



JOHN BRIDGEMAN LIMITED
ACN 603 477 185
PH. +61 1300 108 495

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17 April 2019

Mr Ron Kaushick
Senior Manager, Market Surveillance
National Stock Exchange of Australia Limited
1 Bligh Street
Sydney NSW 2000

Email: ron.kaushik@nsx.com.au

Dear Mr Kaushik

John Bridgeman Limited: Financial disclosure query

Thank you for your letter of 15 April 2019.

While the Company's responses to your questions are set out below, the Company again queries why NSX considers that these questions are of a nature that the suspension of the Company's securities has not been lifted, particularly having regard to previous disclosures made. The Company notes that many of the questions posed by NSX are not typically raised in respect of other companies listed on the Exchange and, if raised, do not appear to give rise to the suspension of the securities of such companies.

The Company, accordingly, requests the immediate reinstatement of its securities.

- 1. The Company stated "The financial accounts of the Company are prepared on a consolidated basis because of the requirements of the accounting standards". Please provide details of the requirements within the accounting standards under which these financial accounts are consolidated.***

Response:

The Company, in consultation with its auditors, determines the accounting policies that are to be adopted and applied in the preparation of its financial statements. The Company and its auditors review the accounting policies at the commencement of each audit period.

The Company prepared audited, company-only accounts from incorporation until the financial year ending 30 June 2016. At this time, the Company, together with its then auditors KPMG, determined that it was appropriate to include JB Financial Group in the consolidated financial statements of the Company in order to properly comply with the requirements of the accounting

standards, despite the fact that, for the purposes of the *Corporations Act 2001* (Cth), the Company did not (and does not) control JB Financial Group.

The applicable requirements of the accounting standards are:

AASB128 Investments in Associates and Joint Ventures, paragraph 3: This standard provides that ‘*Significant influence*’ is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies.

AASB10 Consolidated Financial Statements, paragraph 7: This standard provides that an investor controls an investee if and only if the investor has all the following:

- (a) power over the investee (see paragraphs 10–14);
- (b) exposure, or rights, to variable returns from its involvement with the investee (see paragraphs 15 and 16); and
- (c) the ability to use its power over the investee to affect the amount of the investor’s returns (see paragraphs 17 and 18).

The Company considers that it has ‘control’ (for the purposes of the accounting standards only) of JB Financial Group and accordingly is required to prepare consolidated financial statements in accordance with AASB 10 *Consolidated Financial Statements* including for the following reasons:

- (a) The Company’s ‘Significant Influence’ (as that term is defined in AASB128) over JB Financial Group gives the Company the current ability to direct the activities that significantly affect JB Financial Group’s returns;
- (b) the Company has exposure to variable returns from its involvement with JB Financial Group arising from the valuation of its investment in JB Financial Group through its direct and indirect investment in JB Financial Group; and
- (c) the Company, as investment manager for Henry Morgan Limited (**HML**), receives management and performance fees from HML which are affected by the valuation of HML’s investment in JB Financial Group.

2. Please provide further explanation as to why the Company believes the financial position of JB Financial Group does not directly impact on the solvency or position of JBL as a going concern given JBL’s investment in JB Financial Group.

Response:

The Company’s investment in JB Financial Group is a historical investment in unlisted shares. The value of those shares is reflected in the accounts of the Company at each reporting period. Valuation adjustments are reported as unrealised gains or losses, and do not have any impact on

the cash flows of the Company (or its solvency or ability to continue as a going concern). At this stage, the Company is not considering realising its investment in JB Financial Group.

The Company does not currently provide funding for operations to JB Financial Group.

The Company has one outstanding loan to a JB Financial Group subsidiary. The Company has advanced \$378,435.16 to Capital Credit Pty Ltd, maturing in March 2020. This loan is considered recoverable at maturity.

Consequently, the financial position of JB Financial Group does not directly impact on the solvency or position of the Company as a going concern.

