

# Conflicts of Interest Policy

August 2018



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## Revision Header

Revision No.	Revision Date	Revision Comments	Prepared By:	Approved By:
1	August 2018	Initial Version	Compliance Officer	Board

This policy has been reviewed on August 2018.

This Policy will be reviewed every two years. This Policy can be amended only with the approval of the senior management team or the Aliro Group board, with the exception of minor amendments that do not affect the nature, substance or intent of the document.

## 1. Purpose

The Conflicts of Interest Policy (the “Policy”) has been written specifically to meet our conflicts of interest obligations under section 912A(1)(aa) of the Corporations Act (Cth) 2001 (the “Act”), a requirement of our AFS licence.

Aliro is committed to meeting our obligations in relation to conflicts of interest that may arise. For this purpose, this Policy should be read in conjunction with the following Aliro policies:

- Code of Conduct

### 1.1. What does this Policy cover?

This Policy sets out the common principles and minimum standards for the management of conflicts of interest and covers the following areas:

- obligations: the general obligations of directors, officers, authorised representatives, secondees and contractors of Aliro around conflicts of interests;
- identification: how to identify a conflict of interest;
- reporting: how to report your own conflict or report another person’s conflict within Aliro;
- managing a conflict: the process undertaken to assess and evaluate potential conflicts when they have been reported and the types of controls that may be put in place to manage the conflict;
- protections: the mechanisms in place to protect people from reprisal or disadvantage when they report conflicts; and
- governance: review and oversight arrangements for this Policy.

## 2. Scope

This Policy applies to all directors, officers, employees, authorised representatives, secondees and contractors of Aliro and its related bodies corporate.

## 3. Introduction

A conflict of interest is a situation in which a company or an individual, in a position of trust, has competing professional or personal interests. Such competing interests may make it difficult for the company or individual to fulfil their duties impartially and can create an appearance of impropriety that may undermine confidence in the company or the individual, even if no unethical or improper act results from the conflict.

Aliro Limited (“Aliro”) has developed the following policies which are designed to deal with general conflict obligations as well as certain specific obligations that the law imposes on Aliro and its directors and officers to manage conflicts.

## 4. Conflicts of Interest Policy

### 4.1. What is a conflict of interest?

For the purposes of this Policy, conflicts of interest are circumstances where some or all of the interests of people (clients) to whom Aliro (or its representative) provides financial services are inconsistent with, or diverge from, some or all of the interests of Aliro or its representatives. This includes actual, apparent and potential conflicts of interest.

Conflicts of interest can be broken into three categories:

- Real: where there is actual conflict between your personal interests and professional interests.

- Potential: where personal interests are capable of coming into direct conflict with the performance of professional duties.
- Perceived: where it appears, or could reasonably be perceived by others, that a personal interest is improperly influencing the performance of duties or decisions, regardless of whether this is actually the case or not.

#### 4.2. Examples of conflicts of interest include Aliro, its related parties or employees in relation to the schemes it operates:

- Arranging for a scheme to invest in (divest to) parties they have an interest in;
- Investing a scheme's assets into Aliro's investee companies or schemes relating to them;
- Entering into agreements that are beneficial for their own interests on behalf of a scheme;
- Acting in other capacities (i.e. investment manager, administrator or custodian) of a scheme, whereby its interests may not align with all the scheme's members (for example minimising fees paid);
- Using common external third-party service providers for the scheme, whereby the benefits of the use of those third-party providers could flow disproportionately to them;
- Entering into transactions that benefit one scheme over the interests of another scheme; or
- Using information gained in operating the scheme to further their own interests.

## 5. How do I identify if there is a conflict of interest?

Conflicts of interest occur regularly during the course of everyday business activities. Having a conflict of interest is not necessarily an issue; it is how the conflict is identified and managed that is important.

That is why it is important to consider:

- if there is a conflict of interest; and
- if a conflict is identified, that it is reported as soon as practicable and then appropriately managed.

When identifying a conflict of interest, you should take into account the various capacities in which the organisation and employees act. This may include:

- as a company;
- as a responsible entity;
- as an employee;
- as a director and/or officer; and
- as an authorised representative.

You should also take into account the different sources in which a conflict of interest might arise. This includes the use of information, providing or receiving gifts and benefits or dealings with related parties.

The following questions can assist you to identify a conflict:

- do I or a close family member know or have a connection with our customer or supplier?
- am I likely to make a financial gain, or avoid a financial loss, at the expense of the client?
- will I receive a financial or other incentive to favour the interest of one client over the interests of another client?
- am I likely to receive or obtain monetary or non-monetary benefits like goods or services from a third party other than the standard fees and commissions?

- will I or Aliro benefit from the relationship in a way that is not known or otherwise declared to the client?
- am I using knowledge about my client in a way that may benefit me without the client knowing about this?
- if appointing a related party to perform a service, is that likely to result has Aliro tested whether another party might be a more effective appointment?
- will this decision favour one client over other clients?
- how would this conduct look if it was reported on the front page of the paper?

If, after asking the above questions, you are still unsure if a conflict exists or may exist, you should speak to the Compliance Manager.

In addition, during the development of this Policy, Aliro' management team identified specific conflicts of interest that are relevant to our financial services business and these conflicts have been entered in our Conflicts Register. You should take the time to review the Register to familiarise yourself with the conflicts identified.

## 6. Reporting a conflict of interest

If you become aware of an actual, apparent or potential conflict of interest that has not been previously reported, you must immediately notify our Compliance Manager.

