



## Ethical Trading Group

# Policy and Procedure Manual

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## Introduction

The Ethical Trading Group Financial Policy and Procedure Manual provides the policies and procedures for finance transactions within the business which must be followed by all staff. It also provides guidelines which the organisation will use to administer these policies.

Our organisation will keep all financial policies current and relevant. From time to time it will be necessary to modify and amend some sections of the policies and procedures, or to add new procedures.

Any suggestions, recommendations or feedback on the policies and procedures in this manual are welcome.



# Code of Conduct for Finance Staff

This Code provides that CFOs and all finance officers influencing financial performance will:

1. Discharge their duties at the highest level of honesty and integrity having regard to their position. Integrity is the quality from which public trust is derived and a benchmark against which the CFO must measure all decision-making.
2. Observe the rules and spirit of the law and comply with the ethical and technical requirements of any relevant regulatory or professional body.
3. Respect all the confidentiality of all confidential information acquired in the course of business and not make improper use or disclose such information to third parties without specific authorisation or legal requirement.
4. Observe the principles of independence, accuracy and integrity in dealings with the board, audit committees, board committees, internal and external auditors and other senior managers within the organisation and other relevant bodies external to the organisation.
5. Disclose to the Board any actual or perceived conflicts of interest of a direct or indirect nature of which the CFO becomes aware and which the CFO believes could compromise in any way the reputation or performance of the organisation.
6. Maintain the principle of transparency in the preparation and delivery of financial information to both internal and external users.
7. Exercise diligence and good faith in the preparation of financial information and ensure that such information is accurate, timely and represents a true and fair view of the financial performance and condition of the organisation and complies with all applicable legislative requirements.
8. Ensure the maintenance of a sound system of internal controls to safeguard the organisation's assets and to manage risk exposure through appropriate forms of control.
9. Remain committed, at all times, to observing, developing and implementing the principles embodied in this Code in a conscientious, consistent and rigorous manner.
10. Set a standard for honesty, fairness, integrity, diligence and competency in respect of the position of CFO and the wider finance team that will encourage emulation by others within the organisation.



## Role

The Audit and Compliance Committee of the Board of Directors assists the Board of Directors in fulfilling its responsibility for oversight of the quality and integrity of the accounting, auditing, and financial reporting and financial risk practices of the Company, and such other duties as directed by the Board.

The Committee's purpose is to oversee the accounting and financial reporting processes of the Company, the audits of the Company's financial statements, the performance of the Company's internal and external auditors and the Company's processes to manage financial risk.

The Committee is directly responsible for the appointment, compensation, retention and oversight of the external auditor. The external auditor reports directly to the Committee.

The Committee reviews and approves the appointment or, if necessary, the dismissal of the Chief Financial Officer. The CFO will provide reports direct to the Committee and may request any member to call a meeting of the Committee.

## Membership

The membership of the Committee consists of at least three directors, all of whom shall be non-executive directors and the majority of whom shall meet the independence requirements established by the Board and applicable laws, regulations and listing requirements.

Each member shall, in the judgment of the Board, have the ability to understand financial statements.

At least one member of the Committee shall, in the judgment of the Board, be a qualified accountant or other finance professional with relevant experience of financial and accounting matters as recommended by Principle 4 of the ASX Corporate Governance Principles. Some members of the Committee must have an understanding of the industry in which the Company operates.

The Board appoints the members of the Committee and the chairperson. The chairperson cannot be chairperson of the Board. The secretary of the Committee will be the Company Secretary, or such other person as nominated by the Board.

A quorum for any meeting will be two members of the Committee.



## **Operations**

The Committee meets at least quarterly. Additional meetings may occur as the Committee or its chairperson deems advisable. Copies of all papers provided to the Committee shall also be made available to all Board members.

The Committee will keep adequate minutes of all its proceedings, and will report on its actions and activities at the next scheduled meeting of the Board. Committee members will be furnished with copies of the minutes of each meeting and any action taken by unanimous consent. Copies of the minutes will also be circulated to the Board at the next scheduled meeting.

The action statement from each Committee meeting will be approved by the Chairman, and circulated to all Committee members as soon as practicable, after each meeting. The action statement will include accountabilities, performance expectations and the nature and timing of subsequent reporting.

## **Education**

The Company is responsible for providing new members with appropriate orientation briefings and educational opportunities, and the Committee with educational resources related to financial reporting principles and procedures, financial topics pertinent to the Company and such other materials as may be requested by the Committee.

The Company will assist the Committee in maintaining appropriate financial literacy. Members of the Committee will advise the Company of topics or issues of interest or concern which may be relevant to their education.

## **Authority**

The Committee will have the resources and authority necessary to discharge its duties and responsibilities.

The Committee has sole authority to retain and terminate outside advisors, experts or consultants, as it deems appropriate, including sole authority to approve the firms' fees and other retention terms.

The Committee will be provided with appropriate funding by the Company, as the Committee determines, for the payment of compensation to the Company's external auditors, any outside advisors, experts or consultants as it deems appropriate, and ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.

In discharging its oversight role, the Committee is empowered to investigate any matter brought to its attention. Any communications between the Committee and legal counsel in the course of obtaining legal advice will be considered privileged



communications of the Company, and the Committee will take all necessary steps to preserve the privileged nature of those communications.

The Committee may form and delegate authority to subcommittees and may delegate authority to one or more designated members of the Committee.

## **Responsibilities**

The Committee's specific responsibilities in carrying out its oversight role are delineated in the Audit and Compliance Committee Responsibilities Calendar. This Responsibilities Calendar forms part of the Audit and Compliance Committee Charter. The Responsibilities Calendar will be updated annually or as required to reflect changes in regulatory requirements, authoritative guidance, and evolving oversight practices.

The Committee relies on the expertise and knowledge of management, the internal auditors and the external auditors in carrying out its oversight responsibilities.

The Company's management is responsible for ensuring that the Company's financial statements correctly record and explain transactions and financial position and performance, give a true and fair review and are in accordance with generally accepted accounting principles.

The external auditor is responsible for auditing the Company's financial statements. It is not the duty of the Committee to plan or conduct audits, to determine that the financial statements give a true and fair view and are in accordance with generally accepted accounting principles, to conduct investigations, or to assure compliance with laws and regulations or the Company's standards of internal controls.

## **Duties of the Committee**

The agenda for Committee meetings will be prepared in consultation between the Committee chairperson (with input from Committee members), Finance management, the internal auditor and the external auditor.

The Committee will complete an annual evaluation of its performance having regard to its responsibilities and provide a report to the Board regarding its performance including that the Committee consists of at least three members who are financially literate, one of whom is a financial expert.

The Committee will advise the Board, at the next scheduled Board meeting, of matters arising out of each Committee meeting.

The Committee will appoint or replace the external auditor and approve the terms on which the external auditor is engaged for the ensuing fiscal year.

As part of the terms of engagement and to ensure the effectiveness of subsequent process, the Committee will:



- evaluate and adopt the audit plan for incorporation in the external auditor's terms of engagement
- ensure that risk areas identified by the Committee are incorporated in the audit plan
- discuss with the external auditor problems and reservations arising from the interim and final audits, and provide a forum (without the CEO or his nominees being present) for discussing and resolving problems and any other items raised by the external auditor
- discuss and approve the external auditor's process for the rotation of audit partners including managing any transition.

At least annually, the Committee will evaluate the external auditor's qualifications, performance, and independence, including that of the lead partner and auditor's fees. The evaluation will include obtaining a written report from the external auditor describing:

- the firm's internal quality control procedures
- any material issues raised by the most recent internal quality control review or peer review of the firm or by any inquiry or investigation by governmental or professional authorities within the past five years concerning an independent audit or audits carried out by the firm, and any steps taken to deal with those issues
- all relationships between the external auditor and the Company.

The Committee will establish and oversee a policy designating permissible services that the external auditor may perform for the Company, providing for pre-approval of those services by the Committee subject to the de minimis exceptions permitted under applicable rules, and review all approvals and related fees at each meeting.

The Committee will ensure receipt from the external auditor of a formal written statement delineating all relationships between the auditor and the Company and actively engage in a dialogue with the auditor about any disclosed relationships or services that may impact the objectivity and independence of the auditor, and take appropriate action to oversee the independence of the external auditor.

The Committee will set clear hiring policies for the Company's hiring of employees or former employees of the external auditor who were engaged in the Company's account, and ensure the policies comply with any regulations applicable to the Company.

The Committee will review and approve the appointment and if necessary the dismissal of the Chief Financial Officer.



It will review the responsibilities, functions and performance of the Company's internal audit department including the following areas:

- group internal audit objectives
- risk assessment and evaluation systems
- internal audit plans
- quality surveys
- the resourcing of the internal audit function
- the independence, performance and objectivity of internal audit.

It will review the Company's policies for risk assessment and risk management, by:

- assessing the steps that management has taken to control such risks to the Company
- reviewing the Company's business risk management framework and policy for risk appetite including the procedures for identifying strategic and business risks and controlling their financial impact on the organisation and the operational effectiveness of the policies and procedures related to risk and control
- reviewing internal audit's analysis and independent appraisal of the adequacy and effectiveness of the company's risk management and internal control system in accordance with Principle 7 of the ASX Corporate Governance Principles.

The Committee will review with the internal auditor, the external auditor and Finance management the audit scope and plan, and coordination of audit efforts to ensure completeness of coverage, the effective use of audit resources, and the use of independent public accountants other than the appointed auditors of the Company.

It will consider and review with Finance management, the external auditor and the internal auditor:

- the Company's annual assessment of the effectiveness of its internal controls over financial reporting and financial risk management and the external auditor's attestation and report about the Company's assessment.
- the adequacy of the Company's internal controls over financial reporting and financial risk management including computerised information system controls and security
- Any related significant findings and recommendations of the external auditor and internal audit together with management's responses.

It will review reports by management on the systems of internal control over financial reporting and financial risk management. Such reviews to include:



- the evaluation of the effectiveness of the processes and reporting systems put in place by management to deal with inappropriate business conduct and ethics
- arrangements for the protection of the Group's ownership of intellectual property and other non-physical assets
- policies and practices for detecting, reporting and preventing fraud and serious breaches of business conduct
- policies and practices for whistleblowing procedures and reporting to the Committee.

The Committee will review policies, information systems and procedures put in place by management for the preparation and dissemination of information to stakeholders, stock exchanges and the financial community, as applicable, including actions taken and compliance with continuous disclosure obligations (Continuous Disclosure Framework Effectiveness).

It will review with management any reports issued by external consultants on risk assessment and risk management and discuss management's response to such reports.

It will review and discuss with Finance management and the external auditor any reports or communications submitted by the external auditor.

The Committee will consider and review:

- significant findings of the internal and external auditors during the year and management's responses
- any difficulties encountered in the course of their audits, including any restrictions on the scope of their work or access to required information
- any changes required in planned scope of their audit plan.

It will review with Finance management and the external auditor at the completion of the half-year and annual audit:

- the Company's half-year and annual financial statements and related footnotes, including related transactions between the Company and officers and directors, or affiliates of officers or directors, or transactions that are not a normal part of the Company's business
- the external auditor's audit of the financial statements and its report thereon (External Auditor Half Year/Annual Report)
- any serious difficulties or disputes with management encountered during the course of the audit and management's response



- evaluate any audit representation letter from management to the external auditor (Summary of Interim/Annual Financial Reporting including Management Representation Letter).

The Committee will evaluate at least annually the appropriateness of, and changes to, accounting policies and practices. Management will present reviews of the policies and practices adopted by the organisation, indicating the basis for judgments that have been made, and their effect on the financial statements of the organisation. The review presented by management will cover:

- Major estimates or judgmental areas/unusual transactions, including the financial impact of occupational health, safety, environment, community and legal issues
- Significant accounting issues (Update on Key Accounting Matters). This item will be considered by the Committee as well as the Board.

The Committee will consider and review with Finance management and the External Auditor an accounting update considering accounting issues, policies and reporting standards that may have a material impact on the financial statements and disclosures (AIFRS and Amendments to Standards).

The Committee will consider with Finance management that, in accordance with *the Corporations Act* and accounting standards, the carrying value of non-current assets at each reporting date is appropriate (Valuation of Non-Current Assets).

Review policies and procedures with respect to transactions between the Company and officers and directors, or affiliates of officers or directors, or transactions that are not a normal part of the Company's business. (Related Party Transactions)

Review:

- Management processes and responses in relation to the Company's internal control framework to ensure that it is operating effectively in relation to financial reporting risks (ASX Management Certifications and Representations Process ICE)
- The contents of the Chief Executive Officer and the Chief Financial Officer declarations and statements in relation to financial statements, financial records and internal controls under the Corporations Act. (ASX Certification Principles 4 and 7)

Receive and consider from Finance management an update on the Control Self Assessment Program with the objective of enhancing the organisations Governance and Internal Control Framework (Control Self Assessment – Status Update)

The Committee will evaluate, in conjunction with the Board:



- the draft financial statements, annual report and other related information, to stakeholders and to the financial community in line with the annual and semi-annual reporting cycle, including earnings press releases and financial information provided to analysts
- with respect to external reporting, the Committee will assess whether external reporting by the Company is consistent with Committee members' information and knowledge and is adequate for stakeholder needs.

The Committee will review with the General Counsel, legal and regulatory matters that may have a material impact on the financial statements, related Company compliance policies, and programs and reports received from regulators.

It will develop, review and oversee procedures for:

- receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls and auditing matters
- the confidential, anonymous submission of employee concerns regarding accounting or auditing matters including a Whistle-blower Policy.

The Committee will:

- Consider the Governance and Internal Control Environment pertaining to separately listed companies/joint ventures and associates in which the organisation has a significant investment.
- Meet with the external auditor to discuss any matters the Committee or the external auditor believes should be discussed privately with the Committee.
- Meet with the internal auditor in executive session to discuss any matters the Committee or the internal auditor believes should be discussed privately with the Committee.
- Meet with Finance management in executive sessions to discuss any matters the Committee or Finance management believes should be discussed privately with the Committee.

Every six months the Committee will consider the tax position with a specific focus on tax risk and the implications of restructuring.



## Internal Audit and Compliance Charter

The mission of the Internal Audit and Compliance team is to provide independent and objective reviews and assessments of the business activities, operations, financial systems and internal accounting controls of the organisation. Internal Audit and Compliance team accomplishes its mission through the conduct of operational, financial and performance audits, selected as the result of a risk identification and assessment process. The resulting schedule of audits is reviewed and approved by the Managing Director, senior management team and by the Board.

The Internal Audit and Compliance team conducts independent reviews and appraisals of the organisation's procedures and operations. These reviews provide management with an independent appraisal of the various operations and systems of control. The reviews also help to ensure that organisational resources are used efficiently and effectively while helping the organisation achieve its mission. It is the intention of the Internal Audit and Compliance team to perform this service with professional care and with minimal disruption to operations.

## Responsibility and authority

The Internal Audit and Compliance function was established and derives its authority directly from the Board. The Internal Audit and Compliance team reports to the Managing Director, however, has strong working relationships with the Finance Department and the senior management team. The Internal Audit and Compliance team are authorised to conduct a comprehensive internal audit program within the organisation and is responsible for keeping the Board informed of unusual transactions or other matters of significance.