- 3. *Leadenhall's Independent Expert Report in Henry Morgan Limited's Third Supplementary Target statement states on page 23 of 42: "As JBL already has effective control of JBFG, the principal asset of HML, we do not consider that any changes to JBL's relevant interest in HML will have any significant impact on the value of JBFG within Enlarged JBL." Please explain the extent of the 'effective control' referred to by the Independent Expert.***

Response:

Leadenhall is an independent expert engaged by Henry Morgan Limited. It is not appropriate for John Bridgeman Limited to comment on the opinion of the independent expert or speculate on the intended meaning of undefined words used by the independent expert.

The Company also notes that any opinion of the independent expert is not necessarily the opinion of the Company.

- 4. *Please provide details of the cost savings that have been realised given the implementation of the [steps taken by the Company] since 30 June 2018 to ensure solvency of the Company, noted in the Company's response.***

Response:

The Company repeats its previous statement that its solvency has never been questioned.

The cost savings that have been implemented address the 'material uncertainty' around forecast cash flows, providing support for the preparation of the Company's accounts on a going concern basis.

Details of the cost savings identified in the forecast cash flows that were provided to the Company's auditors in their consideration of going concern and which have been achieved in the nine months since 30 June 2018, are as follows:

Expense classification	Cost savings 1 July 2018 to 31 March 2019
Reduction in wages expense and associated on-costs arising from redundancies:	\$855,008
Reductions in operational and infrastructure costs and outgoings:	\$269,905

Reduced external services fees: Accounting and Consultancy:	\$241,961
Reduced external services fees: Legal fees	\$162,420
Reductions in operational costs arising from internal restructuring and associated measures:	\$52,463

- Included in the cost savings achieved in each expense classification are cost savings arising from increased cost efficiencies and contractor scale discounts.
- Cost savings are based on ongoing savings achieved and do not include the effect of one off non-recurring costs paid.

5. In relation to the continuation of the Company and the Group as a going concern, the Company has responded with the [list of steps that have been taken by the Company since the response to the periodic Disclosure Query was provided on 5 November until now] that have been undertaken to resolve any material uncertainty. Please provide a detailed breakdown of the cost savings that resulted from the steps undertaken to achieve the objectives.

Response:

Refer to the response to question 4 for the Company's cost savings achieved.

Details of additional costs savings achieved by JB Financial Group in the nine months since 30 June 2018, are as follows:

Divisional operating expense savings	Cost savings 1 July 2018 to 31 March 2019
Forex division:	
Reduction in wages expense and associated on-costs arising from redundancies	\$944,021
Reductions in operational and infrastructure costs and outgoings	\$240,329
Reduced external services fees: Distribution costs	\$185,061
Fintech division:	\$1,810,902
JB Markets Pty Ltd:	\$462,628
Risk & Security Management Pty Ltd: Reductions in wages expenses, associated on-costs and operational costs	\$266,262

Cost savings are based on ongoing savings achieved and do not include the effect of one off non-recurring costs paid.

Details of additional costs savings achieved by JB Financial Group for the financial year ending 30 June 2019 arising from the management of capital expenditure, are as follows:

Management of capital expenditure	2019 Financial year
Reductions in capital expenditure resulting from deferred stage two expansion of Crown Currency:	\$4,200,000

6. In relation to the below response, please provide a list of all Corporate Governance policies and internal controls in place and provide a copy of the most up to date Conflict of Interest policy. Please provide supporting evidence showing the frequency in which these documents are reviewed and when the last review of each policy or document occurred. Can the Company confirm that all historical transactions that have occurred were conducted in accordance with the applicable Corporate Governance policies?

- a. *Have there been any changes made by the Company to its Corporate Governance policies or internal controls which would be applicable to any future loan(s) between the Company, Henry Morgan Limited, Benjamin Hornigold Limited and/or any of its Subsidiaries? This may include updates to the Management Services Agreements already in place.*

The Company reviews its corporate governance policies and internal controls on a periodic basis. Its Conflicts of Interest Policy requires the Company to identify, assess, monitor and control any potential conflicts of interest. The Company must also comply (and does comply) with the requirements of the NSX Listing Rules, the Corporations Act and any relevant ASIC Regulatory Guides. Any future transactions between the Company, Henry Morgan Limited, Benjamin Hornigold Limited and/or any of the Subsidiaries will also be conducted in accordance with applicable corporate governance policies.