Once the notification has been given, you should take no further action in relation to the situation that has created the potential or actual conflict until you have received a consent to act from the Compliance Manager.

If the Compliance Manager is not available please advise any conflicts to the Aliro chairman.

## 7. Managing conflicts of interests

Once a conflict of interest has been identified and reported, our Compliance Manager will assess and evaluate the conflict. In doing so, consideration will be given to the impact of the conduct on the Aliro' business objectives and reputation.

In particular, consideration will be given to whether:

- financial services are being provided in a manner that unfairly puts the interests of Aliro or our representatives ahead of our clients;
- financial services being provided in a manner that unfairly puts the interests of one client of Aliro over the interests of another; and
- if we are using knowledge about our clients in a way that is likely to advance our own or our representatives' interests without sufficient disclosure to affected clients.

Where a potential conflict exists, Aliro may manage it by using one or more of the following:

- **Disclosing** the conflict of interest;
- **Controlling** the conflict of interest;
- And/or **avoiding** the conflict of interest

### 7.1. Disclosure of conflicts

Where a potential conflict exists, the Compliance Manager may elect to manage it by disclosing the general nature and/or sources of specific conflict to the unitholders and obtain the unitholders' consent or waiver before undertaking any activity that may further lead to the conflict or potential conflict occurring.

Disclosure is an essential tool for Aliro to manage conflicts. We must ensure unitholders are adequately informed about any conflicts that may affect the provision of our financial services for them.

This means providing enough detail about the conflict of interest to unitholders in a clear, concise and effective format so that they are able to make informed decisions about how the conflict may affect the service(s) being provided to them and/or on their decision to acquire the services.

With this in mind, Aliro's Policy is to ensure disclosures:

- are timely, prominent and meaningful;
- will occur before the financial service is provided so that the unitholders will always have time to assess the effect of the conflict on our service;
- refer to the actual service we are providing at that time; and
- are in writing.

For any financial product advice, we must disclose the extent that we (or any associated person):

- have a legal or beneficial interest in the financial product;
- are related to or associated with the provider of the financial product; and
- receive financial or other benefits if the advice is followed.

### 7.2. Controlling the conflict

In some circumstances, Aliro may elect to manage the conflict by enacting controls, these may include enacting information barriers inserting procedures whereby conflicted parties do not access restricted information or influence decisions that may benefit them. Typically, Aliro will only seek to control a conflict if the existence of the conflict and proposed control procedures have also been disclosed to unitholders.

### 7.3. Avoiding the conflict

The actual or perceived potential consequences of some conflict situations may be so detrimental to Aliro that these conflicts need to be **avoided**.

## 8. Personal conflicts of interest

Aliro staff must not misuse their position or information they receive in the course of their employment or association to create a personal benefit for themselves, their family, friends, any other person, or to cause detriment to Aliro and or unitholders in its schemes. In particular, staff must avoid conflicts of interest arising from competing interests, dealings with business affiliates and personal relationships. Further information on personal conflicts of interest are set out in Aliro's Code of Conduct.

## 9. Practical steps to minimise the occurrence of conflicts of interest

There are a number of practical steps you can take to minimise the risk the occurrence of a conflict of interest in the performance of your work. These include but are not limited to:

- being aware of the existence of this Policy and understanding the potential impact inappropriately managed conflicts can have on our business;
- ensure that dealings with customers, suppliers and other parties are at arm's length to avoid the possibility of actual or perceived conflicts of interest;
- refrain from soliciting, accepting or offering commissions, fees, gifts or entertainment which might influence, or appear to influence your business judgment;
- put the interests of one client unfairly ahead of the interests of another client; and
- avoid engaging in any practice that could be seen as bribery, fraud or otherwise unethical.

## 10. Conflicts Register

Aliro has established a Conflicts Register to record any actual and potential conflicts that may arise in connection with our financial services business and the conflict management arrangements pertaining to the conflicts.

All staff should be familiar with the Conflicts Register, as it is a tool to identify conflicts within our business.

Our Compliance Manager is responsible for updating and maintaining the Conflicts Register. The Register will be updated on an ongoing basis to ensure its currency and will note:

- the nature of the conflict; and
- the nature of any control measures implemented to manage the conflict.

Aliro shall on a quarterly basis review the Conflicts Register and provide a report to the board about the status of conflicts entered into the register.

In addition, we will ensure that all records including notifications, assessments, controls, reports, conflicts identified and actions taken, conflicts of interest disclosures given to clients or the public as a whole and training records will be kept for 7 years.

## 11. Monitoring

Compliance with this Policy will be monitored through a number of different methods including:

- internal reporting;
- training with the aim of educating all persons affected to identify and report breaches which may arise because of a conflict of interest;
- undertaking a conflicts review of any new products or services; and
- review the complaints log to determine whether any disputes are a result of a conflict of interest between Aliro and a client or supplier.

## 12. Protections

Any employee who discloses a potential conflict of interest under this Policy will be protected from reprisal or disadvantage provided that the reports are made in good faith and the employee has not engaged in the potential conflict themselves.

## 13. Governance

When this policy is reviewed, it will consider the following:

- the internal structures and reporting lines that enable Aliro to effectively manage conflicts;



- that our arrangements remain relevant to the nature, scale and complexity of our business;
- the adequacy of our conflict management records including reports to senior management and disclosures to key stakeholders; and
- the adequacy of employee and representative training of our conflict management procedures.