

# Code of Conduct/Ethical Business Behaviour

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Folkestone Limited

Adopted by the Board of Folkestone Limited on 18 May 2015



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**CONTROL INFORMATION**

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<b>File Location</b>	CompliSpace
<b>Next Review Date</b>	March 2016

Version	Review Date	Changes Made	Reviewer	Approver	Communication Date
2	12/03/2015	Minor drafting amendments	Scott Martin	FLK Board	18/05/2015

## CODE OF CONDUCT/ETHICAL BUSINESS BEHAVIOUR

### 1. BACKGROUND AND OVERVIEW

1.1 Folkestone Limited and its wholly owned subsidiaries (“FLK”) including Folkestone Funds Management Limited (“FFML”) AFSL 340990, Folkestone Investment Management Limited (“FIML”) AFSL 281544, Folkestone Real Estate Management Limited (“FREML”) AFSL 238506 and Maxim Asset Management Limited (“Maxim”) AFSL 233849 aims to maintain a high standard of ethical business behaviour at all times and expects its directors and employees to observe the highest standards of honesty, integrity and ethical behaviour in performing their duties.

Overarching this code is the value of a culture of consultation that is encouraged and practiced within FLK.

1.2 The purpose of this code is to:

- a) articulate the high standards of honest, ethical and legal behaviour expected of FLK directors and employees;
- b) encourage the observance of those standards so as to protect and promote the interests of our investors and other stakeholders;
- c) guide executive and non-executive directors and employees as to the practices thought necessary to maintain confidence in FLK’s reputation for honesty and integrity;
- d) set out the responsibility and accountability of both directors and employees to report, and investigate reports of, unethical practices; and
- e) support FLK’s vision to be the preferred real estate fund manager, or development partner for investors and other stake holders (EXPAND TO INCLUDE MAXIM).

### 2. COMPLIANCE WITH LAWS, REGULATIONS, POLICIES & PROCEDURES

2.1 FLK requires and expects its directors and employees to:

- a) comply with all laws, rules and regulations that apply to FLK in the conduct of its business and affairs;
- b) abide by all applicable rules and standards of bodies empowered to regulate the industries in which FLK operates;
- c) comply with all contractual obligations and other undertakings without attempting to evade or delay compliance;
- d) abide by all protocols, policies and procedures of FLK; and

- e) acquire sufficient knowledge of the laws and regulations to undertake their duties and know when to seek advice.

2.2 Employees are encouraged to seek guidance from FLK'S Managing Director concerning the appropriate response to perceived unethical behaviour encountered within the business or by competitors or suppliers.

2.3 FLK, its directors and employees will cooperate with regulatory bodies in any properly constituted investigation relevant to the business or the industries in which it operates.

### **3. HONESTY AND INTEGRITY**

3.1 FLK expects that its directors and employees will:

- a) deal fairly and consistently with all parties and not permit their own interests to override the interests of FLK's investors, customers and other stakeholders;
- b) be respectful in all dealings with others and treat them openly and honestly without prejudice or discrimination;
- c) not behave in a manner that is fraudulent, corrupt or unlawful;
- d) refuse all payments and incentives from third parties that may compromise decisions or judgements; and
- e) behave in a manner that is not only lawful but that also complies with current moral and community standards.

### **4. PROPER USE OF POSITION AND RESOURCES**

4.1 FLK requires its directors and employees to comply with their legal, statutory and fiduciary duties as officers or employees of FLK.

Broadly this includes duties to:

- a) act in good faith and in the best interests of FLK as a whole;
- b) act with due care and diligence;
- c) act for proper purposes;
- d) avoid conflicts of interest or duty; and
- e) refrain from:
  - i. making improper use of information gained through their office or employment;
  - ii. taking improper advantage of their position; and
  - iii. soliciting gifts or benefits from other parties for personal use or gain.

Reference should also be made to the Board Charter of Folkestone Limited ("FLK") ABN 21 004 715 226, FFML, FIML, FREML and Maxim and the relevant sections of the Corporations Act 2001 (Cth).

## **5. GIFTS AND ENTERTAINMENT**

- 5.1 As stated in the previous section all directors and employees must refrain from soliciting gifts or benefits from other parties. All employees must exercise due care and discretion when giving or receiving business related gifts.
- 5.2 In general, reasonable offers of gifts and entertainment such as social or sporting events, of moderate value, may be provided or accepted where it is legal and in accordance with business practice. However, gifts of travel or accommodation must not be accepted unless it is approved by the Managing Director, and in the case of any director approved by the Chairman of FLK. Employees should consult the Managing Director, or failing him/her the Chairman of FLK, if they are in any doubt as to whether they should make or accept any offer of a gift or entertainment over \$500.00 in value.
- 5.3 In addition, it is permitted to accept a discount from a supplier when that discount is made available to all FLK employees.
- 5.4 Accepting secret commissions is forbidden and against the law.

