

18 June 2021

## Conflicts Management Policy

<b>Trustee</b>	<b>NESS Super Pty Ltd</b>  ABN 28 003 156 812  RSE Licence No. L0000161  AFS Licence No. 238945
<b>Fund</b>	<b>NESS Super</b>  ABN 79 229 227 691  RSE Registration No. R1000115
<b>Policy Name</b>	Conflicts Management Policy
<b>Number of Pages</b>	20 (plus covering and content pages)
<b>Effective date</b>	18 June 2021
<b>Approved date</b>	18 June 2021
<b>Special Status</b>	Commercial-in-Confidence

*Commercial in Confidence. Not to be distributed without the permission of the Trustee.*

## Amendment History

The following history and amendments have been made to this document:

Version	Prepared By	Reviewed By	Approved By
Version 1.0	Simone Thompson, Compliance Officer, PFS 10 August 2012	Angie Matrippolito, Fund Secretary, NESS 12 August 2012 Audit & Compliance Committee 22 August 2012 28 November 2012	Trustee Board 5 December 2012
Version 2.0	Simone Thompson, Compliance Officer, PFS 15 January 2013	Angie Matrippolito, Fund Secretary, NESS 16 January 2013	Trustee Board 16 January 2013
Version 3.0	Simone Thompson, Compliance Officer, PFS 31 January 2013	Angie Matrippolito, Fund Secretary, NESS 31 January 2013	Trustee Board 6 February 2013
Version 4.0	Simone Thompson, Risk & Compliance Consultant, PFS 13 August 2013	Angie Matrippolito, Fund Secretary, NESS 15 August 2013 Audit & Compliance Committee 28 August 2013	Trustee Board 28 August 2013
Version 5.0	PFS, Risk & Compliance Consultant 28 May 2014	Angie Matrippolito, Fund Secretary, NESS 2 June 2014 Audit & Compliance Committee 27 June 2014	Trustee Board 27 June 2014
Version 6.0	PFS, Risk & Compliance Consultant 28 April 2015	Angie Matrippolito, Fund Secretary, NESS 28 May 2015 Audit & Compliance Committee 16 June 2015	Trustee Board 16 June 2015
Version 7.0	PFS, Risk & Compliance Consultant 29 October 2015	Angie Matrippolito, Fund Secretary, NESS 16 November 2015 Audit & Compliance Committee 9 December 2015	Trustee Board 9 December 2015
Version 8.0	PFS, Risk & Compliance Consultant 9 May 2016	Angie Matrippolito, Fund Secretary, NESS 12 May 2016 Audit & Compliance Committee 9 June 2016	Trustee Board 9 June 2016
Version 9.0	PFS, Risk & Compliance Consultant 24 March 2017	Angie Matrippolito, Fund Secretary, NESS 24 March 2017 Audit & Compliance Committee 12 April 2017	Trustee Board 12 April 2017
Version 10.0	Daniel Frank, Risk & Compliance Consultant, PFS 26 March 2018	Paul Cahill, CEO, NESS 28 March 2018 Audit & Compliance Committee 11 April 2018	Trustee Board 11 April 2018

<b>Version</b>	<b>Prepared By</b>	<b>Reviewed By</b>	<b>Approved By</b>
Version 11.0	Phil Grindley. AROCC Manager 8 October 2018	Paul Cahill, CEO, NESS Super, 10 October 2018	Trustee Board 12 December 2018
Version 12.0	Phil Grindley. AROCC Manager 27 November 2019	Paul Cahill, CEO, NESS Super, 27 November 2019	Trustee Board 10 December 2019
Version 13	Felix Feist, Risk & Compliance Manager June 2021	Audit, Risk & Compliance Committee P. Cahill CEO June 2021	Trustee Board June 2021

## Contents

1.	Introduction .....	1
2.	Conflicts Management Framework .....	4
3.	Conflicts Management Culture .....	5
4.	Conflicts Management Stakeholders.....	6
5.	Outsourcing Arrangements.....	8
6.	Definitions .....	9
7.	Identifying and Notifying a Conflict.....	13
8.	Responding to a Conflict.....	14
9.	Disclosing and Recording Conflicts .....	17
10.	Annual and Triennial Reviews.....	20

# 1. Introduction

---

## 1.1 Background

1.1.1 This document sets out the conflicts management policy of NESS Super Pty Ltd (**the Trustee**), the trustee of NESS Super (**the Fund**), and records its approach to ensuring that the Trustee meets the requirements relating to conflicts management as set out in:

- (a) Sections 52 and 52A of the *Superannuation Industry (Supervision) Act 1993* (**the SIS Act**) and Regulations (as amended).
- (b) The *Corporations Act 2001* and Regulations (as amended).
- (c) *APRA Prudential Standard SPS 521 – Conflicts of Interest* (**SPS 521**).
- (d) *APRA Prudential Practice Guide SPG 521 – Conflicts of Interest* (**SPG 521**).
- (e) *ASIC Regulatory Guide 181 – Licensing: Managing Conflicts of Interest* (**RG 181**).

1.1.2 This document should be read in conjunction with the Trustee’s **Fit and Proper Policy, Governance Policy, Insurance Management Framework, Outsourcing Policy, Register of Material Risks** and **Retention of Records Guidelines**.

## 1.2 Objectives

1.2.1 This Conflicts Management Policy documents the arrangements in place for managing situations giving rise to actual and potential conflicts of relevant interests and conflicts of relevant duties (together “**conflicts**”) for Responsible Persons as defined in the Superannuation Prudential Standard (SPS 520) Fit and Proper and employees of the Trustee as well as conflicts that might arise in relation to the Trustee itself.

