Australian Government

NAIF

Northern Australia Infrastructure Facility

Conflicts of Interest Policy

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Document Purpose

This policy sets out NAIF's approach to the effective identification and management of Conflicts of Interest that affect it, its Staff, Directors and its Service Providers.

1. Definitions

1.1. What is a Conflict of Interest?

A ***Conflict of Interest*** means a situation where one or more of one person's interests are *inconsistent with*, or *diverge from*, one or more of the interests of another person to whom the first person owes a duty. For the purposes of this policy and NAIF's approach to identifying and managing Conflicts of Interest, the term includes actual, apparent or potential Conflicts of Interest.

An actual Conflict of Interest arises where an analysis of the interests of the parties reveals that there are inconsistent or divergent interests between the parties, in the situation where one owes a duty to the other.

An apparent Conflict of Interest arises where a situation or relationship exists that could appear to involve a Conflict of Interest. This situation may or may not involve actually divergent or inconsistent interests. Careful analysis of the interests of the parties may be required to determine whether there is an actual Conflict of Interest.

A potential Conflict of Interest is a situation which does not involve an actual or apparent Conflict of Interest at the present time, but where there is a reasonable possibility of such a Conflict of Interest arising.

1.2. Other Defined Terms

CEO means NAIF's Chief Executive Officer.

Client means a person or entity that has received or is negotiating the receipt of a financial facility from NAIF pursuant to a Transaction.

Director means a member of the NAIF Board (including the Chairman) appointed under section 15 of the NAIF Act 2016

Efic means the Export Finance and Insurance Corporation.

MIS means Management Information Systems function

NAIF means the Northern Australia Infrastructure Facility.

Service Provider means a provider of support services to NAIF.

Staff means all employees of NAIF including full-time and part-time employees, agents, consultants and contractors.

Transaction means the provision of a financial facility to a Client.

2. Scope

This policy addresses Conflicts of Interest generally. In addition NAIF recognises that Conflicts of Interest can arise in 5 business contexts; namely through Transactions, through the use of Service Providers and through the actions of Legal Staff, other Staff and Directors as set out below. This policy provides particular guidance on managing Conflicts of Interest arising in these 5 contexts. Staff Conflicts of Interest, Director Conflicts of Interest and Legal Conflicts of Interest are also subject to more specific policy guidance contained in other policies and procedures, although in a manner consistent with, and complementary to, this Policy. The mechanisms used to manage Conflicts of Interest set out in this Policy are consistent with the mechanisms referred to in those other policies.

2.1 Transactional Conflicts of Interest

Where NAIF and an entity acting as a service provider to NAIF, such as Efic, have both been approached to provide finance to the same project a Conflict of Interest may arise.

2.2 Service Provider Conflicts of Interest

Where a service provider to NAIF, such as Efic, provides support services to NAIF, Conflicts of Interest may occur where NAIF's interest are inconsistent with those of the service provider.

2.3 Staff Conflicts of Interest

From time to time Staff may be involved in a situation where their private interest is in conflict with, or could reasonably be perceived to be in conflict with, the proper performance of their duties and responsibilities and their duty to NAIF as their employer. Staff have a duty under the *Public Governance, Performance and Accountability Act 2013* (PGPA Act) to discharge their duties in good faith and for a proper purpose and not to improperly use their position or information obtained in the course of their duties. Examples of Staff Conflicts of Interest are where a Staff member holds a position of influence in a company which is a supplier to NAIF or where a Staff member has shares in, or is associated with, a company which has applied to NAIF for a financial facility.

NAIF's approach to managing Staff Conflicts of Interest is set out in NAIF's Code of Conduct and Staff Securities and Trading Policy and should be read in conjunction with this Policy. These policies generally require Staff members to disclose Conflicts of Interest and provide parameters within which NAIF will make a decision about how such Conflicts of Interest should be managed.

2.4 Directors' Conflicts of Interest

Members of NAIF's Board of Directors may be involved in Conflicts of Interest where their other interests conflict with their duty to govern NAIF in accordance with the *Northern Australia Infrastructure Facility Act 2016* (NAIF Act) and the PGPA Act and otherwise in accordance with the principles of good corporate governance. Examples of Directors' Conflicts of Interest are where a NAIF Director also sits on the Board of another company which is applying for a financial facility from NAIF or where a NAIF Director holds shares in a company which has applied to NAIF for a financial facility.

NAIF's approach to managing Director's Conflicts of Interest requires Directors to provide a disclosure of non-portfolio shareholdings and other personal interests upon joining the NAIF Board and to keep this disclosure updated by notifying NAIF's Board Secretary of changes. The Board Secretary tables a summary of all disclosed interests at each Board meeting. The Board Secretary takes into account the disclosed interests when distributing Board papers prior to a meeting to ensure that Directors are not provided with information on a matter where they have a Conflict of Interest. Directors have a duty to disclose material personal interests that relate to NAIF's affairs on an ongoing basis and must absent themselves from Board discussions where they have a Conflict of Interest.

Directors have also voluntarily agreed to adhere to the Staff Securities and Trading Policy to ensure that the purchase or trading of any securities by them does not cause a Conflict of Interest.