## Independence

In order to maintain independence and objectivity, the Internal Audit and Compliance function has no direct responsibility or any authority over the activities or operations that are subject to review, nor should Internal Audit and Compliance team develop or install procedures, prepare records or engage in activities that would normally be subject to review. However, the Internal Audit and Compliance team may be consulted when new systems or procedures are designed to ensure they adequately address internal controls.



## **Objectivity**

Internal Audit is a service function organised and operated primarily for the purpose of conducting audits, in accordance with professional standards. The evidential matter gathered from these audits forms the basis for furnishing opinions and other relevant information to impacted members of senior management, the Managing Director and the Board.

Opinions and other information furnished may attest to the adequacy of internal control, the degree of compliance with established policies and procedures and/or their effectiveness and efficiency in achieving organisational objectives. The Internal Audit and Compliance team may also recommend cost effective courses of action for management to consider in improving efficiencies that have been identified during an audit.

## **Confidentiality**

All information obtained during an internal audit is deemed confidential unless otherwise instructed. It is understood that certain items are confidential in nature and special arrangements may be required when examining and reporting on such items. The Internal Audit and Compliance team will handle all information obtained during a review in the same prudent manner as the original custodian of the information. The Internal Audit and Compliance team respects the value and ownership of information received and will not disclose information without appropriate authority unless there is a legal or professional obligation to do so.

Audit reports are considered highly confidential. They are distributed to the respective area Department Head, and to the Managing Director and the Board as requested. Other individuals interested in the audit report may gain access by contacting the Board.

The Internal Audit and Compliance team is expected to remain prudent with all information obtained during the course of an audit. When discussing matters pertaining to an audit or any other organisational matters, Internal Audit and Compliance staff must always remain discreet and be certain to limit those conversations exclusively to appropriate personnel. Internal Audit and Compliance staff have an obligation to never indiscreetly discuss any information obtained during the course of audit assignments, whether within or outside the organisation. Internal Audit and Compliance staff shall subscribe to the Code of Ethics.

## **Scope of the Internal Audit Function**

While carrying out their duties, the Internal Audit and Compliance team is responsible for utilising a systematic, disciplined approach to evaluating and improving the effectiveness of internal controls and should include the following:



- a) Developing and maintaining a comprehensive audit program necessary to ensure compliance with accounting standards, policies and procedures, as well as Fair Trade standards and environmental and labour standards, necessary to safeguard resources and the reputation of the organisation.
- b) Communicating the results of audits and reviews by preparing timely reports, including recommendations for modifications of management practices, fiscal and operational policies and accounting procedures as warranted by audit findings.
- c) Establishing and maintaining a quality assurance program to evaluate the Internal Audit and Compliance operations. This program should include the following: uniformity of work paper preparation, audit sampling, work paper review, report preparation and review, report communication and issuance and record retention.

## **Responsibility for detection of errors or irregularities**

The management of the organisation, as well as the CFO, are responsible for establishing and maintaining controls to discourage perpetuation of fraud, dishonesty and non-compliance. The Internal Audit and Compliance team is responsible for examining and evaluating the adequacy and effectiveness of those controls. Audit procedures alone are not designed to guarantee the detection of fraud.

An error is an unintentional mistake in financial statements which includes mathematical or clerical mistakes in the underlying records and accounting data from which the financial statements or other reports are prepared, mistakes in the application of accounting principles and oversight or misinterpretation of facts that existed at the time the reports were prepared.

An irregularity is an intentional distortion of financial statements or other reported data or the misappropriation of assets.

If the Internal Audit and Compliance team believes that a material error or an irregularity exists in an area under review or in any other area of the organisation, the implications of the error or irregularity and its disposition should be reviewed with the responsible Department Head.

As soon as it has been determined that an irregularity does exist, the Internal Audit and Compliance team will notify the Managing Director that an irregularity has been identified and the audit steps needed to determine the extent of the problem.

## **Services provided by Internal Audit**

The Internal Audit and Compliance team's primary activity is the implementation of a program of regular audits of the business operations, as outlined below. However, the complete range of services provided by the Internal Audit and Compliance team may also include special projects and consultations as directed by the Managing Director.



a) **Operational audits.** Operational audits consist of critical reviews of operating processes and procedures and internal controls that mitigate area specific risks. These audits examine the use of resources to determine if they are being used in the most effective and efficient manner to fulfil the organisation's mission and objectives.

b) **Compliance audits.** These audits determine the degree to which areas within the organisation adhere to mandated law and organisation policies and practices. Other regulatory agencies are also included within compliance audits. Recommendations usually require improvements in processes and controls used to ensure compliance with regulations.

c) **Financial audits.** These audits review accounting and financial transactions to determine if commitments, authorisations and the receipt and disbursement of funds are properly and accurately recorded and reported. This type of audit also determines if there are sufficient controls over cash and other assets and that there are adequate process controls over the acquisition and use of resources. Unlike external financial audits, internal financial audits do not prepare or express professional opinions on the financial statements fairness.

d) **Investigative audits.** These audits are conducted to identify existing control weaknesses, assist in determining the amount of loss and recommending corrective measures to prevent additional losses. The Internal Audit and Compliance team will also work with outside agencies to determine if misconduct occurred at the organisation. These types of investigations can encompass misuse of organisation funds or assets, fraud, potential conflicts of interest or issues relating to trading standards and those which affect the organisation's mission and vision.

e) **Technology audits.** Technology audits are usually comprised of control reviews of disaster recovery plans, system back-up procedures and the general security of data and of the physical plant. The purpose of these audits is to evaluate the accuracy, effectiveness and efficiency of the organisation's electronic and information processing systems.

## **Professional proficiency**

Professional proficiency is the responsibility of the individual auditor. The Internal Audit and Compliance Manager will assign each audit to the individual who possesses the necessary knowledge, skills and disciplines to conduct the audit properly. The Internal Audit and Compliance team has a professional obligation to schedule and attend ongoing professional education forums to ensure they maintain academic proficiency and to advance professionally. The Internal Audit and Compliance Manager is responsible for providing appropriate audit supervision. Supervision is a continuing process, initiated with the planning process and concluding with the completion of the audit assignment. The Internal Audit and



Compliance Manager will document evidence of supervision and review on all audits. This may be accomplished by signing off on all work papers and audit documents.

## **Develop the Audit Plan**

The Internal Audit and Compliance Manager, in conjunction with the Audit and Compliance Committee, is responsible for developing a risk-based Audit Plan that includes areas subject to regulatory review, each fiscal year. The Audit Plan is a written document showing specific audits or projects to be performed by the Internal Audit and Compliance team. After review by the Audit and Compliance Committee, the Audit Plan is presented to the Board for approval.

The development of the Audit Plan includes a review of the organisation's risk assessment of the key processes. This is a process in which business processes are identified and evaluated according to the goals of the organisation and the goals of the individual area. An assessment of the level of risk is conducted in cooperation with each member of the senior management team, or their designee, and is updated periodically. The assessment includes a broad range of risks and associated controls. In addition, the Internal Audit and Compliance Manager is responsible for identifying and evaluating exposures to business risk and the controls designed by management to reduce those risks. When doing so, the following factors are considered:

### **(a) Ongoing factors**

- a. Financial value
- b. Public image
- c. Process liquidity
- d. Asset liquidity
- e. Budget deviations
- f. Regulatory guidelines.

### **(b) Environmental risk factors**

- a. Process stability
- b. Recent audit history
- c. Executive assessment
- d. Political environment
- e. Financial markets
- f. Technology initiatives.

The majority of audits are planned. However, that does not preclude the Internal Audit and Compliance Manager from conducting unplanned audits. Prior to any audit,



the Internal Audit and Compliance Manager will discuss the engagement with management. The discussion will include the scope, purpose and estimated timeframe of the audit. As unplanned projects are required, they are included in the overall plan for the year.

The annual Audit Plan will be submitted to the Board for review and approval. Any proposed changes to the approved Audit Plan will be presented to the Board at subsequent meetings.

## **Overview and conduct of the audit process**

Although every audit project is unique, the audit process is similar for most engagements and usually consists of nine stages. Through these stages, the Internal Audit and Compliance team will determine ways to minimise risks and increase efficiencies within the area. Stakeholder involvement is critical at each stage of the audit process. An audit will result in a certain amount of time being diverted from the area personnel's usual routine. One of the key objectives is to minimise this time and avoid disrupting ongoing activities.

**a) Plan.** The Internal Audit and Compliance team will develop an audit plan based on a review of all pertinent information. Sources may include, but are not limited to: a risk assessment, internal and external evaluations and management guidance.

**b) Notify.** The Internal Audit and Compliance team will schedule a meeting with the department manager and the senior managers of the process to be audited. Identify the scope and objectives of the audit, how long it is expected to last and what the responsibilities for all parties are in the audit process. Any factors that may impact the audit should be raised at this time. Factors include vacations, fiscal year end reporting requirements, etc.

**c) Test.** Testing will include interviews with the staff, review of procedures and manuals, compliance with the organisational policies and governmental laws and regulations, and assessing the adequacy of internal controls.

**d) Communicate.** Keep the department that is undergoing the audit updated on the status of the audit on a regular basis, especially if there are any findings. There may be instances where the findings can be addressed immediately.

**e) Draft.** The report draft will include the audit Scope and Objectives, Summary and Opinion, and Findings and Audit Recommendations.

**f) Management response.** Management will receive the audit draft to confirm the facts and respond to the Audit Recommendations. Their response should assign the responsibility and have a specific target date of completion for the corrective actions. The time window for the Management Response is normally 21 calendar days.



g) **Review.** The final version of the audit will be reviewed and all issues resolved by the Internal Audit and Compliance team.

h) **Distribute.** The report is then released to the audited department and the Managing Director. It is also released to the Audit and Compliance Committee as part of the agenda at the periodic meetings as requested.

i) **Verify.** The Internal Audit and Compliance team will normally conduct a follow-up on the Management Responses to the audit Findings and Recommendations within a reasonable timeframe. This subsequent review will be discussed with the involved management and the comments published. The comments may also be released to the Audit and Compliance Committee as part of the agenda at the periodic meetings.

## **Audit procedures**

Evidential matter obtained during the course of fieldwork provides the documented basis for the auditor's opinions, observations and recommendations as expressed in the audit report. The Internal Audit and Compliance team is obligated by professional standards to act objectively, exercise due professional care, and collect sufficient and relevant information to provide a sound basis for audit observations and recommendations.

Auditors must obtain all evidence necessary for the effective completion of the audit. The decision on how much evidence is enough and what type of evidence to seek requires the exercise of the auditor's judgment based on experience, education and intuition. A thorough knowledge of the concepts underlying audit evidence will help the auditor to improve the audit quality and efficiency of the process. Work papers possess certain attributes to provide a sound basis for audit observations and opinions and to be considered as evidential matter. These attributes are:

a) Sufficient information is factual and adequate so that a prudent, informed person would reach the same conclusions as the auditor

b) Information is reliable and the best attainable through use of appropriate audit techniques

c) Relevant information supports audit findings and recommendations and is consistent with the audit objectives for the audit

d) Useful information helps the organisation meet its goals. It also provides a reference for the preparer when called upon to answer questions.

If the evidence supports the basic test of sufficiency, competence and relevance, it may be used to support the auditor's findings. The following outlines the different types of evidence obtained during the course of an audit:

a) **Physical evidence.** Obtained through observation and inquiry



- b) Testimonial evidence. Based on interviews and statements from involved persons
- c) Documentary evidence. Consists of legislation, reports, minutes, memoranda, contracts, extracts from accounting records, formal charts and specifications of documentation flows, systems design, operational and organisational structure
- d) Analytical evidence. Secured by analysis of information collected by the auditor.

Audit work papers must reflect the details of the evidence upon which the auditor has relied. The Internal Auditor must maintain adequate documentation of the audit, including the basis and extent of planning, the work performed and the results and findings of the audit. This will allow the work papers to serve both as tools to aid the auditor in performing their work and as written evidence of the work done to support the auditor's report. Information included in work papers should be sufficient and relevant to provide a sound basis for audit findings and recommendations.

In the process of collecting evidential matter, the auditor is required to perform audit testing to support all observations and opinions. During the performance of such testing, the auditor is not required to test the population in its entirety. Audit sampling may be employed. Audit sampling is performing an audit test on less than 100 per cent of a population. In 'sampling', the auditor accepts the risk that some or all errors will not be found and the conclusions drawn (i.e. all transactions were proper and accurate) may be wrong. The type of sampling used and the number of items selected should be based on the auditor's understanding of the relative risks and exposures of the areas audited.

Types of samples include:

- a) Statistical or probability sampling. Allows the auditor to stipulate, with a given level of confidence, the condition of a large population by reviewing only a percentage of the total items. Several sampling techniques are available to the auditor.
- b) Attribute sampling. Used when the auditor has identified the expected frequency or occurrence of an event.
- c) Variable sampling. Used when the auditor samples for values in a population which vary from item to item.
- d) Judgment sampling. Used when it is not essential to have a precise determination of the probable condition of the universe, or where it is not possible, practical or necessary to use statistical sampling.



## Purpose

The organisation is committed to the management of risk as an integral part of its operations, focusing on strategies to minimise risks to our mission and objectives.

The objectives of this policy are to:

- outline the organisations approach to risk management;
- improve decision-making, accountability and outcomes through the effective use of risk management;
- integrate risk management into daily operations of the organisation; and
- consider risk appetite in strategic and operational decision making.

## Scope

This policy applies to all areas and staff of the organisation.

## Policy statement

Our organisation is committed to managing risk in accordance with the process set out in the Australian/New Zealand Joint Standard on Risk Management (AS/NZS ISO 31000:2009) in order to benefit the organisation and manage the cost of risk. To meet this commitment, risk is to be every employee's business. All employees are required to be responsible and accountable for managing risk in so far as is reasonably practicable within their area of responsibility.

Sound risk management principles and practices must become part of the normal management strategy for all business units within the organisation. The management of risk is to be integrated into the organisation's existing planning and operational processes and is to be fully recognised in the organisation's reporting processes.

## Responsibilities

The Managing Director is accountable to the Board and has overall responsibility as the 'accountable officer' for protecting the organisation from unacceptable costs or losses associated with its operations, and for developing and implementing systems for effectively managing the risks that may affect the achievement of objectives and operational outcomes.

The effectiveness of risk management is unavoidably linked to management competence, commitment and integrity, all of which forms the basis of sound



Corporate Governance. Corporate Governance provides a systematic framework within which the Executive Management group can discharge their duties in managing the organisation.

Executive and Senior Management are responsible for:

- providing direction and guidance within their areas of accountability so that subordinates best utilise their abilities in the preservation of the organisations resources
- successfully promoting, sponsoring and coordinating the development of a risk management culture throughout the organisation
- guiding the inclusion of risk management in all strategic and operational decision-making
- possessing a clear profile of major risks within their area of control incorporating both opportunity and negative risks
- maintaining a framework to manage, monitor and report risk
- managing risks to meet organisation objectives, goals and vision
- improving Corporate Governance.

Line managers at all levels will be responsible for the adoption of risk management practices and will be directly responsible for the results of risk management activities, relevant to their area of responsibility. As part of the annual planning cycle, all responsible managers will be required to consider and document existing risks and their impact on proposed plans. Any new risks identified due to changes in the business environment must also be documented. Risk records must be kept up-to-date on an ongoing basis to reflect any changes which may occur.

