

## RED STAR EXPRESS CONFLICT OF INTEREST POLICY

This Conflict of Interest Policy governs the activities of the board and staff of RED STAR EXPRESS PLC. Questions about the policy should be directed to the Executive Directors or Responsible Officer (Company Secretary). It is the duty of all board members and staff to be aware of this policy, and to identify conflicts of interest and situations that may result in the appearance of a conflict and to disclose those situations/conflicts/or potential conflicts to (i) the employee's supervisor (ii) the executive directors, (iii) the Chairman of the Board or (iv) the Responsible Officer or other designated person, as appropriate. This policy provides guidelines for identifying conflicts, disclosing conflicts and procedures to be followed to assist the company manage conflicts of interest and situations that may result in the appearance of a conflict.

**1. What is a conflict of interest?** A conflict of interest arises when a board member or staff member has a personal interest that conflicts with the interests of Red Star Express (including its subsidiaries) or arise in situations where a board/staff member has divided loyalties (also known as a "duality of interest"). The former can result in situations that result in inappropriate financial gain to persons in authority at the company which can lead to financial penalties and violations of Investment and Securities Act 2007. Similarly, situations or transactions arising out of a conflict of interest can result in either inappropriate financial gain or the appearance of a lack of integrity in Red Star Express' decision-making process. Both results are damaging to the company and are to be avoided.

- *Example #1:* a person in a position of authority over the company may benefit financially from a transaction between the company and the board/staff member; or others closely associated with the board/staff member may be affected financially. Family members, or their businesses, or other persons or the businesses of persons with whom the board/staff member is closely associated, could benefit from similar transactions.
- *Example #2:* A conflict of interest could be a direct or indirect *financial interest* such as those described above, or a *personal interest* such as the situation where a board member is also a board member of another company or entity with which Red Star Express collaborates, conducts business or in competition.

**2. Who might be affected by this policy?** Typically persons who are affected by a conflict of interest policy are the company's board members, officers, and senior staff. In some cases a major customer or supplier could also be in a conflict situation. Red Star Express takes a broad view of conflicts and board/staff are urged to think of how a situation/transaction would appear to outside parties when identifying conflicts or possible conflicts of interest.

**3. Disclosure of Conflicts.** Board members and senior staff will annually disclose and promptly update any disclosures previously made on an Annual Conflict Disclosure Questionnaire form provided by the company that requests them to identify their interests that could give rise to conflicts of interest, such as a list of family members, substantial business or investment holdings, and other transactions or affiliations with businesses and other organizations or those of family members as well as other companies.

Board and staff are also urged to disclose conflicts as they arise as well as to disclose those situations that are evolving that may result in a conflict of interest. Advance disclosure must occur so that a determination may be made as to the appropriate plan of action to manage the conflict. Staff should disclose to their supervisor/Head of Department and board members should disclose to the Chairman of the board as soon as they are aware of the conflict/potential conflict or appearance of a conflict exists.

**4. Procedures to manage conflicts.** For each interest disclosed, the Management Committee, the Executive Directors, the full board, or the Chairman of the board, as appropriate, will determine whether the company should: (a) take no action or (b) disclose the situation more broadly and invite discussion/resolution by the full board of what action to take, or (c) refrain from taking action and otherwise avoid the conflict. In most cases the broadest disclosure possible is advisable so that decision-makers can make informed decisions that are in the best interests of the company.

- When the conflict involves a decision-maker, the person with the conflict (“interested party”): (i) must fully disclose the conflict to all other decision-makers; (ii) may not be involved in the decision of what action to take (e.g., may not participate in a vote) but may serve as a resource to provide other decision-makers with needed information.
- In some cases the person with the conflict may be asked to excuse himself/herself from sensitive discussions so as not to unduly influence the discussion of the conflict.
- In all cases, decisions involving a conflict will be made only by disinterested persons
- The fact that a conflict was managed and the outcome must be documented in the minutes of board meetings (if the conflict was related to a board member) or other appropriate committee of the board (e.g., Audit committee, Governance, Nomination/Remuneration committee). If the conflict was related to a staff member the management of such conflict must be documented in the minutes of the Management Committee meeting.
- The Managing Director in conjunction with the Executive Director(s) will monitor proposed or ongoing transactions of the company (e.g., contracts with customers, suppliers, contractors and collaborations with third parties) for conflicts of interest and disclose them to the Board and staff, as appropriate, whether discovered before or after the transaction has occurred.

14<sup>th</sup> DAY OF FEBRUARY 2013



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MANAGING DIRECTOR/CEO



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COM. SECRETARY