

K2 Asset Management

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Conflicts of Interest and Management Policy

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General

1. Background and overview

K2 Asset Management Ltd (**K2**) is a wholly owned subsidiary of K2 Asset Management Holdings Ltd (ASX: KAM). K2 operates under its own Australian Financial Services Licence (**AFSL**) as both a trustee or responsible entity of funds and as an investment manager of its own inhouse funds.

As an AFSL holder and a wholly owned subsidiary of an ASX listed company, K2 has obligations under:

- s 760A Corporations Act 2001 (Cth): conflicts management ensures orderly and transparent markets for financial products;
- s 191 Corporations Act 2001 (Cth): directors duty to disclose material personal interests
- s 912A(1)(a) and (aa) Corporations Act 2001 (Cth): general obligations of AFSL holders to do all things necessary to ensure that financial services covered by its AFSL are provided efficiently, honestly and fairly as well as have in place adequate arrangements for the management of conflicts of interest that may arise
- ASIC Regulatory Guide 181 – Licensing: Managing conflicts of interest (RG 181)

This policy outlines K2's approach to the identification and management of conflicts of interest and aims to ensure it takes all reasonably practicable actions to avoid or prudently manage all potential or actual conflicts in its business.

2. Scope

This policy is applicable to K2, its board, committee members and its employees.

3. Overview

“Conflicts of interest are circumstances where some or all of the interests of K2’s clients to whom K2 (or its representatives) provides financial services are inconsistent with, or diverge from, some or all of the interests of K2 to provide or K2’s representatives (including K2’s directors and employees). This includes actual, apparent and potential conflicts of interest.”

RG 181.15

K2 has core values of *Vigilance, Success, Focus* and *Transparency*, these values underpin the behaviours of K2 and its employees. These values further ensure that conflicts are adequately managed.



4. Conflicts of interest

K2 defines a conflict of interest as:

- A conflict between the duties owed by K2 to beneficiaries and the duties owed by them to any other person;
- A conflict between the interests of beneficiaries and the duties owed by K2 to any other person
- A conflict between an interest of K2, an associate of K2, a director/committee member or employee of K2 and K2's duties to beneficiaries; and
- A conflict between an interest of K2, an associate of K2, a director/committee member or employee of K2 and the interests of beneficiaries.

Conflicts can arise as a result of the various financial services K2 provides under its AFSL. In providing these services and offering different financial products, a conflict of interest may arise between:

- Clients
- Unitholders
- K2 and one or more clients/unitholders
- K2 directors/committee members/employees, a stakeholder/shareholder and a client/unitholder
- K2 and a K2 employee/director/committee member; or
- K2 as the trustee and K2 as the investment manager.

5. Identification and management of conflicts of interest

K2 seeks to identify and manage conflicts of interest through the following strategies and processes. K2 has implemented various policies to ensure that there is a framework or program to identify conflicts of interest. These include governance and supervision requirements and other controls ranging from personal declarations from K2 employees, committee members and directors to establishing information barriers. A list of these policies are outlined below under 'Related policies'.

K2 recognises that conflicts of interest may be managed by:

1. Controlling conflicts;
2. Avoiding conflicts; or



3. Disclosing conflicts

Records of conflicts of interest will be kept for at least seven years. This includes:

- Statements in financial reports;
- Reports provided to senior management;
- Scripted oral disclosure of conflicts made to clients (if applicable);
- Records of online disclosures of conflicts (eg. on website);
- Register of securities held by staff and related parties;
- Conflicts of interest register; and
- Any other documentation relating to disclosure of conflicts.

These records can be stored electronically.

6. Governance and Oversight

K2 has a governance framework that outlines the responsibilities of its board of directors. The framework covers measures such as risk identification and continuous disclosure obligations.

7. Segregation of businesses, functions, duties and information barriers

K2 segregates its trustee and responsible entity services from its investment management businesses with operational controls such as segregation of duties, information barriers (physical and IT) and independent decision-making functions to aid in managing and restricting the flow of confidential information and material non-public price sensitive information between the businesses.

8. Employee, director and committee member declarations

K2 recognises that everyone has their own personal interests and relationships outside of their roles with K2. These personal interests and relationships may give rise to conflicts of interest and all employees, directors and committee members are trained and expected to declare and disclose any personal conflicts of interest, such as personal account dealing and relationships with employees who may be counterparties to any confidential transactions.

At the beginning of any committee or board meeting, members and directors are expected to declare any changes to their interests or if there is an interest that may be in conflict with an agenda item, they are expected to remove themselves from either voting for a decision or participating in that portion of the meeting.

9. Gifts & Entertainment

There are circumstances where K2 employees or directors can accept gifts and entertainment



which is offered to them through the course of their role or position. Under the relevant K2 policy, employees and directors are required to record these gifts and entertainment in the register and ensure that such acceptance does not create any actual or perceived conflicts of interest.

10. Registers

K2 maintains conflicts registers internally for members of the board and for its employees.

Related policies

[Code of Conduct](#)

[Gifts and Entertainment](#)

[Share Trading Policy](#)

[Corporate Governance Summary](#)

[Anti-Bribery & Corruption Policy](#)

[Risk Management Policy](#)

[Whistleblower Policy](#)