All employees are responsible for:

- acting at all times in a manner which does not place at risk the health and safety of themselves or any other person in the workplace
- providing direction and training to persons for whom they have a supervisory responsibility or duty of care provision relating to health and safety
- identifying areas where risk management practices should be adopted and are to advise their supervisors accordingly
- meeting their obligations under relevant legislation including Workplace Health and Safety, Equal Employment Opportunity and Anti-Discrimination
- taking all practical steps to minimise the organisation's exposure to contractual, tortuous and professional liability.

The Audit, Compliance and Risk Committee is responsible for:



- reviewing this document in conjunction with staff of Internal Audit every three years, or sooner where considered necessary. The outcome of this review will be referred to the Board for approval
- reviewing the organisation's strategic risk assessment on an annual basis
- reporting annually to the Board summarising its review and monitoring activities as they relate to oversight of the risk management process. The Committee will also indicate, in its opinion and based on its activities, any significant business risks which remain at an unacceptably high level.

## **Records management**

All records relevant to this document are to be maintained in a recognised organisation's recordkeeping system.

## **Definitions**

Risk appetite: organisation's approach to assess and eventually pursue, retain, take or turn away from risk.

Risk: the chance of something happening that will have an impact on objectives.

Risk management: coordinated activities to direct and control an organisation with regard to risk.

Risk tolerance: the boundaries of risk taking outside of which the organisation is not prepared to venture in the pursuit of its long-term objectives.



## Purpose

Our organisation is committed to operating in a manner consistent with the laws of the jurisdictions in which its businesses operate, including those relating to anti-bribery and corruption. Honesty, integrity and fairness are considered integral to the way our businesses operate, and conduct associated with bribery and corruption is inconsistent with these values.

We have developed a strict policy which prohibits its personnel from engaging in activity that constitutes bribery or corruption. Laws prohibiting the types of improper payments covered by this policy apply in all of the jurisdictions in which we have operations and/or engage in trading activities. Many relevant laws, such as the *Australian Criminal Code*, the *US Foreign Corrupt Practices Act* and the *UK Bribery Act*, have application at home and abroad.

The purpose of this policy is to:

- set out the responsibilities of our organisation and our staff in observing and upholding the prohibition on bribery and related improper conduct
- provide information and guidance on how to recognise and deal with instances of bribery and corruption.

In this policy, 'third party' means any individual or organisation with whom our staff come into contact during the course of their employment or business relationships associated with our organisation, and includes actual and potential clients, customers, suppliers, joint venture partners, contractors, agents, intermediaries, consultants, distributors, business contacts, advisers, government and public bodies.

## Application of this policy

This policy applies to all individuals at all levels and grades, including senior managers, officers, directors and employees (whether permanent, fixed-term, casual or temporary), who are employed by, act for, or represent our organisation, including any entity over which the organisation has effective control (referred to in this policy as 'our staff').

## Responsibility for policy compliance

Each department must designate an executive as its Anti-bribery Officer, who will be responsible for monitoring and applying this policy and the organisation's anti-bribery



and anti-corruption implementation, monitoring and review program. Overall responsibility for the administration of this policy lies with the Company Secretary.

All our staff are required to understand and comply with this policy and to follow the reporting requirements set out in this policy. All our staff should be vigilant and report any breaches or suspicious activity to the Anti-bribery Officer in their department and to the Company Secretary.

## **Consequences of breaching this policy**

Bribery and the related improper conduct addressed by this policy are very serious offences. If our organisation is found to have taken part in bribery or any other related improper conduct addressed by this policy it could face a fine, be excluded from tendering for public contracts, and suffer reputational harm. An individual may be subject to penalties or lengthy terms of imprisonment.

Breach of this policy by our staff will be regarded as serious misconduct, leading to disciplinary action which may include termination of employment. Breach of this policy may also expose an individual to criminal and civil liability and could result in imprisonment or in the imposition of a significant financial penalty.

## **What is bribery?**

Bribery is the act of offering, promising, giving or accepting a benefit with the intention of influencing a person who is otherwise expected to act in good faith or in an impartial manner, to do or omit to do anything in the performance of their role or function, in order to provide our organisation with business or a business advantage that is not legitimately due. The benefit that is offered, given or accepted may be monetary or non-monetary. For instance, it may involve non-cash gifts, political or charitable contributions, loans, reciprocal favours, business or employment opportunities or lavish corporate hospitality.

Acts of bribery are designed to improperly influence an individual in the performance of their duty or function. Whether the payee or recipient of the act of bribery or corruption works in the public or private sector is irrelevant. The relevant laws apply to bribery of public officials as well as bribery in respect of any commercial transaction in the private sector. It is irrelevant if the bribe is accepted or ultimately paid. Merely offering the bribe will usually be sufficient for an offence to be committed. Bribery can encompass both direct and indirect forms, such as:

- a person procures an intermediary or an agent to make an offer which constitutes a bribe to another person



- an offer which constitutes a bribe is made to an associate of a person who is sought to be influenced.

Examples of acting in breach of the Anti-bribery Policy:

### 1. Offering a bribe

A member of our staff offers to take a potential customer to a major sporting event with 5-star accommodation, travel and champagne lunch, but only if they agree to short-cut their usual tendering process to award their long-term contract to a Wesfarmers Group company in the coming year.

### 2. Receiving a bribe

An IT supplier offers an iPad and personal discount card to a member of our staff, but makes it clear that in return they expect that person to use their influence in their division to ensure that the division purchases its next order of IT equipment from them.

### 3. Paying a bribe to an official

A member of our staff arranges for a department to pay a cash sum (over and above normal duties and other government charges) to a public official, where that payment is not provided for by the law of the country where it is made, in order to secure an order of goods through customs.

## Prohibition on bribery

Our staff must not give, offer, promise, accept or request a bribe and must not cause a bribe to be given, offered, promised or accepted by another person. Under no circumstances will the organisation approve of any offers, or make, request or receive an irregular payment or other thing of value, to win business or influence a business decision in our organisation's favour. Such actions are in breach of this policy and illegal in the jurisdictions in which the organisation operates. As bribery can take many forms, it is important that our staff understand where risks may arise and what is expected of them.

## Dealing with and through third parties

It is important that any department proposing to engage a third party to act for or on behalf of our organisation, implement appropriate controls to ensure that the actions of the third party will not adversely affect our organisation. These third parties may include agents, distributors, intermediaries, suppliers and/or purchasers or other contractors. Third parties that pose particular risk to our organisation of breaching anti-bribery laws include those that operate in developing or emerging economies



(which includes many Asian or African countries), and are involved in negotiating any business arrangements or transactions with the public or private sector on behalf of our organisation in any country (including bidding for tenders, negotiating supply contracts, arranging leases or licences or providing transportation or customs clearance services).

The Anti-bribery Officer in the relevant division will also be responsible for determining the categories of third parties engaged by the division to which the following controls should apply. In making this determination, the Anti-bribery Officer should ensure that:

- the standards of conduct set out in this policy should be clearly communicated
- sufficient due diligence must be performed to ensure that it is appropriate for the third party to represent our organisation. This includes completion of a due diligence report, which can be found on our internal intranet. If any issues of concern or 'red flags' are identified by this due diligence, they should be elevated to the relevant line manager and if resolved, then elevated to the Anti-bribery Officer for final approval. If they are not satisfactorily resolved, the third party must not be engaged by the department
- standard terms that incorporate the issues addressed by this policy must be included in contractual arrangements with the third party
- oversight of the work of the third party must be maintained by relevant staff.

## **Gifts, entertainment and hospitality**

Our organisation recognises that accepting or offering gifts, entertainment or hospitality of moderate value is customary and in accordance with local business practice. Our organisation, however, prohibits the offering or acceptance of gifts, entertainment or hospitality in circumstances which could be considered to give rise to undue influence. It is our policy that the offer or acceptance of gifts, entertainment or corporate hospitality is not prohibited where:

- it is done for the purpose of general relationship building only
- it cannot reasonably be construed as an attempt to improperly influence the performance of the role or function of the recipient
- it complies with the local law of the jurisdiction in which the expenditure is made
- it is given in an open and transparent manner
- it does not include cash, loans or cash equivalents (such as gift certificates or vouchers)
- it complies with the financial limit on gifts, entertainment or hospitality that may be accepted or offered that has been set by the Head of the Department



- if in excess of the reportable gift, entertainment or hospitality threshold that has been set by the Managing Director, it has been recorded in accordance with the requirements of this policy.

The practice of giving business gifts and taking part in corporate entertainment or hospitality events varies between countries, regions and industries, and what may be normal and acceptable in one may not be in another. It is a matter to be approached conservatively and prudently by our staff.

It is our policy that gifts, entertainment or hospitality must not be offered to, or accepted from, public or government officials or their associates (including politicians or political parties), without the prior approval of the Anti-bribery Officer in the relevant department.

Our staff who receive a gift or accept entertainment or hospitality with a value in excess of the reportable gift, entertainment or hospitality threshold that has been set by the Managing Director must immediately report it to the Anti-bribery Officer and must record the gift in the relevant register maintained by that officer.

It may be a breach of this policy if gifts, invitations or hospitality are provided to a single individual or single organisation on multiple occasions. It may also be a breach of this policy if gifts, entertainment or hospitality that would normally be appropriate are received in a context that makes them inappropriate (e.g. the provider is in the process of a competitive tender for the relevant department).

## **Facilitation payments, secret commissions and money laundering**

The making of facilitation payments by our staff is prohibited. Facilitation payments are typically minor, unofficial payments made to secure or expedite a routine government action by a government official or employee. Secret commissions are also prohibited. Secret commissions typically arise where a person or entity (such as an employee) offers or gives a commission to an agent or representative of another person (such as a customer) which is not disclosed by that agent or representative to their principal. Such a payment is made as an inducement to influence the conduct of the principal's business. Money laundering is also prohibited. Money laundering is the process by which a person or entity conceals the existence of an illegal source of income and then disguises that income to make it appear legitimate. Our staff who have any suspicions, concerns or queries regarding a payment made by or on behalf of a Group company should raise this with the Anti-bribery Officer in their department.



## **Donations**

Our organisation may choose to make donations to political parties because the Company believes this would enable any such political parties to perform their functions better and to improve the democratic process. Political donations shall not be made at department level. Any political donations must be authorised by the Board and disclosed as required by law and recorded in our accounts. Any donations above a level determined in Federal legislation must be disclosed annually to the Australian Electoral Commission and will be published on its website.

Apart from political donations, the organisation may make charitable donations that are legal and ethical under local laws and practices. A charitable donation may only be offered or made with the prior approval of the Anti-bribery Officer in the relevant department, or any manager to whom the Anti-bribery Officer has given standing authority. The Anti-bribery Officer may put in place standing authorities for managers to make donations to specified levels, provided that these are consistent with delegated authorities, are reviewed annually, and are provided to the auditors. In some countries, charities can be used as a screen for illegal bribes. Care must be taken to ensure that charitable donations are applied for the intended purpose.

## **Joint ventures and acquisitions**

Our organisation is involved in a number of joint venture arrangements. Where our organisation effectively controls a joint venture, that entity must comply with this policy. Additionally, where it is not in effective control of a joint venture, our organisation is committed to exercising its influence to assist the joint venture entity to avoid improper conduct. Where a joint venture partnership is proposed, a due diligence report, found on our internal intranet, must be completed before entering into contractual relations. If any issues of concern or 'red flags' are identified by this due diligence, the legal team must be informed immediately. Contracts with proposed joint venture partners must include standard terms concerning the issues addressed by this policy. Any staff member engaged with a joint venture partner should pay attention to signs of improper conduct, and voice or report concerns where appropriate.

On acquisitions, our organisation must conduct and keep detailed records of anti-bribery and due diligence investigations on any proposed merger or acquisition target prior to entering into contractual arrangements with the entity concerned.

## **Accounting and record keeping**

All accounts, invoices, memoranda and other documents and records relating to dealings with third parties, such as clients, suppliers and business contacts, should



be prepared and maintained with strict accuracy and completeness. No accounts may be kept 'off-book' to facilitate or conceal improper payments. All expenditure by our staff, including on gifts and entertainment, shall be included in expense reports and approved in accordance with the expense policy of the relevant department.

## **Responsibilities of our staff**

All our staff must understand and comply with this policy. The prevention, detection and reporting of bribery and other improper conduct addressed by this policy are the responsibility of all those working for or engaged by our organisation. All our staff are required to avoid any activity that might lead to, or suggest, a breach of this policy.

## **How to raise a concern**

Our staff must report suspected or actual instances of bribery or other improper conduct to the Anti-bribery Officer in their department (and cc their line manager if appropriate). If anyone is unsure whether a particular act constitutes bribery, a facilitation payment, a secret commission or money laundering, or has any other queries, they should ask their line manager or the Anti-bribery Officer in their department.

An example would be where a customer or supplier has offered an inducement to gain a business advantage with the organisation, or indicates that a gift or payment is required to secure their business.

Suppliers, contractors or other business partners who have any concerns which they wish to raise under this policy should approach the Managing Director.

## **Protection**

Our staff:

- who wish to raise a concern or report another's wrongdoing
- have refused pressure to either accept or offer a bribe, may be worried about possible repercussions.

Our organisation encourages openness and will support anyone who raises genuine concerns in good faith under this policy, even if they turn out to be mistaken. Our organisation is committed to ensuring no one suffers detrimental treatment as a result of refusing to take part in conduct that may constitute bribery or corruption or raises a genuine concern in respect of any such conduct. Detrimental treatment includes dismissal, disciplinary action, threats or other unfavourable treatment connected with raising a concern. Our staff who are subjected to such treatment should inform the Anti-bribery Officer in their department immediately. If the matter is not remedied and



the relevant member is an employee, they should raise it formally with the Managing Director.

## **Training and communication**

Training on this policy forms part of the induction process for all relevant staff. Relevant existing staff will receive regular training updates on how to implement and adhere to this policy. The organisation's prohibition on bribery must be communicated to all suppliers, contractors and business partners at the outset of a company's business relationship with us, and as appropriate during the course of their work for the organisation.

## **Monitoring and review**

The Anti-bribery Officer in each department, and the Board, will monitor the effectiveness of this policy, and ensure there is a review of its implementation regularly, considering its suitability, adequacy and effectiveness. Internal control systems and procedures will be subject to regular audits to provide assurance that they are effective in mitigating the risk of non-compliance.



Our organisation is subject to, and complies with, Australian law and the laws in the countries in which we operate. Australian laws applicable to our organisation include:

- *Anti-Money Laundering and Counter-Terrorism Financing Act 2006*
- *Autonomous Sanctions Act 2011*
- *Financial Transaction Reports Act 1988* and associated regulations
- *Proceeds of Crime Act 2002* and associated regulations
- *Charter of the United Nations Act 1945* as amended by the *Suppression of Financing of Terrorism Act 2002* and the *International Trade Integrity Act 2007* and their associated regulations
- *Criminal Code Act 1995* and associated regulations

The principal piece of legislation is the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006* (AML/CTF Act). Under the AML/CTF Act, AUSTRAC, the regulatory authority charged with oversight of the legislation, has made Rules relating to AML/CTF obligations. This Act received Royal Assent on 12 December 2006. The Australian government has stated that the AML/CTF Act will bring Australia into line with international standards, including those set by the Financial Action Task Force (FATF).