2.5 Legal Conflicts of Interest

NAIF or Service Provider legal staff have professional or statutory duties to avoid Conflicts of Interest in relation to the provision of legal services and advice to NAIF. NAIF manages legal conflicts by only employing or engaging legal practitioners with current Australian or relevant overseas practising certificates (or equivalent) which require adherence to standards that include the avoidance of Conflicts of Interest under professional and/or regulatory penalty.

3. Policy Statement

NAIF is committed to identifying and appropriately managing Conflicts of Interest.

2.1. Identifying Conflicts of Interest

NAIF will arrange for training to be provided to all Staff who are involved in Transactions with Clients or who are engaging with Service Providers to allow them to identify Conflicts of Interest that may arise in these contexts. Staff must report such Conflicts of Interest in accordance with section 4.4 of this Policy.

2.2. Mechanisms for Managing Conflicts of Interest

Depending on the nature of the Conflict of Interest, NAIF may adopt any of the following three mechanisms for managing it:

- disclosing the Conflict of Interest;
- controlling the Conflict of Interest; or
- avoiding the Conflict of Interest.

Disclosing Conflicts of Interest

All Conflicts of Interest subject to this Policy must be disclosed to the CEO who will arrange for the maintenance of a register of Conflicts of Interest. Once such a report is made the CEO will make a determination on whether disclosure of the Conflict of Interest is a sufficient mechanism to manage the Conflict of Interest or whether additional mechanisms are necessary. If the CEO has a Conflict of Interest he/she should report this matter to the Chairman of the Board. The Chairman of the Board will make a determination about how the matter should be managed.

Controlling Conflicts of Interest

Where the CEO has determined that disclosure of the Conflict of Interest to the affected parties is insufficient to effectively manage the Conflict of Interest, the CEO may require the implementation of additional measures he/she decides are appropriate, including those set out in section 3.3 of this Policy. When Efic is acting as a Service Provider to NAIF in respect of a proposed or active Transaction, the CEO will use the decision tree in **Attachment 1** to determine whether additional measures are necessary to manage the Conflict of Interest.

Avoiding Conflicts of Interest

NAIF and its Staff and Directors must avoid an actual Conflict of Interest where the nature of the inconsistent interests between the parties is such that it is not possible for NAIF, its Staff or Directors to appropriately manage the Conflict of Interest. Generally, such a decision will be informed by how well the Conflict of Interest is able to be controlled by existing policies, procedures and systems. Factors that indicate that the Conflict of Interest must be avoided are where there is a risk of damage to a party to whom NAIF owes a duty, where NAIF may make a financial gain at the expense of a party to whom NAIF owes a duty or where the party to whom NAIF owes a duty is subject to a financial detriment by virtue of NAIF's actions in relation to a Transaction.

Where NAIF has decided it must avoid an actual Conflict of Interest it may appoint independent parties to represent those entities having inconsistent or divergent interests.

2.3. Controlling Conflicts of Interest

NAIF has developed the internal controls listed below to manage Conflicts of Interest. NAIF's CEO will make a decision on which of these internal controls or any others should be adopted in an individual case.

- The establishment of information barriers for particular Transactions;
- Having separate working environments for Staff members working on different sides of a Transaction subject to an information barrier;
- Arranging for entities on different sides of a Transaction subject to an information barrier to be listed on NAIF's embargo list under the Staff Securities Trading Policy to prevent insider trading of listed securities;
- Audit and Risk Committee oversight of information barriers arrangements to bring an independent perspective on the appropriateness of Conflict of Interest management practices;
- Requiring employees operating on either side of information barriers to provide declarations as to their own independence in relation to the listed entities involved in a Transaction which involves a Conflict of Interest.

4. Roles and Responsibilities

3.1. CEO Responsibilities

The CEO is responsible for:

- accountability to the Board for ensuring that NAIF manages Conflicts of Interest appropriately;
- making decisions on how reported Conflicts of Interest should be managed under this Policy;
- communicating those decisions to the affected business areas and the Board Audit and Risk Committee; and
- disclosing any Conflicts of Interest he/she may have to the Chairman of the Board.

3.2. Compliance Responsibilities

NAIF will make arrangements either itself or via a third party service provider to:

- Maintain the currency of the Conflicts of Interest Policy;
- Provide induction and ongoing training to Staff on the Conflicts of Interest Policy, as required; and
- Maintain the Conflicts of Interest Register.

3.3. Management Information Systems (MIS)

NAIF or its service provider's MIS Staff are responsible for implementing information barriers for electronic documents when directed to do so by the CEO.

3.4. Staff

All Staff must:

- Read and comply with the Conflicts of Interest Policy;
- Disclose Conflicts of Interest to their manager and the CEO; and
- Complete mandatory training relating to Conflicts of Interest.

5. Reporting and record keeping

The CEO will report on the effectiveness of the Policy and compliance with the Policy.

4.1. Recording Keeping Relating to Conflicts of Interest

NAIF will maintain, or make arrangements for a third party Service Provider to maintain, a register of reported Conflicts of Interest (for example Transactions where NAIF and Efic are both involved).

4.2. Review

This Policy will be reviewed annually. Where material changes have been made as a result of the review, Staff will be given training on the revised Policy.

6. Seeking assistance

If Staff have any queries or need any assistance in relation to this Policy, they should contact the CEO.

Stylised approval process – conflict process for NAIF and Efic

Attachment 1