



# Conflicts Management Framework and Policy

**Date approved: 22 February 2022**

**Version: 11.0**

## VERSION CONTROL

### Document control information

<b>Description</b>	Conflicts Management Framework and Policy
<b>Creation date</b>	16/10/2012
<b>Primary ownership</b>	Chief Risk and Governance Officer
<b>Review</b>	Human Resources, Remuneration and Governance Committee
<b>Approval sign off</b>	Board

### Revision and sign-off history

<b>Version</b>	<b>Revision date</b>	<b>Author/s</b>	<b>Revision notes</b>	<b>Review by Committee</b>	<b>Approved by Board</b>
<b>1.0</b>	18/9/2012	General Manager Operations	This policy replaced the existing policy updated to incorporate Prudential Standard SPS 521 Conflicts of Interest	11/10/2012	16/10/2012
<b>2.0</b>	7/2/2013	General Manager Operations	In line with APRA's review the following changes have been made: Section 1.4: Definition of 'Associates' has been expanded to include staff of the Trustee Section 2.2: Additional clause added to bring in line with s52(2)(d) of the SIS Act Section 2.5: Additional information provided on communication process Section 3.4: Managing Conflicts Sub sections <i>Conflict of interests &amp; Gift Registers and Recording</i> : further clarification provided Sub section <i>Attendance and participation</i> has been re-titled to 'Evaluation'	-	19/2/2013
<b>3.0</b>	20/11/2013	Risk and Compliance Officer	<ul style="list-style-type: none"> <li>• Formatted to be in line with policy template</li> <li>• Clarification of conflicts register and the information it should contain.</li> <li>• Updated to reflect current practices</li> </ul>	2/12/2013	3/12/2013
<b>4.0</b>	27/10/2014	Senior Manager Governance	Changes suggested by internal audit findings 11 March 2014, including: <ul style="list-style-type: none"> <li>• Adding the external auditor and actuary to the definition of responsible persons.</li> <li>• Disclosure requirement for recurring gifts</li> </ul>	6/11/2014	2/12/2014

<b>Version</b>	<b>Revision date</b>	<b>Author/s</b>	<b>Revision notes</b>	<b>Review by Committee</b>	<b>Approved by Board</b>
<b>6.0</b>	14/10/2016	Senior Manager Governance	Updated to incorporate internal audit findings and process improvements including: <ul style="list-style-type: none"> <li>• Gift register and gift retention</li> <li>• roles and responsibilities</li> </ul>	21/11/2016 6	1/12/2016
<b>7.0</b>	29/9/2017	Senior Manager Governance	Updated to include new senior positions of Chief Risk and Governance Officer and Chief Operating Officer plus a minor change to procedure	13/11/2017 7	21/11/2017
<b>8.0</b>	30/10/2018	CEO	Changed title to Senior Manager Insurance and Complaints Added Employee Code of Conduct to other policy list	immaterial change approved by Compliance & Risk Officer and noted by HRRG 12/11/2018 8	Minor changes approved under delegation and reported to Board 20/11/2018
<b>9.0</b>	28/10/2019	Senior Manager Governance	<ul style="list-style-type: none"> <li>• Updated roles and responsibilities</li> <li>• Additional guidance for disclosure of relevant interests and duties</li> <li>• Additional information to comply with section 68A of the SIS Act – Treating Employers</li> <li>• Movement of some detailed information into separate procedures document</li> </ul>	11/11/19	19/11/19
<b>10.0</b>	20/10/2020	Senior Manager Governance	<ul style="list-style-type: none"> <li>• Minor updates to wording throughout</li> <li>• Update to assessment process for gifts, removing reference to role of Risk and Compliance Manager</li> <li>• Reflect additional measures to used for ongoing awareness of the policy requirements</li> <li>• Remove references to Alternate Directors</li> </ul>	9/11/2020	17/11/2020

Version	Revision date	Author/s	• Revision notes	Review by Committee	Approved by Board
11.0	31/01/2022	Legal Counsel, Compliance & Governance	<ul style="list-style-type: none"> <li>• Updates to Roles and Titles of Responsible Persons</li> <li>• Sections detailing processes to be moved to a newly created procedures document</li> <li>• Changes made throughout to simplify the document</li> </ul>	14/02/2022	22/02/2022

### Records management

Record management system	Date up-loaded:
Shared Drive	
Diligent Resource Centre	
SCS Training	
Website	