## **Our AML/CTF Program**

**Customer and Supplier due diligence:** Our organisation has policies and procedures in place to comply with the obligation to identify customers and suppliers as required by legislation. The legislated risk-based approach requires the organisation to perform tailored due diligence on customers and suppliers based on an assessment of the associated Money Laundering/Terrorism Financing (ML/TF) risk.

**Record retention:** Records relating to customer and supplier identification are maintained and kept for seven years in Australia after the accounts are closed. Information relating to services provided by our organisation is retained for a period of seven years.

**Monitoring of suspicious activities or transactions:** Monitoring is carried out through a risk-based approach. Staff receive periodic training and reminders of the requirements to report suspicious transactions and how to identify them.

**Reports of suspicious transactions:** Our organisation is required to report any suspicious customer or supplier activities or transactions to the regulatory authority.



Internal policies and procedures are in place to ensure compliance with the applicable legislation and regulatory requirements.

Reports of significant account and non-account based cash transactions and all IMTs: Our organisation is required to report significant account and non-account based cash transactions of AU\$10,000 or more to the regulatory authority. Details of all IMTs (wire transfers) e.g. sender and beneficiary names, address and account number are retained and reported to the regulatory authority. Internal policies and procedures are in place to ensure compliance with the applicable legislation and regulatory requirements. The requirement of the AML/CTF Act 2006 for additional reporting of transactions that meet certain thresholds is being implemented within legislated timeframes.

Employee training program: Training is provided to business units that offer products and services that are subject to the legislative requirements. Staff involved in customer and supplier facing areas of our organisation receive periodic training and reminders on the detection and reporting process for suspicious activities.

Communication of changes to AML/CTF legislation or any emerging risks are communicated to the relevant staff.

Employee due diligence: Our organisation has processes in place that provide reasonable assurance of the identity, honesty and integrity of prospective and existing employees.

Agents of our organisation are required to carry out their duties in accordance with agreements entered into with them and includes where applicable any customer and supplier identification and requirements. In complying with the recently enacted AML/CTF Act 2006, controls and assurance processes including training are being enhanced to within timeframes specified in the AML/CTF Act 2006.

Independent audit and compliance review function: Our auditors and internal audit and compliance team conduct programs of audits and compliance testing of all policies and operational procedures including those applicable to AML. The frequency and scope of the audits and compliance tests are determined through a risk-based approach, where higher risks to our organisation are audited and tested more frequently. The audit and compliance programs are approved by the Board.

Assessment of payments against proscribed (TF and Sanctions) Lists: Our organisation has risk-based processes to assess inward and outward payments against proscribed lists. These processes have been implemented to comply with domestic and international obligations.

Shell banks: Our organisation does not conduct business with shell banks. Our policies and procedures prohibit offering services to shell banks as defined in the AML/CTF Act.



Politically Exposed Persons (PEPs): In complying with the recently enacted AML/CTF Act 2006, the risk-based approach considers customers or suppliers or beneficial owners who are PEPs as heightened ML/TF risk. Controls are being enhanced to manage the PEP ML/TF risk within timeframes specified in the AML/CTF Act 2006.

Regulatory Action: The organisation has not been the subject of any money laundering or terrorist financing-related proceedings, investigations, sanctions or punitive actions.

The organisation has in place a Risk Management Framework which outlines the organisation's and its employees' commitment and responsibilities in relation to bribery and corruption. This Framework is underpinned by the Anti-bribery Policy and related standards and procedures. Together they ensure the organisation has adequate controls and procedures in place to comply with bribery and corruption obligations across the various jurisdictions in which it operates.



## Overview and purpose

Each director and department head has a duty not to place themselves in a position where:

- he or she has a material personal interest or other interest giving rise to a real or substantial possibility of a conflict
- his or her duty to the company conflicts with, or gives rise to, a substantial possibility of conflict with another fiduciary or statutory duty, in relation to any matter which is or is likely to be brought before the Board.

This policy sets out the disclosure obligations of each director with respect to conflicts of interest, and the procedures to be followed should a conflict of interest arise. The Board has established this policy under clause 7.5(a) of the Constitution, and the directors agree to be bound by its terms.

## Disclosure of interests

Directors and department heads are required to disclose to the Board:

- any material personal interest that he or she may have in a matter relating to the affairs of the Company
- any other interest in a matter relating to the affairs of the Company, which may give rise to, or be perceived to give rise to, a real or substantial possibility of conflict.

A material personal interest is one which provides a personal benefit to the director or an associated person or entity, which is of a real or substantial kind, having the capacity to influence the vote of the director on the decision to be made.

A director or department head is required to disclose such conflict of interest immediately on becoming aware of the interest to the Board. A director or department head may at any time declare a conflict of interest in relation to a matter by notification to the Board in writing, who shall notify the other directors of the conflict as soon as practicable.

Each director or department head shall have and maintain a standing notice register, disclosing the nature and extent of their interests. Each standing notice register, and any amendments or additions to it, shall be tabled at the next Board meeting, and recorded in the minutes of that meeting.

Where a change in circumstance results in an interest which is declared on a standing notice register as giving rise to a material personal interest or other conflict



of interest, a director or department head is required to disclose such conflict of interest immediately to the Board.

## **Conflicts procedure**

Where a director or department head has disclosed a material personal interest, or any other interest which may give rise to, or be perceived to give rise to, a real or substantial possibility of conflict, in relation to any matter which is or is likely to be brought before the Board, the conflicted director or department head:

- shall continue to receive Board papers or other information which relates in any way to the matter or issue which is the subject of the conflict of interest, unless the director or department head requests, or the Chairman determines, that he or she not receive any or all of those documents
- shall withdraw from any part of a Board or Board Committee meeting for the duration of any discussion on that matter
- shall not vote on the matter.

If a majority of directors who do not have an interest in such a matter resolve that a disclosed interest should not disqualify a director from being present while the matter is being considered, this shall not apply and the director may be present. If a majority of directors who do not have an interest in such a matter resolve that a disclosed interest should not disqualify a director from voting while the matter is being considered, then the director may vote on the matter. The minutes shall record the decision taken by the directors who do not have an interest in the matter, including the nature and extent of the director's interest in the matter and its relation to the affairs of the Company.

A director or department head should request that he or she not receive any Board papers or other information relating to a matter, where receipt of those documents would place the director in a position of conflict.

If there is any matter which is or is likely to be brought before the Board, and the Chairman, a director or the Managing Director has a concern that the disclosure of such matter to a particular director or department head:

- would not be in the best interests of the Company
- place that particular director or department head in a position of conflict,

then the matter should be referred to the Chairman. After the Chairman has considered the matter in consultation with the Managing Director, the Chairman may determine that the particular director or department head is in a position of conflict, and in such circumstances, the conflicted director or department head:



- shall not receive Board papers or other information which relates in any way to the issue or matter the subject of the conflict of interest
- shall withdraw from any part of a Board or Board Committee meeting for the duration of any discussion on that matter
- shall not vote on the matter.

Where disclosure of a particular matter may place the Chairman in a position of conflict, the directors shall appoint a lead independent director, who shall consider the matter in consultation with the Managing Director, and make a determination on the matters set out above.

## **Access to information**

Where a director or department head has been excluded from receipt of Board papers, information or organisational discussion on a matter, the Company Secretary will advise the director or department head concerned in writing of the broad nature of the withheld information and why it has been withheld from him or her.

Where a director or department head:

- is uncertain as to whether an interest should be disclosed in accordance with this policy
- has been excluded from receipt of Board papers, information or consideration of a matter by the Board or senior management team
- is uncertain whether to request that he or she not receive any Board papers or other information relating to a matter,

the director or department head is authorised to obtain (at the cost of the Company) outside legal or other independent professional advice in such circumstances.

Once information withheld from a director or department head in accordance with this protocol becomes public knowledge or if, in the opinion of the Group Managing Director, after consultation with the Chairman (or where the matter concerns the Chairman, the appointed lead independent director), the potential for conflict has passed, the excluded director shall be entitled to, should he or she request it, a briefing by the Group Managing Director as to the current status of the matter and the particulars of any decision of the Board in respect of that matter.

## **Policy review**

The Board will review this policy from time to time, in order to ensure that it remains current with respect to legal and regulatory requirements.





## Purpose and scope

Our organisation is committed to the highest standards of conduct and ethical behaviour in all of our business activities, and to promoting and supporting a culture of honest and ethical behaviour, corporate compliance and good corporate governance.

The purpose of this Whistle-blower Policy is to encourage employees, suppliers, contractors, tenderers or any person who has business dealings with our organisation ('Relevant Persons') to raise any concerns and report instances of unethical, illegal, fraudulent or undesirable conduct, where there are reasonable grounds to suspect such conduct, without fear of intimidation, disadvantage or reprisal.

## What is reportable conduct?

This policy is intended to encourage Relevant Persons to report any issues that they believe fall into the category of 'Reportable Conduct'.

'Reportable Conduct' covered by this policy includes any conduct of a director, officer, employee, or contractor, or of a Relevant Party in their dealings with our organisation, whether actual or suspected, which a Relevant Person honestly believes:

- is dishonest, fraudulent or corrupt
- is illegal, such as theft, drug sale or use, violence, harassment or intimidation, criminal damage to property or other breaches of state or federal law
- is unethical or in breach of Wesfarmers' policies such as dishonestly altering company records or data, adopting questionable accounting practices or wilfully breaching our Code of Conduct or other policies or procedures
- involves bribery or corruption or otherwise breaches the Anti-bribery Policy
- is potentially damaging to our organisation, an employee or a third party, such as unsafe work practices, environmental damage, health risks or substantial wasting of company resources
- amounts to an abuse of authority
- may cause financial loss to our organisation or damage its reputation or be otherwise detrimental to our organisation's interests
- involves any other kind of serious impropriety
- involves harassment, discrimination, victimisation or bullying.



## How to make a report

Our organisation has several channels for making a report if a Relevant Person becomes aware of any issue or behaviour which he or she considers to be Reportable Conduct including:

- (if the Relevant Person is an employee or an individual contractor working within a team) raise the matter with the employee's immediate supervisor or manager or another senior supervisor within his or her department (who will take the matter to a Protected Disclosure Officer or a senior executive within the department, in accordance with the protocols regarding confidentiality set out below)
- report the matter to a Protected Disclosure Officer, being:
  - the Group General Counsel
  - the Chief Human Resources Officer
  - the Company Secretary
  - the Managing Director
  - the Chief Financial Officer.

If the Relevant Person wishes to remain anonymous he or she can make an anonymous phone call or send a written statement directly to one of the above mentioned Protected Disclosure Officers, by email or mail to our Head Office.

## Investigation

Our organisation will investigate all cases of Reportable Conduct made under this policy as soon as possible after the matter has been reported and will, where appropriate, provide feedback to the whistle-blower regarding the investigation's progress and/or outcome (subject to considerations of the privacy of those against whom allegations are made).

The investigation will be conducted in a timely, thorough, confidential, objective and fair manner and as is reasonable and appropriate having regard to the nature of the reportable conduct and all of the circumstances.

## Reporting procedures

In addition to the existing compliance reporting program obligations, divisions and Protected Disclosure Officers (as appropriate) will report to the Board on whistle-blower incident reports annually, to enable our organisation to address any issues at a Department level. These reports will be made on a 'no names' basis, maintaining the confidentiality of matters raised under this policy. In general, these reports will:



- provide a summary of Reportable Conduct incident reports made that relate to the department on a no names basis, their status and action being taken
- identify any patterns of conduct, including for example, patterns within or across the department
- make recommendations, as appropriate, including in relation to allocation of resources or areas requiring further attention.

The Audit Committee will receive copies of all Board whistle-blower reports, and whistle-blower reports from Protected Disclosure Officers (as appropriate). In addition, serious and/or material Reportable Conduct will be considered by the Protected Disclosure Officers for immediate referral to the Chairman of the Audit Committee.

## **Protection of whistle-blowers**

The Company commits to absolute confidentiality and fairness in all matters raised under this policy. Subject to law, supervisors receiving reports and the organisation will not disclose particulars of reported matters that would suggest the identity of the whistle-blower (for example, to senior management and directors, or external legal advisers for the purposes of investigation and advice) without obtaining the whistle-blower's prior consent. Any such disclosure to which the whistle-blower consents will be on a strictly confidential basis.

All files and records created from an investigation will be retained under strict security. The unauthorised release of information without the whistle-blower's consent to any person not involved in the investigation (other than senior managers or directors who need to know to take appropriate action or for corporate governance purposes) is a breach of this policy. The whistle-blower can be assured that such a release will be regarded as a serious disciplinary matter and will be dealt with under the Company's disciplinary procedures.

The organisation is committed to ensuring that Relevant Persons do not suffer any detrimental treatment whatsoever as a result of making a report in accordance with this policy.

Detrimental treatment includes dismissal, disciplinary action, threats or other unfavourable treatment connected with making a report. Our employees who are subjected to such treatment should inform a senior supervisor within his or her division immediately. If the matter is not remedied, the employee should raise it in accordance with this policy.



## Duties of employees in relation to reportable conduct

Our organisation relies on employees to help the Company achieve its commitment to a culture of honest and ethical behaviour, corporate compliance and good corporate governance.

Our organisation will not tolerate Reportable Conduct and it is therefore expected that employees who become aware of known, suspected, or potential cases of Reportable Conduct will make a report. Failure by an employee to raise Reportable Conduct of which the employee becomes aware could result in disciplinary action being taken against the employee.

## Special protection under the Corporations Act

*The Corporations Act* gives special protection to disclosures about Corporations Act breaches, as long as certain conditions are met. These conditions are:

- The whistle-blower is an officer or employee of a company, a contractor or an employee of a contractor
- The report is made to:
  - a Protected Disclosure Officer
  - a director, officer or senior manager of the company concerned
  - the external auditor or an audit team member
  - the Australian Securities & Investments Commission (ASIC).
- The whistle-blower gives their name before making the report (i.e. the report is not anonymous)
- The report is made in good faith, and the whistle-blower has reasonable grounds to suspect that there has been a breach of the Corporations Act by the company or any of its officers or employees.

Briefly, the protections given by the Corporations Act when these conditions are met are:

- The whistle-blower cannot be subject to legal liability for making the report
- Anyone who victimises or threatens the whistle-blower is guilty of an offence and may be liable for damages
- The person receiving the report commits an offence if they disclose the substance of the report or the whistle-blower's identity, with the whistle-blower's consent, to anyone except ASIC, the Australian Federal Police or the Australian Prudential Regulatory Authority.

The organisation is committed to full compliance of these protective provisions.



**Amendment of this Policy**

This policy can only be amended with the approval of the Board.



Our organisation is committed to protecting your privacy. It is bound by *The Privacy Amendment (Enhancing Privacy Protection) Act 2012* (Privacy Amendment Act) which made many significant changes to the Privacy Act 1988 (Privacy Act). These changes commenced on 12 March 2014. The Privacy Regulation 2013, made under the Privacy Act, also commenced on 12 March 2014. Where appropriate, our organisation will handle personal information relying on the related bodies' corporate exemption and the employee records exemption in the Privacy Act.

Our respect for our customers' privacy is paramount. We have policies and procedures to ensure that all personal information is handled in accordance with Australian Privacy Principles.

This Privacy Policy sets out our policies on the management of personal information – that is, how we collect personal information, the purposes for which we use this information, and to whom this information is disclosed.

