

TRANSFIELD SERVICES INFRASTRUCTURE FUND

CONFLICTS OF INTEREST POLICY



1. BACKGROUND

Transfield Services Infrastructure Fund (**TSI Fund**) is a public entity, listed on the Australian Securities Exchange (**ASX**). TSI Fund is committed to responsible corporate governance and accordingly, has endorsed this Conflicts of Interest Policy as part of its governance framework. References in this policy to TSI Fund include its related entities.

TSI Fund is a triple stapled structure whereby a unit in Transfield Services Infrastructure Trust (**Trust**) is stapled to one share in Transfield Services Infrastructure Limited (**TSIL**) and one share in TSI International Limited (**TSIIL**) so that none of the securities (unit and shares) can be dealt with separately.

2. PURPOSE OF THIS POLICY

The purpose of this policy is to:

- (a) Protect the integrity of the decision-making processes of TSI Fund by avoiding ethical, legal, financial or other conflicts of interest;
- (b) Set out the requirements that all Directors, Officers, consultants and contractors to TSI Fund (**Relevant Persons**) must comply with in order to avoid actual, potential or perceived conflicts of interest;
- (c) Provide guidance for dealing with any conflicts of interest in an open and transparent way;
- (d) Give TSI Fund securityholders confidence in TSI Fund's decision making processes; and
- (e) Protect the integrity and reputation of the Relevant Persons and TSI Fund.

3. SOURCES OF LEGAL OBLIGATIONS

The sources of legal obligations behind this policy include:

- (a) Chapters 2B and 2D of the *Corporations Act 2001 (Cth)* (**Corporations Act**) which prescribe the duties of Relevant Persons that are appropriate for avoiding conflicts of interest;

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- (b) Chapter 7 of the Corporations Act which sets out financial services obligations which is relevant to TSI Fund because Infrastructure Fund Management Limited:
 - i. Holds an Australian Financial Services Licence (**AFSL**); and
 - ii. Is the trustee of the Trust;
- (c) Section 52 of the *Trade Practices Act 1974 (Cth)* which prohibits misleading and deceptive conduct;
- (d) Division 70 of the *Criminal Code 1995 (Cth)* which prohibits the payment of bribes and secret commissions;
- (e) The Trust's Compliance Plan;
- (f) ASX Listing Rules;
- (g) TSI Fund's contractual obligations; and
- (h) ASIC Regulatory Guide 181, which provides guidance to AFSL holders:
 - i. On controlling, avoiding and disclosing conflicts of interest; and
 - ii. On compliance with statutory obligations to manage conflicts of interests for financial services and markets.

4. OBLIGATIONS OF RELEVANT PERSONS TO AVOID CONFLICTS OF INTEREST

All Directors of TSI Fund are required under the Corporations Act to declare any material interests they have which may create, whether directly or indirectly, potential conflicts of interest with their duties as Directors. The Corporations Act contains a number of exceptions which include:

- (a) Where the Director is a TSI Fund securityholder and the Director's interests are in common with the other TSI Fund securityholders;
- (b) Remuneration as a Director;

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- (c) When the interest is in a contract which is to be approved by TSI Fund securityholders;
- (d) When the interest relates to the Director being a guarantor of a loan; or
- (e) When the interest relates to insurance cover or indemnity provided to Directors;
- (f) When the interest relates to a contract to a related company and the Director's interest relates merely to them being a Director of that company.

Relevant Persons must avoid conflicts between the interests of TSI Fund on the one hand, and their own personal, professional or business interests on the other hand.

In this policy, the term "interest" means either:

- (a) Material (or pecuniary) interests, where financial advantage or disadvantage or other benefits accrue; or
- (b) Non-material (or non-pecuniary) interests such as personal, family, social, sporting or cultural affiliations that may be advantaged or otherwise by a decision or action.

