



WOODSFORD GROUP LIMITED

CONFLICTS OF INTEREST POLICY – AUSTRALIA

The following capitalised terms have the following meanings:

- **Designated Employee** means the member of Woodsford’s senior management responsible for implementing, monitoring and managing this Policy
- **Funding Agreement** means an agreement between Woodsford and a Member in relation to a Litigation Funding Scheme in Australia
- **Woodsford** means Woodsford Group Limited, a private company incorporated and registered in England and Wales with company number 07327885 whose registered office is 8 Bloomsbury Street, London, WC1B 3SR
- **Woodsford Group Company** means Woodsford and/or any subsidiary of Woodsford
- **Member** means a general member (of a Litigation Funding Scheme) as defined in Regulation 5C.11.01 (see Schedule 1 below)
- **Lawyer or Lawyers** means a lawyer, or the law firm appointed to act, or proposed to be appointed to act, in relation to a Litigation Funding Scheme
- **Litigation Funding Scheme** has the same meaning as in Regulation 5C.11.01 and includes a ‘litigation funding arrangement’ as also defined by Regulation 5C.11.01 (see Schedule 1 below)
- **Funder** has the same meaning as in Regulation 5C.11.01 (see Schedule 1 below)
- **Policy** means this policy relating to conflicts of interest
- **Regulation** means a regulation of the Corporations Regulations 2001
- **Relevant Requirements** means subsection 911A(5C) of the Corporations Act 2001 and sub-regulations (2) and (4) of regulation 7.6.01AB of the Corporations Regulation 2001 (Cth)

This Policy:

- a) sets out Woodsford’s approach to conflicts of interest that arise, or may arise, between a Lawyer, a Member and/or Woodsford in connection with a Litigation Funding Scheme funded, or proposed to be funded, by Woodsford; and
- b) is intended to ensure that Woodsford complies with the Relevant Requirements.

For the duration of each Funding Agreement, Woodsford will comply with the Relevant Requirements.

1. Accountability

Woodsford's senior management is ultimately responsible for:

- a) ensuring that this Policy is implemented, monitored and managed; and
- b) reporting to Woodsford's board of directors (**Board**) on compliance with this Policy.

Senior management will assess and regularly review Woodsford's Litigation Funding Schemes to:

- a) identify potential conflicts of interest; and
- b) ensure that this Policy is effectively integrated into Woodsford's business, with all officers and employees understanding the objectives and operation of this Policy.

2. Identifying conflicts

Before funding any Litigation Funding Scheme, Woodsford will assess any conflicts of interest that may exist or may arise in connection with the scheme. This will include:

- a) undertaking and obtaining clearance pursuant to Woodsford's standard commercial conflict checks;
- b) the identification of divergent interests between any Woodsford Group Company, the Lawyers and Members and where conflicts of interest may arise (other than Inherent Conflicts, as defined below);
- c) the assessment of those divergent interests and potential conflicts of interest; and
- d) determining and implementing appropriate responses to any divergent interests or potential conflicts of interest.

A conflict of interest will arise where the interest of a Woodsford Group Company diverges or conflicts with the interests of a Member, whether under legislation, common law or contractual arrangements with a Member. In practice, a Litigation Funding Scheme involves:

- a) the Funder funding the legal and other fees and costs of the Member bringing a claim for redress; and
- b) an indemnification, by an insurance policy or otherwise, of the Member's potential liability for the defendant's legal and other fees and costs if the claim fails.

The aim is to give the Members, cost and risk free, access to justice by bring a claim that would not be economically viable on an individual basis. The Members incur no cost/bear no risk and may receive a financial benefit that they would not otherwise receive. As described below, the principal divergence or conflict of interests between the Members on the one hand and the Funder and the Lawyer on the other hand is how any proceeds from the claim are shared. In any event the Members will receive a share of any proceeds if the claim is successful, rather than the certainty of nothing absent the Litigation Funding Scheme and any consideration of the conflicts inherent in Litigation Funding Schemes (as described below) should bear this in mind.

The arrangements between the parties involved in a Litigation Funding Scheme - the Members, the funder and the Lawyers - generally involve some divergence or conflict of interests because:

- a) the Funder has an interest in:
 - 1) minimising the legal fees and other costs associated with the proceedings;
 - 2) concluding the proceedings as quickly as reasonably possible; and
 - 3) maximising the return on its investment;
- b) the Lawyers have an interest in maximising their fees for the provision of legal and other services; and
- c) the Members have an interest in:
 - 4) minimising the legal fees and other costs associated with the proceedings;
 - 5) concluding the proceedings as quickly as reasonably possible;
 - 6) minimising the remuneration paid to the funder; and
 - 7) minimising the remuneration paid to the lawyers.