## **What is personal information?**

Personal information is information that could identify you. Examples of personal information include your name, address, telephone number and email address, or more complex information like a resume.

## **How does our organisation collect and use your personal information?**

Some of the ways in which our organisation collects personal information is when you send a job application to us or when you email us. These uses are discussed below.

Generally, you have no obligation to provide any personal information to us.

However, if you choose to withhold personal information, we are unlikely to be able to respond to your application or query.

We engage third party service providers (including related companies of our organisation which may be located outside Australia) to perform functions for our organisation. Such functions include mailing, delivery of purchases, credit card payment authorisation, trend analysis, external audits, market research, promotions and the provision of statistical sales information to industry bodies. For our service providers to perform these functions, in some circumstances it may be necessary for us to disclose your personal information to those organisations. Where disclosures take place, we work with these third parties to ensure that all personal information we provide to them is kept secure, is only used to perform the task for which we have



engaged them, and is handled by them in accordance with the Australian Privacy Principles.

## **How do we protect personal information?**

At all times, we take great care to ensure your personal information is protected from unauthorised access, use, disclosure or alteration. We endeavour to ensure that our employees are aware of, and comply with, their obligations in relation to the handling of personal information. Only properly authorised employees are permitted to see or use personal information held by our organisation and, even then, only to the extent that is relevant to their roles and responsibilities. Your personal information will not be sold to any other organisation for that organisations' unrelated independent use. Further, we will not share your personal information with any organisations, other than those engaged by us to assist us in the provision of our products and services (as described above).

## **What about information you provide in job applications?**

If you submit a job application to us, we will use the information provided by you to assess your application. In certain circumstances, we may disclose the information contained in your application to contracted service providers for purposes such as screening, aptitude testing, medical testing and human resources management activities.

As part of the application process, in certain circumstances, you may be required to complete a pre-employment health questionnaire. You may also be asked to undergo a pre-employment medical assessment. In that case, you will be asked to give specific consent to our organisation to disclose your questionnaire to its service providers for the purposes of arranging the medical assessment and for the relevant service providers to disclose the results of the assessment to our organisation.

If you refuse to provide any of the information requested by us, or to consent to the disclosure of the results of your medical assessment to us, we may be unable to consider your application.

## **Is the personal information we hold accurate?**

We endeavour to maintain your personal information as accurately as reasonably possible. However, we rely on the accuracy of personal information as provided to us both directly and indirectly. We encourage you to contact us if the personal information we hold about you is incorrect or to notify us of a change in your personal information.



## **How can you access or correct the personal information we hold about you?**

Wherever possible and appropriate, we will let you see the personal information we hold about you and correct it if it is wrong. If we do not allow you access to any part of the personal information we hold about you, we will tell you why.

If you wish to obtain access to your personal information held by us, or to request us to correct any errors in that information, please contact us.

We may change our Privacy Policy from time to time at our discretion and without notice. At any time, the latest version is available from our website.

### **Our internet policy**

Our organisation generally only collects personal information from its website when it is provided voluntarily by you. For example, when you send us an electronic message with a query about our organisation or its products, we will generally use your information to respond to your query, to provide and market our services to you or as otherwise allowed or required by law.

For the same purposes, we may share your information with other members of the organisation and their respective service providers, agents and contractors. If we do this, we require these parties to protect your information in the same way we do.

When you visit this website or download information from it, our internet Service Provider (ISP) makes a record of your visit and records the following information:

- your internet address
- your domain name, if applicable
- date and time of your visit to the website.

Our ISP also collects information such as the pages our users access, the documents they download, links from other sites they follow to reach our website, and the type of browser they use. However, this information is anonymous and is only used to statistical and website development purposes.

We use a variety of physical and electronic security measures, including restricting physical access to our offices, firewalls and secure databases to keep personal information secure from unauthorised use, loss or disclosure. However, you should keep in mind that the internet is not a secure environment. If you use the internet to send us any information, including your email address, it is sent at your own risk.

You have a right of access to personal information we hold about you in certain circumstances. If we deny your request for access we will tell you why. Please



contact our Privacy Compliance Officer to ask for access to your information of if you have a complaint concerning your information privacy.

## **Use of cookies**

A cookie is a small message given to your web browser by our web server. The browser stores the message in a text file, and the message is then sent back to the server each time the browser requests a page from the server.

Our organisation makes limited use of cookies on this website. Cookies are used to measure usage sessions accurately, to gain a clear picture of which areas of the website attract traffic and to improve the functionality of our website.

When cookies are used on this website, they are used to store information relating to your visit such as a unique identifier, or a value to indicate whether you have seen a web page. We use session (not permanent) cookies. They are used to distinguish your internet browser from the thousands of other browsers. This website will not store personal information such as email addresses or other details in a cookie.

Most internet browsers are set up to accept cookies. If you do not wish to receive cookies, you may be able to change the settings of your browser to refuse all cookies or to notify you each time a cookie is sent to your computer, giving you the choice whether to accept it or not.



## Purpose of the Policy

All finance transactions as noted in this policy are to be authorised by the noted authorised person prior to the transaction being undertaken.

This policy is to be read in conjunction with other specific finance policies where relevant.

## Procedures

Prior to any of the following finance transactions being undertaken, the authorising person noted must authorise the transaction.

Where additional policy is noted, this policy must also be adhered to when undertaking the finance transaction.

Finance transaction	Authorised person
Bank accounts	Chief Finance Officer
Issuing petty cash	Finance Officer for the relevant department
Business credit card	Financial Controller
Authorising new customers	Financial Controller
Authorising new suppliers	Purchasing Officer
Purchasing stock	Purchasing Officer
Purchasing assets/ equipment	Purchasing Officer
Debt collection	Financial Controller
Payment of invoices	Accounts Payable Officer



## Delegated Authority Schedule

1. Managers of functional budgets have the authority to approve expenses explicitly included in their respective functional budgets
2. All other expenditure requires pre-approval by CFO (and Managing Director >\$10k and Board > \$100k)
3. All Capital Expenditure ('CapEx') requires pre-approval by CFO (and Managing Director >\$10k and Board > \$100k)
4. All employment-related expenses require the pre-approval of CFO (and Managing Director >\$10k and Board > \$100k)
5. All employment contracts require pre-approval by CFO
6. Standard supplier agreements may be approved by the relevant Head of Department. Any contract that varies from the standard requires the pre-approval of CFO
7. All contractual agreements (irrespective of if budgeted) require the pre-approval of CFO and where annual commitment > \$10k – Managing Director, >\$100k – Board
8. All financial commitments (irrespective of if budgeted) require the pre-approval of CFO and where annual commitment > \$10k – Managing Director, >\$100k – Board
9. All payments/cheques require the authorisation of two signatories (being two of the following: either or both Joint Managing Director, Financial Controller and CFO)



## Purpose of the Policy

This policy sets out the requirements for use of bank accounts, including opening, closing authorisation, variations to terms and conditions, reconciliation of bank accounts and bank account transactions.

## Procedures

### Opening bank accounts

Any new bank accounts to be opened for the business must have the authorisation of the Chief Finance Officer.

For each new bank account opened, the financial system must be updated and the bank account registered.

### Bank account authorisations

For monies withdrawn from any bank account, whether by cheque, EFT or other online payment method, there must be two persons authorising for each payment.

The authorised persons for bank account payments are:

Financial Controller

Purchasing Officer

Financial Officer

Each payment made must be supported by invoice, receipt or other appropriate documentation and the authorisations must be attached to this documentation prior to payment.

### Variations to bank account terms and conditions

Any variations to banking arrangements can be made or varied by the Chief Finance Officer.

The Financial Controller is responsible for updating the financial system and/or bank account register with the new information.

### Closing bank accounts

Where it is decided that a bank account is no longer necessary, the Chief Finance Officer will authorise the closure of the bank account.

The Financial Controller will then be required to complete the following:



- ensure all transactions with respect to the account (including cheques drawn) have been completed
- lodge a letter with the bank, signed by {insert number of persons to authorise, recommended two} authorised signatories advising of the closure of the account
- meet the bank's requirements with respect to account closure
- update the financial system and bank account register.

## **Bank account transactions**

All deposits received must be banked within two days from receipt.

Unallocated direct deposits of more than one month will be investigated fully to determine source of deposit. Where the source cannot be identified, the deposit will be allocated to the suspense account for the department.

Cheques outstanding for more than 12 months in line with the bank's policy will be reallocated back to the business through the financial system

Where a payment stop on a cheque is required, this will be authorised by the Financial Controller.

The Financial Controller will be responsible for carrying out the following duties in regards to payment stop on a cheque:

- ensuring the cheque has not already been presented at the bank
- getting authorisation to action the stop payment using appropriate forms from the bank
- ensuring the bank receives notification of the stop payment notice
- receiving confirmation of action from the bank of the stop payment
- ensuring the details of the stop payment are kept in the stop payment folder.



## Purpose of the Policy

Petty cash should be used to pay for small business expenses up to \$100 where payments through accounts payable or credit card are not justified or appropriate

## Procedures

### Issuing petty cash

Petty cash vouchers must be completed before any cash is taken from the petty cash float.

Only up to \$100 can be disbursed at any one time.

All petty cash vouchers issued must be approved by the Financial Controller.

Once the petty cash is spent, a receipt or invoice should be attached to the voucher and returned to petty cash with any balance of monies unspent.

All completed vouchers must have the following details included:

- issue date of voucher
- name of person issued the voucher
- amount of monies disbursed
- details of expense
- invoice or receipt
- signature of approval person,

### Reconciling petty cash

The petty cash float is to be reconciled at least monthly. This is the responsibility of the Purchasing Officer.

All petty cash expenditure must be entered into the financial system once the petty cash has been reconciled.

The balance of monies and vouchers must equal the petty cash float amount before reimbursement can be made.

Reimbursement of petty cash will be authorised by the Purchasing Officer.



## Purpose of the Policy

This policy provides guidelines for the issue and use of business credit cards.

## Procedures

An employee will only be issued a credit card once the Credit Card Authorisation Form has been completed.

The business credit card can only be used for travel, authorised entertainment and purchases of small value expenses or equipment up to the value of \$1000.

No cash advances are to be taken using the business credit card.

Where a business credit card is lost or stolen, then the owner of this card is to notify the Financial Controller who is responsible for notifying the issuing agency and ensuring the card is cancelled.

The use of the business credit card is not to be used for personal expenses.

All holders of business credit cards are required to reconcile the monthly credit card statement to the expense form, attach all receipts for payments made on the credit card and have the expense statement authorised by your Department Head.

Upon completion and authorisation of the monthly expense statement, these documents are to be forwarded to the Financial Controller for payment of the credit card statement.

All business credit cards are to be returned to the business when the person is requested by the Financial Controller or where they are no longer an employee of the business.



## Principles

Our organisation recognises that:

- developing a procurement strategy and adopting appropriate best practice contracting and procurement principles, policies, processes and procedures for all goods, services and works by our organisation, will enhance achievement of our objectives such as sustainable and social Procurement; bottom-line cost savings; supporting local economies; achieving innovation; and better services for communities.
- the organisation's corporate responsibility includes its global activities, including labour and human rights practices in supply chains and subcontracting relationships
- we must ensure a strategy for ethical purchasing and respect for workers' rights which is integral to the organisation's culture and vision
- we operate to ensure the integration of ethical purchasing into existing management systems, for example our incentives and performance reviews can be structured to reward rather than undermine ethical sourcing
- we must maintain organisational support for ethical purchasing from the highest level of the organisation and commit time and resources to understanding the business environment and culture of the countries where goods and services are sourced
- we must employ specialist staff and develop skills and knowledge appropriate to ethical purchasing and responsible supply chain management – capacity to assess labour practices and carry out factory visits and inspections, knowledge of international labour standards and applicable labour laws, knowledge of social and economic conditions in supplying countries, language skills, experience in working with trade unions, NGOs, industry associations and government departments
- we must develop a communication strategy both internally and for suppliers, customers and stakeholders in regards to our commitment to ethical purchasing, details of codes, benefits, expected outcomes and the consequences of non-compliance
- we must provide ethical purchasing training for all buyers and staff involved in the procurement of goods and services – ensure they are aware of the impact of their negotiations (cost and delivery time) on labour standards
- we will include our ethical purchasing strategy and implementation progress in annual reports, triple bottom line and sustainability reports
- we must ensure that labour standards are a key criterion when selecting suppliers –alongside price, delivery time and quality
- we must strive to understand and map all supply chains and subcontracting arrangements including homeworkers and smallhold farms



- ensure a system for visiting and photographing factories and workplaces regularly and continuing to discuss labour rights and our ethical procurement strategy
- develop a database of all suppliers – locations, contacts, workplace conditions, workforce profile, compliance with core labour standards and codes, and factory visit observations
- continue to research the industry and regulatory framework of the region that is producing the goods or services we purchase and understand the labour and environmental issues.

The elements of best practice applicable procurement incorporate:

- broad principles covering ethics, sustainability, community development, value for money, responsibilities and accountabilities
- guidelines giving effect to those principles
- a system of delegations (i.e. the authorisation of officers to approve and undertake a range of functions in the procurement process)
- procurement processes, with appropriate procedures covering minor, simple procurement to high value, more complex procurement
- our contracting, purchasing and contract management activities endeavour to:
  - support the organisation's strategies, aims and objectives including, but not limited to, those related to sustainability, workers' rights, protection of the environment, and corporate social responsibility
  - take a long-term strategic view of its procurement needs while continually assessing, reviewing and auditing its procedures, strategy and objectives
  - provide a robust and transparent audit trail which ensures that procurement projects are delivered on time, within cost constraints and that the needs of end users are fully met
  - are conducted, and are seen to be conducted, in an impartial, fair and ethical manner
  - achieve value for money and quality in the acquisition of goods, services and works by the organisation
  - ensure that risk is identified, assessed and managed at all stages of the procurement process
  - use strategic procurement practices and innovative procurement solutions to promote sustainability and best value, in particular making use of collaboration and partnership opportunities
  - use social procurement to enhance sustainable and strategic procurement to effectively contribute towards building stronger communities and meeting the wider social objectives of the organisation



- comply with legislation, corporate policies or other requirements, ensuring that all staff responsible for procurement and contract management are aware of and adhere to the legislative requirements, standards and best practice.

## Scope

This policy applies to all contracting and procurement activities at our organisation and is binding upon all staff and temporary employees, contractors and consultants while engaged by the organisation.

## Purpose

The purpose of this policy is to:

- provide policy and guidance to the organisation to allow consistency and control over Procurement activities
- demonstrate accountability to stakeholders
- provide guidance on ethical behaviour in purchasing
- demonstrate the application of elements of best practice in purchasing
- increase the probability of obtaining the right outcome when purchasing goods and services.

All monetary values stated in this policy include GST except where specifically stated otherwise.

## Definitions and abbreviations

### Commercial in Confidence

Information that, if released, may prejudice the business dealings of a party e.g., prices, discounts, rebates, profits, methodologies and process information.

### Contract Management

The process that ensures both parties to a contract that fully meet their respective obligations as efficiently and effectively as possible, in order to deliver the business and operational objectives required from the contract and in particular, to provide value for money.

### Probity

The word 'probity' is often used in a general sense to mean 'good process'. A procurement process that conforms to the expected standards of probity is one in which clear procedures that are consistent with the organisation's policies and legislation are established, understood and followed from the outset. These procedures need to consider the legitimate interests of suppliers and ensure that all potential suppliers are treated equitably.

