



# Conflicts of Interest Policy

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## 1. Purpose and application

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 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.

GDI Property Group (GDI) has developed the following policies which are designed to deal with general obligations as well as certain specific obligations that the law imposes on GDI and its directors and officers to manage conflicts.

This policy applies in conjunction with the following:

- Board Charter
- Code of Conduct
- Risk Management Policy and Framework
- Whistleblower Policy
- Fraud, Bribery and Corruption Prevention Policy

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## 2. Conflict of Interest – All Staff

All staff have a responsibility under the terms and conditions of their employment to use all reasonable endeavours to avoid any situation where their interests may conflict or be inconsistent with the interests of GDI. If such a situation arises, or may reasonably be expected to arise, employees and senior executives are required to notify their supervisor.

GDI has developed a Fraud, Bribery and Corruption Prevention Policy a Whistleblower Policy to assist in the management or reporting of actual or perceived conflicts of interest.

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## 3. Conflict of Interest – Directors and Officers

### 3.1 The legal obligations of Directors and Officers

The general law rule that directors must not promote their own personal interests ahead of the company has been reinforced by Section 181 of the Corporations Act (any Section reference hereafter in this Policy is a reference to the relevant Section in the Corporations Act, unless otherwise stated). This section also extends the obligation to include officers of the company.

Section 181 states:

*“A director or other officer of a corporation must exercise their powers and discharge their duties:*

- (a) in good faith in the best interests of the corporation; and*
- (b) for a proper purpose”.*

In addition to reinforcing the general law in Section 181, the Corporations Act:

- Requires directors to disclose material personal interests to other directors (Section 191);
- Regulates voting by directors regarding material personal interests (Section 195); and
- Establishes additional obligations on directors that supplement a director's duty to avoid conflicts of interest including;
  - i. Section 182, which prohibits directors and officers from improperly using their position;
  - ii. Section 183, which prohibits directors and officers from improperly using inside information;
  - iii. Section 184, which creates a criminal offence if a director or officer uses their position dishonestly or recklessly in such a way that they, or someone else, may gain an advantage or that detriment may be caused to the company.

Disclosing a material personal interest to the board and following the appropriate voting procedures established under the Corporations Act does not in every situation release directors or officers of their conflict of interest obligations. In certain circumstances, a director or officer will be required to take positive action to ensure that they are acting in good faith and in the best interests of the company.

### **3.2 What is a material personal interest?**

There is no legal definition of what constitutes a material personal interest.

In general terms GDI considers that a matter may be material where the personal interests of a director or officer could interfere with, or could reasonably be perceived to interfere with, the exercise of a director or officer's unfettered and independent judgement. GDI requires all directors declare any interests in GDI, other than securities held as disclosed in relevant ASX director's disclosure documents and as referenced annually in the financial statements, as soon as practical and no later than at every Board and sub-committee meeting (see Section 3.3 and 3.5). The Board will then collectively determine whether that interest is a material personal interest, having reference to relevant legislation, Corporate Governance Principles and the ASX Listing Rules.

### **3.3 When disclosure must be made**

Subject to the exemptions listed below, a director or officer of GDI must disclose a material personal interest in a matter that relates to the affairs of GDI as soon as practicable after the director or officer becomes aware of their interest in the matter, but at a minimum at the commencement of the next management or Board meeting.

### **3.4 Exemptions from giving a disclosure notice**

In accordance with Section 191, a director or officer does not need to give notice of a material interest if:

- a) The interest arises because the director or officer is a member of the company and the interest is held in common with other members of the company; or

- b) The interest arises in relation to a director's or officer's remuneration as a director or officer of the company; or
- c) The interest relates to a contract the company is proposing to enter into that is subject to members' consent and will not obligate the company if not approved by members; or
- d) The interest arises merely because the director or officer is a guarantor or has given an indemnity or security for a loan to the company, or the director or officer has a right of subrogation in relation to the guarantee or indemnity; or
- e) The interest relates to a contract insuring the director or officer against liabilities the director or officer incurs as an officer of the company; or
- f) The interest relates to any payment by the company or a related body corporate in respect of an indemnity permitted under Section 199A or any contract relating to such an indemnity; or
- g) The interest is in a contract or proposed contract with a related body corporate and arises merely because the director or officer is a director or officer of the body corporate; or
- h) The director has given a standing notice in accordance with Section 192 of the nature and extent of the interest and the notice is still effective in relation to the interest; or
- i) The director or officer has already given notice of the nature and extent of the interest and its relation to the affairs of the company and all of the following are satisfied:
  - i. in the event a new director has joined, the board notice has been given to the new director; and
  - ii. the nature or extent of the interest has not materially increased above that disclosed in the notice.