In an effort to avoid conflicts of interest, all Relevant Persons must comply with the following legal obligations (without limitation):

- (a) Relevant Persons must exercise their powers and discharge their duties to TSI Fund (**Duties**):
 - i. With care and diligence;
 - ii. In good faith;
 - iii. In the best interests of TSI Fund;
 - iv. For a proper purpose; and

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- v. By disclosure of, and not voting on, deciding or otherwise influencing matters involving material personal interests.

- (b) Relevant Persons must not improperly use their position or information obtained from their position to gain an advantage (or avoid disadvantage) for themselves or another person or an associated entity;

- (c) Relevant Persons must ensure that appropriate disclosure of conflicts of interest occurs so that investors may consider the impact of any conflicts of interest before making investment decisions;

- (d) Relevant Persons must ensure that when discharging their Duties, they do not cause TSI Fund to breach legislation prohibiting misleading and deceptive conduct and the benefiting from secret commissions;

- (e) Relevant Persons must ensure that when discharging their Duties, they do not cause TSI Fund to breach its contractual responsibilities to avoid conflicts of interest; and

- (f) Relevant Persons must ensure that when discharging their Duties, they do not cause TSI Fund to breach the Constitutions of the entities comprising the TSI Fund stapled structure.

5. DISCLOSURE OF INTERESTS BY DIRECTORS

Each Director is requested to disclose any interests they have which may lead to a potential conflict, prior to their appointment and this information is used to assess the suitability of the appointment. On appointment Directors are requested to disclose any relevant interests, both initially and as they arise. The Company Secretary:

- (a) Maintains a "*Declaration of Interests*" schedule for each Director that records matters such as relevant directorships, shareholdings, investment and investment services which are or may be a conflict of interest. This schedule is a standing agenda item considered at each Board meeting;

- (b) Maintains a "*Register of Interests*" that records securityholdings of each Director and Officer. This register is a quarterly standing agenda item considered at each Board meeting; and

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- (c) Issues a “*Director Declaration*” document to each Director every 6 months to confirm relevant directorships, shareholdings, investment and investment services.

The “*Declaration of Interest*” schedule gives Directors the opportunity to advise of any changes to information that has been disclosed and to advise of any new issues that may have arisen since disclosure was last made. If a Director discloses an interest in a particular matter before the Board, that Director must not:

- (a) Be present while the matter is being considered; or
- (b) Vote on the matter,

unless the other Directors who do not have an interest, pass a resolution allowing the Director who has an interest, to be present and vote on the matter.

Where a Director has declared a conflict of interest the Board should also have regard to the guidelines set out in section 7 of this policy. All conflicts of interests considered by the Board are to be recorded in the minutes of the Board meeting. Where considered necessary, the Board can consult legal advisers.

6. DISCLOSURE AND ASSESSMENT OF INTERESTS BY RELEVANT PERSONS OTHER THAN DIRECTORS

Any Relevant Person (other than a Director) who has an interest in a matter pertaining to TSI Fund must disclose the nature of the interest as soon as possible after the relevant facts are known.

Information to be provided when disclosing the potential conflict of interest

In disclosing the potential conflict of interest, the following should be included:

- (a) Details of the nature and extent of the interest held by the Relevant Person;
- (b) The proposed method of dealing with the conflict;
- (c) Whether it is possible to avoid the conflict; and

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- (d) Whether it is an arms length transaction.

Notification and the process for assessing the potential conflict of interest

If any person has reason to believe that the conduct of a Relevant Person is, maybe or maybe perceived to be in conflict with the interests of TSI Fund, that person must notify the Company Secretary of TSI Fund.

The matter disclosed as a result of the above obligations must be referred to the Risk, Audit and Compliance Committee (**RACC**) of TSI Fund. The RACC will consider the information provided in order to determine whether and how to proceed with the proposed transaction. The RACC may confer with the Company Secretary, and may take external legal advice in determining its recommendation to the TSI Fund Board. The Company Secretary will document the decision of the Board, and the procedure to control the conflict, if applicable.