### Category management

A 'Category' is an area of spend determined by known market boundaries separating different products, services or industries. Category management recognises that



suppliers within a certain market are likely to have similarities which enable a tailored approach to procurement.

## Procurement

Procurement is the whole process of acquisition of external goods, services and works. This process spans the whole life cycle from initial concept through to the end of the useful life of an asset (including disposal) or the end of a service contract.

## e-Procurement

e-Procurement is integral to the overall development of procurement processes and involves the use of an electronic system/s to acquire and pay for supplies, services` and works.

## Corporate Social Responsibility (CSR)

Corporate Social Responsibility (CSR) is about taking positive action to demonstrate the organisation's commitment to the local community and environment on which it impacts.

## Sustainability

Activities that meet the needs of the present without compromising the ability of future generations to meet their needs.

## Social procurement

Social procurement uses procurement processes and purchasing power to generate positive social outcomes in addition to the delivery of efficient goods, services and works.

## Tender process

The process of inviting parties to submit a quotation by tender using public advertisement, followed by evaluation of submissions and selection of a successful bidder or tenderer.

## Expression of Interest (EOI)

An invitation for persons to submit an EOI for the provision of the goods and/or services generally set out in the overview of requirements contained in the document. This invitation is not an offer or a contract.

## Request for proposal (RFP)

A request for proposal is generally sent to the supplier market, designed to capture commercial information and pricing. It allows the organisation to assess suitability and evaluate responses against a set of pre-defined requirements.

## Best value

Best value in procurement is about selecting the supply of goods, services and works taking into account both cost and non-cost factors including:

- contribution to the advancement of the organisation's priorities
- non-cost factors such as fitness for purpose, quality, service and support



- cost-related factors including whole-of-life costs and transaction costs associated with acquiring, using, holding, maintaining and disposing of the goods, services or works.

## **Effective legislative and policy compliance and control**

The organisation's procurement activities shall be performed with integrity and in a manner able to withstand the closest possible audit scrutiny.

All staff shall at all times conduct themselves in ways that are, and are seen to be, ethical and of the highest integrity and will:

- treat potential and existing suppliers with equality and fairness
- not seek or receive personal gain
- maintain confidentiality of Commercial in Confidence information such as contract prices and other sensitive information
- present the highest standards of professionalism and probity
- deal with suppliers in an honest and impartial manner that does not allow conflicts of interest
- provide all suppliers and tenderers with the same information and equal opportunity
- be able to account for all decisions and provide feedback on them.

All tender processes shall be conducted in accordance with the requirements of this policy and any associated procedures, relevant legislation, and relevant Australian Standards.

All staff shall at all times avoid situations in which private interests conflict, or might reasonably be thought to conflict, or have the potential to conflict, with their duties.

All staff involved in the procurement process, in particular preparing tender documentation, including writing tender specifications, tender opening, and tender evaluation panels, must:

- avoid conflicts, whether actual, potential or perceived, arising between their official duties and their private interests. Private interests include the financial and other interests of staff, plus their relatives and close associates
- declare that there is no conflict of interest. Where future conflicts, or relevant private interests arise staff must make their manager or board aware and allow them to decide whether the officer should continue to be involved in the specific procurement exercise.

All prospective contractors and suppliers must be afforded an equal opportunity to tender or quote.

Impartiality must be maintained throughout the procurement process so it can withstand scrutiny.

The commercial interests of existing and potential suppliers must be protected.



Confidentiality of information provided by existing and prospective suppliers must be maintained at all times, particularly commercially sensitive material such as, but not limited to prices, discounts, rebates, profit, manufacturing and product information.

## **Disclosure of information**

Commercial in Confidence information received by the organisation must not be disclosed and is to be stored in a secure location.

All staff are to protect such information, by refusing to release or discuss the following:

- allocated budgets for proposed tenders
- information disclosed by organisations in tenders, quotation or during tender negotiations
- all information that is Commercial in Confidence information
- pre-contract information including but not limited to information provided in quotes and tenders or subsequently provided in pre-contract negotiations.

Discussion with potential suppliers during tender evaluations should not go beyond the extent necessary to resolve doubt on what is being offered by that supplier.

## **Methods**

The organisation's standard methods for purchasing goods, services and works shall be by some or all of the following methods:

- purchasing card
- purchase order following a quotation process from suppliers for goods or services that represent best value for money under directed quotation thresholds
- under contract following a tender process
- using aggregated purchasing arrangements with other organisations or other bodies
- other arrangements authorised by the Board or the CFO on a needs basis as required by abnormal circumstances such as emergencies.

## **Responsible financial management**

The principle of responsible financial management shall be applied to all procurement activities.

Accordingly, to give effect to this principle, the availability of existing funds within an approved budget, or source of funds, shall be established prior to the commencement of any procurement action for the supply of goods, services or works.

Staff must not authorise the expenditure of funds in excess of their financial delegations.



Staff must not disclose allocated tender budgets to suppliers.

Organisational funds must be used efficiently and effectively to procure goods, services and works and every attempt must be made to contain the costs of the procurement process without compromising any of the procurement principles set out in this policy.

## **Procurement processes and thresholds**

Our procurement processes are based on a number of principles:

### **1. Best value**

The benefits of the purchase are weighted against the costs necessary for the optimum result for the organisation and local community. The organisation is not required to accept the lowest tender. Instead, the organisation is required to take into account issues of labour conditions, sustainability, environmental impact, quality, cost, the accessibility of the service and other factors relevant to both the overall objectives of the organisation.

Best value is often mistaken for meaning the lowest price, however, in terms of the contracting process, best value requires us to balance the needs of the community, quality and price with as much transparency as is reasonably achievable. In this context price should take into account the whole life cost of the provision and the impact on the community, so far as is practicable. It follows that the delivery of best value is dependent upon organisational priorities and is central to our vision and mission.

Achieving best value also requires challenging the need for the procurement and the way in which the service may be reconfigured to achieve improvements in service delivery, comparing service provision options against all those available, consulting with key stakeholders and ensuring competition in the open market.

Achieving best value must be the basis of all procurement decisions within the organisation.

### **2. Open and fair competition**

All suppliers are treated fairly in an open and transparent manner and have access to the same information.

### **3. Accountability**

The organisation maintains consistency in the approach to procurement across the whole organisation through coherent frameworks, policies and procedures. Accountability in procurement means being able to explain and provide evidence on the process followed. The test of accountability is that an independent third party must be able to see clearly that a process has been followed and that the process is fair and reasonable.

Therefore the processes by which all procurement activities are conducted will be in accordance with the organisation's procurement policies and procedures as set out in this policy and related, relevant organisational policies and procedures.

Additionally:



- all staff must be able to account for all procurement decisions made over the lifecycle of all goods, services and works purchased by the organisation and provide feedback on them
- all procurement activities are to provide for an audit trail for monitoring and reporting purposes.

## **Tenders**

Purchase of all goods and services for which the estimated expenditure exceeds \$150,000, and building and construction works for which the estimated expenditure exceeds \$200,000, must be undertaken by public tender. The tender thresholds shall apply for two financial accounting periods.

However, should the CFO consider that the nature of the requirement and the characteristics of the market are such that the public tender process would lead to a better result for the organisation, public tenders may be called for purchase of goods, services and works for which the estimated expenditure is below these thresholds.

## **Quotations**

Purchase of goods, services having a total \$150,000, and works having a total valuation of \$200,000 or less may be undertaken using the procurement by quotation method as described below:

- Items with a value up to \$5,000 – Request for Quotation

A minimum of one email quotation must be obtained and the details recorded before placing an order (similar details must be recorded where more than one supplier has quoted) and documented in the organisation's record system.

- Items with a value \$5,001 to \$15,000 – Request for Quotation

The organisation will receive a minimum of three email quotations. The quotation offering the best value for money must be confirmed by the supplier on company letterhead and the order placed with that firm. Details of the suppliers contacted and their quotations must be recorded on at least a simple spreadsheet or similar document in the organisation's records system.

- Items with a value \$15,001 to \$149,000/\$199,000 – Request for Quotation

The organisation will receive up to five written quotations by issuing a written Request for Quotation. Public advertising is not required. Quotations returned by the nominated closing date must be evaluated and a recommendation made in favour of the supplier offering the best value for money outcome. The original supplier's quotations must be maintained in the organisation's records system.

## **Delegation of authority**

Delegations define the limitations within which staff are permitted to work. Delegation of procurement authority allows specified staff to approve certain purchases, quotation, tender and contractual processes without prior referral to the Board. This enables the organisation to conduct procurement activities in an efficient and timely manner whilst maintaining transparency and integrity.



The organisation shall maintain a documented scheme of procurement delegations, identifying the staff authorised to make such procurement commitments in respect of goods, services and works on behalf of the organisation. The Purchasing Officer is responsible for:

- acceptance of tenders
- acceptance of quotes
- contract term extensions (within authorised budget)
- contract amendment (non-financial)
- contract amendment (financial)
- appointment to register of pre-qualified suppliers
- credit card purchases
- procedural exceptions.

Commitments and processes which exceed the Purchasing Officer's delegation and which must be approved by the CFO and/or Board are:

- initial signing and sealing of contract documents
- tender recommendations and contract approval for all expenditure over \$150,000 for goods and services and \$200,000 for Design and Construct works in value – Board only
- variations and contract term extensions (requiring additional budget).

## **Internal controls**

The organisation will install and maintain a framework of internal controls over procurement processes that will ensure:

- more than one person is involved in and responsible for a transaction end-to-end
- transparency in the procurement process
- a clearly documented audit trail exists for procurement activities
- appropriate authorisations are obtained and documented
- systems are in place for appropriate monitoring and performance measurement.

Risk management is to be appropriately applied at all stages of procurement activities which will be properly planned and carried out in a manner that will protect and enhance the organisation's capability to prevent, withstand and recover from interruption to the supply of goods, services and works.

The organisation will minimise its risk exposure by measures such as:

- standardising contracts to include current, relevant clauses
- requiring security deposits where appropriate



- referring specifications to relevant experts
- requiring contractual agreement before allowing the commencement of work
- use of or reference to relevant Australian Standards (or equivalent)
- effectively managing the contract including monitoring and enforcing performance.

All contractual relationships must be documented in writing based on standard terms and conditions. Where this is not possible, approval must be obtained from the CFO.

To protect the best interests of the organisation, terms and conditions must be settled in advance of any commitment being made with a supplier. Any exceptions to doing this expose the organisation to risk and thus must be authorised by the CFO.

## **Dispute resolution**

All organisational contracts shall incorporate dispute management and alternative dispute resolution provisions to minimise the chance of disputes getting out of hand and leading to legal action.

## **Contract management**

The purpose of contract management is to ensure that the organisation and, where applicable, its clients, receive the goods, services or works provided to the required standards of quality and quantity as intended by the contract by:

- establishing a system monitoring and achieving the responsibilities and obligations of both parties under the contract
- providing a means for the early recognition of issues and performance problems and the identification of solutions
- adhering to the organisation's Risk Management Framework and adhering to relevant Work Health and Safety Contractor Compliance procedures.

All contracts are to include contract management requirements. Furthermore, contracts are to be proactively managed by the member of staff responsible for the delivery of the contracted goods, services or works to ensure the organisation receives value for money.

## **e-Procurement**

e-Procurement is integral to the overall development of procurement processes and involves the use of an electronic system/s to acquire and pay for supplies, services and works.

By utilising e-procurement, the organisation aims to:

- reduce transaction costs
- achieve greater leverage
- make processes more efficient



- improve management information and visibility of spend
- increase control and consistency of processes
- improve spend compliance.

## **Approach**

The organisation's procurement activities will be carried out on the basis of obtaining best value. This means minimising the total cost of ownership over the lifetime of the requirement consistent with acceptable quality, reliability and delivery considerations. Lowest price is not the sole determinate of best value.

This will be facilitated by:

- developing, implementing and managing procurement strategies that support the coordination and streamlining of activities throughout the lifecycle
- effective use of competition
- using aggregated contracts where appropriate
- identifying and rectifying inefficiencies in procurement processes
- developing cost efficient tender processes including appropriate use of e-solutions
- staff responsible for providing procurement services or assistance within the organisation providing competent advice in terms of available products and agreements
- working with suppliers to create relationships that are professional and productive, and are appropriate to the value and importance of the goods, services and works being acquired.

## **Performance measures and continuous improvement**

Appropriate performance measures are to be established and reporting systems will be used to monitor performance and compliance with procurement policies, procedures and controls.

Procurement procedures, practices and costs will be benchmarked externally. Internal service standards will be agreed within the organisation and performance against these targets will be measured and reviewed regularly to support continuous improvement.

The performance measurements developed will be used to:

- highlight trend and exceptions where necessary to enhance performance
- improve the internal efficiency of the procurement process and, where relevant, the performance of suppliers
- facilitate programs to drive improvement in procurement to eliminate waste and inefficiencies across key spend categories.



# Corporate Social Responsibility and Social procurement

Corporate Social Responsibility (CSR) is about taking positive action to demonstrate the organisation's commitment to the local community and environment on which it impacts. This means the organisation is maximising the benefits of the services they provide across the community and minimising the negative aspects of their activities. The organisation integrates CSR into its organisational policies and practices through social procurement, sustainability and diversity.

Social procurement generates positive outcomes by building on initiatives already undertaken by the organisation in enhancing sustainable and strategic procurement practice, further enabling procurement to effectively contribute towards building stronger communities and meeting the social objectives of the organisation.

The organisation is committed to social procurement by:

- ensuring all procurement practices are sustainable and strategically aligned with the wider organisational objectives
- achieving greater value for money across the community through the use of effective procurement
- ensuring all businesses have the same opportunity to tender for contracts
- enhancing partnerships with other organisations, suppliers and stakeholders
- building and maintaining a strong community by exploring ways to generate local employment and further strengthening the local economy
- purchasing ethical and fair trade goods to support equitable, local, national and international trade.

## Sustainability

The organisation is committed to achieving sustainability and ensuring it monitors and reports on organisational activities and programs that have an impact on or contribute to the environment including but not limited to the following:

- waste management
- recycling
- energy management
- emission management
- water conservation
- green building design
- procurement.

The organisation recognises it has an implicit role in furthering sustainable development, through its procurement of goods, and services and works. In addition, the organisation recognises the potential impact this spend has on the environment



and where applicable will integrate sustainability, environmental and social issues into the procurement process. The organisation aims to achieve this by:

- taking into account the need to minimise emissions and reducing the negative impacts of transportation when purchasing goods and services
- taking steps to minimise carbon dioxide and other greenhouse gas emissions through the detailed consideration of products and services procured
- considering the environmental performance of all suppliers and contractors, and encouraging them to conduct their operations in an environmentally sensitive manner
- considering the basic life cycle analysis of products to minimise the adverse effects on the environment resulting directly or indirectly from products
- selecting products/services that have minimal effect on the depletion of natural resources and biodiversity
- giving a preference to Fairtrade, or equivalent, and ethically sourced and produced goods and services
- working more effectively with local suppliers to ensure they are encouraged to bid for the business in line with the procurement policy
- ensuring all relevant procurement contracts and tenders contain sustainability specifications as appropriate to the product or service being procured.
- comply with all Australian regulations and legislation and ensuring our suppliers do the same
- training all staff on sustainability considerations within the procurement process.