Response:

The Company's current Conflicts of Interest Policy is annexed to this response letter.

In addition, the Company's corporate governance portfolio includes the following policies, which were most recently reviewed on the dates set out below:

Policy	Review date
(i) Continuous disclosure and shareholder communication policy;	June 2018
(ii) Corporate code of conduct	June 2018
(iii) Corporate governance statement	June 2018
(iv) Risk management policy	February 2019
(v) Audit and risk management committee charter statement	June 2018
(vi) Privacy policy	February 2019
(vii) Remuneration committee charter	August 2017
(viii) Securities trading policy	November 2018
(ix) Conflicts of interest policy	February 2019
(x) Diversity policy	June 2018

Neither the Corporations Act 2001 nor the NSX Listing Rules prescribe the frequency within which any listed company must review their corporate governance policies. Accordingly, the Company reviews its corporate governance policies as required from time to time in response to regulatory guidance, corporate and/or market developments. The policies may then be amended depending on the outcome of the review.

The Company confirms that all historical transactions undertaken by the Company have been conducted in accordance with the applicable Corporate Governance policies.

7. In the Company's response to the below query, NSX notes the Company undertook legal analysis - please provide a copy of the legal analysis that the Company stated was undertaken. This will not be released to the market.

- b. Did the Company seek legal advice about whether or not receiving loans from Benjamin Hornigold Limited (amount of \$1,134,000) and Henry Morgan Limited (amount of \$2,411,000) on 8 August 2018⁴ were related party transactions requiring shareholder approval under the Corporations Act? Please confirm what actions were taken by the Company to ensure that the loans entered into by the Company were not related party transactions requiring shareholder approval under the Corporations Act?**

The Company undertook a legal analysis of the loan transactions with Benjamin Hornigold Ltd and Henry Morgan Limited, and concluded that the transactions were not related party transactions requiring shareholder approval under the Corporations Act. The Company analysed the terms on which banking and financial institutions would provide similar debt facilities, and concluded that the terms of the loans were commercial, reasonable in the circumstances, and reflected arm's length dealing. Accordingly, shareholder approval under the Corporations Act was not required.

Response:

A documented summary of the Company's legal analysis is contained in the Board minutes dated 8 August 2019, a copy of which is **attached**. These minutes are not for release to the market.

Board minutes are a summary of the discussion which takes place during Board meetings, and are not a verbatim record of the details of these discussions. Management undertook and provided a separate and more detailed analysis, which was not the subject of formal documentation.

8. In light of the Conflict of Interest policy and steps noted in the Company's response below, please provide the Exchange with all supporting documentation capturing any actual or perceived conflict when discussing/agreeing transactions. The supporting documentation will not be released to the market.

c. How does the Company, when acting in its capacity as an Investment Manager for Henry Morgan Limited and Benjamin Hornigold Limited, manage any conflicts (actual or perceived) that may arise in connection with loans issued between the Company and Henry Morgan Limited and Benjamin Hornigold Limited?

The Company manages any actual or perceived conflicts of interest that may arise in connection with loans issued between the Company and Henry Morgan Limited and Benjamin Hornigold Limited by ensuring that the following procedures are followed when considering any transaction:

- (i) The interests of the Company's directors, including whether they hold shares in, or are directors of, the proposed counterparty, are identified and noted;
- (ii) The Company considers whether, if any such interest exists, such interest should exclude the director from being involved in any discussion on, or participating in any vote in respect of, a proposed transaction, and whether the interest prevents the director from independently assessing the information provided to them;
- (iii) The Company then considers various factors, including:
 - a. the terms of the proposed transaction;
 - b. whether the terms are extraordinary or excessively generous to either party;
 - c. whether such terms are commercial and reasonable in the circumstances if the parties were unrelated in any way;
 - d. the benefit the proposed transaction provides the Company;
 - e. whether the Board is sufficiently knowledgeable about the circumstances of the transaction, sufficiently experienced in business and sufficiently well advised to be able to form a sound judgement as to what was in the Company's interests.

