



# Conflicts of Interest Policy

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6 December 2016

## Conflicts of interest table

Policy information	
Policy approver	Board of Directors
Policy owner name	Head of Compliance
Policy delegate name/s	Group Compliance Manager
Policy stakeholder name/s	
Policy version number	4.0
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Next policy review date	6 December 2018
Policy location	
Policy level	1

Linked artefacts	
Linked documents	Code of Conduct Gifts and Entertainment Policy Outsourcing Policy Group Disclosure and External Communications Policy Securities Trading Policy Procurement Policy Breach Reporting Policy and Procedure Document Retention Policy
Linked products	Vicinity Centres Stapled Securities Vicinity Trust Wholesale Funds
Linked systems	Nil
Linked legislation	Corporations Act 2001 (Cth)
Linked industry standards	Regulatory Guide 104: Licensing: Meeting general obligations Regulatory Guide 181: Licensing: Managing conflicts of interest
Linked risks	Regulatory risk Financial risk Reputational risk

Revision history			
Version	Approval date	Author	Description
4.0	6 December 2016	Group Compliance Manager	Annual Review by Vicinity Risk and Compliance Committee
3.0	23 July 2015	Compliance Manager	Approved by Board of Directors
2.0	18 March 2015	Compliance Manager	Approved by Novion Property Group Board of Directors

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## 1. Purpose of Document

Vicinity Centres is committed to complying with the law and regulations in all its businesses' activities.

Conflicts of interest must be effectively managed to ensure that Vicinity Centres' values and commitment to compliance are upheld. A failure to manage conflicts of interest can affect the reputation and public perception of Vicinity Centres.

This purpose of this Policy is to:

- outline the key principles around the management of conflicts of interest that arise in the provision of Vicinity Centres' products and services;
- define what constitutes a conflict of interest;
- outline how conflicts need to be managed and resolved through disclosure, control and/or avoidance; and
- outline the requirement to keep written records regarding conflicts of interest.

## 2. Definitions and Abbreviations

**Table 1**

Definitions and Abbreviations

Client	<p>A Client is a reference to:</p> <ul style="list-style-type: none"> <li>• shareholders, securityholders, unitholders, joint venture or strategic partners; and</li> <li>• any entity or person where a fiduciary relationship exists.</li> </ul>
Conflict of interest or conflict	<p>A conflict of interest may arise:</p> <ul style="list-style-type: none"> <li>• where the interests of Vicinity or its employees or representatives are inconsistent with, or divergent from some or all of the interests of, or duties to a Client;</li> <li>• where the personal interests of Vicinity's Employees, Directors and contractors are inconsistent with, or divergent from some or all of the interests of the Group or a particular Vicinity entity; and</li> <li>• between the different functions that Vicinity performs, including without limitation the following roles: Responsible Entity, Trustee, Fund Manager, Development Manager, Property Manager and Employer.</li> </ul> <p>Conflicts of interest covered by this Policy may be actual, perceived or potential.</p>
Conflict owner	A Conflict Owner is the relevant Vicinity business unit.
Employee	The term employee includes casual, temporary and permanent staff and directors of Vicinity Centres.
Vicinity, Vicinity Centres or Group	The stapled group of Vicinity Limited and Vicinity Centres Trust, (of which Vicinity Centres RE Ltd is the responsible entity) and any of their subsidiary or controlled entities.
Policy	This Conflicts of Interest Policy.

## 3. Policy

The Vicinity Centres framework for managing conflicts of interest can be depicted as follows:

**Table 2**

Conflicts of Interest Management Framework

Risk management	<ul style="list-style-type: none"> <li>• Code of Conduct</li> <li>• Conflicts Management</li> <li>• Document Retention Policy</li> </ul>
Conflicts management	<ul style="list-style-type: none"> <li>• Conflicts of Interest Policy</li> <li>• Related Party Transaction Policy</li> <li>• Gifts and Entertainment Policy</li> </ul>
Related conflicts of interest arrangements	<ul style="list-style-type: none"> <li>• Securities Trading Policy</li> <li>• Continuous Disclosure Policy</li> <li>• Conflicts Committee Charter for Wholesale Funds</li> <li>• Breach Reporting Policy and Procedure</li> </ul>

### 3.1 Scope

This Policy is applicable to all Employees, Directors and contractors engaged by Vicinity Centres.

