

Conflict of Interest Policy

Contents

Document History	1
1. Purpose and Objectives	2
2. Scope	2
3. Definitions	2
4. Policy	3
4.1. Commitment to Managing a Conflict of Interest	3
4.2. Identifying and Declaring a Conflict of Interest	3
4.3. Resolving Conflict of Interest	3
4.4. Registering Conflict of Interest	4
5. Breach of Policy	4
6. Relationships with Other Policies	4
7. Contacts for questions about this Policy	4
8. Responsibilities	4
8.1. Directors	5
8.2. Company Secretary	5
8.3. Head of Risk and Compliance	5
8.4. Managers	5
8.5. Human Resources	5
8.6. Workers	6
9. Appendix A	7
10. Appendix B	8

1. Purpose and Objectives

The objective of this Conflicts of Interest Policy (Policy) is to ensure that all Actual, Potential or Perceived Conflicts of Interest are identified, disclosed and managed effectively at LPE. This Policy will outline the rules regarding Conflict of Interest and the responsibilities of employees and LPE in resolving any such discrepancies. LPE values openness and promotes transparency in processes, procedures and decision-making and emphasises consistency, fairness and probity as integral to our relationships, individual and collective, with all stakeholders.

This Policy aims to promote LPE’s ‘Speak Up’ culture in which honesty, integrity, and business ethics are a part of everyday behaviour and to prevent Conflicts of Interest from influencing actions or decision making.

This Policy has been developed to address any Conflict of Interest risks at LPE.

2. Scope

This Policy applies to all directors, employees and contractors of LPE (defined as Workers below).

This policy forms part of LPE’s ethics suite and should be read together with LPE’s Code of Conduct, Whistleblower Protection Policy, Share Trading Policy, Anti-Bribery and Corruption Policy.

3. Definitions

Actual Conflict of Interest	Where a Worker is being influenced by a conflicting interest.
Conflicts of Interest	A clash between a Worker’s Personal Interests and work interests that gives, may give, or may be perceived to give, advantage to the Worker, or to others who are associated with the Worker. It may be an Actual, Potential or Perceived Conflict of Interest.
Non-Pecuniary Interest	A Personal Interest without a financial component where there may be a tendency for favouritism or prejudice to arise due to friendship, animosity or other personal involvement with another person or group.
Pecuniary Interest	A Personal Interest involving actual or potential financial gain or loss by a Worker, or a Worker’s relative, or a Worker’s close associate.
Perceived Conflict of Interest	Where a Worker could appear to be influenced by a conflicting interest.
Personal Interest	Direct interests, including those of individuals, groups or organisations that a Worker associates with outside of LPE (for example, as a shareholder).
Potential Conflict of Interest	A potential conflict of interest is one that is not actual but, in time, could be.
Worker (you)	Any person performing work for LPE. All Directors, Executives, Employees, Students, Contractors and Consultants are Workers for the purposes of this Policy to the extent that they contribute to work interests.

4. Policy

4.1. Commitment to Managing a Conflict of Interest

LPE is committed to ensuring that any Conflicts of Interest are effectively identified, declared and managed so that they do not affect the services, activities, decisions, integrity or reputation of the organisation, or the duties and responsibilities of employees.

4.2. Identifying and Declaring a Conflict of Interest

- A conflict may be Actual, Perceived or Potential, and the conflict may be Pecuniary or Non-Pecuniary in nature. Examples of Conflicts of Interest are provided in Appendix A.
- Workers have an obligation to avoid Conflicts of Interest. However, LPE recognise that the existence of a Conflict of Interest is not uncommon. What is important is how a conflict is managed.
- When you become aware that you may have a Conflict of Interest, you must report this to your manager. Where not appropriate to report it directly to your manager, you must report it to your next 'one up' people leader or the appropriate level of management.
- When Directors or Board Committee Members have a Conflict of Interest, they must report it to the meeting members and the relevant Chair must ensure it is recorded in the meeting minutes.
- All Workers that identify improper conduct in relation to a Conflict of Interest are encouraged to speak up and report the matter to their manager or an appropriate people leader.