1.2.2 The interests of the Fund’s beneficiaries must take precedence over the interests of other persons or entities.

1.2.3 This Policy is intended to ensure that where an actual, perceived, or potential conflict arises which cannot be avoided:

- (a) The duties to, and interests of, beneficiaries receive priority over any duties to, and interests of, other persons.
- (b) The duties to beneficiaries are met despite the conflict.
- (c) The interests of beneficiaries are not adversely affected by the conflict.<sup>1</sup>

## 1.3 Scope

1.3.1 This Conflicts Management Policy sets out the Trustee’s controls and process for:

- (a) Identifying and monitoring actual and potential conflicts.
- (b) Assessing and evaluating those conflicts.
- (c) Deciding upon and implementing a response to those conflicts.
- (d) Managing those conflicts in accordance with the requirements to give priority to the duties to, and interests of, beneficiaries.
- (e) Maintaining a record of all identified conflicts and the action taken to avoid or manage them.
- (f) Developing and maintaining the required registers.

---

<sup>1</sup> Paraphrase of the Conflict of Interest Covenant, as contained in **Superannuation Industry (Supervision) Act 1993 s.52(2)(d)**.

- 1.3.2 This Conflicts Management Policy assists the Trustee to ensure that:
- (a) The quality of financial services provided by it and on its behalf is not compromised by conflicts.
  - (b) The Trustee and its Responsible Persons and employees comply with their obligations to provide financial services efficiently, honestly, and fairly.
  - (c) The Trustee and its Responsible Persons and employees meet their fiduciary and statutory<sup>2</sup> obligations to beneficiaries to act fairly in dealing with all classes of beneficiaries (and with all beneficiaries within a class) and not give beneficiaries of one class (or within a class) an unfair advantage.

## 1.4 Risk

- 1.4.1 The Trustee has identified the risks associated with failing to properly manage conflicts to include:
- (a) The risk that a conflict held by a Responsible Person interferes with their professional judgement and decision making, or with the manner in which they carry out their duties.
  - (b) The risk that the Trustee or its Responsible Persons fail to give priority to the duties to and interests of beneficiaries over the duties to and interests of other persons.
- 1.4.2 For more information, see the Trustee's **Register of Material Risks**, which has been developed in line with the requirements contained in *APRA Prudential Standard SPS 220 – Risk Management*.

## 1.5 Insurance

- 1.5.1 The Trustee's **Insurance Management Framework** documents the Trustee's policy with respect to making insured benefits available to beneficiaries. Conflicts related to making insured benefits available to beneficiaries may arise in relation to:
- (a) The assessment of claims;
  - (b) The selection of the Insurer and the Claims Administrator;
  - (c) The types and levels of insurance cover provided to beneficiaries, and the conditions related to the provision of cover; and
  - (d) The monitoring of the Insurer and the Claims Administrator.
- 1.5.2 The Trustee is aware that such conflicts may arise, and will ensure that if such conflicts are identified, they will be managed and/or mitigated, and monitored, in line with the processes and procedures outlined in this Conflicts Management Policy.
- 1.5.3 For more information, see the Trustee's **Insurance Management Framework**, which has been developed in line with *APRA Prudential Standard SPS 250 – Insurance in Superannuation*.

---

<sup>2</sup> See, in particular, **Superannuation Industry (Supervision) Act 1993 s.52A(2)**:

(d) where there is a conflict between the duties of the director to the beneficiaries, or the interests of the beneficiaries, and the duties of the director to any other person or the interests of the director, the corporate trustee or an associate of the director or corporate trustee:

- (i) to give priority to the duties to and interests of the beneficiaries over the duties to and interests of other persons; and
- (ii) to ensure that the duties to the beneficiaries are met despite the conflict; and
- (iii) to ensure that the interests of the beneficiaries are not adversely affected by the conflict; and
- (iv) to comply with the prudential standards in relation to conflicts.

## **1.6 Awareness and Understanding**

- 1.6.1 The Trustee appreciates the importance of ensuring that all Responsible Persons and employees have a sound awareness and understanding of this Conflicts Management Policy and accompanying Registers.
- 1.6.2 The Trustee will ensure that annual training regarding its Conflict Management Framework is provided to all Directors and staff. Training will cover how the Trustee manages conflicts through its Conflicts Management Framework.
- 1.6.3 The Trustee will ensure that all new Responsible Persons and employees receive a copy of this Conflicts Management Policy at the time of their appointment.
- 1.6.4 On an ongoing basis, the Trustee ensures that this Conflicts Management Policy is accessible electronically by all Responsible Persons and employees or on request from the CEO.
- 1.6.5 If changes are made to the Conflicts Management Policy, the Trustee will ensure that these changes are communicated to all Responsible Persons and employees.

## **1.7 Breaches**

- 1.7.1 Failure by a Responsible Person or an employee of the Trustee to disclose a personal conflict is considered a serious disciplinary matter and corrective action will be determined by the Board.
- 1.7.2 Failure by the Board to address an identified conflict in accordance with the procedures outlined in this Policy may be reported to APRA by the Trustee's internal or external auditors.