These **Inherent Conflicts** cannot be avoided, but they can be minimised.

For example, if the Lawyers agree to cap their fees and/or defer part of their fees and agree that their deferred fees, plus a success fee, are only payable if the proceedings are successful. All parties then have an interest in maximising the proceeds from the class action/litigation funding scheme as quickly as reasonably possible. This is consistent with the 'overarching purpose' set out in section 37M of the Federal Court of Australia Act 1976 (Cth), which mandates the just resolution of disputes according to law as quickly, inexpensively and efficiently as possible.

Woodsford, therefore, generally encourages the Lawyers to agree to a cap on their fees and/or agree that a meaningful part of their fees are contingent on the successful outcome of the proceedings.

In any event the Lawyers will be obliged by their professional rules to not charge Members fees beyond what is fair and reasonable in the circumstances.

As these Inherent Conflicts cannot be avoided, the Funder's and the Lawyers' remuneration will be made clear to Members from the Funding Agreement and Lawyers' engagement, or other information provided. Members will therefore be able to make informed decisions as to whether to become or remain a Member of the Litigation Funding Scheme depending on whether they consider the financial terms to be reasonable.

The Designated Employee will conduct a yearly review of all Litigation Funding Schemes to assess whether a conflict of interest (other than an Inherent Conflict) has arisen between a Woodsford Group Company's interest and those of a Member. The review will be documented in a register.

3. Implementing procedures

Woodsford is committed to applying and monitoring the conflict management procedures set out in this Policy.

The Designated Employee will be responsible for ensuring that the conflict management procedures are adhered to and that compliance with this Policy is maintained and reviewed on a regular basis.

If the Designated Employee becomes aware that material breaches of this Policy have not been addressed and remedied within a reasonable period of Woodsford becoming aware of such breaches, he/she will draw the breaches to the attention of Woodsford's Board without delay.

4. Policy reviews

Woodsford's Board will regularly (at least once every 12 months) review this Policy to ensure that Woodsford's conflict management procedures are adequate to identify, assess and evaluate, and successfully manage, conflicts of interest that may be expected to arise for a litigation funder of Woodsford's size.

5. Documentation

Woodsford will maintain documentation and keep proper records relating to the management of conflicts of interest, including the following documentation:

- a) conflicts of interest identified, and actions taken;
- b) written reports given to directors and senior managers regarding conflicts of interest; and
- c) written conflicts of interest disclosures provided to prospective Members or the public,

which must be kept for at least seven years.

6. Approval and oversight by senior management

The Designated Employee has primary responsibility for the implementation and continued monitoring of conflicts of interest and potential conflicts of interest in accordance with this Policy.

The Designated Employee will provide regular updates on the implementation and continued monitoring of conflicts of interest and potential conflicts of interest in accordance with this Policy for other senior managers and Woodsford's Board.

The Designated Employee may not have any business or other relationship that could materially interfere, or reasonably be perceived to interfere, with the independent exercise of his/her judgement.

The Designated Employee will have responsibility for:

- a) ensuring staff awareness of the conflict management procedures described in this Policy by communicating the procedures to those responsible for implementing them and other relevant stakeholders;
- b) ensuring that there are adequate staff and resources to undertake the required compliance functions described in this Policy;
- c) implementing clear reporting guidelines for the staff responsible for the conflict management procedures described in this Policy;

- d) receiving regular reports from staff tasked with conflict of interest management responsibilities on implementation of the conflict of interest management procedures; and
- e) reporting on compliance with the conflict of interest management procedures to senior management and Woodsford's Board.

7. Protection of the interests of Members

Woodsford will maintain robust practices to designed to help ensure conflicts of interest are managed properly.

8. Disclosure to prospective Members

Woodsford will provide written details of Woodsford's approach to the management of conflicts of interest to prospective Members by publishing this Policy on its website, referring to it in its litigation funding agreements, by communicating with the Lawyers and by responding promptly to any reasonable and proper questions from Members.

9. Disclosure to existing Members

Woodsford recognises that it has an ongoing obligation to disclose conflicts of interest to affected Members. Woodsford will disclose Inherent Conflicts to Members by directing them to this Policy.