Response:

The Company's response as extracted above sets out the procedure for identifying and managing actual or perceived conflicts of interest which may arise, including in connection with loans issued between the Company and each of Benjamin Hornigold Ltd and Henry Morgan Limited. It is important to note that the Company **does not act** (and did not act) in its capacity as investment manager for those entities when entering into the transactions in question.

The Company's Conflicts of Interest Policy and the procedure noted above are the key reference points taken into account by the Company when considering any transaction.

9. Please provide details of how the Company considers it complied with the Takeover Panel's order when the balance interest was paid at the end of the quarter. We note that the response by Benjamin Hornigold Limited to ASX Query Announcement on 29 March 2019⁵ confirmed the Remaining Interest Payable to be \$94,908 and the announcement Confirmation of Payment on 1 April 2019⁶ made on ASX states "John Bridgeman Limited confirms that the balance interest associated with this amount was paid at the end of the quarter in accordance with the conditions of the agreement."

g. Does the Company believe it has complied with the Takeover Panel's order to return the \$4.5 million (including interest) to Benjamin Hornigold Limited within 20 days after the Commencement Date?

Yes. Refer to the Company's announcements dated 7 March and 1 April 2019.

Response:

The Company notes that the Takeover Panel's orders provided that, if JBL wished to continue with its bid for Benjamin Hornigold Ltd, JBL must repay a loan amount of \$4.5 million (with interest) to Benjamin Hornigold Ltd. If JBL did not do so by the date specified in the order, then all acceptances under its bid were cancelled and, in the Company's view, the balance of the orders ceased to apply. The Company determined not to proceed with its bid for Benjamin Hornigold Ltd, but chose to still repay the loan amount by the date set by the Panel, with the interest paid in accordance with the terms of the loan document. Accordingly, the Company maintains that it has complied with the Takeover Panel's orders.

As noted, and based on the above responses, the Company requests the immediate reinstatement of its securities.

Yours faithfully



Kevin Mischewski
Company Secretary
John Bridgeman Limited

1 Definitions

In this document:

AFSL means Australian Financial Services Licence

Board means the board of John Bridgeman Limited

Managing Director/CEO means the managing director (or if there is no managing director, the CEO) or equivalent officer (by whatever title known) of John Bridgeman Limited.

Code of Conduct means the code of conduct of John Bridgeman Limited.

Company Secretary means the person appointed company secretary of John Bridgeman Limited.

Conflicts Register means the register of notified conflicts maintained by John Bridgeman Limited

Corporations Act means the Corporations Act 2001 (Cth).

Director means a director of John Bridgeman Limited.

Employee means an individual employed by John Bridgeman Limited or the Group or a contractor or consultant including senior management retained by the Group.

Group means John Bridgeman Limited and its controlled entities.

John Bridgeman Limited means John Bridgeman Limited ACN 603 477 185.

Officer has the meaning as set out in the Corporations Act and includes a director, secretary or senior manager of John Bridgeman Limited.

2 Introduction

John Bridgeman Limited (JBL) is a public company, listed on the National Stock Exchange of Australia (NSX). JBL is committed to responsible corporate governance, including ensuring that appropriate processes are in place to avoid and manage conflicts of interest. It is also important that transactions are conducted having regards to being on a commercial arm's length basis, particularly if the counterparty to the transaction is a related party. Accordingly, the Board and senior management have endorsed this Conflicts of Interest and Related Party Transactions Policy to support the Code of Conduct and JBL's compliance and governance framework. JBL is committed to complying with the Corporations Act and ASIC RG76 Related Party Transactions.

Also, as JBL is an AFSL Authorised Representative, it has an obligation pursuant to the Corporations Act and ASIC Regulatory Guide 181 to have adequate arrangements for management of conflict of interests in place.