## 2. Conflicts Management Framework

---

- 2.1 The Trustee is committed to always maintaining an effective conflicts management framework which:
- (a) Provides reasonable assurance that all relevant potential and actual conflicts that may result in the Trustee acting improperly to the detriment of its beneficiaries, are being clearly identified and disclosed, then assessed and either avoided or prudently managed, in a timely manner and having regard to the size, business mix and complexity of its business operations; and
  - (b) Mitigates and manages the risk that the Trustee may be perceived to have acted improperly, which may affect the reputation of its business operations.
- 2.2 For the purposes of SPS 521, the Trustee's 'conflicts management framework' is defined as *"the totality of systems, structures, policies, processes and controls within the Trustee's business operations that identify, assess, mitigate, manage and monitor all conflicts"*.
- 2.3 In turn, for the purposes of SPS 521, the Trustee's 'business operations' are defined as including *"all activities it undertakes as a Registrable Superannuation Entity (RSE) Licensee, and all other activities it undertakes to the extent that they are relevant to, or may impact on, its activities as an RSE Licensee"*.
- 2.4 The Trustee's conflicts management framework comprises of:
- (a) A **Conflicts Management Policy**;
  - (b) A **Register of Relevant Duties**;
  - (c) A **Register of Relevant Interests**;
  - (d) A **Register of Gifts and Benefits**;
  - (e) Clearly defined roles, responsibilities, and resources for the oversight of conflicts management within the Trustee's business operations; and
  - (f) A review process to ensure that the conflicts management framework remains effective.



### 3. Conflicts Management Culture

---

- 3.1. The Trustee understands that a strong conflicts management culture is essential for the effective management of conflicts throughout its business operations and will be a reflection of its corporate values and the attitudes and behaviours of individuals within its business operations.
- 3.2. The Trustee's conflicts management culture may be demonstrated through:
- (a) **Openness** – the requirement to disclose all actual, perceived, or potential conflicts of relevant duties and relevant interests is well understood, accepted, and followed throughout the Trustee's business operations.
  - (b) **Transparency** – a summary of the Trustee's Conflicts Management Framework, as well as the Trustee's Register of Relevant Interests and Register of Relevant Duties, will be made publicly available on the Fund's website in accordance with the requirements of **Regulation 2.38** of the **Superannuation Industry (Supervision) Regulations 1994**.
  - (c) **Recruitment and professional development** – there are procedures in place which require the initial disclosure of actual, perceived, or potential conflicts of relevant duties and relevant interests upon appointment/employment/engagement, as well as ongoing disclosure of all actual, perceived, or potential conflicts of relevant duties and relevant interests through the term of appointment/employment/engagement.
  - (d) **Policies that encourage and support whistleblowing** – for more information, see the Whistleblower Protection Provisions contained in the Trustee's **Fit and Proper Policy**.

## 4. Conflicts Management Stakeholders

---

### 4.1 The Board

- 4.1.1 The Board is ultimately responsible for ensuring that the Trustee has developed, and is maintaining, a conflicts management framework that is appropriate to the size, business mix and complexity of its business operations, and which applies to the entirety of its business operations.
- 4.1.2 The Fund predominately operates through an outsourced model. The main area where a potential conflict may arise is in relation to the management and selection of outsourced providers by the Board or Management. For example, where a sponsor has an interest in the provider.
- 4.1.3 The Board is charged with overall responsibility for:
- (a) Identifying all actual and potential conflicts in the Trustee's business operations;
  - (b) Taking all reasonably practicable actions to ensure that all identified conflicts are avoided or prudently managed, including agreeing on the conflict management methodology and overseeing governance of the conflicts management framework; and
  - (c) Instilling a strong culture of conflict identification and management throughout the Trustee.
- 4.1.4 As part of meeting this responsibility, the Board will take all reasonable steps to ensure that all Responsible Persons and employees of the Trustee clearly understand:
- (a) The importance of identifying all actual and potential conflicts;
  - (b) The circumstances that might give rise to a conflict;
  - (c) The content and purpose of this conflicts management framework; and
  - (d) Their obligations, where applicable, as a Responsible Person and/or employee of the Trustee.

### 4.2 Audit Risk & Compliance Committee

- 4.3.1 The ongoing implementation and maintenance of the conflicts management framework is overseen by the Audit Risk & Compliance Committee and is undertaken by Management.
- 4.3.2 Maintaining the conflicts management framework includes:
- (a) Ensuring that there are appropriate procedures in place so that all relevant business units are fully aware of, and comply with, the Trustee's conflicts management framework.
  - (b) Maintaining a comprehensive, up-to-date **Register of Relevant Interests, Register of Relevant Duties and Register of Gifts and Benefits** and keeping these Registers under regular review.
  - (c) Implementing procedures that require incoming Responsible Persons and employees of the Trustee to disclose all relevant duties and relevant interests prior to the person taking up the appointment.

### 4.3 Risk & Compliance Manager

- 6.2.1 The Trustee has employed the Risk & Compliance Manager to oversee the compliance and risk management functions of the Trustee and the Fund.
- 6.2.2 The Risk & Compliance Manager manages and maintains the Trustee's risk management framework on a day-to-day basis. This role includes maintaining a comprehensive, up-to-date list of all material risks, including risks associated with failing to disclose and/or properly manage conflicts, and risks associated with disclosed conflicts, applicable to the Trustee and the Fund (see the **Register of Material Risks**) and keeping it under review in light of marketplace, regulatory and other developments.

