contract with Kina Bank, the officer or member of staff must disclose this as a possible COI.

Where the officer is a member of the Board, declaration must be made at the meeting of the Board at which, and prior to, the question of entering the contract is to be discussed or considered.

Where the officer is a member of staff a written declaration must be provided to the CRO who will recommend an appropriate course of action. If the CRO has a COI, this must be made to the CEO or Board Risk Chair.

3.8 Maintaining Confidentiality

Directors and employees must maintain the confidentiality of competitively sensitive information made available to them by Kina Bank or its associates unless the disclosure is approved by the CEO or the Board. Confidential information includes all non-public information that might be of use to competitors, or harmful to the Company or its suppliers, customers, distributors, vendors or partners, if disclosed. It also includes information that any associate has entrusted to the Company.

4. CONFLICT OF INTEREST DISCLOSURE PROCEDURE

On appointment or employment, Directors and employees must disclose whether they have any financial, professional or personal interests that might create a conflict with their duties as a Director or employee of Kina Bank.

Kina Bank maintains a separate COI Registers for Directors and employees whereby any Director or an employee shall disclose a material personal interest including financial interest in any matter which relates to the affairs Kina Bank or any other interest that should be disclosed to 'avoid a COI'.

Kina Bank's Directors and employees must disclose details of any COI in the following manner;

4.1 Chair

The Chair of the Board shall disclose in writing in a *Disclosure Interests Form*, details of any actual, perceived or potential COI to the Chair of the BoRC. Details of such disclosures shall be maintained by the Company Secretary in a Register.

4.2 Directors

Directors shall disclose in writing in a *Disclosure Interests Form*, details regarding any actual, perceived or potential COI to the Chair of the Board. Details of such disclosures shall be maintained by the Company Secretary in a Register

4.3 Employees

Employees shall disclose in writing in a *Disclosure Interests Form*, details regarding any actual, perceived or potential COI to the CRO. Details of such disclosures shall be maintained by the CRO in a separate Register.

4.3.1 Disclosures Made by Directors

At every Board meeting, an item on Declaration of Interests will be included on the meeting agenda and Directors will be invited to amend their respective interests and determine whether the recorded disclosures are a complete and accurate record of their interests. The Directors will also decide whether any other matters on the meeting agenda will create any additional COI and disclose to the Board the nature and extent of those interests.

The following sets out how the disclosures made by any of the Directors including the Chair are to be managed by the Board;

- a) If a conflicted Director's involvement in a particular agenda item might prevent the Board from reaching an impartial decision, the conflicted Director must not vote on that agenda item and, if necessary, not take part in any Board discussion on the agenda item. The conflicted Director may be invited by the Board to provide explanations on his or her interest and answer questions where necessary.
- b) If there are financial implications leading to personal gain the conflicted Director must leave the boardroom when the item is being discussed.
- c) If the conflicted Director is likely to benefit in a significant material way, the Director should be excluded from the distribution list of the relevant documentation. The conflicted Director is entitled, however, to receive the Notice of Meeting at which the matter is to be considered.
- d) All disclosures of an interest at a Board meeting must be recorded in the minutes of the meeting with a description of the action taken to manage the conflict.
- e) The rights of the conflicted Director to be included in a quorum are determined by the Company Constitution.
- f) Conflicted Directors should volunteer to withdraw from at least part of the meeting to facilitate for a full and frank discussion on the agenda item by the other directors of the Board.

As a guide the following types of interest create a COI and must be disclosed:

- a) Directorships in other companies, organisations or other consultancy/employment;
- b) Interests (ownership, partnership or employment) in business enterprises or professional practices
- c) Ownership of shares in another company
- d) Beneficial interests in Trusts
- e) Existing professional or personal associations that may have a competing interest with Kina Bank
- f) Family relationships where a family member might benefit from a Board decision or a family member might be an employee.
- g) Dealing in securities that may give rise or be considered as actual or suspected insider trading or market manipulation by anyone who may have access to sensitive information or otherwise benefit from movements in the share price as specified in Banking Prudential Standard BPS 300: Corporate Governance.

