

CODE OF CONDUCT

Scope

This Code of Conduct applies to Directors on the Board of Southern Cross Credit Union Ltd ('ADI') and to employees, contractors and consultants (and their employees) of the ADI.

This Code of Conduct is intended to help Directors and employees to understand their responsibilities to uphold the goals and values to which the ADI aspires and to conduct the business in accordance with applicable laws and regulations.

Introduction

A Code of Conduct, like laws, cannot substitute for a sense of honesty, fairness and decency. Ultimately, the conduct of the affairs of the ADI depends upon the understanding and judgement of its employees. The ADI expects that the actions of its employees reflect the standards of the ADI.

Employees are under an obligation to the ADI not to place themselves or allow themselves to be placed directly or indirectly in a position where their private interests conflict or could conflict with their duties and responsibilities to the ADI. Accordingly, employees may not use their positions, the ADI's assets or confidential information gained in connection with their employment for personal gain or for the benefit of a family member or any outside party.

Throughout this Code where actions, conflicts, etc. of an employee are referred to, "employee" shall be read to include the companies or trusts substantially owned or controlled by the employee or direct relatives, Executive Directors and, where the context permits, Non-Executive Directors, Managers and all other employees engaged either on a contract of employment or a salaried basis.

Member Privacy and ADI Information

Employees must respect the ADI's obligation to protect the confidentiality of its affairs and to comply with privacy regulations when handling personal information of its Members. Similar respect must be paid to the privacy of fellow employees. In addition, information about the ADI's strategy, plans, projects, systems and activities is considered by the ADI to be confidential and employees must not disclose such information without proper authorisation.

Personal information collected by the ADI from or about its Members must not be used or disclosed other than for the stated purpose(s) for which it was collected, or with the consent of the Member.

It is a policy of the ADI to honestly and openly provide information to those who have a legitimate interest in its operations. In addition to formal reports to regulatory authorities and reports to the public and members required by statute, the ADI provides extensive information on its activities by way of a variety of publications and through continuing working relations with news media, financial analysts and others. The extent, timing and form of such public disclosure is a matter for

Senior Management. Apart from concern for the privacy of Members and staff members, the ADI also operates in a competitive business environment. Consequently, it would be inappropriate for the ADI to disclose information, which if published, might impair its own effectiveness and competitiveness.

Accordingly, ADI documents such as circulars, manuals, records and internal communications materials, especially materials marked "Confidential", must never be shown to outsiders without proper authorisation. Care should be exercised in conversations about the ADI with outsiders or with fellow employees in public places.

The obligation of employees to safeguard the privacy of fellow members of staff and to protect the confidentiality of the ADI's own affairs continues with equal force if the staff member leaves the service of the ADI.

Respect for the privacy of a Member's affairs is a fundamental principle of banking. The responsibility for ensuring such privacy rests with each employee.

It is important that you are familiar with the ADI's Privacy Policy which outlines the ADI's various confidentiality and privacy obligations. If you are unsure of any aspect of your obligations relating to the handling of Member or staff personal information or the ADI's confidential information you should always consult your supervisor.

In conversations with Members or other employees and when on the telephone, care must be taken to prevent outsiders from overhearing confidential personal information.

Information should not be divulged over the telephone unless the identity of the caller and his or her right to receive the information are definitely established. Particular care should also be taken in answering enquiries on credit information and data given must be limited to that permitted by standard ADI practice. Advice should be obtained from your supervisor where doubt exists.

The same considerations apply to the privacy rights of employees and similar care to avoid breaching these rights must be exercised by those employees who, by reason of their position, may have knowledge of another employee's private affairs.

Abiding by the Law

Employees should undertake at all times to comply with or observe all applicable laws and regulations.

Employees should not take any action which they know or should reasonably know violates any applicable law or regulation. Where operating rules are laid down they should be followed. The correct ADI forms, which have been prepared with legal requirements in mind, should be used at all times.

Staff members should report unlawful/unethical behaviour

The ADI encourages employees to report in good faith suspected unlawful/unethical behaviour. It is important that all staff are familiar with the ADI's Whistleblowing Policy.

Any member of staff who is uncertain as to whether an act or omission constitutes unlawful or unethical behaviour or who wishes to make a report should contact the Whistleblower Complaints Officer (WCO) directly.

The WCO will report to the CEO (or Board in certain circumstances) who will then determine what action, if any, should be taken.

The WCO will treat as confidential all such queries and reports except where action is to be taken. In which case, the WCO shall seek to maintain the identity of the employee confidential, unless the circumstances demand otherwise.

Integrity of Records

Employees should maintain required records with integrity, reflecting transactions in an accurate and timely manner.

The reliability of accounting information and records is a basic element of the ADI's integrity. All entries must be accurate and consistent with the applicable accounting standards. No false or artificial entries should be made in any books or records and no staff member should be party to any arrangements that result in such entries.

Additionally, the privacy laws require the ADI to ensure personal information it keeps is accurate, complete and up to date when it is used or disclosed.

Except in limited circumstances, the National Privacy Principles entitle individuals to access personal information the ADI holds about them, so all ADI employees should also ensure personal information records to not contain inappropriate comments or notes.

No account shall be established or operated for a purpose other than that described by the documents supporting it. Employees are required not only to avoid participation in fraudulent action or misuse of the ADI's accounts but also to report to the Manager of Compliance & Audit any such instances of which they become aware.

Misappropriation

Employees shall not misappropriate for their own use and benefit any funds or property which are not rightfully theirs nor knowingly assist another person in such misappropriation.

