Conflicts of Interest - Employees and Contractors policy

Background

At nbn co limited (nbn) we are one team, we are fearless and we deliver. All employees and contractors owe a duty of loyalty to nbn arising from their employment agreement or contract with nbn. Employees and contractors of nbn must not act in a manner contrary to the interests of nbn, and where there is a conflict between their personal interests or the interests of nbn, the latter must prevail.

All employees and contractors of nbn must be sensitive to actual, potential and perceived conflicts of interest given nbn is owned by the Commonwealth, and the significant public interest in the National Broadband Network.

The Board will annually monitor compliance with this policy and update it biennially or thereabouts, including for changed circumstances, as appropriate.

Purpose

This policy provides guidance on the management of conflicts of interest to employees and contractors of nbn and any of its subsidiaries from time to time. This policy has been developed to help:

- manage conflicts of interest to ensure that third-party dealings are conducted in a fair, transparent and honest manner
- identify circumstances which may give rise to conflicts of interest of a material nature to nbn’s interests
- establish appropriate procedures and systems to manage those conflicts
- ensure the maintenance of such procedures and systems in an effort to prevent actual damage to nbn’s interests through conflicts identified.

Scope

This policy:

- applies to all employees and contractors of nbn and any of its subsidiaries from time to time;
- applies to any employee who is also a director of an nbn subsidiary; and
- will not apply to an employee who is also a director of nbn: such a person must comply with the Conflicts of Interest – Directors policy.

Policy

A conflict of interest arises where the interests of employees or contractors are different to, and conflict with, the interests of nbn. A conflict of interest exists when it is likely that employees or contractors could be influenced, or could be perceived to be influenced, by a personal interest in carrying out their duties as an employee/contractor of nbn.
For the purposes of this policy, references to ‘conflicts of interest’ include actual conflicts of interest as well as potential conflicts of interest or situations that may give rise to an appearance of a conflict of interest. Employees and contractors must be particularly sensitive to potential conflicts of interest, and situations that could be perceived as a conflict of interest, due to the public interest in nbn and its status as a wholly-owned government company. Where a potential conflict of interest is identified, this should be dealt with as set out below under the heading 'Disclosing a potential conflict of interest'.

Identifying potential conflicts of interest

Conflicts may not necessarily be personal to employees or contractors, but may also arise where the interests of family, friends or close personal or business associates or business partners of employees or contractors (an Associate) conflict with those of nbn. The requirement to identify potential conflicts of interest is ongoing, and particularly relevant in the event of a launch of or substantial change in a service, activity or product, changes to the customer base, or change in regulatory regime. The following are examples of potential conflicts of interest:

(a) Personal interest in a third party

A potential conflict arises where an employee or contractor has a personal interest in a third party which has a business relationship with nbn, for example, an organisation that:

- conducts business with, or seeks business from, nbn;
- nbn seeks business from; or
- competes with nbn.

An employee or contractor will have a personal interest in a third party if they, or one of their Associates, is, for example, a director or shareholder of the third party.

(b) Positions outside nbn

In some cases, a potential conflict arises where an employee or contractor has another paid or unpaid position outside of nbn. This does not necessarily mean that such outside positions are prohibited, however employees / contractors must notify nbn (see instructions below) of any such position before it is accepted so that an assessment can be made of whether a conflict exists and, where appropriate, how to manage it.

(c) Employee and Contractor Referrals

Employees or contractors who introduce one of their Associates to nbn as a potential employee or contractor must not be involved in the selection process and nbn should be informed of the situation so that an assessment can be made of whether a conflict exists and, where appropriate, how to manage it.

(d) Procurement and Business Dealings

A potential conflict arises when an employee or contractor uses their position at nbn to do business with a third party which they or an Associate have an interest in. nbn should be informed so that an assessment can be made of whether a conflict exists and, where appropriate, how to manage it.

(e) Gifts or Benefits

Employees or contractors who receive more than a token gift or benefit (including meals, hospitality, accommodation or travel, amongst other things) from a third party in connection with their duties for nbn may have a conflict. nbn should be informed so that an assessment can be made of whether a conflict exists and, where appropriate, how to manage it. For the purpose of this policy, a gift or benefit will be regarded as being more than token if its value is more than $200.
Where there is any doubt as to whether a conflict may exist, employees or contractors should seek guidance from their manager and, if necessary, approval from nbn, before engaging in the activity that may constitute a conflict of interest. Failure to comply with the obligation to disclose actual or potential conflicts of interest may lead to disciplinary action being taken by nbn in accordance with the Managing Performance and Behaviour Policy.

**Disclosing a potential conflict of interest**

Where an employee or contractor is unable to avoid a conflict of interest, or where, on the circumstances, there is a reasonable basis to suggest that a conflict of interest may arise, the employee or contractor is to:

- complete and email the Conflicts of Interest Procedure and Action Form/s to the nbn Fraud and Investigations Department at conflictsregister@nbnco.com.au; and
- copy his or her manager on this email.

Where the nature or extent of a conflict of interest situation changes, an employee or contractor must immediately disclose the change by:

- completing and emailing Parts A and B of the Conflicts of Interest Procedure and Action Form/s to the nbn Fraud and Investigations Department at conflictsregister@nbnco.com.au; and
- copying his or her manager on this email.

