



# CLOVER RISK FUNDING PTY LTD CONFLICT POLICY

## 1. Purpose

- 1.1 The purpose of this document is to set out the Funder's policy with respect to identifying, managing and mitigating conflicts of interest for the purposes of complying with the *Corporations Amendment (Litigation Funding) Regulations 2021*(Cth) and ASIC Regulatory Guide 248.
- 1.2 In this document, except where the context otherwise requires, defined terms have the meaning given to them in Schedule A.

## 2. Background

- 2.1 A conflict of interest is a situation where the Funder's interests may diverge from those of the Claimant, lawyers or other stakeholders.
- 2.2 The Funder acknowledges that conflicts between the interests of parties to a litigation funding agreement may arise because:
  - 2.3 the Funder has an interest in minimising the legal and administrative costs associated with the funding arrangement and maximising their return;
  - 2.4 the lawyers have an interest in receiving fees and costs associated with the provision of legal services; and
  - 2.5 the Claimants have an interest in minimising the legal and administrative costs associated with the claim, minimising the remuneration paid to the funder and maximising the amounts recovered from the defendant.
- 2.6 The divergence of interests may result in conflicts between the interests of the Funder, lawyers and Claimants. These conflicts of interest can be actual or potential, and present or future.
- 2.7 The Funder notes that conflicts may arise, for example, where:
  - 2.8 the lawyers act for both the funder and the claimant;
  - 2.9 there is a pre-existing legal or commercial relationship between the funder, lawyers and/or claimant;
  - 2.10 one of the following is involved in the litigation matter:
    - 2.11 a person who holds at least 5% of the issued share capital of the Funder (Significant Shareholder); or
    - 2.12 an entity in which a Significant Shareholder holds at least 5% of the issued share capital is involved (Significant Entity).



### **3. Annual Review**

- 3.1 To ensure compliance with the Corporations Regulations 2001 (“the Regulations”) and to protect claimants’ interests, the Funder will review, and the Chief Executive Officer of the Funder (CEO) will approve, the following on an annual basis:
- 3.2 the terms of this Policy; and
- 3.3 the terms of the Funding Agreement.

### **4. Procedures for Identifying Potential Conflicts of Interest**

- 4.1 Before offering funding to a potential claimant, the Funder will review the matter and take all reasonable steps to identify whether there is a divergence between the interests of the potential claimant and the interests of:
  - 4.2 the Funder;
  - 4.3 an employee of the Funder;
  - 4.4 a director of the Funder;
  - 4.5 a Significant Shareholder of the Funder; or
  - 4.6 a Significant Entity.
- 4.7 Where a conflict is identified under clause 4.1 above, the procedure at clause 5.1 will apply. The Funder will review all funded cases on an annual basis to determine whether a conflict has arisen between the interests of the persons identified in clauses 4.2 to 4.6 above and the interests of the claimant. Where a conflict is identified, the procedure at clause 5.2 will apply.
- 4.8 At the conclusion of each review referred to at clause 4.7, the CEO of the Funder will sign and date the Conflicts Register.

### **5. Disclosing and Managing Conflicts of Interests**

- 5.1 Within 10 Business Days of identifying a conflict of interest pursuant to clause 4.1, the Funder will:
  - 5.2 notify the CEO of the Funder, who will make a decision as to whether or not to proceed with an offer of funding and, if an offer of funding is to be made, implement measures to mitigate the conflict;



- 5.3 notify the potential claimant of the conflict of interest and the mitigation strategies proposed by the Funder's CEO. Such notification will contain sufficient detail for the potential claimant to understand the potential impact of the conflicts of interest and decide whether to accept an offer of funding;
- 5.4 record the divergence in the Funder's Conflicts Register, together with the CEO's decision, the notification to the Claimant and the proposed mitigation strategies; and
- 5.5 monitor the situation on an ongoing basis to ensure the effectiveness of the mitigation strategies.
- 5.6 Within 10 Business Days of identifying a conflict of interest pursuant to clause 4.7, the Funder will:
- 5.7 notify the CEO of the Funder, who will implement measures to mitigate the conflict;
- 5.8 notify the Claimant of the conflict of interest and the mitigation strategies proposed by the Funder's CEO. Such notification will contain sufficient detail for the claimant or potential claimant to understand the potential impact of the conflicts of interest;
- 5.9 record the divergence in the Funder's Conflicts Register, together with the CEO's decision, the notification to the Claimant and the proposed mitigation strategies;
- 5.10 monitor the situation on an ongoing basis to ensure the effectiveness of the mitigation strategies.

## 6. Mitigation of Conflicts of Interest

- 6.1 In order to mitigate any conflict of interest, the Funder agrees that the lawyers engaged in any funded case acts solely on behalf of the Claimant and does not represent or act for the Funder.
- 6.2 Lawyers in any funded cases must not have or acquire a material financial interest in the Funder for that funded case.
- 6.3 The Funder shall ensure that every Funding Agreement includes a comprehensive disclosure of any actual or potential conflicts of interests that are identified at the time of entering into the Funding Agreement. This disclosure will:
- 6.4 Identify any relationships or interests that could influence the Funder's decision making;



- 6.5 Explain how such conflicts are managed;
- 6.6 Affirm that the lawyers act solely for the Claimant and does not represent the Funder.

## 7. Schedule A

Term	Definition
<b>Funder</b>	Clover Risk Funding Pty Ltd ACN 668 373 751 as trustee for the CRF 001 Trust ABN 60 787 646 859 or such other entity as the Funder has assigned the benefit of its rights and the burden of its obligations under the Funding Agreement.
<b>Funding Agreement</b>	The Funding Agreement entered into between the Funder and the Claimant.
<b>Claimant</b>	The person or persons to whom the Funder has agreed to provide funding pursuant to the Funding Agreement.
<b>Business Day</b>	A day that is not a Saturday, Sunday or public holiday in Sydney, NSW.

## Conflict Policy Complaints and Enquiries

If you have any queries or complaints about our Conflict Policy, please contact us at:

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Sydney, NSW, 2000  
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