### **3.5 Our procedures for dealing with conflicts**

#### **Notification of personal interest**

A director or officer must disclose a personal interest by providing written notice of the interest at a board meeting or by providing written notice to each director individually. The disclosure must specify the nature and extent of the interest, and its relation to the affairs of GDI.

Where notice is provided to a board meeting, it should be delivered to the Company Secretary prior to the board meeting so that it may be included in board papers and the directors can be made aware of the circumstances surrounding a director's interests.

#### **Conduct of board meetings**

Under Section 195(2), a director with a material personal interest, may be present and vote on the matter only if directors who do not have a material personal interest in the matter have passed a resolution that:

- a) Identifies the director, the nature and extent of the director's interest in the matter, and its relation to the affairs of the company; and
- b) States that those directors are satisfied that the interest should not disqualify the director from voting or being present.

Otherwise, the director with the material personal interest must not be present whilst the matter is being considered by the meeting and must not vote on the matter.

Where a director has provided written notice of a material personal interest the chair shall ensure that:

- a) The nature of the interest shall be entered into the Directors and Officers Conflicts Register;
- b) All other directors are fully informed with respect to the nature of the personal interest; and
- c) Details of the disclosure and the exit and entry of the disclosing director are recorded in the minutes of the meeting.

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## **4. Conflicts of Interest – Financial Services**

Section 4 of this policy has been written specifically to meet our conflict of interest obligations under Section 912A(1)(aa) and ASIC Regulatory Guide (RG) 181 which explains how we must manage our conflict obligations as the holder of an Australian Financial Services (AFS) licence.

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

Conflicts of interest in the context of GDI's AFS licence are circumstances where some or all of the interests of people (clients) to whom GDI (or any of its representatives) provide financial services are inconsistent with, or diverge from, some or all of the interests of GDI or its representatives. This includes actual, apparent and potential conflicts of interest.

Examples of conflicts of interest are:

- GDI entering into an investment or arrangements with a related party of GDI or a representative of GDI;
- GDI, as the investment manager of a managed investment scheme, has an interest in maximising the fees it earns from managing the scheme, however the beneficiaries have an interest in minimising the fees they pay as members of the scheme, although the stapled structure of GDI eliminates this potential conflict as it relates to GDI Property Trust;
- GDI investing in assets that related parties have interest in;
- Any of GDI's directors or employees investing in their personal capacity into GDI's investee companies;
- The Financial Services Conflicts Register contains a full listing of all current conflicts of interest situations that have been identified by GDI.

### **4.2 Who must comply with our conflict of interest policy?**

The following people must comply with this policy:

- GDI employees
- GDI directors
- GDI authorised representatives
- An employee or director of a related body corporate of GDI
- Any other person acting on behalf of GDI (for example a contractor).

### **4.3 What are our conflict of interest obligations?**

As an AFS licensee, GDI has specific legal obligations under Section 912A(1)(aa) to have in place adequate arrangements to manage our conflicts of interest and to ensure that our financial services are provided efficiently, honestly and fairly.

RG 181 explains how ASIC expects licensees to comply with this statutory obligation.

GDI's conflicts management obligation as an AFSL holder does not prohibit us from having conflicts of interest, but rather requires GDI to have policies and procedures in place to adequately manage conflicts.

Pursuant RG 181, conflicts of interest must be managed through a combination of internal controls and disclosures. If conflicts cannot be managed in this way then they must be avoided.

### **4.4 How do we manage our conflict of interest obligations?**

To manage conflicts of interests, GDI must undertake the following steps:

#### **Step 1 – Identifying conflicts**

When developing this policy, GDI's management team reviewed any specific actual or perceived conflicts of interest relevant to GDI's financial services business and any specific conflicts were entered in the Conflicts and Related Party Register.

Actual or perceived conflicts of interest are reviewed whenever GDI introduces a new product or service or otherwise, at minimum, on a quarterly basis. It is the role of the Company Secretary (or the Compliance Manager if not the same person as the Company Secretary, and all references hereafter to the Company Secretary assume the same) to ensure that the quarterly conflicts of interest review are undertaken and the Company Secretary reports to the Board and the ARCC. Conflicts of interest disclosure (and review) is a standing agenda item at every ARCC meeting and Board meeting.