#### **4.4 Other Responsible Persons**

- 4.4.1 The Trustee has appointed other Responsible Persons.
- 4.4.2 While other Responsible Persons may not have direct responsibilities for the oversight of the Trustee's Conflicts Management Framework with the Trustee's business operations, they all have an obligation to comply with the Framework, including disclosing any relevant duties or interests to the Trustee in a timely and comprehensive manner.
- 4.4.3 The RSE Auditor will, according to its audit plan, review the Trustee's Conflicts Management Framework.

## 5. Outsourcing Arrangements

---

- 5.1 The Trustee is committed to undertaking regular and thorough enquiries to identify all conflicts arising from its relationships, or the relationships of a Responsible Person or employee, with existing or prospective service providers or advisors, including those relationships that have the potential to affect a service provider's performance in respect of the obligations undertaken in relation to the Trustee's business operations.
- 5.2 Conflicts that might arise through outsourcing arrangements (see the Trustee's **Outsourcing Policy**, which has been developed in line with *APRA Prudential Standard SPS 231 – Outsourcing*), will be addressed in accordance with the notification, response, disclosure, and reporting procedures outlined in this Policy.
- 5.3 The risks that might arise through recognised conflicts associated with outsourcing arrangements will be identified, monitored, managed, and mitigated in accordance with the Trustee's risk management framework, and in particular, the Trustee's **Risk Management Strategy**, which has been developed in line with *APRA Prudential Standard SPS 220 – Risk Management*.

## 6. Definitions

Term	Definition
6.1 Relevant Conflict	<p>6.1.1 The Trustee considers a ‘relevant conflict’ to be a conflict between:</p> <ul style="list-style-type: none"> <li>(a) The <i>relevant duties</i> owed by the Trustee, or a Responsible Person or employee of the Trustee, to beneficiaries, <u>and</u> the duties owed by the Trustee, or a Responsible Person or employee of the Trustee, to any other person.</li> <li>(b) A <i>relevant interest</i> of the Trustee, an associate of the Trustee, or a Responsible Person or employee of the Trustee, <u>and</u> the duties owed by the Trustee, or a Responsible Person or employee of the Trustee, to beneficiaries. The term ‘associate’ is defined in section 12 of the Superannuation Industry (Supervision) Act 1993, which refers to the relevant definitions contained in sections 10-17 of the Corporations Act 2001.</li> <li>(c) A <i>relevant interest</i> of the Trustee, an associate of the Trustee, or a Responsible Person or employee of the Trustee, <u>and</u> the interests of beneficiaries.</li> <li>(d) The interests of beneficiaries <u>and</u> the duties owed by the Trustee, or a Responsible Person or employee of the Trustee, to any other person.</li> </ul> <p>6.1.2 To further explain, a relevant conflict is one that has the potential to impact the ability of the Trustee, or a Responsible Person or employee of the Trustee, from performing its/their duties by placing it/them in a position where it/they may deliberately or inadvertently act in the interests of another person over those interests held by the Fund’s beneficiaries.</p> <p>6.1.3 In addition, a relevant conflict may also be held by a person or a firm undertaking a material activity for, or otherwise advising, the Trustee, which could affect the nature or quality of the advice given or the services provided to the Trustee.</p> <p>6.1.4 In some cases, conflicts may arise between different classes or types of beneficiaries. This Policy requires that all beneficiaries be treated equitably.</p> <p>6.1.5 Conflicts are not limited to financial matters. In particular, care must be taken to protect confidential information, including information which may be the subject of a relevant conflict.</p>
6.2 Relevant Duty	<p>6.2.1 The Trustee considers a ‘relevant duty’ to be any duty owed by the Trustee, or a Responsible Person or employee of the Trustee, to beneficiaries or any other person.</p> <p>6.2.2 In turn, the Trustee considers ‘a conflict of a relevant duty’ to be any situation that might reasonably be considered to have the potential to have a significant impact on the capacity of the Trustee, or a Responsible Person or employee of the Trustee, to act in a manner that is consistent with the best interests of beneficiaries.</p>

Term	Definition
	<p>6.2.3 Examples of situations where a conflict of duty may arise for the Trustee include:</p> <ul style="list-style-type: none"> <li>(a) Where the remuneration structure adopted by the Trustee in relation to a Responsible Person or employee skews the individual's risk appetite towards higher but unsustainable short-term outcomes that may be unfavourable to the longer-term interests of beneficiaries.</li> <li>(b) Where a related party is engaged to provide a service to the Fund without the Trustee conducting appropriate due diligence on the third party to ensure that their engagement is in the best interests of beneficiaries.</li> </ul> <p>6.2.4 Examples of situations where a conflict of duty may arise for a Responsible Person or employee include:</p> <ul style="list-style-type: none"> <li>(a) Where the Responsible Person or employee has a financial interest in a service provider being considered for use by, or used by, the Trustee, where that financial interest is in the form of shares, options, investments, partnerships, or any other form of financial interest.</li> <li>(b) Where the Responsible Person or employee has a non-financial interest in a service provider being considered for use by, or used by, the Trustee, where that non-financial interest is in the form of directorships, management/advisory roles, positions on board committees or any other form of non-financial interest.</li> <li>(c) Where the Responsible Person or employee has a financial or non-financial interest in a service provider operating in the same market as the Trustee, potentially in competition with the Trustee.</li> <li>(d) Where the Responsible Person's or employee's other commercial interests' conflict with his or her duties as a Responsible Person or employee of the Trustee by, for example, affecting the nature or quality of the advice given or the service provided to the Trustee.</li> </ul> <p>6.2.5 A Responsible Person or employee who is also a beneficiary of the Fund is deemed to have an inherent conflict of duty. The Trustee will be particularly alert to situations which could result in a conflict between a Responsible Person's or employees' personal interest in the Fund, and his or her relevant duties to the Trustee. For example, where a change in the investment process is being considered for a particular class of beneficiaries and a Director is a member of the Fund and may be personally affected by the decision of the Trustee, this will be considered to be a conflict of a relevant duty which must be acknowledged.</p> <p>6.2.6 A Director will be assumed to have an interest in any issue to the extent that the issue affects the members of the sponsoring organisation that has nominated/appointed them as a Director and will not be required to separately declare a conflict of relevant duty.</p> <p>6.2.7 The Trustee will ensure, however, that such Directors are aware of the strong possibility of a conflict of duty arising in relation to acting in the best interests of beneficiaries and acting in the best interests of the nominating or appointing</p>

