

Conflicts of Interest Policy

October 2019



Pendal Fund Services Limited
ABN 13 161 249 332,
AFSL No 431426

Pendal Institutional Limited
ABN 17 126 390 627,
AFSL No 316455

GENERAL INFORMATION

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Version Control

| Version | Date | Change Detail | Change By | Approved By |
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| 1 | Aug 2014 | Annual review and update | Risk & Compliance | Executive Committee Risk Forum |
| 2 | Aug 2016 | Annual review and update | Risk & Compliance | Executive Committee Risk Forum |
| 3 | Sept 2018 | Annual review and update | Risk & Compliance | Executive Committee |
| 4 | Sept 2019 | Annual review and update (no material changes) | Risk & Compliance | Head of Risk & Compliance |
| 4.1 | October 2019 | Donations and contributions to political parties by Pendal or on behalf of Pendal in its corporate capacity are prohibited. | Risk & Compliance | Pendal Group Ltd Board |

Conflicts of Interest Policy

1. Purpose and Application

The Conflicts of Interest Policy (the Policy) applies to Pental Funds Services Limited (ABN 13 161 249 332, AFSL No 431426) (PFSL) and Pental Institutional Limited (ABN 17 126 390 627, AFSL No 316455) (PIL) (together, **Pental**).

The Policy provides a framework for managing actual, potential and perceived conflicts of interest, and guidance on how to deal with particular situations. The Policy also sets out the main principles for dealing with conflicts as they arise and the framework to follow when conflicts arise which do not fall within our existing policies and procedures.

Scheme members and discrete clients will be collectively referred to as 'clients' in this Policy.

Managing conflicts of interest is key to maintaining our clients' loyalty and building business through trust. We have a duty to act in the best interest of our clients and to ensure that Pental does not place itself in a position of conflict with its clients, or to put one client's interest above other client's interests.

This Policy is necessary to ensure that you, as Pental employees:

- Understand and meet your obligations;
- Manage our clients' investments and funds with their best interests in mind;
- Uphold our good reputation for putting clients' interests first;
- Act lawfully and help us comply with relevant laws; and
- Avoid any conflict between your interests and those of Pental and its clients.

2. Who does this policy apply to?

This Policy applies to Pental employees, secondees, people on work experience, consultants and contractors (called 'employees and contractors' in this Policy). If this Policy applies to you, you should read it and make sure you understand it. If you need guidance speak to your people leader or the Risk & Compliance team.

3. Regulatory Requirements and Industry Standards

Pental's obligation to manage conflicts of interest arises:

- Under the Corporations Act 2001, we are required to manage conflicts of interest as an Australian Financial Services Licensee;
- Under the Corporations Act 2001 and the ASX Listing Rules, we are required to manage conflicts of interest with regards to related party transactions;
- ASX Corporate Governance Principles 1 and 3:
- Under ASIC Regulatory Guide 181: Managing Conflicts of Interest which sets out ASIC's views on how to comply with the conflicts management obligation; and

- Under common law obligations.

Key voluntary standards used as guidance include (but are not limited to):

- APRA Prudential Standard SPS 521: Conflicts of Interest;
- Australian Standard AS 3806-2006 Compliance Programs; and
- CFA Institute Asset Manager Code of Professional Conduct.

4. What is a Conflict of Interest?

Actual or potential conflicts of interest can occur where the interests of one individual or group are inconsistent with the interests of another individual or group. This can occur when an employee has a personal or professional interest sufficient to influence, or appear to influence, the objective performance of their duties and responsibilities to Pandal.

It can also occur when Pandal's interests or the interests of Pandal employees or representatives are inconsistent with some or all of our clients' interests.

A 'perceived' conflict of interest is where other people may have the impression that a conflict of interest exists. At Pandal, we need to manage actual, potential and perceived conflicts of interest.

Conflicts of interest are common within the financial services industry and managing conflicts is part of our everyday business. The key is to recognise how conflicts may arise and adequately manage these conflicts. To do this, it is important to understand the relationships between members of Pandal, its employees and contractors, and our clients. These relationships are set out below, with examples to illustrate the types of conflicts which can arise in these relationships.

- Employee-Client Relationship:
 - Accepting excessive gifts or hospitality from clients may cause the perception that other clients will not be treated equally. Refer to Pandal's Gifts and Hospitality Policy for further details.
 - The personal account trading of employees may place their interests ahead of the interests of clients. Refer to Pandal's Personal Account Trading Policy.
- Employee- Pandal Relationship:
 - Dishonest behaviour, such as taking Pandal's confidential information or intellectual property for personal use. This benefits the employee and directly conflicts with Pandal's interests.
 - External business interests of employees could conflict with their duties as an employee.
- Pandal -Client Relationship:
 - A decision to invest or redeem funds between Pandal schemes may benefit Pandal Responsible Entity over investors.
 - A decision to utilise internal capability to manage an asset class instead of appointing an external manager.
- Pandal Client-Client Relationship:
 - A decision which impacts on a fund may have different consequences for retail verses wholesale investors.

5. How to identify a Conflict of Interest?

Many of the conflicts that arise regularly in Pental have been previously identified and they are effectively managed in our policies or procedures. However, you may occasionally find yourself in a situation of potential or perceived conflict which is not covered by existing policies or procedures.

If you think a conflict has arisen, or you are unsure, ask your people leader or Risk & Compliance for guidance. If there is a conflict and no existing policy or procedure applies, Risk & Compliance can help you decide how to manage the conflict, by either putting controls in place, disclosing it or, if necessary, avoiding it all together.

