

Conflicts Management Policy

Introduction

- 1.1 The Trustee has a Conflicts Management Framework (“CMF”). This Conflicts Management Policy forms part of the CMF.
- 1.2 The Trustee treats potential and actual conflicts of interest seriously and has developed controls and process for identifying, monitoring, avoiding and managing conflicts as appropriate.
- 1.3 Potential or actual conflicts of interest are matters that, if not managed appropriately, could adversely affect the Trustee’s liability insurance cover and adversely impact on its professional reputation.
- 1.4 The CMF includes examples of potential conflict situations which the Trustee has identified.

Controls and processes for identifying and monitoring all potential and actual conflicts

- 1.5 The Trustee has approved the following controls and processes for identifying and monitoring all potential and actual conflicts.
- 1.6 The Trustee has also established certain principles regarding duties and interests that may give rise to potential or actual conflicts of interests. These principles are set out in the CMF, and must be considered in determining whether a potential or actual conflict has arisen or may arise.
- 1.7 The directors and Fund Secretary must make appropriate disclosures in relation to any potential or actual conflicts prior to their appointment and at each Trustee board meeting (or sooner if there is any material change to the disclosure), including in relation to:
 - any interests with respect to any agenda item or
 - any potential or actual conflict of interest arising in relation to any other matter.
- 1.8 Each person appointed to a responsible person position must disclose all Relevant Duties and Relevant Interests prior to taking up the appointment, in accordance with the requirements of the Trustee’s Fit and Proper Policy.
- 1.9 Responsible persons and employees (if any) of the Trustee are required to notify the Fund Secretary if a conflict of interest arises as soon as that conflict arises. The Fund Secretary will be responsible for reporting any conflict of interest to the Trustee.
- 1.10 All responsible persons must also confirm on an annual basis that they have disclosed all positions held, investments held and relationships that could give rise to an actual or potential conflict.
- 1.11 The Trustee will take all reasonable steps to ensure that all persons given a copy of the CMF are aware of the Trustee’s policies in relation to the identification and avoidance or management of potential or actual conflicts.

Controls and processes for avoiding potential and actual conflicts

- 1.12 If a potential or actual conflict is identified, the Fund Secretary will assess and evaluate the issues that arise out of the matter and make and communicate to the Trustee, as they consider appropriate, any recommendations for avoiding the conflict.
- 1.13 Where a conflict of interest may have a serious potential impact on the Trustee, the conflict must be avoided. Any conflicts of this nature must be discussed with the Trustee as soon as they arise.

Controls and processes for managing potential and actual conflicts

- 1.14 Where a director has a potential or actual conflict of interest in relation to an item on the agenda for a board meeting which is not required to be avoided in accordance with section 1.13 above, the Trustee may consider a range of actions for ensuring that the conflict is managed in accordance with the requirement to give priority to the duties to, and interests of, members. The action to be considered will depend to some extent on the gravity of the matter. For example, the Trustee may request that the director:
- leave the meeting for the duration of the discussion
 - remain in the meeting but abstain from the discussion and decision on the matter
 - provide additional information on the matter because of their expertise or knowledge of the matter, or
 - provide additional information on the potential or actual conflict of interest and, if the Trustee considers that the conflict is not significant or material, participate in the decision.
- 1.15 If a potential or actual conflict is identified other than in the circumstances set out in section 1.14 above, the Fund Secretary will assess and evaluate the issues that arise out of that matter and communicate to the Trustee:
- any recommendations for on-going evaluation and management of the conflict
 - any recommendations for escalation or alternative action if the Fund Secretary considers that on-going evaluation and management of the conflict may not suffice in the circumstances or if its previous recommendations have not been implemented satisfactorily.
- 1.16 The approach to on-going management of the conflict or for alternative action may include, without limitation:
- disclosure of the actual or potential conflict to interested stakeholders of the interest of the relevant party giving rise to the disclosure and, where applicable, the extent to which a relevant party is likely to receive financial or other benefits as a result of the service provided or decision made
 - declining to provide the service to, or make a decision in respect of, the affected member(s) or interested stakeholder.
- 1.17 The Trustee may at any time seek independent legal or other professional advice where a matter raises complex or significant conflict issues, including without limitation:
- where required in order to ensure the appropriate evaluation or management of a conflict, or
 - in the event of any dispute involving the appropriate management of a conflict.