Woodsford will notify Members of any significant conflicts of interest (other than Inherent Conflicts) that arise during the conduct of a Litigation Funding Scheme at the first reasonable opportunity. Such disclosure will be timely, prominent and specific and will provide sufficient detail for Members to understand the potential impact of the relevant conflict.

Any such disclosure will be delivered via email (if the Member has consented to electronic delivery), via the Lawyers, or otherwise in writing.

10. Recruitment of prospective Members

Recruitment campaigns for prospective Members of Litigation Funding Schemes will (unless Woodsford's Board agrees otherwise) be handled or overseen by Woodsford or qualified Australian lawyers.

Woodsford will take reasonable steps to ensure that the Lawyers proceed in compliance with Australian law with respect to claim related materials and recruitment strategies, including with respect to the requirement that such materials and strategies do not contain any information that is misleading or deceptive, or likely to mislead or deceive.

11. Settlements

This Policy and the procedures for managing conflicts of interest apply in connection with the settlement of any Litigation Funding Scheme.

In particular, dispute resolution mechanisms in relation to disputes around settlements are set out in Woodsford's Litigation Funding Agreements.

If a Litigation Funding Scheme is settled without proceedings being issued, the settlement terms should be approved by counsel (or senior counsel, if involved). In reviewing a proposed settlement agreement, counsel (or senior counsel, if involved) must satisfy themselves that the proposed

settlement is fair and reasonable, taking into account the claims made on behalf of the Members who will be bound by the settlement and potential conflicts between Woodsford, the Lawyers and the Members, as well as between Members. In satisfying themselves that the proposed settlement is fair and reasonable, counsel (or senior counsel, if involved) must:

- a) advise whether, in counsel's opinion, settlement on the proposed terms and in all the circumstances is fair and reasonable having regard to the relevant factors counsel considers appropriate to consider; and
- b) provide his/her opinion in writing.

In addition, where the Litigation Funding Scheme relates to a class action that has been issued, the action cannot settle or be discontinued without Court approval. In approving any settlement, the Court will have regard to the interests of Members and consider whether the settlement is fair and reasonable having regard to those interests.

Lawyers

Woodsford's agreement with the Lawyers will be available for inspection by Members of the relevant Litigation Funding Scheme on reasonable request.

Woodsford will prominently disclose to Members if:

- a) Woodsford and the Lawyers are 'associates' (within the meaning of Pt 1.2 of Div 2 of the Corporations Act (Cth)) (see Schedule 2 below), or if their spouses, children, directors, partners or senior employees are associates;
- b) there are any legal, commercial, or other significant relationships between Woodsford and other directors, partners or senior employees of the Lawyers;
- c) there are any relationships (outside the provision of the services for the Litigation Funding Scheme) with any other Members of the scheme (including any involvement with any other Litigation Funding Scheme); or
- d) any direct or indirect fee or benefit to be paid or given by one party to the Litigation Funding Scheme to another for providing services to, or participating in, that scheme.

In addition, all relationships between Woodsford and the Lawyers that are current, proposed or existed in the previous two years must be disclosed to Members.

If the Lawyer is appointed to act for both Woodsford and the Members of a Litigation Funding Scheme, Woodsford will use reasonable endeavours to ensure that the Members are aware that the Lawyer is also acting for Woodsford. Note that if the Lawyer is appointed by each Member, there will be a direct contractual relationship between the Lawyer and each Member and, as a result, the Lawyer will have a fiduciary obligation to each Member because the Members will be the Lawyer's clients.

Conversely, if the Lawyer is appointed to act for both Woodsford and the Members of a Litigation Funding Scheme and there is no direct contractual relationship between the Lawyer and each Member, Woodsford will ensure that the Lawyer is engaged on terms which specify that, if there is a divergence of interest between Woodsford and a Member, the Lawyer must ensure that the interests of the Member are adequately protected.

12. Compliance with Division 2 of Part 2 of the Australian Securities and Investment Commission Act 2001 (Cth)

Woodsford's Funding Agreements will include an obligation to comply with the relevant Regulations and an obligation to disclose to the Members any breaches of the relevant Regulations.

If you have any queries regarding this Policy or the Policy's implications for you, please contact Woodsford by email at ahickson@woodsford.com.

Dated: December 2022

SCHEDULE 1
Corporations Regulations 2001

5C.11.01 ...

