



CONFLICT OF INTEREST – RELATED PARTIES POLICY

An overview

The *Corporations Act 2001* deals extensively with the rights and obligations of organisations when it comes to “*related party*” transactions, and insider trading prohibitions. MacarthurCook is committed to ensuring that it has a culture of openness and transparency in all of its dealings, and that all staff understand their obligations when it comes to *related party* dealings.

What is a *related party*?

There are various types and permutations of *related parties* under section 228 of the *Corporations Act*. Essentially:

- (a) an entity that controls a public company is a related party of that company;
- (b) the following are related parties of a public company:
 - (i) directors;
 - (ii) directors of any entity that controls the public company;
 - (iii) spouses and de facto spouses of those persons in (a) and (b),
as are the following relatives of those people:
 - (iv) parents; and
 - (v) children.

At a particular time, an entity may also be a related party of a public company, such as MacarthurCook, if that entity:

- (a) was a related party of the company at any time within the previous 6 months; or
- (b) the entity believes or has reasonable grounds to believe that it is likely to become a related party of the company at any time in the future.

What is the policy concerning *related parties*?

Our policy is that no member of the MacarthurCook group of companies may enter into an agreement, contract or covenant with a related party that results in a *financial benefit* unless the transaction has been approved by the company which is proposing the transaction.

In determining what constitutes a *financial benefit*, consideration must be had to:

- (a) the benefits being given, even if civil or criminal penalties may be involved; and
- (b) the economic and commercial substance of the conduct giving rise to the transaction.

The following are examples of giving a financial benefit to a related party:

- (a) giving or providing finance or property to the related party;
- (b) buying an asset from, or selling an asset to, the related party;
- (c) leasing an asset to or from the related party;
- (d) supplying services to, or receiving services from, the related party;
- (e) issuing securities or granting an option to the related party; and
- (f) taking up or releasing an obligation of the related party.

ASX Listing Rules

In addition to the Corporations Act requirements for related party transactions, MacarthurCook must also comply with ASX Listing Rules on transactions with persons in a position of influence.

Under Listing Rule 10.1, MacarthurCook must ensure that neither it, nor any of its child entities, acquires a substantial asset from, or disposes of a substantial asset to, any of the following persons without the approval of the holders of the stapled securities or without the grant of a waiver by the ASX:

- (a) a related party (as defined in the Corporations Act – see section 2.1.1 above);
- (b) a subsidiary;
- (c) a substantial holder, if the person and their associates have a relevant interest, or had a relevant interest in the preceding 6 months, in at least 10% of the total votes attached to the stapled securities;
- (d) an associate of a person referred to in paragraphs (a) to (c) above; and
- (e) a person whose relationship to the entity or a person referred to in paragraphs (a) to (d) above is such that, in ASX's opinion, the transaction should be approved by security holders.

An asset is 'substantial' if its value, or the value of the consideration for it is, or in ASX's opinion is, 5% or more of the equity interests of the entity as set out in the latest accounts given to ASX.

Rule 10.1 does not apply to:

- (a) a transaction between the entity and a wholly owned subsidiary;
- (b) a transaction between wholly owned subsidiaries of the entity;

- (c) an issue of securities by the entity for cash;
- (d) in the case of a trust, a transaction involving a substantial asset that was not beneficially held for the trust before the transaction and is not beneficially held for the trust after the transaction; or
- (e) a transaction between the entity and a person who is a related party by reason only because the person believes, or has reasonable grounds to believe, that the person is likely to become a related party.

Procedure for dealing with Related Party Transactions

If a member of MacarthurCook proposes to enter into a transaction which may be contrary to the policy stated in section 3 above or contrary to the ASX Listing Rules, the following procedure applies:

- (a) The manager or executive proposing the transaction must disclose the following details of the transaction to the Board of the company or responsible entity.
- (b) The Board will then consider the information provided in order to determine whether and how to proceed with the proposed transaction. The Board may confer with MacarthurCook's internal or external legal service providers in reaching this determination.
- (c) Should the Board determine that the proposed transaction is permissible under both the Corporations Act and the ASX Listing Rules the transaction may be carried out in the normal manner.
- (d) Should the Board determine that the proposed transaction is not permissible under the Corporations Act or the ASX Listing Rules, the transaction should be referred to the Head of Legal and Compliance by the manager or executive to ensure that, if proceeded with, the transaction is carried out in a manner that is compliant with all applicable rules and laws. This may include calling a meeting of members to approve the related party transaction in accordance with all applicable laws, rules and the constitution of the relevant entity/scheme.

How we monitor compliance with the policy

A policy is only effective when it has equally effective compliance measures. To this end, all directors and staff of MacarthurCook are required to sign the "*Confirmation of Compliance Declaration*":

- (a) annually (on 1 July each year); and
- (b) as otherwise determined by the Compliance Manager.

The policy forms part of the MacarthurCook Policy Manual, and is also available on our website (www.macarthurcook.com.au).

The Compliance Manager will update the policy as changes develop to the *Corporations Act* treatment of related parties transactions.

What you should also read

MacarthurCook also has a separate policy for dealing with day-to-day conflicts of interest that may arise from time to time (entitled “*Conflicts of Interest Policy*”) which should be read in conjunction with this Policy.

Contact Us

If you wish to find out more information, or raise any specific concerns about MacarthurCook or our products, the contact details are as follows:

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