In addition, every employee or representative receives training with respect to conflicts of interest and is encouraged to be proactive in identifying conflicts of interest (whether perceived, actual or potential) when providing a financial service or product to a client of GDI.

When an employee or representative finds, or becomes aware of, an actual or potential conflict of interest, they must immediately notify the Company Secretary. Notification is undertaken by completing the Conflict Notification Form.

The notifying employee or representative should take no further action in relation to the situation giving rise to the conflict until consent to act has been received from the Company Secretary.

#### **Step 2 – Evaluating conflicts**

It is the Company Secretary's role to evaluate conflicts.

Once a Conflicts Notification Form has been completed the Company Secretary must evaluate the conflict and determine:

a) *whether the conflict is material.*

To determine if a conflict is material GDI makes an assessment based on the principle that its clients should always be treated fairly and honestly. The questions that must be asked are:

- Are the financial services being provided in a manner that unfairly puts the interests of GDI or our representatives ahead of our clients?
- Are our financial services being provided in a manner that unfairly puts the interests of one client of GDI over the interests of another?
- Are we 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?

If the answer to any one of these questions is yes, then a conflict is considered to be material.

All material conflicts of interest are recorded in the Conflicts and Related Party Register.

b) *In the event that it is material, whether or not the conflict can be managed:*

A material conflict will be manageable if there is a treatment measure for the conflict that will adequately mitigate the adverse material consequence for GDI and its clients.

In the event that there is no appropriate treatment measure available, the conflict is deemed to be unmanageable and therefore must be avoided.

### **Step 3 – Treating conflicts**

Where the Company Secretary has identified the conflict as material he/she must decide upon and implement an appropriate treatment/response to manage the conflict which will involve one, or a combination of the following actions:

- i. Disclosure of the conflict to a client
- ii. Allocate another representative to provide the financial services to the particular client
- iii. Establish procedures to adequately manage the conflict.

When an appropriate conflicts treatment has been determined, the Company Secretary must:

- a) Enter into the Conflicts and Related Party Register
  - i. The details of the treatment (arrangements that have been put in place for managing the conflict);
  - ii. Procedures for monitoring the conflict
- b) Notify the relevant representative or employee of the treatment measures required to be undertaken to manage the conflict; and
- c) Where appropriate, amend GDI's operational policies and procedures to ensure that the identified conflict will be effectively mitigated.

Where the Company Secretary believes there are no effective measures that will adequately mitigate a conflict, then the conflict must be avoided.



#### **4.5 Monitoring conflicts**

The Company Secretary is responsible for monitoring the adequacy of our conflict management arrangements within our financial services business and compliance with them.

This shall include:

- Regular review of the effectiveness of our established treatment measures and compliance with them
- Regular review of our business operations to identify any potential conflict situations that have not been reported.

#### **4.6 Our disclosure policy to our clients**

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

Adequate disclosure means providing enough detail on material conflicts to clients in a clear, concise and effective format so that they are able to make informed decisions about how the conflict may affect the service being provided to them.

With this in mind, GDI's policy is to ensure our disclosures:

- a) Are timely, prominent and meaningful to our clients;
- b) Will occur before the financial service is provided so that the client will always have time to assess the effect of the conflict on our service;
- c) Refers to the actual service we are providing at the time; and
- d) Are in writing.

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

- a) Have a legal or beneficial interest in the financial product;
- b) Are related to or associated with the provider of the financial product; and
- c) Receive financial or other benefits if the advice is followed.

#### **4.7 Review of arrangements**

The Company Secretary shall be responsible for regularly reviewing our arrangements to manage conflicts of interest, including:

- The internal structures and reporting lines that enable GDI to effectively manage conflicts
- That our arrangements remain relevant to the nature, scale and complexity of our business
- Adequacy of our conflict management records including reports to senior management and disclosures to key stakeholders
- Adequacy of employee and representative training of our conflict management procedures.

#### **4.8 Conflicts and related party register**

GDI has established a Conflicts and Related Party 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.

The Company Secretary is responsible for updating and maintaining the Conflicts and Related Party Register through the Conflicts Notification Form.

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

The Company Secretary shall on a quarterly basis review the Conflicts and Related Party Register and provide a report to the ARCC and the board about the status of conflicts entered into the register.