For those parts of Vicinity Centres that are impacted by foreign or local laws, regulatory requirements, or contractual obligations that conflict with this Policy, an exemption from the Policy or specific obligations within the Policy should be sought from the Head of Compliance or their delegate.

### 3.2 Roles and Responsibilities

**Table 3**

Roles and Responsibilities

Board and Risk and Compliance Committee	<ul style="list-style-type: none"> <li>• Approve this Policy and any amendments</li> <li>• Monitor the management of conflicts in accordance with this policy</li> <li>• Act in accordance with this Policy</li> </ul>
Executive Committee and Senior Leaders	<ul style="list-style-type: none"> <li>• Immediately notify Compliance of any identified conflicts, perceived or actual, and of any changes to existing conflicts</li> <li>• Implement this Policy by developing processes that support it</li> <li>• Ensure conflicts are managed in line with this Policy</li> <li>• Ensure a Conflicts of Interest Register is in place and is properly maintained</li> <li>• Perform monitoring and reviews and escalate findings to Compliance as necessary</li> <li>• Report breaches of this Policy in line with the Breach Reporting Policy and Procedure.</li> </ul>
Compliance	<ul style="list-style-type: none"> <li>• Review conflicts to ensure they are managed in line with this Policy and defined procedures</li> <li>• Support Vicinity entities and the Conflict Owners in implementing the requirements of this Policy</li> <li>• Monitor compliance with this Policy</li> <li>• Report breaches of this Policy</li> <li>• Review this Policy at least every second year</li> </ul>

### 3.3 Policy Principles

- 3.3.1** Vicinity Centres' procedures that are developed to deal with conflicts of interest must be aligned to this Policy, relevant regulatory requirements and applicable industry codes.
- 3.3.2** All employees covered by this Policy are required to understand conflicts of interest, how they may arise and what should be done when conflicts are identified. This level of understanding may be achieved through formal training,<sup>1</sup> coaching, on the job discussions and induction procedures. Employees must be aware of the circumstances that can give rise to a conflict and be able to identify when a conflict arises or may arise.
- 3.3.3** Where Vicinity Centres enters into contractual arrangements with a third party, the third party contractor is required to have in place arrangements to manage conflicts of interest which broadly align with the principles of this Policy.
- 3.3.4** The overarching approach on managing a conflict of interest is as follows:
- **Identify** – identify actual or potential conflicts by understanding what a conflict is and how it may arise in relation to our day to day responsibilities and activities;
  - **Act** – act in a manner aligned with the principles of this Policy to manage identified conflicts; and
  - **Report** – all actual and potential conflicts must be recorded in the relevant Conflicts of Interest Register (refer to Section 3.6).
- 3.3.5** Conflicts of interest may be managed by one or more of the following:
- **Control** – putting in place arrangements to ensure the impact of the conflict or potential conflict is reduced to an acceptable level;
  - **Disclosure** – making sure parties impacted by the conflict are aware of the conflict and its impact on them; and/or
  - **Avoidance** – where a conflict cannot be managed effectively using other means, the situation giving rise to the conflict must be avoided.
- 3.3.6** Conflicts of interest must be managed in a way that enhances:
- confidence;
  - fairness, honesty and professionalism; and
  - market integrity.
- 3.3.7** Employees should ensure that any personal relationships with third parties, Clients or suppliers do not influence or prejudice their obligations to Vicinity Centres or its customers.
- 3.3.8** Receiving and giving gifts and entertainment is common practice however all employees must ensure they do not receive or offer gifts or entertainment which could be seen as being inappropriate or which may give rise to actual or potential conflicts.

### 3.4 Procedures

#### 3.4.1 Controlling Conflicts:

- (a) Conflict Owners must ensure that adequate processes and procedures are implemented and maintained to:
- identify conflicts of interest;
  - assess and evaluate those conflicts;
  - decide upon and implement an appropriate response to those conflicts (which may include disclosing, controlling and/or avoiding them); and
  - ensure that where there are conflicts, the interests of the customer and the quality of the services Vicinity Centres provides is not compromised.
- (b) The processes and procedures referred to in this Section 3.4.1 will be monitored and reviewed to ensure their ongoing appropriateness and effectiveness.