4.3. Resolving Conflict of Interest

- Once a Conflict of Interest has been identified, there are several options available to manage this Conflict of Interest.
- Managers will work with their Workers to identify the appropriate risk management strategy in dealing with the Conflict of Interest. As guidance, a Conflict of Interest may be managed and resolved by one of the following strategies, set out in detail in Appendix B:
 - Removing the Worker from participating in the matter
 - Restricting the Worker on their involvement in the matter
 - Recruiting a third party to provide advice (such as a probity adviser, lawyer or governance expert)
 - Relinquishing the private interest
- Along with the management strategies noted above managers should ensure that there are appropriate communication strategies in place to manage the perceptions other employees may have regarding the Conflict of Interest.

4.4. Registering Conflict of Interest

- Conflicts of Interest are to be documented and reported to compliance@localityenergy.com.au. Managers must ensure that all Conflicts of Interest are reported for their Workers.
- The Conflicts of Interest declaration must outline the Conflict of Interest, explain the management and communication strategies and note the required approvals.
- All Conflicts of Interest must be registered in the Conflicts of Interest Register.
- Risk and Compliance must ensure all Conflicts of Interest reported by Workers (other than Directors and Committee Members), are recorded and registered in the Conflict of Interest Register. Where the Conflict of Interest is reported by Directors the Company Secretary must ensure that the report is recorded in the minutes and the relevant register of interests for Directors and Committee Members.
- Conflicts of Interest must also be recorded in employee personnel files.
- Where a Conflict of Interest is ongoing, managers must periodically review (at least annually) the implementation of the management and communications strategies and, if they require updating, they must update the Conflicts of Interest Register accordingly via Risk and Compliance.

5. Breach of Policy

- A Worker's failure to disclose a Conflict of Interest is a breach of the Code of Conduct and may result in disciplinary action that may involve dismissal from the organisation. For Directors this is a breach of the Code of Conduct and the relevant Board or Committee Charter.
- If there is reason to believe that a Worker has failed to comply with this Policy, HR will investigate the circumstances. If it is found that a Worker has breached this Policy disciplinary action may be taken.

6. Relationships with Other Policies

Other organisational policies and documents that should be read in conjunction with this Policy include:

- Code of Conduct
- Whistleblower Protection Policy
- Share Trading Policy
- Anti-Bribery and Corruption Policy

7. Contacts for questions about this Policy

Please contact the Head of Risk and Compliance if you have any questions or concerns.

8. Responsibilities

Everyone at LPE is responsible for identifying, disclosing and resolving Conflicts of Interest. Specific responsibilities are:

8.1. Directors

- Be aware when Conflicts of Interest arise to ensure conflicts are disclosed, managed and resolved, with all pertinent details recorded in meeting minutes.
- Monitor compliance with this Policy.

8.2. Company Secretary

- Receive Conflict of Interest notifications from Directors, review the effectiveness of management strategies, and register in the relevant Director register of interests.

8.3. Head of Risk and Compliance

- Receive Conflict of Interest notifications.
- Review the effectiveness of management strategies.
- Register all Conflicts of Interest in the LPE Conflict of Interest Register.
- Provide leadership in implementing, communicating, reviewing, giving effect to and facilitating compliance with this Policy.
- Establish a system for identifying, disclosing and managing Conflicts of Interest.
- Perform periodic reviews of the Conflict of Interest Register to identify patterns or trends which may need organisation wide action.

8.4. Managers

- Identify Conflicts of Interest.
- Formulate management and communications strategies to resolve any identified Conflicts of Interest.
- Document and register any Conflicts of Interest identified in the Conflicts of Interest Register by emailing compliance@localityenergy.com.au.
- Periodically review (at least annually) ongoing Conflicts of Interest and the appropriateness of the management and communications strategies.
- Participate in Conflict of Interest resolution.
- Notify Head of Risk and Compliance of the Conflict of Interest for recording in the personnel file.
- Take appropriate action for breaches of this Policy.

8.5. Human Resources

- When requested by the Head of Risk and Compliance, register all Conflicts of Interest in the relevant

employee's personnel file.