Where the conflict is not specifically covered by an existing policy, employees are required to escalate the conflict through the Incident Management Policy process. This process ensures that Risk & Compliance is involved in investigating, assessing and evaluating the conflict to determine an appropriate course of action. If a conflict of interest arises which cannot be effectively managed or resolved at the team level, Risk & Compliance can advise you on whether the conflict should be escalated to the CEO Pental.

Where conflicts arise involving the CEO Pental these should be escalated to the Group CEO, in addition to Risk & Compliance.

Risk & Compliance will keep a written record of the conflicts that have been raised. The record includes the names of the parties concerned, the nature and impact of the conflict, and the decision made about how to manage the conflict.

6. Related Party Transactions

Where a transaction or matter concerns related parties, the interests of all parties are required to be considered objectively and fairly, and consideration given to the interests of the underlying parties as well as the interests of clients. The *Corporations Act 2001* and ASX Listing Rules contain detailed provisions in relation to related party transactions. The key principle is that the law prohibits a public company from giving a financial benefit to a related party except in accordance with requirements set out in the *Corporations Act 2001*.

Pental is committed to managing its related party transactions objectively and fairly, and has a governance framework in place for the review and approval of all related party transactions.

7. Principles for Managing Conflicts of Interest

The main principles you must follow when faced with a conflict of interest are set out below:

7.1. Treating clients fairly, honestly and efficiently

You must:

- Act fairly and objectively when making decisions which affect more than one client;
- Act fairly and objectively when making decisions which affect related parties or other corporate entities;
- Place the interests of our clients first;
- Act in accordance with the client's instructions and the terms and conditions of the product or service;
- Treat client information confidentially; and

- Act in accordance with the spirit and letter of our policies, our procedures, and the law.

8. Managing Specific Conflict Scenarios

8.1. Employee Investment

You must comply with the Pental's employee investment policies, including the Personal Account Trading Policy and Insider Trading Policy.

8.2. External Employment and Business Interests

You cannot participate in business activities as a consultant, principal, partner, director, agent, or employee outside your employment at Pental without the approval of the CEO, Pental. The CEO, Pental may provide consent if the work will not adversely affect your ability to carry out your duties and responsibilities to Pental and the work does not create an actual, potential or perceived conflict of interest with Pental or its clients.

You must not act on behalf of Pental in any business in which you, or an entity controlled by you or your family members, have a significant managerial influence, or a substantial ownership or beneficial interest.

8.3. Memberships on External Boards, Committees and Working Groups

When you join Pental, you must disclose all directorships, committee memberships or working parties (collectively called "directorships"). You must also obtain the consent of the CEO Pental before accepting a directorship with another (non- Pental) entity, including charities and not for profit organisations.

If you receive a payment for representing Pental on a board, committee or working party or delivering an external presentation on behalf of Pental, you must credit the payment to Pental, as Pental will be paying you during your participation.

Generally, Pental is supportive of employee involvement in the community. Approval to hold a directorship may be granted, however all approvals will be subject to the ultimate discretion of the CEO, Pental and such discretion may be reviewed and updated from time to time.

8.4. Memberships on Internal Boards, Committees and Working Groups

Members of Pental Boards, including the Pental Group Board, Responsible Entity Board and Managed Investments Compliance Committee (MICC) are required to declare external business interests and interests in securities which could lead to actual, potential or perceived conflicts of interest. These interests are recorded in a Register of Interests maintained by Secretariat and circulated and discussed as an agenda item at each MICC or Board meeting.

In the event that a conflict of interest does exist, the Board or Committee will consider how the conflict will be resolved or managed by taking the following actions:

- The conflicted director or committee member will absent himself or herself from the relevant part of the meeting; or
- The Board or Committee resolves that the conflicted director should remain and participate in the meeting where in the best interests to do so; and

- The above processes are to be recorded in the minutes of the relevant meeting.

Where a conflict is identified during the course of a meeting, consideration should be given by the Board or Committee as to how the conflict will be resolved and managed.

9. Conflicts of Interest Framework

Pendal has a Conflicts of Interest Framework in place which includes procedures for conflict risk assessment, maintenance of a Conflicts of Interest Register, ongoing monitoring of conflicts and employee training program. This Register is maintained by Risk & Compliance and reviewed on at least an annual basis.

10. Political & Regulator Engagement

Donations and contributions to political parties by Pendal or on behalf of Pendal in its corporate capacity are prohibited.

All other significant political engagement (excluding donations) is subject to approval by the PFSL and PIL Boards. Political engagement is significant where Pendal takes a stance on a particular issue or matter. Discussions with politicians on regulatory or industry issues do not require board approval if the purpose of the engagement is for information only.

Regulatory engagement is governed by the “Managing our Regulator Relationships” Policy.

11. Related Policies and Guidelines for managing conflicts

There are a number of Pendal policies and publicly available client documents which refer to the management of conflicts of interest within Pendal. These include, but are not limited to:

- Code of Conduct
- Principles of Internal Governance and Asset Stewardship
- Personal Account Trading Policy
- Trading in PDL Securities Policy
- Information Barriers Policy
- Gifts & Hospitality Policy
- Pendal Financial Services Guide
- Product Disclosure Statements
- Board and Committee Charters
- Whistleblower Policy

For more information contact the Risk & Compliance Team
key account manager or visit pendalgroup.com

PENDAL

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