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Conflicts of Interest and Related Party Transactions Policy

3 Purpose of this Policy

The purpose of this Policy is to:

- protect the integrity of the decision-making processes within JBL by avoiding ethical, legal, financial or other conflicts of interest;
- set out the requirements that all JBL directors, officers, employees, consultants and contractors must comply with in order to avoid actual, potential or perceived conflicts of interest. References in this Policy to JBL include its related entities;
- provide guidance for dealing with any conflicts of interest in an open and transparent way;
- ensure that JBL is meeting its regulatory obligations both as an AFSL Authorised Representative and as a public company listed on the NSX;
- give all shareholders and clients confidence in JBL's decision-making processes;
- ensure transparency in transactions and set out disclosure and other regulatory requirements in relation to related party transactions; and
- protect the reputation of JBL and its Employees.

4 Scope of this Policy

.This policy applies to all employees, directors, officers and contractors of JBL and includes any circumstances where JBL:

- Provides investment management services or otherwise deals with clients;
- Provides financial services as a corporate authorised representative of an AFSL licence holder; and
- Proposes to enter into transactions where there is a possibility that the transaction could be regarded as a related party transaction

5 What is a Conflict of Interest?

A conflict of interest arises in circumstances where the interests of clients to whom JBL provides financial or management or other services are inconsistent with or diverge from the interests of JBL such that the proper provision of financial, management or other services to its clients may be compromised.

In addition, JBL needs to manage conflicts between the interests of various clients as well as conflicts between JBL's interests and those of its clients. JBL should not provide financial services or other management services in a manner that will advance one client's interests over another.



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6 What is a Related Party Transaction

A 'related party transaction' is any transaction through which a public company or registered managed investment scheme provides a financial benefit to a related party (such as a director, their spouse and certain other relatives). Related party transactions may involve conflicts of interest because related parties are often in a position to influence the terms of the transaction.

For the purposes of JBL, related party transactions are transactions where a financial benefit is given to a related party of JBL by another, or the same, related party of JBL. Examples of related parties of JBL are:

- (a) JBL and its controlled entities;
- (b) any fund / trust / scheme managed by any controlled entity of JBL;
- (c) any entity or asset within such a fund / trust / scheme (including a registered and unregistered managed investment scheme, company or joint venture);
- (d) the directors and officers (and their immediate families) of any of the entities in paragraphs (a), (b) and (c);
- (e) any entity which has the ability to control any JBL controlled entity as well as its directors; and
- (f) any other person who is a related party of JBL for the purposes of the Corporations Act.

Examples of giving a financial benefit include (but are not limited to):

- giving or providing finance or property;
- buying or selling an asset;
- leasing an asset;
- supplying or receiving services;
- issuing securities or granting options; and
- taking up or releasing an obligation.

7 Conflict Management and Related Party Transaction Obligations

ASIC has provided guidance in Regulatory Guide 181 that it expects that conflicts be managed by using the following 3 mechanisms:

- **Controlling conflicts of interest.** JBL will control conflicts using internal controls, reporting structures, monitoring and supervision;
- **Avoiding conflicts of interest.** JBL will avoid conflicts which are of such a magnitude that disclosure or some other form of control is an inadequate remedy.

- **Disclosing conflicts of interest.** This is a means of managing conflicts particularly where the conflicts are not of a serious magnitude or can be effectively dealt with through control methods.

Section 195 and section 208 of the Corporations Act require those relevant entities that are public companies to have specific regard to related party transactions.

Section 195 provides that a director of the relevant entity:

- (a) must not attend any meeting of directors at which a resolution in respect of which the director has a material personal interest is discussed; and
- (b) must not vote on any such resolution;

except with the approval of the directors that do not have any such interest.

Under section 208 of the Corporations Act JBL must obtain shareholder approval before providing a financial benefit to a related party, unless a specific exception applies.

8 JBL's Approach

JBL will address the conflicts management obligation by:

- Identifying and evaluating conflicts;
- Documenting its policy and procedures about conflicts;
- Implementing its conflicts management arrangements and monitoring compliance; and
- Reviewing its practices.

9 Conflicts Practice

9.1 Identifying Conflicts

Generally, conflicts may be identified by considering the following in relation to services provided.

