



Conflict of Interest Policy

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Table of Contents

Document Control	3
Document Information	3
Document History	3
Document Approval	3
1. Introduction	4
1.1 Purpose	4
1.2 Application	4
1.3 Definitions	4
2. Policy Content	5
2.1 Circumstances where a Conflict of Interest May Arise	5
2.2 Conflict of Interest Disclosure Procedure	6
2.2.1 Disclosures Made By Directors	6
2.3 Business Procedures and Processes	7
3. Interaction with Other Related Kina Policies	8
4. Policy Breach	9
4.1 By Directors	9
4.2 By Employees	9
5. Training and Communication	10
6. Review and Retention of Documents	11

Document Control

Document Information

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Document Approval

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1. Introduction

“Group” or “Kina Bank” refer to all operations, branches, subsidiary companies and joint ventures where Kina Securities Limited holds the controlling interest.

1.1 Purpose

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.

The Policy ensures Kina Bank maintains its integrity and consistency of an open and transparent process by outlining the procedures in identifying and addressing Conflict of Interest. 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.

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 conflict of interest exists when private interests, including personal, family, political, or financial interests, interfere in any way with their responsibilities to Kina Bank.

1.2 Application

This Policy applies to Directors of the Board (directors), all employees and Kina Bank. The Policy covers all circumstances and aspects of Conflict of Interest.

1.3 Definitions

- a) **Conflict of Interest** 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 conflict of interest can be;
 - (i) An Actual Conflict Of Interest - where a conflict arises for an individual as a result of competing interests.
 - (ii) A Perceived Conflict Of Interest - where a conflict between competing interests is, or might be, seen to exist
 - (iii) A Potential Conflict Of Interest- where competing interests have the capacity to develop into a conflict in the future.
- b) **‘Associates’** refers to Kina Bank’s agents, consultants, suppliers, customers, vendors or partners and contractors.
- c) **‘Avoid a conflict of Interest’** means directors and employees make decisions or take actions to ensure a conflict of interest does not occur, or does not have the potential to occur in the first place.

2. Policy Content

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 conflict of interest are disclosed in advance and are 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 conflict of interest must be appropriately managed.

The Policy establishes procedures to record how actual conflicts are managed to provide assurance that decisions were 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 and the requirements for training and communication and record retention.

2.1 Circumstances where a Conflict of Interest May Arise

Conflict of Interest 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 Conflict of Interest may arise and where particular attention is required:

a) 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.

b) Political Activity

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

c) 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.

d) 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 conflict of interest 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.

e) 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 conflict of interest with Kina Bank's interests.

f) 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.

g) 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 Chief Executive officer 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.

2.2 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 separate Conflict of Interest 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 conflict of interest'.

Kina Bank's directors and employees must disclose details of any conflict of interest in the following manner:

(i) Chairman

The Chairman of the Board shall disclose in writing in a *Disclosure Interests Form*, details of any actual, perceived or potential conflict of interest to the Chairman of the Audit and Risk Committee. Details of such disclosures shall be maintained by the Company Secretary in a Register.

(ii) Directors

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

(iii) Employees

Employees shall disclose in writing in a *Disclosure Interests Form*, details regarding any actual, perceived or potential conflict of interest to the Chief Risk Officer (CRO). Details of such disclosures shall be maintained by the Chief Compliance Officer (CCO) in a separate Register.

2.2.1 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 conflict of interest and disclose to the Board the nature and extent of his or her interests.

The following sets out how the disclosures made by any of the directors including the Chairman 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 conflict of interest and must be disclosed:

- a) Directorships in other companies, organisations or other 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 conflict of interest exists they should discuss the matter with the Chairman 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 Chairman should take a precautionary approach and treat the matter as a conflict of interest situation.

Directors with a continuing material conflict of interest should consider resigning from the office.

2.2.2 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 conflict of interest or potential or perceived conflict of interest will be required to submit a declaration and there after update their interests annually.

Where any employee discloses an interest that may require ongoing management to avoid any appearance of a conflict, the Chief Executive Officer will establish the procedures and or systems to manage the conflict.

2.3 Business Procedures and Processes

Business Units are obliged to establish, maintain and document procedures to identify, prevent and manage Conflicts of Interest within their respective business units.

3. Interaction with Other Related Kina Bank Policies

This Policy should be read in conjunction with other Kina Bank suite of policies. Policies include but are not limited to:

1. Securities Trading Policy
2. Gifts and Entertainment Policy
3. Anti-Bribery and Corruption Policy
4. Code of Ethics and Business Conduct
5. Outsourcing Policy
6. Procurement Policy
7. Vendor Management Policy
8. Protected Disclosure (Whistle Blower) Policy
9. Human Resources Manual
10. Breach Management Policy

4. Policy Breach

4.1 By Directors

Any breaches of this Policy should be reported to the Chairman of the Board or the Chairman of Audit and Risk Committee. 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.

4.2 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.

5. Training and Communication

The CRO will ensure that this Policy is communicated to all employees 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 conflict of interest for any 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 conflict of interest disclosures during their employment or directorship with Kina Bank

6. Review and Retention of Documents

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

- conflict of interest 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 organizational changes such as changes in Kina Bank's business operations, products, or services.

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

All Conflict of Interest 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.