Term	Definition
	body and understand the need to disclose and manage any such actual or perceived conflicts.
6.3 Relevant Interest	<p data-bbox="464 342 1430 667">6.3.1 The Trustee considers a ‘relevant interest’ of the Trustee, an associate of the Trustee, or a Responsible Person or employee of the Trustee, to refer to any interest, gift (includes entertainment), emolument (a compensation received by virtue of holding an office or having employment usually in the form of wages or fees) or benefit, whether pecuniary or non-pecuniary, directly or indirectly held by the Trustee, the associate of the Trustee, or the Responsible Person or employee of the Trustee, that the Trustee has determined to be relevant, subject to the exclusion of business meetings outlined in 6.3.2 and the minimum thresholds outlined in 6.3.3 and 6.3.4 below.</p> <p data-bbox="464 696 1430 947">6.3.2 The Trustee does not consider a ‘business meeting’ where catering is provided by a service provider to be a relevant interest for recording on either the <b>Register of Relevant Interest</b> or <b>Register of Gifts and Benefits</b>. A business meeting is defined as a meeting where the primary objective of the meeting is for the advancement of NESS Super and the interests of its members. It does not include a meeting where the primary component of the meeting is a sporting event, entertainment or excessive food and drink expenditure.</p> <p data-bbox="464 976 1430 1261">6.3.3 The Trustee has determined that a single interest of greater than \$250 will be considered relevant for the purpose of this Policy. A single interest of greater than \$250 is considered by the Trustee to be more likely to have a significant impact on the capacity of the Trustee, an associate of the Trustee, or a Responsible Person or employee of the Trustee holding the interest, to act in a manner that is consistent with the best interests of beneficiaries. A single interest of greater than \$250 will be automatically required to be reported on the <b>Register of Relevant Interest</b>.</p> <p data-bbox="464 1290 1430 1615">6.3.4 The Trustee has also determined that situations where multiple interests, gifts, emoluments, or benefits are received by the Trustee, an associate of the Trustee, or a Responsible Person or employee of the Trustee, from the same entity, the total value of which exceeds \$500 within a twelve (12) month period, will be determined to be relevant for the purpose of this Policy. The receipt of multiple gifts from a single entity are considered by the Trustee to be more likely to have a significant impact on the capacity of the Trustee, an associate of the Trustee, or a Responsible Person or employee, to act in a manner that is consistent with the best interests of beneficiaries.</p> <p data-bbox="464 1644 1430 1816">6.3.5 For the reasons outlined in Section 6.3.4, <u>all</u> interests, gifts, emoluments, or benefits, whether pecuniary or non-pecuniary, received by the Trustee, an associate of the Trustee, or a Responsible Person or employee of the Trustee, from a third party in connection with Trustee or Fund matters, are required to be declared initially on the <b>Register of Gifts and Benefits</b>.</p> <p data-bbox="464 1845 1430 2018">6.3.6 The Risk &amp; Compliance Manager will be responsible for identifying where the cumulative sum of entries into the <b>Register of Gifts and Benefits</b> received by a Responsible Person in a twelve (12) month period from any one service provider has exceeded \$500 and therefore is required to be reported on the <b>Register of Relevant Interests</b>.</p>

Term	Definition
	<p>6.3.7 The Trustee will determine relevancy from time to time in accordance with general industry standards. Changes to the definition of relevant interest will be communicated to all affected persons as and when appropriate.</p>
<p>6.4 Responsible Person</p>	<p>6.4.1 In accordance with APRA Prudential Standard SPS 520 – Fit and Proper), a “Responsible Person” of the Trustee is</p> <ul style="list-style-type: none"> <li>(a) A Director of the Trustee.</li> <li>(b) A Senior Manager of the Trustee (as defined in Paragraph 15).</li> <li>(c) An Approved Auditor (within the meaning of s.10(1) of the SIS Act) who is appointed to conduct an audit of the Fund.</li> <li>(d) An Actuary appointed by the Trustee to perform an actuarial function under the SIS Act, the SIS Regulations, the APRA Prudential Standards, or the Financial Sector (Collection of Data) Act 2001.</li> <li>(e) A secretary of the Trustee.</li> <li>(f) A person who performs activities for a connected entity of the Trustee where those activities could materially affect the whole, or a substantial part, of the Trustee’s business operations, or its financial standing, either directly or indirectly.</li> </ul>
<p>6.5 Potential Conflict</p>	<p>6.5.1 The Trustee defines a ‘potential conflict’ with reference to the general law position, where the Trustee has a primary duty to avoid putting itself in a position where there is an actual conflict or a ‘real sensible possibility of a conflict’. See Boardman v Phipps [1967] 2 AC 46.</p>
<p>6.6 Beneficiaries</p>	<p>6.6.1 For the purposes of APRA Prudential Standard SPS 521 – Conflicts of Interest, a reference to “beneficiaries” is a reference to “beneficiaries of an RSE within the RSE Licensee’s business operations”. In addition, a reference to “business operations” includes “all activities as an RSE Licensee (including the activities of each Fund of which it is the RSE Licensee) and all other activities of the RSE Licensee to the extent that they are relevant to, or may impact on, its activities as an RSE Licensee”.</p>