(2A) A scheme (a *litigation funding scheme*) that has all of the following features is declared not to be a managed investment scheme:

- (a) the dominant purpose of the scheme is for each of its general members to seek remedies to which the general member may be legally entitled;
- (b) the possible entitlement of each of its general members to remedies arises out of:
 - (i) the same, similar or related transactions or circumstances that give rise to a common issue of law or fact; or
 - (ii) different transactions or circumstances but the claims of the general members can be appropriately dealt with together;
- (c) the possible entitlement of each of its general members to remedies relates to transactions or circumstances that occurred before or after the first funding agreement (dealing with any issue of interests in the scheme) is finalised;
- (d) the steps taken to seek remedies for each of its general members include a lawyer providing services in relation to:
 - (i) making a demand for payment in relation to a claim; or
 - (ii) lodging a proof of debt; or
 - (iii) commencing or undertaking legal proceedings; or
 - (iv) investigating a potential or actual claim; or
 - (v) negotiating a settlement of a claim; or
 - (vi) administering a deed of settlement or scheme of settlement relating to a claim;
- (e) a person (the *funder*) provides funds, indemnities or both under a funding agreement (including an agreement under which no fee is payable to the funder or lawyer if the scheme is not successful in seeking remedies) to enable the general members of the scheme to seek remedies;
- (f) the funder is not a lawyer or legal practice that provides a service for which some or all of the fees, disbursements or both are payable only on success.

(3) A scheme (a litigation funding scheme) that has all of the following features is declared not to be a managed investment scheme:

- (a) the scheme relates to a Chapter 5 body corporate;
- (b) the creditors or members of the body corporate provide funds (including through a trust), indemnities or both to the body corporate or external administrator;
- (c) the funds, indemnities or both enable the external administrator or the body corporate to:
 - (i) conduct investigations; or
 - (ii) seek or enforce a remedy against a third party; or
 - (iii) defend proceedings brought against the body corporate in relation to the external administration of the body corporate (other than in relation to allegations, made by creditors or members of the body corporate, of negligence or non-performance of duties by the external administrator).

(4) An arrangement (a litigation funding arrangement) that has all of the following features is declared not to be a managed investment scheme:

- (a) the dominant purpose of the arrangement is proving claims made by a general member who is an individual under Division 6 of Part 5.6 of the Act (which may include the funding of the preparation and the lodgement of the proofs);
- (b) the steps taken under the arrangement include a lawyer providing services in relation to:
 - (i) making a demand for payment in relation to a claim; or
 - (ii) lodging a proof of debt; or
 - (iii) commencing or undertaking legal proceedings; or
 - (iv) investigating a potential or actual claim; or
 - (v) negotiating a settlement of a claim; or

- (vi) administering a deed of settlement or scheme of settlement relating to a claim;
- (c) a person (the funder) provides funds, indemnities or both under a funding agreement (including an agreement under which no fee is payable to the funder or lawyer if the arrangement is not successful in proving claims) to enable the general member to prove the claims;
- (d) the funder is not a lawyer or legal practice that provides a service for which some or all of the fees, disbursements or both are payable only on success;
- (e) the arrangement is not a litigation funding scheme

“general member”

- (a) in relation to a litigation funding scheme—means a member of the scheme who:
 - (i) is not the funder; and
 - (ii) is not a lawyer providing services for the purposes of the scheme; and
- (b) in relation to a litigation funding arrangement—means the party to the arrangement who:
 - (iii) is not the funder; and
 - (iv) is not a lawyer providing services for the purposes of the arrangement.

SCHEDULE 2
Division 2—Associates

10. Effect of Division

- 1) This Division has effect for the purposes of interpreting a reference (in this Division called the associate reference), in relation to a person (in this Division called the primary person), to an associate.
- 2) A person is not an associate of the primary person except as provided in this Division.
- 3) Nothing in this Division limits the generality of anything else in it.

11. Associates of bodies corporate

If the primary person is a body corporate, the associate reference includes a reference to:

- (a) a director or secretary of the body; and
- (b) a related body corporate; and
- (c) a director or secretary of a related body corporate.