1.18 One of the key methods for managing conflicts of interest that are not able to be avoided is adopting appropriate levels of disclosure. The Trustee has adopted a fully transparent approach in order that interested stakeholders are fully informed in relation to any relevant potential or actual conflict and can therefore raise any concerns that they may have. The Trustee can then consider and manage them in a manner which gives priority to the duties to, and interests of, members.

1.19 The Trustee shall ensure that stakeholders (including members, service providers and associated employer sponsors as applicable) are adequately informed (in a clear, concise and effective form) about any material conflicts of interest that may affect the provision of financial services to those stakeholders. The nature, mechanism and extent of the disclosures required will be determined having regard to factors including, but not limited to:

- the level of financial sophistication of the stakeholders
- the extent to which third persons are likely to rely, directly or indirectly, on the service
- the complexity of the service provided.

Conflicts in relation to the actuary or the auditor

1.20 The Trustee recognises that the RSE actuary (as defined in the SIS Act) appointed for the purposes of the SIS Act to the Fund may also be appointed by an employer sponsor of the fund (or a related party to that employer sponsor) in relation to the funding of defined benefits in the fund, or in relation to a matter which has a bearing on the benefits payable to members under the fund and therefore its cost to the employer sponsors. As there are generally cost advantages for both parties in using the same actuary, the Trustee recognises that the opportunity emerges for a conflict of interest to arise.

1.21 The Trustee has determined that the following approach will be adopted in these circumstances:

- The RSE actuary is required to disclose to the Trustee if an employer sponsor (or another related party) wishes to engage the actuary separately for any services in relation to the fund.
- The RSE actuary is required to treat the Trustee as the principal client in this situation.
- If the employer sponsor has any concerns regarding a potential conflict of interest and/or the Trustee's access (via the RSE actuary) to any confidential information of the employer sponsor, then that employer sponsor should seek advice from its own independent actuary. If the parties wish to adopt a different approach then this should be documented in writing in a formal agreement.

Records in relation to conflicts

1.22 The Trustee will record in the minutes of each board meeting all instances in which the Trustee was advised of:

- any advices or notifications to the Trustee of any potential or actual conflict of interests with respect to any agenda item
- any advices or notifications to the Trustee of any potential or actual conflict of interest arising in relation to any other matter
- the action considered and taken to deal with the situation.

- 1.23 The minutes shall record relevant details in the event that a director has been requested to take any of the actions referred to in section 1.14 above.
- 1.24 If any director who advised the Trustee of a potential or actual conflict of interest remains in attendance in the meeting at which the matter is considered, this fact will be specifically noted in the minutes, together with a statement as to why the Trustee concluded that this course of action was appropriate.

Register of Relevant Duties and Interests

- 1.25 The Trustee shall develop and maintain an up-to-date Register of Relevant Duties and Interests.

Conflicts with service providers

- 1.26 At each board meeting, the Trustee shall identify all new potential or actual conflicts arising from its relationship, or the relationship of a responsible person, with related or external service providers (if any).
- 1.27 Where any conflict arises between the Trustee, or a responsible person of the Trustee, and an existing or prospective service provider to the Trustee, the Fund Secretary will obtain all relevant information in relation to the matter and will recommend to the Trustee the action, if any, to be taken.
- 1.28 The Trustee will consider, among other things, whether the service provider or adviser:
- is providing or may provide financial services in a manner that unfairly puts its own interests ahead of the interests of the Trustee and/or the interests of the members
 - is using knowledge about the Fund in a way that is likely to advance its own interests without sufficient disclosure to the Trustee
 - is being prevented from providing impartial advice because of any inducements to secure business or receive other benefits;
 - has a special, unusual or clandestine relationship with another party that might influence the service provider or adviser.
- 1.29 The Trustee will consider any action recommended by the Fund Secretary in relation to the matter and make such determinations or take such action as the Trustee considers appropriate.

Disclosure of Conflicts Management Policy

- 1.30 To the extent required by law, the Trustee will ensure that a copy of this Conflicts Management Policy can be accessed via the Fund's website or by other appropriate means.