## 7. Identifying and Notifying a Conflict

---

- 7.1 Each Responsible Person and employee of the Trustee must advise the Trustee as soon as he or she becomes aware of any actual, perceived, or potential conflict. If there is doubt as to whether a conflict exists, it should be disclosed. If the Responsible Person or employee of the Trustee believes that it could reasonably be perceived that he or she has a conflict, the perceived conflict should also be disclosed to the Trustee to promote timely resolution.
- 7.2 Disclosure must include details of the nature and extent of the conflict and the relation of the conflict to the affairs of the Trustee or Fund.
- 7.3 All Responsible Persons, other than the CEO and the Board Chairman, can advise either the CEO or the Board Chairman of an actual, perceived, or potential conflict.
- 7.4 The CEO must advise the Board Chairman of an actual, perceived, or potential conflict.
- 7.5 The Board Chairman must advise the CEO of an actual, perceived, or potential conflict.
- 7.6 The person to whom the perceived, potential, or actual conflict is disclosed must refer it to the Trustee Board to assess the potential impact of the conflict upon the Trustee and/or the Fund. This applies to both conflicts of duties and interests.
- 7.7 If a Responsible Person or employee of the Trustee believes that another Responsible Person or employee of the Trustee has, or may have, a conflict which has not been disclosed, the first Responsible Person or employee of the Trustee must bring the matter to the attention of the CEO or the Board Chairman and provide an explanation why he or she holds that belief.
- 7.8 Each Responsible Person and employee must declare, as part of the **Statutory Declaration** completed annually, that either he or she has not had any conflicts in the previous reporting period, or that all conflicts have been disclosed in line with these procedures.
- 7.9 Verbal declarations are also made at the commencement of each of the Trustee's regular Board and Committee meetings, at which time each Responsible Person present (and any attending employee) is asked to confirm that their individual circumstances have not changed.

## 8. Responding to a Conflict

---

### 8.1 Assessing and Evaluating a Conflict

- 8.1.1 On becoming aware of an actual, perceived, or potential conflict, the Trustee will assess the potential impact of the conflict upon the Trustee and/or the Fund.
- 8.1.2 The assessment will consider:
- (a) The nature of the conflict – is it a conflict with a relevant duty or a conflict with a relevant interest?
  - (b) The materiality of the conflict – if it is a conflict of a relevant interest, is it material? (See discussion of materiality below.)
  - (c) The timing of the conflict – is it a one-off occurrence or does it have an ongoing, recurring, or cumulative nature?
  - (d) The effect of the conflict – does it affect the Trustee’s or a Responsible Person’s or employee’s ability to:
    - i. Give priority to the duties to, and interests of, beneficiaries, over the duties to, and interests of, other persons; or
    - ii. Ensure that the duties to beneficiaries are met despite the conflict; or
    - iii. Ensure that the interests of the beneficiaries are not adversely affected by the conflict.
- 8.1.3 In accordance with the Trustee’s **Fit and Proper Policy**, if the conflict is held by a Responsible Person or employee of the Trustee, the assessment will also consider whether the Responsible Person or employee:
- (a) Failed to disclose the conflict.
  - (b) Inappropriately failed to disqualify himself or herself because of the conflict.
  - (c) Acted in his or her own interests, or those of a related party, in preference to the interests of the beneficiaries of the Fund.

### 8.2 Deciding Upon and Implementing a Response to a Conflict

- 8.2.1 In deciding upon and implementing a response to an identified conflict, the Trustee will ensure that it is able to clearly demonstrate that the actions it has taken, or plans to take, in response to the identified conflict, are prudent and in the best interests of beneficiaries.
- 8.2.2 The Trustee’s response to an identified conflict will always be to:
- (a) Give priority to the duties and interests of beneficiaries over the duties and interests of other persons; and
  - (b) Ensure that the duties to beneficiaries are met despite the conflict; and
  - (c) Ensure that the interests of beneficiaries are not adversely affected by the conflict.
- 8.2.3 In addition, in response to an identified conflict, the CEO or the Board Chairman may:
- (a) Seek additional relevant information in relation to the conflict.
  - (b) Refer the conflict to the Audit Risk & Compliance Committee and/or the Board for its consideration.
  - (c) Seek legal or other external advice to confirm the appropriateness of a particular course of action.
- 8.2.4 The alternative responses to the identified conflict that will be considered, with reference to the need to meet the priorities outlined in Section 6.2.2 above, include:

- (a) **Avoid the conflict** - The Trustee may determine that the conflict is so acute or pervasive that it cannot be managed, or that the conflict is of a kind where the general law requires avoidance.
- (b) **Manage the conflict** - The Trustee may set guidelines in relation to materiality or personal authorisation to act.
- (c) **Disclosure of the conflict** - to the Audit Risk & Compliance Committee, to the Trustee Board, or to beneficiaries generally, as appropriate.
- (d) **Reallocate responsibility** - If the conflict arises for a Responsible Person or employee of the Trustee, **allocate another Responsible Person or employee of the Trustee to provide the service or conduct the activity**, and/or require the affected Responsible Person or employee of the Trustee to not be involvement in a matter linked to the conflict.
- (e) **Take no action** because the conflict is determined to be immaterial.