- Consider the service that is being provided by JBL, whether that is financial services pursuant to its AFSL Authorised Representative status or other services being provided pursuant to Management Agreements in place with its clients;
- Identify the client in terms of the service being provided;
- The employee or representative needs to understand and be aware of the key obligations of JBL in relation to provision of the service (for example, if financial services are being provided then the rules about reasonable basis for advice need to be considered);
- Identify the interests of the parties and whether they compete with each other; –



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- The other factor to consider is whether the JBL interest is in any way inconsistent with the interests of the client. If it is, then there is a potential conflict of interest.

9.2 Assessing and Evaluating Conflicts

Where a conflict has been identified in assessing and evaluating how it should be handled, the following should be taken into consideration:

- Whether the conflict is material, that is, to what extent do the interests of JBL and the client diverge;
- Whether the conflict can be effectively dealt with appropriate control procedures, that is, can the service still be carried out with integrity;
- If the conflict is controlled by disclosure, whether this is sufficient to enable the client to make an informed decision about the effect of the conflict; and
- What course of action is in the best interests of the client.

9.3 Monitoring and Oversight

JBL retains a Conflicts Control Officer, who is currently its Company Secretary. This individual is responsible for:

- Assisting JBL to identify and assess conflicts and recording identified conflicts;
- Providing advice to JBL about conflicts, including how they should be managed; and
- Monitoring compliance with JBL's Conflict of Interest and Related Party Transactions Policy and conflict management procedures generally.

The Conflicts Control Officer should consider the procedure in Appendix A in managing conflicts.

Employees should seek advice about any conflict matters from the Conflicts Control Officer to be dealt with in accordance with Appendix A.

9.4 Controlling Conflicts of Interest

JBL uses the following to control conflicts of interest:

Policies and Procedures which include:

- (a) JBL's operating structure and reporting lines are designed to ensure that each operational area is managed separately to facilitate independent decision making in relation to client matters which assists in management of conflicts of interest;
- (b) Supervision and monitoring activities have procedures and measures in place to address potential conflicts;
- (c) Remuneration practices take into account any potential conflict arrangements.

9.5 Avoiding Conflicts of Interest

(a) Employee's Obligation to Avoid Conflicts of Interest

Employees must avoid conflicts between the interests of JBL on the one hand, and their own personal, professional or financial interests on the other hand. In this Policy, the term "interest" means either:

- material (or pecuniary) interests, where financial advantage, disadvantage or other benefits accrue, or
- 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 Employees must comply with the following obligations:

- Employees must exercise their powers and discharge their duties to John Bridgeman Limited (**Duties**):
 - with care and diligence;
 - in good faith;
 - in the best interests of JBL;
 - for a proper purpose, and
 - by disclosing, and not voting on, deciding or otherwise influencing matters involving material personal interests.
- Employees 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;
- Employees must ensure that appropriate disclosure of conflicts of interest occurs so that, where required, shareholders may consider the impact of any conflicts of interest before making investment decisions;
- Employees must ensure that when discharging their Duties, they do not cause JBL to breach any laws including prohibiting misleading and deceptive conduct and the benefiting from secret commissions;
- Employees must ensure that when discharging their Duties, they do not cause JBL to breach its contractual responsibilities to avoid conflicts of interest, and
- Employees must ensure that when discharging their Duties, they do not cause JBL to breach its Constitution.

9.6 Disclosing Conflicts of Interest



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In our dealings with our clients, we adopt the position that transparency of interest is paramount.

In all instances where there is a serious conflict of interest the client is to be informed at the earliest opportunity that JBL has a conflict of interest which is of a nature which may prevent it from acting (or continuing to act) for the client on a particular matter. There is no specific requirement for JBL to detail the conflict to the client. It is sufficient nevertheless that JBL initially form the view that discontinuing the client relationship for this particular matter is the appropriate course.

In other cases where the conflict of interest is not prohibitive of JBL commencing or continuing with a client relationship, the process of managing the conflict may include disclosing the nature of the conflict.

JBL should ensure that clients are adequately informed about any conflicts of interest that may affect financial or other services to them. Appropriate disclosures to clients should be made as part of their arrangements to manage conflicts of interest. For a disclosure to be adequate it should provide detail in a clear, concise and effective form to allow clients to make an informed decision.

