



Conflicts of Interest Policy and Procedures *(parent policy)*

Declaring, documenting, and managing conflicts of interest keeps the SEC and its people safe from perceptions or allegations of bias, undue influence or inappropriate conduct. It also builds and maintains trust and confidence in our integrity, our people and our decision-making.

1. What is the purpose of this policy?

- 1.1. All SEC employees, directors, contractors, and consultants have legal and ethical obligations to declare and manage any actual, perceived or potential conflict of interest. Managing conflicts of interest is fundamental to maintaining integrity, managing risk, and ensuring SEC people are not put into positions where they need to choose between competing duties.
- 1.2. This policy and procedures:
 - defines the types of interests and conflicts of interest.
 - describes how to identify, manage and monitor conflicts of interest.

2. Who does this policy apply to?

- 2.1. The Conflicts of Interest policy applies to all employees, directors, consultants and contractors of SEC (Personnel) and any of its subsidiaries, at all times. Additional guidance specific to managing Board and committee conflicts of interest is provided in the *Board Conflict of Interests Policy (sub-policy)*.
- 2.2. The obligations outlined under this policy are additional to any obligations and duties under the *Corporations Act 2001* (Cth), the *Public Administration Act 2004* (Vic), the *Financial Management Act 1994* (Vic), or other relevant legislative or regulatory regimes.

3. Principles

- **Avoid:** conflicts of interests should be avoided where possible.
- **Identify:** conflicts must be identified where they are unavoidable.
- **Declare:** any actual, potential or perceived conflict of interest must be notified and documented as soon as possible once identified.
- **Assess:** identified conflicts must be assessed to identify and mitigate risks.
- **Manage:** a conflict management plan for the conflict must be documented and approved.
- **Monitor:** conflicts must be monitored and changes documented in a declaration.

4. When does this policy apply?

- 4.1. This policy applies in all situations where the interests of Personnel create an actual, potential or perceived conflict between that interest and their duties at the SEC.

5. What is an interest and a conflict of interest?

- 5.1. Conflict of interest is the term used for both personal and business conflicts and applies in the following situations:
 - a) Where it has the potential to undermine the impartiality of a person because of the possibility of a clash between the person's self-interest and their professional-interest or public-interest;
 - b) Where an individual or business is in a position to exploit his or their own professional or official capacity in some way for personal or corporate benefit; or

- c) Where a perceived conflict arises between a business and a customer, between two customers or a third party.

Term	Definition
Interest	An interest is anything outside of an individual's role at SEC which, if it overlaps with their SEC duties or responsibilities, may convey a benefit or advantage to the individual, or an entity, or a person related to them.
Conflict of interest	An interest comes into conflict when an individual's SEC responsibilities, duties or decisions are affected or influenced, or could be perceived to be affected or influenced, by the interest. Conflicts of interest can be actual, perceived or potential. Conflicts can be financial, non-financial, conflict of duties, or predetermination, and include circumstances where the interests of clients to whom the SEC provides financial services are inconsistent with, or diverge from, the interests of the SEC.
Actual conflict of interest	A clear conflict exists between SEC duties or responsibilities and another interest.
Perceived conflict of interest	An independent observer could reasonably think a conflict of interests could exist, regardless of whether or not it does.
Potential conflict of interest	An interest is not yet in conflict but could reasonably be anticipated to come into conflict in the future.
Financial conflict of interest	A situation where an individual stands to gain or lose financially from a decision they are asked to make or an outcome they are able to influence. Financial interests can be direct or indirect.
Non-financial conflict of interest	A situation where an individual is not affected financially by a decision or outcome but is affected in some other way that might make them biased or appear to be biased.
Conflict of duties	A situation where an individual makes decisions, or is able to influence an outcome, for two different organisations on the same matter.
Predetermination	A situation where it may appear that an individual making a decision has made up their mind before considering all evidence.

6. Avoiding conflicts of interest

- 6.1. The default SEC position is that Personnel avoid conflicts wherever possible. This includes avoiding activities or interactions that might affect their objectivity in carrying out their duties or making decisions. Personnel should never permit their personal interests to conflict, or appear to conflict, with the interests of SEC and/or act to the detriment of a customer or a third party who is owed a duty of care.
- 6.2. Personnel should be familiar with the situations that may give rise to both personal or customer related conflicts of interest, use good judgment and discuss with their manager or the General Manager, Enterprise Risk and Compliance for guidance whenever unsure of the proper course of action.

7. Declaring conflicts of interests

7.1. Declaring a conflict of interest

Where it is not possible for Personnel to avoid a conflict of interest, they must declare the conflict (actual, perceived or potential) to their manager as soon as it is identified. There are some exceptions to this listed in 7.2 below, where all interests must be declared regardless of whether a conflict exists.

Conflicts of interest should be declared using the SEC Conflict of Interest form.

There are also some specific activities which should be continually monitored over the course of the activity for any newly emerging conflicts. These include:

- a) Procurement: participating in procurement or contract negotiations, panels or contract management processes. Specific procedures are outlined in the Procurement Policy.
- b) HR and recruitment: recruitment processes, contractor engagement, employment offers, or organisational structural changes.

Personnel should also read the Gifts, Benefits and Hospitality Policy, Procurement Policy, Recruitment Policy, and Delegations Policy for more information on when these apply.