Honesty and trustworthiness are two of the foundations of banking. The ADI depends upon the confidence of Members that funds can be safely entrusted to the ADI. As employees may have access to large sums of money absolute honesty and integrity is essential, both on and off the job.

Conflict of interests - private business interests

Employees owe their primary business loyalty to the ADI. They must not participate in any decision, by or on behalf of the ADI, which may affect any private business in which they have an interest, unless they have disclosed the nature and extent of that interest to an Executive Manager in the ADI.

Employees must avoid acquiring any business interests or participate in any business activity outside the ADI which would tend to:

- Create an excessive demand upon the staff member's time and attention or create any distraction during working hours; or
- Create a conflict of interest, that is, an obligation, interest or distraction which would interfere with the independent exercise of judgement in the ADI's best interest.

Employees must obtain the consent of the Chief Executive Officer before accepting a position as a Director of the Board of an external company or organisation.

An employee may not approve or administer contracts or other business arrangements between the ADI and a member of the employee's immediate family or with a company, firm, or individual employing a member of the employee's immediate family in activities under the employee's administration (unless fully disclosed and approved by the Board of Directors).

An employee may not use ADI personnel, facilities, equipment or supplies for personal benefit contrary to the ADI's policies and procedures.

Conflict of Interest - Citizenship Duties – Community Involvement

Employees who discharge citizenship responsibilities through membership of public or quasi-public decision making bodies (school boards, local councils, etc.) should be alert to possible conflicts of interest and declare any such conflict.

There is no objection to employees being active in their communities, participating in political activities, running for public office, sitting on municipal councils and other public bodies. Since these institutions are often also consumers of banking services and therefore actual or potential Members of the ADI, employees in such situations must be scrupulous in declaring any such conflict of interest and judge carefully whether circumstances warrant withdrawal from deliberations on the placements of banking business.

Where employees do accept offices in social or other clubs, they should avoid any potential conflict of interest by declaring the nature of their interest (if any) in formally constituted meetings of the organisation and if required, to follow the organisation's rules in respect to non-voting in such situations.

Inside Information

Inside information about the ADI's affairs or those of its Members shall not be used by staff for their own gain or that of others.

With regard to Member client companies, while employees may not in all cases be legally classified as insiders, some employees may have such detailed knowledge of Member affairs that they should consider themselves as "insiders" and exercise the same extreme care.

Improper Payments, Gifts, Entertainment

Employees shall not use their employment status to seek personal gain from those doing business or seeking to do business with the ADI nor accept such gain if offered.

Employees must not engage in any act that could be interpreted as seeking or receiving a bribe, secret commission or questionable payment. Decisions made by employees in the course of their work must be objective and based solely upon the best interest of the ADI. They should never be influenced by any consideration of personal gain or gain to any personal associate (eg. friend or relative). Except as noted below, employees may neither seek nor accept gifts, payments, services, fees, pleasure or vacation trips or accommodation, or loans (except normal loans from regular lenders, on conventional terms) from any person, organisation or group that does business or is seeking to do business with the ADI or any of its affiliates, or from a competitor of the ADI or any of its affiliates.

An employee may not accept gifts, services or entertainment from individuals or companies doing or seeking to do business with the ADI, unless the transaction meets all of the following requirements:

- Is in keeping with good business ethics,
- Is customary and proper under the circumstances and gives no appearance of impropriety,
- Serves a valid business purpose,
- Does not impose any sense of obligation on the recipient to the donor,
- Does not result in any kind of special or favoured treatment of the donor,

- Cannot be viewed as extravagant, excessive or too frequent considering all the circumstances,
- Does not involve cash payments, gift certificates, credit arrangements of any kind or any item having a value of more than \$50 (Refer Management Plans),
- Does not involve materials, services, repairs or improvements at no cost or at unreasonably low prices,
- There is no effort made to conceal the full facts by either the recipient or the donor.

Criminal Use of the Banking System

ADIs and other financial institutions may be unwittingly used as intermediaries for the transfer or deposit of funds derived from criminal activity. Criminals and their associates use the financial system to:

- Make payments and transfers of funds from one account to another to hide the source and beneficial ownership of money; and
- To provide storage for bank-notes through a safe-deposit facility.

These activities are commonly referred to as money laundering. All staff should be familiar with ADI's procedures and policies for anti-money laundering and terrorist financing.

The ADI's integrity and the integrity of its staff may be prejudiced as a result of inadvertent association with criminal activity. It is therefore the responsibility of all staff members to be vigilant against such criminal activity.

Care should be taken to avoid providing support or assistance to Members seeking to deceive law enforcement agencies through the provision of altered, incomplete or misleading information. Business transactions should not be conducted with Members who fail to provide evidence of their identity or the purpose of the transaction if asked.

Administration

It is recognised that employees may have questions concerning whether certain of their planned or actual activities constitute departures from the guidelines of this Code. Such questions should be referred in writing to the Manager Compliance & Audit.

It is also recognised that circumstances may arise where compliance with the Code may be achieved without strict adherence to the guidelines and where such strict adherence would be unreasonable or result in undue hardship for the employee. In such circumstances, the pertinent facts of the case should be submitted in writing to the Manager Compliance & Audit.

Each Senior Manager has a continuing responsibility to review conflicts of interest situations in his or her organisational unit and ensuring that any potential or actual problems are resolved, if necessary, by referring them to the Chief Executive Officer.

Availability of the Code

This Code (or a summary of its main provisions) will be made publicly available, and updated as required, by posting it on the ADI's website in a clearly marked Governance Section.