**nbn’s approach to handling conflict of interest situations**

Conflict of interest situations will be dealt with by nbn on a case by case basis.

The Fraud and Investigations Department of nbn will maintain a confidential register of potential conflicts of interest that have been disclosed to nbn. In many cases, nbn may not require anything to be done after the interest is disclosed. However, in some cases nbn may find it necessary to direct the employee or contractor to take actions in relation to the potential conflict of interest. The following types of control are examples of how nbn may manage an actual or potential conflict of interest:

<table>
<thead>
<tr>
<th>Control</th>
<th>Action</th>
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</thead>
<tbody>
<tr>
<td>Segregation of duties</td>
<td>Prevent or control the involvement of individuals in simultaneous or sequential tasks that may affect the outcome of a decision in a conflict of interest scenario. For example, nbn may direct an employee or contractor to undertake alternative duties.</td>
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<tr>
<td>Separation of supervision</td>
<td>nbn may direct an employee or contractor to report to a separate supervisor where a conflict of interest scenario occurs within a team structure.</td>
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<td>Control of information</td>
<td>Prevent or control the exchange of information between employees or contractors in nbn who may be on either side of a conflict of interest scenario.</td>
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<td>Disposal of interest</td>
<td>nbn may direct an employee or contractor to dispose of their interest in the third party or to refrain from accepting a gift or benefit from a third party.</td>
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<td>Refusal of service</td>
<td>Where nbn is unable to manage a particular conflict of interest effectively, it may decline to do business with a third party.</td>
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**Roles and responsibilities**

Employees and Contractors have the following duties and obligations relating to Conflicts:

- ensuring that in all their activities they consider whether an actual or potential conflict of interest arises
- taking all reasonable measures to avoid conflict of interest situations arising, and where this is not possible, disclose the conflict to nbn
• there may be circumstances in which there might be a reasonable basis on which to believe that a conflict of interest situation may arise, or in which there may be the appearance of a conflict of interest situation. In each of these circumstances, an employee or contractor must immediately disclose the conflict to nbn.

• where a conflict of interest situation changes, an employee or contractor must immediately disclose the change.

Senior Executives of nbn have the following additional obligations:

• an overriding duty to avoid a conflict of interest and to act in the best interests of nbn, and for a proper purpose

• a duty not to improperly use their position at nbn to gain an advantage for themselves or another person, in a way which may cause detriment to nbn

• a duty not to improperly use information obtained in their position at nbn to gain an advantage for themselves of another person, or in a way which may cause detriment to nbn

Fraud and Investigations Department of nbn is responsible for:

• monitoring and assisting in the management of all actual and potential conflicts of interest

• keeping and maintaining a confidential register of controls used to manage conflicts of interest and the tools used to monitor conflicts of interest.

nbn’s Legal Group is responsible for:

• providing advice, guidance and assistance to employees and contractors in relation to this policy.

More information

If you require additional information in relation to this policy or you have any suggestions for improvement to this policy please contact the Policy Owner, nbn’s Legal Group or the Fraud and Investigations Department.

Related policies

• Code of Conduct

• Conflicts of Interest Procedure and Action Forms

• Conflicts of Interest – Directors policy

• Fraud and Corruption Control Policy

• Gifts or Benefits Policy

• Managing Performance and Behaviour

Justin Forsell
Chief Legal Counsel
Effective as of 23 August 2016
Document control

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<tr>
<th>Policy owner</th>
<th>Justin Forsell, Chief Legal Counsel</th>
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<tr>
<td>Document number</td>
<td>BMS001545</td>
</tr>
<tr>
<td>Revision</td>
<td>6.0</td>
</tr>
<tr>
<td>Issue date</td>
<td>First approved at Board Meeting 38 on 17 June 2011</td>
</tr>
<tr>
<td>Review date</td>
<td>Biennial review due 25 July 2017</td>
</tr>
<tr>
<td>Classification</td>
<td>nbn-Confidential: Commercial</td>
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<td>Status</td>
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<td>Plan of record?</td>
<td>Yes</td>
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<tr>
<td>Policy author</td>
<td>Justin Forsell, Chief Legal Counsel</td>
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<tr>
<td>Policy approver</td>
<td>Board of Directors</td>
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<td>Email</td>
<td><a href="mailto:justinforsell@nbnco.com.au">justinforsell@nbnco.com.au</a></td>
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Revision history

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<th>Description</th>
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<tr>
<td>6.0</td>
<td>Reviewed out of biennial review cycle for currency of content in view of creation of a Directors only Conflicts of Interest Policy (BMS005572). Approved at BM 101 held on 23 August 2016.</td>
<td>Justin Forsell, Chief Legal Counsel</td>
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<td>5.0</td>
<td>Reviewed (biennially) in July 2015 for currency and to include new branding and company values. Approved at BM 87 held on 14 July 2015.</td>
<td>Justin Forsell, Chief Legal Counsel</td>
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<td>4.0</td>
<td>Minor update – deleted previous approvers table</td>
<td>Ali Beydoun</td>
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<td>Reviewed (biennially) for currency at the 24 May 2013 People and Performance Committee meeting (PPC19). Approved at BM59 held on 11 July 2013.</td>
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<td>2.0</td>
<td>Amended in June 2012 to include classification and logo</td>
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