If Directors are unsure whether a COI exists they should discuss the matter with the Chair of the Board and where necessary sought legal advice for clarity and guidance on any issues of conflict involving a Director. If there are still doubts, the Chair should take a precautionary approach and treat the matter as a COI situation.

Directors with a continuing material COI should discuss further with the Chair and consider resigning from the office. The Board may request a Director to resign in the event of a continuing material conflict.

4.3.2 Registration of Disclosures

The Company Secretary will maintain an up-to-date Register of Directors' Interests to ensure all Director Interests are declared and there is a complete record of disclosures. The Register will be updated at every regular Board meeting and a copy of the declaration inserted in the Board member's folder. The CRO will maintain an up to date Register for all employees. Any employee with a COI or potential or perceived COI will be required to submit a declaration and thereafter update their interests annually. Where any employee discloses an interest that may require ongoing management to avoid any appearance of a conflict, the CEO will establish the procedures and or systems to manage the conflict.

5. DEFINITIONS

- a) Associates refers to Kina Bank's external agents, service providers, contractors, consultants, suppliers, customers, vendors and casual or temporary employees.

- b) Avoid a COI means Directors and employees make decisions or take actions to ensure a COI does not occur, or does not have the potential to occur in the first place.
- c) COI occurs when an individual or entity has multiple interests, any of which could possibly corrupt, or be perceived to corrupt, the motivation for an act in another. A COI can be;
- (i) An Actual COI - where a conflict arises for an individual as a result of competing interests.
 - (ii) A Perceived COI - where a conflict between competing interests is, or might be, seen to exist
 - (iii) A Potential COI- where competing interests have the capacity to develop into a conflict in the **future**.

6. MISCELLANEOUS

Kina Bank must have procedures in place to ensure all relevant BU are fully aware of, and comply with this policy.

If any person has concerns in relation to the appropriateness or otherwise of any matters under this Policy, these concerns should be raised directly with the Policy Owner.

6.1 Policy Breaches

By Directors

Any breaches of this Policy should be reported to the Chair of the Board or the Chair of BoRC. Suspected breaches will be investigated by or at the direction of the Board and appropriate action will be taken in the event that the breaches are confirmed.

By Employees

Any employee found to be in breach or have breached this Policy will be dealt with in accordance with applicable Human Resource (HR) Policies.

6.2 Policy Exemptions

Policy exemption may be granted under exceptional circumstances. The sole point for approval is the Policy Owner upon recommendation of the Administrator or their appropriately authorised delegate.

7. POLICY ADMINISTRATION

Policy Name	Conflict of Interest Policy
Policy Type	Policy
Policy Administrator	Chief Risk Officer
Policy Owner	Chief Executive Officer
Effective Date	27 11 2015
Date of Last Review	14 March 2023
Next Scheduled Review	March 26
Regulator (If Applicable)	Bank of Papua New Guinea
Compliance Mechanism	Triennial Review process for relevant regulatory requirements.
Approval Body	Board
Document Approval History	<p>Version 1.0 – BOARD (dated on 27/11/2015)</p> <p>Version 2.0 – BOARD (dated 09/12/2019)</p> <p>Version 3.0 – BOARD (dated on 14/12/2020)</p> <p>Version 4.0 – BOARD (dated on 27/04/2023)</p>
Related Policies	<p>Securities Trading Policy</p> <p>Gifts and Entertainment Policy</p> <p>Anti-Bribery and Corruption Policy</p> <p>Outsourcing Policy</p>

		Procurement Policy Vendor Management Policy Vendor Management Framework Procurement Policy Group Delegation of Authority Framework Protected Disclosure (Whistle Blower) Policy Breach Management Policy
Supporting Procedures Guidelines	or	Code of Ethics and Business Conduct People and Culture: Policies and Procedures