Escalating the assessment of the potential conflict of interest

Where it is considered that the conflict cannot be dealt with by acting at “arms length”, the transaction should be referred to the Chief Counsel Legal, Risk Governance and Compliance Group or external legal advisor by the RACC, to ensure that if proceeded with, the transaction is carried out in a manner that is compliant with the obligations imposed by the Corporations Act, ASX Listing Rules, and the Constitutions of the relevant entities in the TSI Fund.

Outcome of the assessment of the potential conflict of interest by the Risk, Audit and Compliance Committee

Where it is decided that the conflict has such a serious impact on TSI Fund, that it cannot be adequately managed by acting at arm’s length or disclosing it to securityholders and seeking their approval, the RACC may recommend to the TSI Fund Board that the transaction not proceed in the manner proposed.

Where the RACC recommends that the transaction proceed, and is subsequently approved by the Board, it may then be carried out in accordance within the usual operational procedures of TSI Fund.

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7. GUIDELINES FOR MANAGING CONFLICTS OF INTEREST THAT CANNOT BE AVOIDED

If a conflict of interest cannot be avoided, the Relevant Person must manage the conflict of interest in accordance with the guidelines set out below:

- (a) Relevant Persons who have a conflict of interest will restrict their involvement, or have it restricted in a particular activity or process, including:
 - i. Abstaining from voting on, making or influencing decisions or proposals;
 - ii. Withdrawing from discussion of affected proposals;
 - iii. Having their access restricted to information relating to the conflict of interest; and/or
 - iv. Having their access denied to sensitive documents or confidential information relating to the conflict of interest.

Where a Relevant Person abstains from voting or leaves the room in order to avoid being placed in a situation of conflict of interest, the abstention or absence of that person from the proceedings of a meeting shall be recorded in the minutes of the meeting.

- (b) In cases of ongoing serious conflicts of interest it may be in the interests of all parties for the Relevant Person to be removed from involvement in the area of activity as long as the conflict persists; and
- (c) In certain circumstances, resignation from a position held with TSI Fund may be necessary.

8. RECORD KEEPING

The Company Secretary maintains a Conflicts of Interest/Related Party Transaction Register which records all potential and actual conflicts of interest involving TSI Fund and Relevant Persons and the procedures taken to mitigate the conflict. A copy of this register is provided to the TSI Fund Board or its nominated Board Committee on a quarterly basis.

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TSI Fund will maintain records of conflicts identified in relation to TSI Fund and the actions taken in accordance with this policy and the Record Retention Policy.

9. MONITORING

It is acknowledged that it may be difficult to monitor any involvement Relevant Persons may have in respect of their outside personal or business investment dealings, or in entities providing services to TSI Fund. The onus of disclosing any such potential or perceived conflicts of interest lies with the Relevant Person. The Company Secretary will remind all Relevant Persons of the obligations under this policy on an annual basis.

10. CONSEQUENCES FOR BREACHING POLICY

Any failure of a Relevant Person to disclose potential or actual conflicts of interest will be considered to be a breach of this policy and may lead to an allegation of misconduct. Some breaches may result in additional legal proceedings being taken by TSI Fund.

Sanctions will be determined in accordance with the circumstances in question and may include counselling, use of disciplinary procedures, civil action or reporting of actions to relevant authorities that may result in the laying of criminal charges.

Victimisation of an individual as a result of disclosure of an actual or potential perceived conflict of interest is not permitted and may lead to an allegation of misconduct.

11. REVIEW OF THIS POLICY

The Company Secretary of TSI Fund will be responsible for keeping this policy under review and for liaising with management to ensure it is updated as circumstances warrant. A formal review of this policy will take place annually.

Any proposed material changes to this policy will be submitted for review by RACC, who will make recommendations to the Board of TSI Fund. The Board of TSI Fund will be responsible for approving this policy and any material changes.

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12. REFERENCE RELATED DOCUMENTS

This policy should be read in conjunction with TSI Fund's other policies including:

- (a) Related Party Transactions Policy;
- (b) Continuous Disclosure Policy;
- (c) Securities Trading Policy;
- (d) Corporate Governance Framework; and
- (e) Record Retention Policy.