8.6. Workers

- Be aware of Conflicts of Interest that might affect them.
- Disclose Conflicts of Interest to their Manager and where this is not possible, by emailing compliance@localityenergy.com.au (in the case of Directors or Committee members to the relevant meeting).
- Speak up to advise your manager, people leader or Head of Risk and Compliance if you see an Actual or Potential Conflict of Interest that may not be appropriately managed.
- Manage these conflicts as required by management plans and notify their Manager Leader of any changes.

9. Appendix A

Examples of Conflicts of Interest:

- Purchasing goods or services supplied by a family business, family company, relative or close friend of a Worker.
- Managing the ongoing supply of goods or services provided by a family business, family company, relative or close friend of a Worker.
- Participating in a tender for goods or services where a relative or friend will be submitting a bid.
- Directly negotiating for a friend or relative for them to provide goods or services to LPE for payment.
- Making decisions in relation to whether a friend or family member is a recipient of any services provided by LPE.
- A friend or family member exchange of gifts and or benefits with a worker supplied by customer, client, applicant, supplier or potential supplier and contractors or external organisation because of their relationship with LPE.
- Being the Manager of a friend or family member also employed by LPE.
- Sale of an entity asset to a Worker without an equitable process.
- Worker voting on a decision which directly affects their Personal interests.
- Worker knowing confidential information about LPE that could impact Personal interests.

Example of a Perceived Conflict of Interest:

- A Worker might review quotes for a service and one of the potential providers is the employer of that Worker's sibling – while the Worker believes they can make an impartial decision in the best interests of LPE, it could be perceived as being made in their own interest.

10. Appendix B

A conflict may be managed and resolved by one of the following strategies:

- Restricting the Worker with the Conflict of Interest in the decision-making process is an appropriate method where the conflict is not likely to arise frequently. Restriction could include one or more of the following:
 - Not participating in any critical criteria-setting or decision-making role in the process.
 - Refraining from debate about the plan or proposal.
 - Limiting access to information and/or denying access to sensitive documents or confidential information in the process.
 - Withdrawing from discussion of the plan or proposal.
 - Abstaining from voting on the decision.
 - Allocating another Worker or people leader as the point of contact for the management of any activity that gives rise to the Conflict of Interest.
- Recruiting an independent person to oversee all or part of the process is an appropriate method where the Conflict of Interest is more significant and needs more proactive management, but where the Worker with the Conflict of Interest has expertise and cannot be easily replaced. Recruiting strategies include:
 - Arranging for an independent third party to make the decision.
 - Requiring another person in the organisation to obtain three written quotes to compare against any bid by a Worker's family member.
 - Engaging an independent third party to oversee or review the integrity of the decision-making process – this strategy is particularly appropriate where there is a reasonably Perceived, but not Actual, Conflict of Interest or the Conflict of Interest is only identified at or near the conclusion of the process or after the making of the decision.
 - Increasing the number of people sitting on decision-making committees to balance the influence of a single member who may have a Conflict of Interest but who has some special reason to remain on the committee.
 - Seeking the views of those likely to be concerned about a Potential, Actual or reasonably Perceived Conflict of Interest about whether they object to the Worker with the Conflict of Interest having any, or any further, involvement.
- Removing the Worker with the Conflict of Interest from the process is appropriate where there is ongoing serious or Actual Conflict of Interest and restriction, or recruitment is not practical or feasible. Removal strategies include:
 - Removing the Worker with the Conflict of Interest from any involvement.
 - Abstaining from any formal or informal discussion about the matter.
 - Separating the Worker with the Conflict of Interest from the situation where there may be a perception of exerting a covert influence on decisions or actions.
 - Re-arranging duties and responsibilities to a non-conflicting function but not to a person who

- is supervised by the person with the Conflict of Interest.
- Transferring the Worker with the Conflict of Interest to another project or another area of LPE.
 - Relinquishing the Personal Interest that gives rise to the Conflict of Interest by the Worker:
 - Liquidating the Personal Interest in an arm's-length transaction.
 - Divesting or withdrawing support for the Personal Interest.
 - Assigning the conflicting interest to a genuinely 'blind trust' or 'blind management' arrangement for at least the duration of the conflict.