## **6. POLITICAL AND CHARITABLE DONATIONS**

- 6.1 FLK will not make political donations.
- 6.2 Employees are prohibited from engaging the services of professional lobbyists to act on behalf of FLK.
- 6.3 From time to time FLK may make donations to charitable and not for profit organisations and causes as part of its commitment to good corporate social responsibility.

## **7. CONFIDENTIALITY AND PRIVACY**

- 7.1 All directors and employees must:
  - a) maintain the confidentiality of all proprietary, commercial or other information that is confidential to FLK, its customers, suppliers or employees that is acquired in the course of performing their duties; and
  - b) not make improper use of, or improperly disclose, such confidential information to third parties, except as otherwise approved by the respective Boards of FLK, FFML, FIML, FREML and Maxim, or required by law.

7.2 All directors and employees must treat all information given to FLK by investors, customers and other stakeholders as confidential. FLK is committed to the protection of individual privacy. All directors and employees must comply with the privacy or data protection laws of those jurisdictions in which FLK operates. All directors and employees must observe FLK's Privacy Policy when collecting, using, disclosing and providing access to personal information.

7.3 These obligations of confidentiality continue after individuals leave FLK.

## **8. CONFLICTS OF INTEREST**

8.1 Managing conflicts of interest is key to maintaining our clients loyalty and building business through trust. A conflict of interest may arise if directors, employees or their families, friends or business associates have a personal interest in a business decision involving FLK.

8.2 All directors and employees must use all reasonable endeavours to avoid being in a situation in which their personal or external interests could conflict with the best interests of FLK or any of the funds that it acts as Trustee or Responsible Entity.

8.3 All conflicts of interest are to be dealt with under the procedures set out in FLK's Conflict of Interest and Related Party Transaction Policy.

## **9. FAIR DEALING**

9.1 FLK will respect the rights and dignity of employees by providing:

- a) fair, open, honest, dignified and non-discriminatory treatment;
- b) a safe and healthy working environment;
- c) training and development to maximise individual potential and contribution to FLK;
- d) fair and equitable remuneration; and
- e) the opportunity to give and receive feedback on their work and individual performance.

9.2 FLK expects its directors and employees to deal fairly and honestly with its investors, customers, suppliers, competitors and fellow employees.

9.3 FLK expects that its directors and employees will not take unfair advantage of any party dealing with the Group through illegal conduct, manipulation, undue influence, concealment, abuse of privileged or confidential information, misrepresentation of material facts, or any other unfair dealing practice.

## **10. PROTECTION AND PROPER USE OF FLK'S ASSETS**

- 10.1 Directors and employees must protect the assets of FLK (including proprietary information such as intellectual property, business and marketing plans, employee information, and any other information concerning FLK that is not generally known to the public, subject to FLK' Continuous Disclosure obligations). This obligation to protect FLK's assets continues after directors and employees retire from or otherwise cease employment with FLK.

## **11. COMPLIANCE WITH THE CODE OF CONDUCT**

- 11.1 FLK encourages its directors and employees to report promptly, in good faith, any serious violations or suspected serious violations of this Code of Conduct.
- Employees should report any such violations to the Managing Director.
- 11.2 Where a director or employee ("Reporting Person") reports in good faith an actual or suspected violation of this Code of Conduct, the position of the Reporting Person will be protected, including through the following measures:
- a) the Reporting Person's identity will not be revealed without the consent of the Reporting Person (except where such disclosure is required by law); and
  - b) no disciplinary, discriminating or other adverse action will be taken (or tolerated) against the Reporting Person as a consequence of reporting, in good faith, that violation or suspected violation.
- 11.3 FLK requires that all directors and employees who receive a report of an actual or suspected violation of this Code of Conduct to take all reasonable steps within their control to ensure that:
- a) the behaviour alleged in the report is thoroughly investigated, the rules of natural justice are observed in that investigation and that appropriate disciplinary action is taken if the allegation is substantiated.
- 11.4 Directors and employees who are proven to have breached this Code of Conduct will face disciplinary action which, depending on the seriousness and severity of the breach, could include legal action or dismissal.
- 11.5 Part 9.4 AAA of the Corporations Act 2001 (Cth) also provides legislative protection for "whistleblowers" in certain specified circumstances and reference should also be made to this part of the Act.
- 11.6 Directors and employees will sign an annual declaration that states they have read the FLK Code of Conduct/Ethical Business Behaviour Policy and have adhered to its requirements.

## **12. SUSTAINABILITY**

12.1 FLK is committed to ensuring health and safety issues and social and environmental impacts are given full consideration when making business decisions. It is imperative that our business decisions do not compromise our vision of becoming a sustainable organisation.

## **13. POLICY BREACHES**

13.1 Breaches of this policy are considered to be serious and may lead to disciplinary action being taken against the employee including dismissal.

## **14. REVIEW**

14.1 A review of this Policy will be undertaken annually by the Compliance Officer.

14.2 FLK may change this policy from time to time.