## **Performance indicators**

A list of performance indicators will be developed to measure procurement performance. They will include criteria such as:

- the proportion of spend against corporate contracts
- user and supplier satisfaction levels
- knowledge and skill of employees in procurement process
- level of compliance and understanding of procurement policies
- measuring the success of procurement initiatives e.g. procurement cards.

The organisation seeks to improve its performance by capturing and analysing procurement management information in a variety of areas, including:

- volume of spend
- number of transactions per supplier
- compliance



- supplier performance
- user satisfaction
- category management
- green spend.

The organisation will also use external sources of management information to assist with the procurement decision-making process including:

- benchmarking data
- information from professional bodies such as the Chartered Institute of Purchasing and Supply Australia
- supplier reports.

## **Build and maintain supply relationships**

The organisation recognises that in order to achieve sustainable value, a strategic assessment of the appropriate 'channel to market' should be undertaken – whether to go to market on its own, participate in regional or sector aggregated projects or panels, or other means. The organisation will consider supply arrangements that deliver the best value outcomes in terms of time, expertise, cost, value and outcome.

A wide range of suppliers should be encouraged to compete for supplying to the organisation. The focus for new suppliers need not always be with the larger more familiar businesses. Other types of organisations offering business diversity include:

- local businesses
- green suppliers
- small to medium sized enterprises (SME's)
- social enterprises
- ethnic and minority business
- voluntary and community organisations.

The organisation is committed to developing constructive long-term relationships with suppliers. It is important that the organisation identifies its key suppliers so that its efforts are focused to best effect.

External communication is very important in ensuring a healthy interest from potential suppliers and partners to the organisation. The external website will be updated and provide:

- information about the organisation and how to become an approved supplier
- a list of existing and forthcoming contract opportunities, projected over a number of years
- guidelines for doing business with the organisation
- standard documentation used in the procurement process
- links to other relevant sites.



## Purpose of the Policy

This policy provides guidelines for the purchase of goods, services, equipment and assets for the business.

This policy is applicable for all purchases over \$100 and up to \$5000.

Where items to be purchased are less than \$100, then the petty cash policy is to be used.

## Procedures

### Request for Purchase

All purchases for business items must be requested through a purchase order.

All items over the value of \$200 must be supplied by authorised suppliers – refer to the New Suppliers Policy where the supplier is not an existing supplier.

For items over the value of \$200, three quotations must be provided.

A request for purchase must address the following criteria:

- purchasing that promotes environmental sustainability
- value for money
- preference to Australian/locally produced.

All purchase orders must be authorised within the following guidelines:

Items purchased	Persons authorised	Second authorisation
Retail stock	Purchasing Officer	Financial Controller or Department Head
Spare parts, components etc.	Purchasing Officer	Financial Controller or Department Head
Equipment	Purchasing Officer	Financial Controller or Department Head
Assets	Purchasing Officer	Financial Controller or Department Head

All authorised purchase orders are to be copied and one distributed to Accounts Payable with estimated payment date and one to the Purchasing Officer who will check receipt of purchase against the purchase order when received.



## **Equipment asset purchases**

All equipment and asset purchases must be entered in the financial system by the Financial Controller with the following details included:

- date of purchase
- supplier
- make, model, warranty/guarantee information.

## **Service agreements**

All agreements for the provision of services to the business in excess of \$100 are to abide by this policy.

## **Receipt of purchases**

All purchases received are to be checked against the purchase order and noted as correctly supplied.

Once the correct receipt has been recorded, this will be recorded on the purchase order and forwarded to Accounts Payable for payment of purchase.

## **Additional policies for purchasing**

Petty Cash Policy

Use of Business Credit Card Policy

Stock Control Policy



## Purpose of the Policy

All new suppliers to the business must be reviewed and accepted in accordance with this policy to ensure that the supplier service is aligned with the business objectives.

## Procedures

### Choosing a new supplier

A new supplier must provide our business with quality product, great service, competitive pricing and efficient delivery. We will consider the environmental impact, sustainability and community of our purchases in line with the organisation's policies and procedures, mission and vision.

For each new supplier the following information table must be completed prior to agreeing on services.

### Supplier selection background information

Business name of supplier: \_\_\_\_\_

Location of supplier: \_\_\_\_\_

Products/services provided by supplier: \_\_\_\_\_  
(Attach a list if necessary)

Name of business owner/representative: \_\_\_\_\_

How many years has the supplier been trading?: \_\_\_\_\_

### Supplier selection review checklist

For each new supplier being considered the following checklist must be completed

Is the supplier pricing competitive? Attach list to this checklist: \_\_\_\_\_

Is the supplier adhering to labour standards? Attach list to this checklist: \_\_\_\_\_

Is the supplier meeting environmental standards? Attach list to this checklist: \_\_\_\_\_

Is the supplier meeting community standards? Attach list to this checklist: \_\_\_\_\_

Has the supplier been provided information and education in regards to our standards and requirements? Please provide details: \_\_\_\_\_

What are the payment terms for this supplier? \_\_\_\_\_

What is the returns policy for this supplier?: \_\_\_\_\_

Does the supplier provide warranties, guarantees etc.? : \_\_\_\_\_



Are the supplier's representatives knowledgeable of the products/services and industry, the needs of the community and the requirements of operating with us?: \_\_\_\_\_

Is there an alternative to this supplier, and has the alternative supplier been considered?: \_\_\_\_\_

What are the delivery services of the supplier?: \_\_\_\_\_

Has a credit check been undertaken for the supplier? Attach to this checklist: \_\_\_\_\_

Has the Personal Property Securities Register (PPSR) been reviewed?: \_\_\_\_\_

Has the supplier been trade checked? Attach this to this checklist: \_\_\_\_\_

Does the supplier have an Environmental Policy? \_\_\_\_\_

Is the supplier local (within 15 km)? \_\_\_\_\_

### **Appointment of supplier**

The appointment of a new supplier will be authorised by the Purchasing Officer and the Department Head and must meet the standards as reviewed by the Internal Audit and Compliance team.

All relevant details of the supplier will be entered into the financial system by the Purchasing Officer once approval is obtained from the Internal Audit and Compliance team.

The Purchasing Officer will review information entered into the financial system and independently verify the bank account or other payment details of the supplier to ensure payments made are to the correct supplier.

The procurement and supply chain department will be notified within three days of the new supplier being approved.

### **Supplier payment terms**

All purchases from suppliers must be supported by a purchase order – refer to the [Purchasing](#) and [Stock control](#) policy

Payment terms for all suppliers must be reviewed by the Financial Controller every year. Following this review, each supplier must be approached to seek improved payment terms by the Purchasing Officer.

All supplier payment terms must be a minimum of 30 days. Any variation to the above must be authorised by the Purchasing Officer.

All supplier payments are to be reviewed at least once a quarter to ensure that payment terms are adhered to. For payments made to any suppliers earlier or later than the agreed terms, the Purchasing Officer will prepare a report that details the reasons why payment terms have not been adhered to.

This report will be reviewed and authorised by the Financial Controller.



## **Additional policies for suppliers**

Purchasing Policy

Procurement Policy

Stock Control Policy



## Purpose of the Policy

This policy provides guidelines for monitoring and managing the amount of stock within the business to ensure that there are suitable levels of stock available to customers at all times. This policy covers stock in store, stock in storage, stock in distribution centre and stock in transit.

It is the Stock Manager's responsibility to ensure that the stock control policy is adhered to by all employees.

## Procedures

### Purchase of stock

It is the Head of Buying's responsibility to:

- 1) identify core stock and ensure that appropriate levels are held at all times
- 2) monitor all stock levels and 'stock turns' (how many times stock turns over in a year)
- 3) for fast-moving stock, negotiate with suppliers for 'just in time' deliveries where possible
- 4) regularly review sales budgets and order necessary stock in line with budgets
- 5) negotiate with suppliers for best price, quality, delivery methods and returns policy
- 6) order all stock required
- 7) maintain 'preferred suppliers' list
- 8) keep up-to-date with customer and market trends and seek out new product for recommendation to the {insert relevant job title here, recommended stock manager}.

The purchase of all stock must be authorised by the Head of Buying and Stock Control Manager.

All stock purchases must be requested by using a purchase order form and adhere to the purchasing policy.

### Receiving stock

When stock is received from the supplier, it is the Stock Control Manager's responsibility to:

- review delivered items to delivery docket, including quantity, quality and completeness of order



- match delivery docket to purchase order
- follow-up and ensure correct stock order will be received where there is under/oversupply, damaged goods etc.
- store the stock securely and in an appropriate area
- update all stock records for receipt of goods
- inform Department Head and/or Purchasing Officer of any under/over supply or damaged goods.

## **Managing stock**

It is the Stock Control Manager's responsibility to:

- identify core stock and ensure that appropriate levels are held at all times
- monitor all stock levels and stock turns
- regularly review sales budgets and ensure that stock is ordered in line with budgets
- understand each stock item – which items are the fast and slow moving stock
- monitor re-order levels and ensure orders are placed in adequate time to reduce non-availability of core or necessary stock items
- ensure that all stock items are priced in line with the Pricing Policy
- meet weekly with the Buying team and Sales team to coordinate stock purchases, review stock performance and sales performance
- ensure that all staff are aware of new product, price changes and procedures for accurate recording of all stock movements
- ensure that there are adequate controls (physical and administrative) in place to minimise theft and/or waste of all stock items
- organise and oversee physical stocktake twice a year and match records of stocktake to administrative and financial records.

It is all sales employees' responsibility to:

- identify core stock and ensure that appropriate levels are held at all times
- raise purchase orders for low levels of stock
- adhere to the Pricing Policy and Visual Merchandising procedures
- understand the importance of good stock control
- keep up-to-date with stock pricing and new products
- ensure that all stock records are kept accurately



- ensure that all stock is securely stored to minimise theft and wastage.

## **Additional policies for stock control**

Purchasing Policy

Finance Authorisation Policy

New Supplier Policy



## Purpose of the Policy

All new wholesale customers to the business must be reviewed and accepted in accordance with this policy. This policy is to be read together with [Customer Credit Limits Policy](#).

## Procedures

### Choosing a new wholesale customer

A new wholesale customer must support our business with good credit quality and be reputable organisations with good standing in their local communities. For each new wholesale customer, the following information must be collected prior to agreeing to services.

### Customer background information

Business name of wholesale customer:

Location of customer:

Products/services required by customer:  
(Attach a list if necessary)

Name of business owner/sales representative:

How many years has the customer been trading?:

### Customer review checklist

For each new customer being considered, the following checklist must be completed.

Have trade references been sourced for the new customer?:  
(Attach copies)

Has the customer been informed of the trade terms of {Insert payment terms here e.g. 30 days from invoice } and agreed to these terms? :

Has the new customer completed a credit application form?:  
(Attach completed form)

Has the Personal Property Securities Register (PPSR) been reviewed?:

{insert additional information required to assist in the decision of appointing a new customer}

### Appointment of a wholesale customer

The appointment of a new wholesale customer will be authorised by the Head of Wholesale Sales.



Each new customer will have a credit limit set. This credit limit will be set in accordance with the Customer Credit Limits policy

All new customers must be given the [New Customer Letter](#) which must be signed and returned by the customer before any sales are to take place.

All relevant details of the new customer will be entered into the financial system by a member of the finance team once approval is obtained from the Financial Controller.

The Financial Controller will review information entered into the financial system to ensure all information is correct.

The sales department will be notified within one week of the new customer being approved.

## **Customer credit terms**

All customer payment terms must be 30 days. Where a customer has requested longer payment terms than the policy, this should be referred to and authorised by the Financial Controller.

All customer payments are to be reviewed once a quarter to ensure that payment terms are adhered to. For payments made outside of the agreed terms, the Financial Controller will prepare a report that details the reasons why payment terms have not been adhered to.

This report will be reviewed and authorised by the CFO.

## **Additional policies for customers**

Customer Credit Limits Policy

Customer Debt Collection Policy

Customer Service Policy



## Purpose of the Policy

This policy is to make sure a customer doesn't get too far into debt with you without a payment plan being put into place or work stopped.

## Procedures

Reports on customer credit must be run monthly. When a credit limit is breached, all relevant staff will be notified. This includes sales, distribution, and accounts collection.

Any current outstanding orders should be stopped until the breach in the credit limit has been rectified. All staff working on the order or sale for the customer should not carry out further work until authorised by Accounts Collection.

### **Review outstanding orders and sale history**

If the customer has a large number of orders outstanding or has increased the volume of orders since the last credit review, then a review of the credit limit must be undertaken.

This is the responsibility of Accounts Collection. If the credit limit needs to be increased, this must be approved by the Financial Controller. Once this has been approved, all staff working on outstanding orders must be notified to restart the customer's orders.

### **Credit limit is breached due to outstanding payments**

Accounts Collection must make a list of all outstanding payments. The Accounts Collection team must ring the customer and explain that further orders cannot be processed until the account has been paid. Explain that a payment will need to be made before the next order can be processed.

If the customer is having difficulty making payments, make a schedule of payments to bring them back in line with their credit limit.

Get the sign-off of the Accounts Collection Manager before discussing this option with the customer.

Use the following script to assist with the call:

“Hi John, how are you? Just thought I would give you a ring about your outstanding orders. Unfortunately, we have noticed that payments for previous sales have fallen behind on your account and these will need to be paid for before we can process the next set of orders. Are you able to fix this up today so we can continue on your order?”



If they cannot pay on the day of the phone call, then get an expected payment date from them and confirm that any outstanding orders cannot start until the payment is made.

### **Review payment terms for the customer**

If the customer has increased the volume or value of orders since the last credit review, the payment terms must also be reviewed by the Financial Controller.

Where large orders are being placed, the payment terms should include a deposit on order and/or progressive payments for each order. This must be discussed and agreed with the Accounts Collection Manager.

### **Dishonoured cheques**

On receipt of advice that a cheque has been dishonoured, except in cases of omitted or incorrect endorsement which can be rectified, the drawer of the cheque(s) should be promptly contacted with a view to the correction of any irregularity or to obtaining a fresh remittance. This remittance should be made either in cash or by bank cheque.

All moneys so collected shall be lodged to the credit of the account to which the dishonoured cheques were debited, but no official receipt should be issued unless the original receipt has been cancelled and an appropriate entry is made in the cash records. If the payer requires an acknowledgement of receipt, a letter should be provided by the CFO referring to the original receipt and the reason for issuing the letter.

### **Stale cheques**

A cheque unrepresented for six months shall be followed-up and, if necessary, 'stop payment' should be effected and a replacement issued. A cheque is to be staled if unrepresented after 15 months, by instituting stop payment procedures and insertion of a reversal entry in the cash records.



## Purpose of the Policy

This policy provides guidelines for the collection of late payments from customers.

## Procedures

An ageing debtor report is to be run every week. All overdue customer payments are to be noted and the following procedures undertaken until recovery of outstanding amounts.