Disclosure by employees, representatives and JBL to its clients must be:

- Timely, prominent, specific and meaningful to the client;
- Occur before or when the financial or other service is provided, giving the client sufficient time to assess its affect;
- Refer to the specific service or proposal to which the conflict relates; and
- Given in writing and orally.

9 Specific Disclosure of Conflicts of Interest by Employees

Employees who have an interest in a matter being considered, or is about to be considered, must disclose to the Managing Director or Company Secretary, the nature of the interest as soon as possible when relevant facts are known. The disclosure should include:

- details of the nature and extent of the interest held by the Employee;
- the proposed method of dealing with the conflict;
- whether it is possible to avoid the conflict; and
- whether it is an arm's length transaction.

10 Employee Guidelines for Managing a Conflict of Interest

If a conflict of interest cannot be avoided, it must be managed using the guidelines detailed below:

- Employees who have a conflict of interest will restrict their involvement, or have it restricted, in a particular activity or process to the extent of the conflict of interest, including:
 - (i) abstaining from voting on, making or influencing decisions or proposals;

- (ii) withdrawing from discussion of affected proposals;
 - (iii) access restricted to information; and/or
 - (iv) access denied to sensitive documents or confidential information.
- When an Employee abstains from voting or leaves the room to avoid being placed in a conflict of interest in a meeting, the absence of that person shall be recorded in the minutes of meeting.
- in cases of ongoing serious conflicts of interest, it may be in the interests of all parties for the Employee to be removed from involvement in the area of activity as long as the conflict persists.
- in certain circumstances, resignation from a position with JBL may be necessary.

11 Process to Monitor and Approve Related Party Transactions

Where the Company proposes to enter into a transaction which may be considered to confer a financial benefit on a related party, the following procedure applies:

- the relevant responsible officer, executive or employee must inform the Company Secretary about the proposed transaction, including the proposed parties and how they are related, details of the proposed transaction and where arm's length terms may be evidenced;
- the Company Secretary will review the transaction, and may take internal or external legal advice where appropriate in considering the transaction;
- the Company Secretary will inform and advise the Board of the proposed transaction and obtain the Board's approval for the Company to undertake the transaction or approval in respect of a class of transactions. Where the transaction is considered not to be at 'arm's length' and does not fall within any statutory exception, the Board will determine whether to proceed with the transaction and, together with the Company Secretary, ensure that if the transaction is proceeded with, it is carried out in a manner that is compliant with the Corporations Act (including obtaining shareholder approval if required);
- where Board approval is obtained, the transaction must proceed in accordance with any procedures and conditions outlined by the Board. JBL will regularly assess the adequacy of the processes to identify and manage related party transactions and report to the Company Secretary and the Board.

12 Consequences of a Breach of this Policy

An instance when an Employee fails to disclose potential or actual conflicts of interest may lead to an allegation of misconduct. Some breaches may result in additional legal proceedings being taken by JBL.

Sanctions will be determined in accordance with the circumstances in question and may include the 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 tolerated and may lead to an allegation of misconduct.

13 Retaining Records

JBL's conflict management arrangements are documented to demonstrate:

- monitoring of compliance with conflicts management arrangements;
- conflicts identified and action taken;
- reports to JBL senior management about conflict of interest matters; and
- copies of written conflicts of interest disclosures.

The documents may include any or all of the following:

- Compliance Incident Reports;
- Risk reports to management and the Board; and
- Disclosures.

14 Miscellaneous

14.1 Review of document

- (a) External reviews of this document may be undertaken at the request of the Board.
- (b) A copy of this document (or a summary of it) may be made available on John Bridgeman Limited's website and to NSX to the extent necessary.

14.2 Training and Communication

JBL regularly communicates this Policy to Employees across JBL through its established communication channels. Employees will also receive regular training on supporting this Policy in the scope of their engagement with JBL.

14.3 Endorsement

- (a) John Bridgeman Limited is committed to this document.
- (b) This document was reviewed and updated in February 2019.



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Guidelines for dealing with conflicts of interest