7.2. Declaring all interests

All personnel engaged in investment, business development, commercial, trading and customer sales, or financial services, or those appointed SEC Boards or committees must complete a full declaration of interests using the SEC Declaration of Interest form, even if no obvious conflict exists. This should be done when Personnel are first engaged in the role or activity and updated annually for as long as the role or activity continues. This includes, without limitation:

- a) Directors, committee members, and executive management: appointment to the Board of the SEC or any Board committees, the CEO, and executive general managers or equivalent. More information is available in the Board Conflicts of Interest sub-policy.
- b) Investment: following initiation of the MOU stage, participating in investment assessment, recommendation, selection, negotiation, or prioritisation.
- c) Asset disposal/divestment: following the formal decision to divest or dispose of the asset.
- d) Financial services: providing financial services through advising, dealing, or making a market in derivatives, ACCUs or eligible international emissions units under SEC Energy's Australian Financial Services Licence.

- 7.3. If a Personnel becomes aware that another Personnel has an undeclared conflict of interest, this should be communicated to the Personnel's manager or alternatively communicated (anonymously or otherwise) via the process outlined in the Whistleblower and Public Interest Disclosure Policy.

8. Assessing and managing conflicts of interest

- 8.1. Once a conflict of interest (actual, perceived or potential) is identified and declared, it must be assessed and a management plan put in place, detailing the conflict and the measures put in place to manage and monitor it.

- 8.2. The individual and their manager are to:

- a) discuss and assess the conflict to identify and mitigate risks
- b) determine an appropriate course of action to manage the conflict
- c) document a conflict management plan (appended to the Conflict of Interest form) detailing the conflict and the measures put in place to manage and monitor it.
- d) The conflict management plan must be approved by the General Manager, Enterprise Risk and Compliance, include a timeframe for review, and be saved in the SEC Personnel Interest Register.

- 8.3. Some conflict management plans will be tailored to the specific conflict, while other treatments are prescribed by legislation. Conflict management plans commonly include one or more of the following actions to manage the conflict:

- Requirements for individuals to disclose interests before or on appointment, in a register of interests and/or at relevant meetings;
- Disclosure of a conflict of interest that SEC has to a client, to ensure clients are adequately informed about any conflicts of interest that may affect the provision of financial services to them;
- Excluding individuals from discussing and/or making decisions on matters in which they have an interest;

- Limiting access to certain information or documents;
- Excluding individuals from assessing or approving contracts or tenders, or signing documents relating to matters in which they have an interest; and.
- Decline to provide services to a particular client.

9. Monitoring Conflicts of Interest

- 9.1. It is the conflicted Personnel's responsibility to comply with the conflict management plan that has been implemented. The Personnel's manager has a responsibility to monitor that the conflict is being managed in accordance with the plan and that any activities assigned to the Personnel do not compromise the plan.
- 9.2. It is the responsibility of the General Manager, Enterprise Risk and Compliance to review and discuss the conflict management plan with the Personnel and manager within the timeframe specified. At that point, the General Manager, Enterprise Risk and Compliance is to record any monitoring activities that have taken place and the result of these.
- 9.3. Monitoring of compliance with the management plan may take place via:
 - a) discussions with relevant staff;
 - b) periodic reviews of business operations by the General Manager, Enterprise Risk and Compliance; or
 - c) periodic reviews of files and records of services provided.

10. Reporting financial conflicts of interest

- 10.1. All conflicts of interest recorded under this procedure that relate to the provision of financial services are to be reported to the AFSL Compliance Forum by the General Manager, Enterprise Risk and Compliance (or delegate) on a quarterly basis or sooner if the need arises.

11. Record Keeping

- 11.1. All decisions relating to conflict of interest management and the rationale for these are to be documented on the conflict management plan. All monitoring activities are also to be recorded on the plan.
- 11.2. Records of the following are to be kept for seven years:
 - a) conflicts identified and action taken,
 - b) any reports given to SEC's Board or senior management about conflict of interest matters, and
 - c) copies of written conflicts of interest disclosure given to clients, customers, third parties or the public as a whole.

12. Identifying and managing policy or procedure breaches

- 12.1. Any non-compliance with the Conflict of Interest Policy and Procedures or a conflict management plan is to be reported to the General Manager, Enterprise Risk and Compliance, and appropriate action is to be taken. Non-compliance may have come about because the arrangements put in place are inadequate, or it could be due to intentional or unintentional action by Personnel. The General Manager, Enterprise Risk and Compliance is to assess the cause and make recommendations as to an appropriate course of action in this instance.
- 12.2. In the case of an intentional breach of the Conflict of Interest Policy and Procedures or a conflict management plan, the General Manager, Enterprise Risk and Compliance is to work with the Chief of Staff, Strategy and Performance and Deputy General Counsel to determine appropriate disciplinary action, which may include termination.

13. Key related policy, legislation and other documents

13.1. Policies and procedures

- Boards and Committees Conflicts of Interest policy (supplementary policy)
- Financial, human resources and procurement policies

13.2. Legislation

- Corporations Act 2001 (Cth)
- Public Administration Act 2004
- Financial Management Act 1994

13.3. Other

- SEC Company Constitution
- Code of Conduct for Directors of Victorian Public Entities
- Code of Conduct for Victorian Public Sector Employees

14. Approval and review

Policy name	Conflicts of Interest Policy (parent policy)
Approved by	SEC Board
Policy owner	Legal and Governance
Contact	Assistant Company Secretary and Governance Lead
Date issued	30 August 2024
Review frequency	At least every 12 months
Replaces	Previous policy issued on 31/10/2023