- **First contact:** Once the payment is overdue, phone or email the customer. Remind them that payment is due and has not been received. Ask them when they will be paying you and keep a record of the conversation or email. Remember to be nice; they may have simply forgotten or paid it into the wrong bank account.
- **Overdue reminder:** If they do not respond to the phone call or email, try contacting someone else in the business. Let them know who you are trying to contact. This often results in a return response from either the person you were trying to contact or someone else from the business. Make a note of all conversation details on the overdue customer payment record.
- **Final notice:** When a payment is overdue for 60 days, a final notice is to be sent either by phone or email. A record of this notice must be entered onto the overdue customer payment record.
- **Direct contact:** Where there has been no response to the final notice within seven days, then Accounts Collection must either visit the customer or phone where previous contact has been by email. The purpose of this step is to secure a date of payment. A record of this notice must be entered onto the overdue customer payment record.
- **Formal letter of demand:** Where payment remains outstanding and there has been an unsatisfactory response from the customer, authorisation from the Accounts Collection Manager for a formal letter of demand to be issued must be obtained. Once authorised, this letter is to be sent via registered mail and a record of this notice must be entered onto the overdue customer payment record.
- **Debt collection agency:** Where the amount outstanding is in excess of \$10,000 and the Accounts Collection Manager has approved, a debt collection agency is to be appointed to recover the debt.



- **Write-off debt:** Customer payments that remain outstanding for 12 months are to be written off as bad debts and no further sales are to be undertaken with that customer without approval from the Financial Controller.



Our organisation has a dedicated Payroll Officer that is responsible for the payment of salaries and wages, and the management of related functions. It provides a centralised, consistent approach to the management and processing of all payroll-related transactions for the duration of a staff member's employment with us.

The Payroll Officer administers the payroll, employee and statutory deductions from pays and remunerated benefits, and answers queries. The Payroll Branch is responsible for:

- the creation of new employees on the Payroll system
- processing payroll payments to all employees
- processing of employee salary packaging arrangements
- leave administration
- preparation and issue of Payment Summaries (Group Certificates)
- deductions to external bodies, e.g. PAYG tax, superannuation, health funds, union fees, garnishee debts
- issuing payslips via Employee Self Service (ESS) and responding to ESS-related enquiries
- managing payroll changes arising from pay increments, enterprise agreement provisions; and changes to rosters
- Managing overpayment procedures.

## Purpose

The aim of this procedure is to enable paid staff to promptly find answers to their questions regarding their pay, leave, and employment entitlements and conditions from either the workplace or from home. It should result in staff being better informed regarding these matters and will save time and resources at department levels.

## Payroll business rules

The following 'Business Rules' apply to all individuals who have dealings with the Payroll Officer and have payroll-related enquiries.

### (a) Confidentiality

The Payroll Officer holds sensitive records of a personal and financial nature about all employees. All staff are required to maintain confidentiality (including within the Finance Department over this information) and must comply with these Business Rules. No employee is permitted to access any information on employees for personal reasons.

### (b) Tax File Numbers (TFN)



For privacy reasons, the Payroll Officer will not disclose a TFN to anyone over the telephone, or by email or fax. If an employee wishes to obtain their TFN from Payroll, they should visit in person with suitable identification (photo identification such as a Driver Licence or passport is preferred). His/her completed Tax Declaration Form will be shown to them so that they can write down the TFN number themselves. The Tax Declaration Form will not be handed over or made available for copying. For any staff member that is unable to come to Payroll, the Payroll Officer can mail out the TFN to the home address once they are satisfied as to the identification of the person and written authority is received (fax or emails are acceptable). A faxed or emailed copy of a Driver Licence or passport is acceptable for identification purposes for persons who have a genuine reason for being unable to attend the office in person.

#### (c) Bank details and changes

All permanent and fixed-term employees can view and change their bank details online through Employee Self Service (ESS). For those employees who do not have access, the Payroll Officer will only change details with written authority. Email/faxed notifications are permissible. Banking details will not be accepted over the telephone as there is a greater risk for error and financial loss.

#### (d) Confirmation of salaries

Payroll information will not be provided to third parties (e.g. banks, mortgage lenders etc.) unless prior written approval has been provided by the employee to release such information. The employee should name the institution(s) that will be making the enquiry. Official requests from government departments (e.g. Child Support Agency, Centrelink) will be actioned directly with the relevant department.

#### (e) Duplicate payment summaries

For those employees who cannot access ESS, requests for duplicate payment summaries should be made in writing and will be mailed to the employee's home address. Payment summaries can be mailed to a third party (e.g. accountant) with the employee's written consent.

#### (f) Payment of claims

Claims for payment (casual hours, overtime, casual academic contracts, etc.) will only be processed on original, correctly authorised documentation. Payroll will not process claims for payment that are supported by faxed, photocopied, or emailed documents. Should an original claim for payment be mislaid, a certified copy is acceptable. Claims for payments should be submitted and approved as soon as possible to ensure prompt payment to staff and to ensure up-to-date salary budget information is available to departments. Online payments through Employee Self Service must be submitted within a maximum period of six weeks.

#### (g) Pay days, deadlines and termination payments

The organisation's pay day is every second Thursday. The deadline for the payment of claims and contracts is close of business on the Thursday before pay day. Any changes to the deadline (e.g. due to Christmas break) will be notified via a Staff



Notices broadcast email. Documentation and claims failing to meet that deadline will be processed in the following pay period. Online claims must be submitted and approved by the employee's supervisor by 10am on the Tuesday before the pay day in order to be included in that fortnight's payment. Termination payments are paid into an employee's bank account the pay day after their official last day of service.

## **New staff**

Managers should utilise iRecruit to generate contracts for staff. Alternately, they should contact the Payroll Officer for further advice. Once the contract has been prepared, it is work-flowed via iRecruit to the employee who accepts the contract online. Payroll are then notified and they create the employee, assign a staff number and commence payments. Refer to 'Essential Documentation for New Staff' on what additional information is required before an employee can be created on the system. Casual support staff are paid by submitting online claims for payment via Employee Self Service. Claims can be made within three months of the current pay period.

On top of the salary rates for employees, additional employer charges are levied to the employee's cost centre. These employer charges are:

- superannuation
- payroll tax
- Workers Compensation
- parental leave.

The charges vary according to the type of employee (e.g. casual or continuing).

## **Staff travel costs**

The most cost effective and appropriate mode of transport should be taken. For example, the lesser of an airfare or kilometre reimbursement will be approved. Wherever possible, travel should be booked through the Payroll Officer. Reimbursement of costs is based on a rate per kilometre and is dependent on engine size and type. The driver is required to record the times, dates, and distances travelled between destinations and the purpose of the travel to validate the claim if required, and for audit purposes. The rates below are effective 1 July 2014 and only for motor vehicle claims where the claim is based on deductible travel to a maximum of 5000 km. Kilometres claimed in excess of 5000 km in a financial year will be taxed at marginal rates at the time of payment. Those staff that may travel in excess of 5000 km will be able to claim the expenses as a tax deduction on completion of their tax return. Affected staff are advised to keep a log book and consult with a financial advisor.



Meal allowances are claimed in combination with overtime claims. From 1 July 2014, the rates are: (Meal type/eligibility/amount) Breakfast, when required to work at least two hours overtime prior to 8.00am, \$27.70; Lunch, when required to work at least two hours overtime prior to 1.00pm and two hours after 1.00pm, \$27.70; Dinner, when required to work at least two hours overtime after 5.00pm, \$27.70.

Leave applications are made through ESS. Employees can apply for Annual, Sick, Personal, Community and Long Service Leave (if entitled). The policy governing leave entitlements can be obtained from our intranet. Any leave that affects an employee's pay (e.g. leave without pay, long service leave on half pay, parental leave, phased return-to-work) or an amended leave application must be applied for manually. The relevant leave form is available via our intranet. Once a leave application has been submitted and approved by the supervisor, it cannot be changed or cancelled unless an Amended Leave Form is completed or the employee's supervisor formally advises Payroll. To make an amendment or cancellation, the amending leave form must be submitted manually to Payroll one week prior to commencement of leave.

Staff should contact their Payroll Officer should an incorrect salary payment be identified. In situations where an overpayment has occurred, the issue is discussed and the repayment options and schedule is negotiated with the employee. Under normal circumstances, the debt should be repaid within a two-week period. A copy of all documentation relating to the overpayment is kept in the employee's personnel file. In addition, the supervisor is also notified.

All casual and fixed-term staff are terminated automatically at the end of their contract unless an advice is received from the supervisor advising that a subsequent contract is to be executed. For fixed-term staff, this information must be provided at least six weeks prior to the end of the contract to avoid a potential severance payment liability. Supervisors are notified by an automated email of a pending contract expiry, so if supervisory relationships change, it is important to keep Payroll informed.

All notices of retirements, resignations etc must be acknowledged by the appropriate supervisor and forwarded to Payroll for the calculation of termination benefits. Failure to advise Payroll in a timely manner may lead to an overpayment of salary which the department will have to expense until the debt is recovered. Termination payments are paid into an employee's bank account the pay day after their official last day of service.

All forms used by UTS staff in relation to payroll matters are available online via the web link on Payroll forms.



## Purpose and scope

The organisation and its employees must fully comply with this policy and the associated standards. However, if there is conflict or inconsistency between this policy and the laws, those laws and regulations take precedence to the extent of the conflict or inconsistency, unless this policy places a higher requirement, or compliance with this policy would result in a breach of the local legislation.

The organisation will:

- comply with all relevant environmental laws and regulations and voluntary commitments and consider environmental risks as part of risk appetite, assessment and profiling
- take action to minimise the direct and indirect impacts of its operations on the environment and to continuously improve its environmental management and environmental performance
- set, monitor and review environmental objectives and targets for operations across the organisation on a periodic basis
- identify and invest in opportunities, where appropriate, to support its customers and suppliers through products and services that assist them to realise their environmental objectives, and mitigate environmental risks and challenges
- engage with stakeholders to further its understanding of its direct and indirect environmental impacts and contribute to the development of public policy and regulation
- engage employees in the delivery of its environmental strategic agenda and support them in practical ways so they can reduce their own environmental footprints
- measure and report on its performance in keeping with relevant national and international standards and have its environmental performance and reporting independently assured.

The organisation commits to maintaining a suitably resourced staff to undertake and provide oversight of operational environmental management and reporting.





## Purpose and scope

- i. All customers should be acknowledged within the first five seconds of entering the sales office. All calls must be answered within three rings. When you are busy with another customer, acknowledgement can be one of the following:
  - a wave and smile
  - saying you'll be with them soon/placing them on hold.
- ii. When free, engage the customer in the following ways, as appropriate:
  - smile
  - make eye contact
  - if you know their name, use it along with the appropriate title, e.g. Mr, Mrs, Miss
  - refer to customers using first names only if requested to do so by the customer
  - if you've seen them in the shop before, welcome them back
  - if you've not seen them before, introduce yourself by name
  - if the customer doesn't ask for help, start a conversation with them
  - talk in an energetic manner
  - give them your full attention.
- iii. When greeting the customer, ensure you (as relevant):
  - acknowledge customer's arrival/call
  - greet with a genuine smile
  - maintain eye contact during conversations
  - introduce yourself in a friendly manner
  - recognise repeat customers
  - start a conversation
  - talk with an energetic tone
  - give the customer your full attention.
- iv. When identifying the customer's needs, ensure you:
  - use active listening skills
  - use verbal prompts
  - use paraphrasing
  - use eye contact, when relevant
  - give the customer time to talk
  - ask appropriate questions.
- v. Ensure the customer is aware of the Ethical Trading Group website. If required, help customers to register and use the website:



- show the customer how to register
- show the customer how to order
- show the customer how to provide feedback.
- vi. Refer to the office manager for information regarding stock availability and delivery options.
- vii. At the end of customer contact, add up the cost of all services. Summarise the package offered and delivery specifications.
- viii. To fulfil an order manually, take contact and credit card details and make notes. Refer to:
  - price guarantee
  - product guarantee – refunds or replacement offered for any defect or unsuitability
  - two-week delivery guarantee.
  - Note any feedback and submit to manager.

Ethical Trading Group can only succeed with the patronage of customers, and in particular, repeat customers. As a result, taking care of customers is its highest priority – at Ethical Trading Group, the customer always comes first.

Ethical Trading Group ensures its commitment to customer service excellence through quarterly monitoring of customer service performance. Results are used for continuous improvement.

#### Customer complaints

Demanding customers compel us to be our best. If handled properly, resolving complaints satisfactorily is an opportunity to increase customer loyalty. When faced with a customer complaint:

- listen to the full complaint without interrupting or getting defensive
- follow the Ethical Trading Group complaints policy
- apologise for the problem and tell the customer you will take care of it
- do everything you can to let the customer know you care and that this is not the kind of experience you want them to have at Ethical Trading Group.

#### Telephone courtesy

It is everyone's responsibility to answer the phone. Always try to answer the phone promptly, within three rings. Always answer in a friendly, polite manner: 'Good morning/afternoon/evening, welcome to Ethical Trading Group, how may I help you?'

If you are certain of the answer to the customer's question, you should respond clearly and politely. If you are uncertain, ask the caller if you may put them on hold for a moment. If there is staff member close by who can provide you with the correct information, return to the call and give the customer the necessary information. If there are no staff members close by that can help promptly, ask the caller for their name and put the caller through to a manager, making sure that you brief the



manager on the callers' name and the nature of their enquiry. Always thank the customer for calling.

#### Dress code

All Ethical Trading Group employees are expected to represent the business and dress accordingly. All sales and customer service staff members are required to wear business attire. Clothes should be ironed and neat in appearance. Faded, tattered or torn clothing is unacceptable. Wear closed footwear with rubber soles at all times.

Updated/authorised

02/XXXX CFO



## Purpose and scope

**Purpose** The purpose of this policy is to ensure the management of complaints is carried out consistently, fairly and transparently and in accordance with organisational requirements.

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**Scope** The scope of this policy covers the management of customer complaints by employees and contractors of Ethical Trading Group.

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**Resources** Specific procedures for the implementation of this policy are available below and on the company intranet.

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**Responsibility** Responsibility for the implementation of this policy rests with employees and management of Ethical Trading Group who are responsible for managing customer complaints.

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**Relevant legislation etc.** *Privacy Act 1998 (Clth)*  
*Equal Opportunity Act 2010 (Vic)*  
*Competition and Consumer Act 2010 (Clth)*  
*Occupational Health and Safety Act 2004 (Vic).*

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**Updated/ authorised** 02/XXXX–CFO

### Complaints procedures

1. Greet the customer courteously and give them your name.
2. Never argue with the customer.
3. Apologise for any product fault or poor service. Be sympathetic. Thank the customer for bringing the complaint to your attention.
4. Listen fully to what the customer is saying. Try to gather all the facts about the complaint and jot them down. Ask questions and summarise what they are saying.
5. When you have all the details about the complaint, ask the customer how they would like it to be resolved. Always suggest replacements or credit notes over refunds and discuss product options to suit customer's needs.
6. Refunds and discounts must be within your authority to offer. Request authorisation from the Sales and Customer Service Manager for amounts above your delegated authority.
7. Offer a 10 percent discount on subsequent orders to maintain customer relationship.
8. Complaints involving damage to other property are covered by our insurance. Help the customer to complete the claims form and ask if the customer can obtain quotes for repairs.



9. All complaints involving injury must be referred to the Customer Service Manager. Agree a suitable time for the Customer Service Manager to call the customer.
10. Any complaint that is not covered in the above procedures must be directed to the Customer Service Manager. Agree a time for the Customer Service Manager to call the customer.
11. At end of complaint, summarise complaint and how you commit to resolving the complaint. Gain customer agreement.
12. Submit notes on complaint to manager to include:
  - nature of complaint
  - resolution of complaint
  - feedback notes