12. References in Chapters 6 to 6C, and other references relating to voting power and takeovers etc.

- 1) Subject to subsection 16(1), but despite anything else in this Part, this section applies for the purposes of interpreting a reference to an associate (the *associate reference*), in relation to a designated body, if:
 - (a) the reference occurs in a provision of Chapter 6, 6A, 6B or 6C; or
 - (b) the reference occurs in a provision outside those Chapters that relates to any of the following matters:
 - (i) the extent, or restriction, of a power to exercise, or to control the exercise of, the votes attached to voting shares in the designated body;
 - (ii) the primary person's voting power in the designated body;
 - (iii) relevant interests in securities in the designated body;
 - (iv) a substantial holding in the designated body;
 - (v) a takeover bid for securities in the designated body;
 - (vi) the compulsory acquisition, or compulsory buy-out, of securities in the designated body.
- 2) For the purposes of the application of the associate reference in relation to the designated body, a person (the *second person*) is an associate of the primary person if, and only if, one or more of the following paragraphs applies:
 - (a) the primary person is a body corporate and the second person is:
 - (i) a body corporate the primary person controls; or
 - (ii) a body corporate that controls the primary person; or
 - (iii) a body corporate that is controlled by an entity that controls the primary person;
 - (b) the second person is a person with whom the primary person has, or proposes to enter into, a relevant agreement for the purpose of controlling or influencing the composition of the designated body's board or the conduct of the designated body's affairs;
 - (c) the second person is a person with whom the primary person is acting, or proposing to act, in concert in relation to the designated body's affairs.
- 3) For the purposes of the application of this section in relation to a designated body that is a managed investment scheme:
 - (a) a reference to controlling or influencing the composition of the designated body's board is taken to be a reference to controlling or influencing:
 - (i) if the scheme is a registered scheme—whether a particular company becomes or remains the scheme's responsible entity; or
 - (ii) if the scheme is not a registered scheme—whether a particular person is appointed, or remains appointed, to the office (by whatever name it is known) in relation to the scheme that corresponds most closely to the office of responsible entity of a registered scheme; and

- (b) a reference to voting shares in the designated body is taken to be a reference to voting interests in the managed investment scheme.
- 4) In relation to a matter relating to securities in a designated body, a person may be an associate of the body and the body may be an associate of the person.
- 5) In this section:
designated body means:
 - (a) a body; or
 - (b) a managed investment scheme.

13. References in Chapter 7

If the associate reference occurs in Chapter 7, it includes a reference to:

- (a) a person in partnership with whom the primary person carries on a financial services business; and
- (b) subject to subsection 16(2), a person who is a partner of the primary person otherwise than because of carrying on a financial services business in partnership with the primary person; and
- (c) a trustee of a trust in relation to which the primary person benefits, or is capable of benefiting, otherwise than because of transactions entered into in the ordinary course of business in connection with the lending of money; and
- (d) a director of a body corporate of which the primary person is also a director and that carries on a financial services business; and
- (e) subject to subsection 16(2), a director of a body corporate of which the primary person is also a director and that does not carry on a financial services business.

15. General

- 1) The associate reference includes a reference to:
 - (a) a person in concert with whom the primary person is acting, or proposes to act; and
 - (b) a person who, under the regulations, is, for the purposes of the provision in which the associate reference occurs, an associate of the primary person; and
 - (c) a person with whom the primary person is, or proposes to become, associated, whether formally or informally, in any other way;

in respect of the matter to which the associate reference relates.
- 2) If the primary person has entered, or proposes to enter, into a transaction, or has done, or proposes to do, any act or thing, in order to become associated with another person as mentioned in an applicable provision of this Division, the associate reference includes a reference to that other person.

16. Exclusions

- 1) A person is not an associate of another person by virtue of section 12 or subsection 15(1), or by virtue of subsection 15(2) as it applies in relation to section 12 or subsection 15(1), merely because of one or more of the following:
 - (a) one gives advice to the other, or acts on the other's behalf, in the proper performance of the functions attaching to a professional capacity or a business relationship;
 - (b) one, a client, gives specific instructions to the other, whose ordinary business includes dealing in financial products, to acquire financial products on the client's behalf in the ordinary course of that business;
 - (c) one had sent, or proposes to send, to the other an offer under a takeover bid for shares held by the other;
 - (d) one has appointed the other, otherwise than for valuable consideration given by the other or by an associate of the other, to vote as a proxy or representative at a meeting of members, or of a class of members, of a body corporate.
- 2) For the purposes of proceedings under this Act in which it is alleged that a person was an associate of another person by virtue of paragraph 13(b) or (e), the first-mentioned person is

not taken to have been an associate of the other person in relation to a matter by virtue of that paragraph unless it is proved that the first-mentioned person knew, or ought to have known, at that time, the material particulars of that matter.

17. Associates of composite person that carries on a financial services business

A reference to an associate, in relation to an entity (other than a body corporate) that carries on a financial services business, is, if 2 or more persons constitute the entity, a reference to an associate of any of those persons.