### 8.3 Responding to a Conflict of Relevant Duty

8.3.1 If a conflict is held by a Director (including the Board Chairman), the Trustee Board as a whole may:

- (a) Allow the Director to remain in a Board/Committee meeting while the matter is being discussed.
- (b) Require the Director to leave a meeting temporarily while the matter is being discussed.
- (c) Require the Director to abstain from voting on, or having any involvement in, any matter where there is a conflict.
- (d) Take no action because the conflict is considered immaterial, and the other Directors are satisfied that the conflict should not disqualify the Director from voting or from being present.

### 8.4 Responding to a Conflict of Relevant Interest

8.4.1 The solicitation of gifts or benefits from third parties by Responsible Persons or employees of the Trustee in relation to the performance of their relevant duties is strictly forbidden. Any Responsible Person or employee of the Trustee found to be participating in this type of activity may be deemed to have committed serious misconduct and their conduct will be reported to the CEO and/or Board Chairman for determination of an appropriate response.

8.4.2 Under no circumstances should a Responsible Person or employee of the Trustee accept:

- (a) A gift or benefit from a third party that could reasonably be perceived as having been provided with the intent of influencing the Responsible Person or employee in carrying out their relevant duties.
- (b) Monetary gifts such as cash, cheques, money orders, cash-equivalents (such as gift vouchers), travellers' cheques, direct deposits, and the like.

8.4.3 Responsible Persons and employees of the Trustee must not accept any material (>\$500) interest, gift, emolument, or benefit, whether pecuniary or non-pecuniary, from a third party in connection with Trustee or Fund matters, without the prior consent of the CEO and/or Board Chairman. Where consent is provided, acceptance of the interest, gift, emolument, or benefit must be disclosed for inclusion on the appropriate Register.

8.4.4 Responsible Persons and employees of the Trustee may accept non-material (<\$500) interests, gifts, emoluments, or benefits, whether pecuniary or non-pecuniary, from a third party in connection with Trustee or Fund matters, without prior consent of the CEO and/or Board Chairman (subject to Section 6.4.5 below).

8.4.5 Prior consent of the CEO and/or Board Chairman will be required before accepting any interests, gifts, emoluments, or benefits, whether pecuniary or non-pecuniary, from a third party that is participating in a tender to provide services to the Trustee or Fund or has expressed interest/desire in participating in such a tender.

8.4.6 In addition to the above requirements, the following points will be considered as relevant:

- (a) The relationship of the Trustee to the donor of the gift;
- (b) The primary business of the donor of the gift;
- (c) The likelihood of further contact with the donor of the gift;
- (d) Whether the gift is being accepted as part of a formal exchange of gifts;
- (e) The possible adverse consequences to interests of the Trustee which may result from the acceptance or refusal of a gift; and
- (f) The type of gift or benefit, if any, which in the context of the operations of the Fund and of the Board, can be seen as inconsequential or trivial.

8.4.7 All Responsible Persons and employees of the Trustee in attendance at a Board or Committee meeting are expected to disclose any material interests, gifts, emoluments, or benefits received from a third party as a consequence of their office.

## **8.5 Escalation of the Conflicts Management Process**

8.5.1 If necessary, responsibility for the management of an identified conflict will be escalated to the appropriate Board Committee, or the Full Board, or other alternative action proposed.

8.5.2 The appropriate escalation process will be determined on a case-by-case basis. Responsibilities accorded to, or decisions made by, any Committee or the Trustee Board will be appropriately recorded in the minutes.

## 9. Disclosing and Recording Conflicts

---

### 9.1 Declarations

- 9.1.1 On appointment and then annually, each Director and employee of the Trustee is asked to declare, as part of completing the Statutory Declaration, any actual, perceived, or potential conflicts that they hold, and confirm that they are willing to comply with the Trustee's Conflicts Management Policy.
- 9.1.2 As part of the due diligence process conducted prior to appointment, and then on an annual basis upon appointment, the Trustee requires each key service provider to declare any actual, perceived, or potential conflicts that they hold, and confirm that they are willing to comply with the Trustee's Conflicts Management Policy.
- 9.1.3 The Risk & Compliance Manager will record all notified actual, perceived, or potential conflicts in the relevant Register.
- 9.1.4 At the commencement of each Trustee Board and Committee meeting, all Responsible Persons, and employees of the Trustee in attendance are asked to confirm their ability to act under the "Fit and Proper" requirements. This includes declaring any new actual, perceived, or potential conflicts (including, but not only in relation to, the agenda items for the meeting) of which they may be aware, and which have not been previously disclosed. Responsible Persons are also asked to disclose any relevant interests or duties which they may have so that these can be recorded on the register (previously disclosed interests or duties do not have to be re-disclosed at each subsequent meeting unless the nature of the duty or interest has changed).
- 9.1.5 Standing disclosed conflicts are taken as read and do not need to be declared at each meeting unless the nature or materiality of the disclosed conflict has changed.
- 9.1.6 If a new actual, perceived, or potential conflict is disclosed at a Trustee Board or Committee meeting, the Board or Committee must give proper consideration to the disclosed conflict.
- 9.1.7 The Risk & Compliance Manager will record details of the conflict, its materiality, and the actions taken or planned to be taken to avoid or manage it, will be included in the minutes of the meeting as well as entered into the relevant Register.