## Contents

1. INTRODUCTION .....	5
2. RESPONSIBILITIES .....	6
3. DISCLOSURE PARAMETRES .....	9
4. DETERMINING THE RELEVANCE OF DUTIES AND INTERESTS .....	9
5. CONFLICTS OF INTERESTS OF EMPLOYEES .....	8
6. GIFT PROCEDURES .....	10
7. TREATING EMPLOYERS .....	11
8. AWARENESS AND COMPLIANCE .....	11
9. WHISTLEBLOWING .....	11
10. MONITORING AND REVIEW .....	12

## 1. Introduction

### 1.1 Purpose

The Conflicts Management Framework and Policy (the Policy) outlines the Board's approach to ensuring that the Fund takes reasonable practicable action to identify, avoid and/or prudently manage all actual and potential conflicts of interest.

### 1.2 Background

NGS Super is governed by a corporate Trustee, NGS Super Pty Limited. The structure of the Trustee is based on a model of equal representation by employer and member Directors.

### 1.3 Regulatory Requirements

#### **Australian Prudential Regulation Authority (APRA)**

APRA's *Prudential Standard SPS 521 Conflicts of Interest* requires the Board to identify, avoid and manage conflicts of duties and interests.

Key requirements of SPS 521 include that:

- a conflicts management policy is developed, implemented, reviewed and approved by the Board
- all relevant duties and relevant interests are identified
- a register of relevant duties and relevant interests is developed and maintained.

Prudential Practice Guide SPG 521 Conflicts of Interest provides guidance on APRA's view of sound practice in particular areas.

#### **Australian Securities and Investments Commission (ASIC)**

As an AFS licensee, the Trustee must have (amongst other things) adequate arrangements for the management of conflicts of interest that may arise wholly, or partially, in relation to the provision of financial services by the Trustee, or the Trustee's representatives, as part of the financial services business of the Trustee or its representatives (s912A (1) (aa) of the *Corporations Act 2001*). This obligation is referred to as the 'conflicts management obligation'.

### 1.4 Definitions

**Associate** means a person who has a close family, personal, business or social connection to or involvement with a Responsible Person.

**Board** means the Board of the Trustee.

**Committee Member** means a person appointed by the Board to be a member of the Human Resources, Remuneration and Governance Committee of the Trustee.

**Company Secretary** means a person appointed by the Board to be the statutory officer of the Company.

**Corporations Act** means the *Corporations Act 2001* (Cth).

**Conflicts** are circumstances where some or all of the interests or duties of a Responsible Person and/or the Associates of a Responsible Person are inconsistent with, or diverge from, the interests or duties of the Trustee and the interests of its beneficiaries. This includes actual and potential conflicts where performance or decisions are or could be influenced due to the Responsible Person and their Associates having personal interests or duties owed to another entity. A **potential** conflict of interest arises where a Responsible Person and/or the Associates of a Responsible Person has a private interest

or duty which is such that an actual conflict could arise if the Responsible Person or their Associates were to become involved in relevant (that is, conflicting) duties and responsibilities in the future.

**Directors** mean those persons who have been appointed to oversee the activities and management of the Trustee.

**Employees** means an employee or contractor of NGS Super.

**Employers** has the same meaning as in the SIS Act.

**Fund** means NGS Super.

**HRR&G Committee** means Human Resources, Remuneration and Governance Committee of the Trustee.

**RSE licence** means a Registrable Superannuation Entity licence, which is granted under section 29D of the SIS Act.

**RAC Committee** means Risk, Audit and Compliance Committee of the Trustee.

**Responsible Person** means a Director, Company Secretary, RSE Auditor, RSE Actuary, Senior Manager, Board Advisor or other person appointed by the Board as Responsible Persons.

**Relevant duty** means any relevant duty owed by the Responsible Person of the Trustee and any Associates of the Responsible Person to beneficiaries or to any other person.

**Relevant interest** means any relevant interest, gift, emolument (any salary for or profit from appointments or offices held) or benefit whether pecuniary or non-pecuniary, directly or indirectly held by the Responsible Person or an Associate of the Responsible Person.

**SIS Act** means the *Superannuation Industry (Supervision) Act 1993*.

**Service Provider** means an entity providing outsourced activities to the Trustee. A **Key Service Provider** is one who is providing a material business activity.

**Trustee** means NGS Super Pty Limited.

## 1.5 Relationship to other policies

This Policy should be read and used in conjunction with the Trustee's:

- Governance Policy (including Director Code of Conduct)
- Fit and Proper Policy
- Outsourcing Policy
- Human Resources and Corporate Policy
- Risk Management Framework
- Ethical Behaviour Policy - Employee Code of Conduct
- Whistleblowing Policy
- Gift Policy.