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<sup>1</sup> Conflict of Interest is mandatory training for all Vicinity Centres' employees.

### 3.4.2 Disclosing Conflicts:

For disclosure to be effective as a means of managing conflicts, any disclosure must be:

- Timely – before or at the time when the relevant service is provided or at the time the situation giving rise to the conflict becomes apparent;
- Prominent – the disclosure must be clear and easy for the Client to read;
- Specific – the disclosure must refer to the specific service or transaction to which the conflict relates. A generic disclosure is not acceptable; and
- Meaningful – the disclosure must contain sufficient detail for the customer to understand the potential impact of the conflict on the provision of the service.

### 3.4.3 Avoiding Conflicts:

Situations may arise where conflicts cannot be disclosed due to reasons which may include confidentiality or insider trading or market manipulation obligations. Where it is not possible to control these conflicts (e.g. through the use of information barriers), they must be avoided. That is, the relevant Vicinity entity or entities may be obliged to decline or cease to offer the service.

Where the continuing presence of a conflict (even where disclosed) will be incompatible with the fair, honest and professional provision of the relevant service, or, where the provision of it would constitute a breach of law, the conflict must be avoided.

### 3.4.4 Special Circumstances:

(a) Where fiduciary relationships or statutory requirements exist:

- Vicinity entities, directors and employees must meet relevant statutory and fiduciary obligations towards Clients. Where there is a conflict between the interests of Client and the Vicinity entity's own interests, the Vicinity entity must give priority to the interests of the Client.

(b) Remuneration and pay structures:

- All remuneration and pay structures must be aligned with Vicinity's Remuneration Policy and structured in a manner which does not give rise to any unmanageable conflicts of interest.

(c) Related party arrangements:

- All related party arrangements must be conducted on arm's length commercial terms; the specific requirements are set out in the Related Party Transaction Policy.
- Any related party arrangement must be documented and if there are material changes to the arrangement, the documentation must be updated to ensure the arrangement continues to be on appropriate terms.
- When entering into related party arrangements, additional legal or regulatory requirements may apply. Compliance must be consulted to review these for ongoing compliance and will advise where legal advice is required.<sup>2</sup>

(d) Structural conflicts:

- Reporting lines and internal structures need to support the conflict management arrangements within Vicinity. The effect of organisational structure, physical layout and reporting lines on assessing, managing and/or avoiding conflicts must be considered.

## 3.5 Monitoring and Reporting

Compliance has established monitoring arrangements to ensure ongoing compliance with this Policy, including record keeping requirements.

## 3.6 Reporting and Record Keeping

All records, including management reports, conflict disclosures and similar must be kept for at least seven years, in accordance with any Group Records Management Policy in place at the relevant time.

Where a conflict or potential conflict is identified, Compliance must be notified. If necessary, Compliance will obtain legal advice in situations where it is unclear as to how best to manage the conflict.

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<sup>2</sup> Where appropriate, local legal support may be consulted in offshore jurisdictions.

The conflict or potential conflict must be included in the Conflicts of Interest Register (refer to Appendix A for a template Conflicts of Interest Register).

In each instance where a conflict of interest is identified, a Conflict Owner must be allocated to ensure effective ongoing management of the conflict.

## **4. Related Documents**

### **4.1 Internal References**

Documents may include (but are not limited to):

- Code of Conduct
- Outsourcing Policy
- Continuous Disclosure Policy
- Securities Trading Policy
- Records Management Policy
- Gifts and Entertainment Policy
- Document Retention Policy
- Breach Reporting Policy and Procedure

### **For further information please contact:**

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# Appendix A – Conflicts of Interest Register Template

**Table 4**

Conflicts of Interest Register Template

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Name:

Date	What is the conflict?	How is the conflict managed?	How is the issue reported to Senior Management or the Board?	How are arrangements for managing the conflict monitored?	Who is the Conflict Owner?
xx					

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