### 9.2 Related Party Transactions

- 9.2.1 All related party transactions are recorded in the notes to the Trustee's annual financial statements. These statements are audited by law each year. The audit includes a confirmation that the disclosure of related party transactions is in accordance with the appropriate Australian Accounting Standards.

### 9.3 Register of Relevant Duties

- 9.3.1 The Register of Relevant Duties records:
- (a) All duties owed by the Trustee, and Responsible Persons and employees of the Trustee, to other individuals or entities; and
  - (b) All instances where the duties owed by the Trustee, or by Responsible Persons or employees of the Trustee, to other individuals or entities, conflict, or may be seen to conflict, with the relevant duties owed to beneficiaries.

- 9.3.2 At a minimum, all directorships, roles, and office positions held by Responsible Persons and employees of the Trustee, in any corporate entity, as well as any material shareholdings<sup>3</sup> in, or derivation of any financial benefit from, any corporate entity, will be disclosed in this Register.
- 9.3.3 For all actual and potential conflicts of relevant duties identified, the Register includes a description of the nature of the conflict and a summary of the action taken to manage it.
- 9.3.4 The Risk & Compliance Manager is responsible for ensuring that the Register remains up to date to achieve the goal of informing interested stakeholders about potential external influences on decision making within the Trustee's business operations.
- 9.3.5 As a standing agenda item for each Board and Committee meeting a copy of the Register will be tabled and a verbal update by Management on any additions or changes to the Register since the last meeting.
- 9.3.6 The management of identified conflicts will be evaluated by the Trustee Board on a regular basis.

#### **9.4 Register of Relevant Interests**

- 9.4.1 The Register of Relevant Interests records all Relevant Interests which have an individual value of greater than \$250 or when reviewing the Register of Gifts and Benefits, have a cumulative value of greater than \$500 over a 12-month period.
- 9.4.2 The Register includes a description of the nature and value of the interest and a summary of the action taken to avoid or prudently manage any conflict.
- 9.4.3 The Risk & Compliance Manager is responsible for ensuring that the Register remains up to date to achieve the goal of informing stakeholders about potential external influences on decision making within the Trustee's business operations.
- 9.4.4 As a standing agenda item for each Board and Committee meeting a copy of the Register will be tabled and a verbal update by Management on any additions or changes to the Register since the last meeting.
- 9.4.5 The management of identified conflicts will be evaluated by the Trustee Board on a regular basis.

#### **9.5 Register of Gifts and Benefits**

- 9.5.1 The Register of Gifts and Benefits records all benefits regardless of value.
- 9.5.2 The Register includes a description of the nature and value of the interest and a summary of the action taken to avoid or prudently manage any conflict.
- 9.5.3 The Risk & Compliance Manager is responsible for ensuring that the Register remains up to date to achieve the goal of informing stakeholders about potential external influences on decision making within the Trustee's business operations.
- 9.5.4 As a standing agenda item for each Board and Committee meeting a copy of the Register will be tabled and a verbal update by Management on any additions or changes to the Register since the last meeting.

#### **9.6 Website Disclosure**

- 9.6.1 Management will publish the current register of relevant interests and register of relevant duties to the Fund's website in accordance with SIS Regs 2.37(I) and ASIS Regulatory Guide 252 Keeping superannuation websites up to date.

---

<sup>3</sup> A material shareholding is considered to be a shareholding which exceeds 10% of the total amount of shares on issue.

- 9.6.2 Where a conflict of interest has been disclosed on the relevant register on the website, the Trustee may publicly disclose additional information relating that conflict where it believes the additional information will assist with the proper management of the conflict.
- 9.6.3 If this is not practicable (for example, if the conflict arises with only a limited number of beneficiaries) the disclosure will be made in writing, where possible, directly to the parties/beneficiaries concerned.

## 10. Annual and Triennial Reviews

---

### 10.1 Triennial Comprehensive Review

- 10.1.1 The Trustee will ensure that the appropriateness, effectiveness, and adequacy of the Trustee's conflicts management framework is subject to a comprehensive review at least every three years, which has regard to the size, business mix and complexity of the Trustee's business operations, the extent of any changes to these operations, and any changes to the external environment in which the Trustee operates.
- 10.1.2 This review will be undertaken by an appropriately qualified and experienced service provider who is operationally independent from those responsible for administering the conflicts management framework.
- 10.1.3 At a minimum, the comprehensive review of the conflicts management framework will consider:
- (a) Whether all relevant duties and relevant interests have been identified and are being addressed in accordance with the Trustee's conflicts management framework.
  - (b) The impact of any material changes to applicable licence conditions, or to applicable governing legislation, regulations, prudential standards, or guidance notes.
  - (c) The impact of any material changes in the size or membership profile of the Fund, or the structure of the Trustee (including changes to Responsible Persons), or the Trustee's business or strategic planning.
  - (d) The impact of any changes to the Trustee's material service providers (including changes to, or within, material service providers).
  - (e) The level of compliance with the Conflicts Management Policy, including reporting on the Registers.
  - (f) Any non-compliance with the Conflicts Management Policy, including steps taken to return to, and improve, ongoing compliance.
- 10.1.4 The results of the review will be reported to the Audit Risk & Compliance Committee and the Board.

### 10.2 Annual Review

- 10.2.1 Management must review the Conflicts Management Framework annually and report the results to the Audit, Risk & Compliance Committee and Trustee Board.