## 2. Responsibilities

Key roles and responsibilities under this policy are set out below:

<b>Trustee Board</b>	<ul style="list-style-type: none"> <li>• Approve this Policy and subsequent updates.</li> <li>• Ultimate responsibility for the appropriateness and effectiveness of the Policy.</li> <li>• In the event of a conflict or potential conflict, ensuring that priority is given to the duties to and interests of beneficiaries.</li> <li>• Ensuring that the Board and each of its Committees consider potential conflicts of interests at the commencement of each meeting.</li> <li>• Following assessment by the HRR&amp;G Committee, approval of any amendment to the Interests and Duties Register for public disclosure.</li> </ul>
<b>HRR&amp;G Committee</b>	<ul style="list-style-type: none"> <li>• Review Policy updates and recommend changes to the Board for approval.</li> <li>• Assessment of interests and duties including identified conflicts and potential conflicts of interest and duties and making recommendations to the Board with respect to the management of the conflicts.</li> </ul>

	<ul style="list-style-type: none"> <li>• Oversight of the gift register and recommendations to the Board as to the appropriateness of gifts and whether they should be included on the Interests and Duties register.</li> <li>• Oversight of the Employee Interests Register.</li> </ul>
<b>RAC Committee</b>	<ul style="list-style-type: none"> <li>• Ensure the Internal Audit Plan for the Fund includes a comprehensive review of the Conflicts Management Framework every three years.</li> </ul>
<b>Chief Risk &amp; Governance Officer</b>	<ul style="list-style-type: none"> <li>• Executive accountability for the implementation of the Policy.</li> <li>• Following initial assessment by the Legal Counsel, Compliance and Governance approve (or otherwise deal with) any gifts and/or invitations received by or offered to an Employee where the gift exceeds the parameters set out in this Policy.<sup>1</sup></li> <li>• Following initial assessment by the Legal Counsel, Compliance and Governance, approve (or otherwise implement) strategies to control, manage, mitigate or avoid potential or actual conflicts of interest of employees.</li> <li>• Approve procedures to ensure the effective implementation of this Policy.</li> </ul>
<b>Legal Counsel, Compliance and Governance</b>	<ul style="list-style-type: none"> <li>• Facilitate regular review of the Policy.</li> <li>• Initial assessment of any gifts and/or invitations received by or offered to an Employee where the gift exceeds the parameters set out in this Policy.<sup>1</sup></li> <li>• initial assessment of relevance of declared interests and duties.</li> <li>• Initial assessment and recommendations for strategies to control, manage, mitigate or avoid potential or actual conflicts of interest or duty.</li> <li>• Maintaining the Register of Interests and Duties and following approval by the Board, ensuring it is available on the Fund’s website.</li> <li>• Maintaining and updating the Gift Register and ensuring regular reporting of register to the HRR&amp;G Committee.</li> <li>• Initial assessment of gifts and/or invitations received by or offered to an employee where the gift exceeds the thresholds set out in this Policy.</li> <li>• Initial assessment of potential or actual conflicts of interest by employees and recommendations for strategies to control, manage, mitigate or avoid potential or actual conflicts of interest or duty.</li> <li>• Maintain procedures to ensure the effective implementation of this Policy.</li> </ul>
<b>Internal Auditor</b>	<ul style="list-style-type: none"> <li>• Conduct a comprehensive review of the Conflicts Management Framework every three years including whether all relevant duties and interests have been identified and are being managed accordance with the Policy.</li> </ul>

The process for identifying potential or actual conflicts of interest of service providers is set out in the Outsourcing Policy.

---

<sup>1</sup> Note: Where any gifts/invitations are received by or offered to the Chief Risk & Governance Officer or the Legal Counsel, Compliance & Governance, the Chief Executive Officer will step in to perform the assessment as required



### **3. Disclosure parameters**

The following are the parameters and thresholds that the Board has determined in order to identify actual or potential conflicts of interest or duty. Interests below these parameters are not considered to have the potential for a significant impact on capacity to act in the best interest of members and beneficiaries.

#### **3.1 Interests (Directors and Responsible Persons only)**

The following needs to be declared:

- any financial interest held directly or indirectly in listed and unlisted shares, trusts, managed funds, partnerships and other business interests where the interest represents over 5% of the total securities on issue, income or capital value of the company, fund, trust partnership, business entity or equivalent
- any interest in an Australian superannuation fund

#### **3.2 Duties**

All duties undertaken by Responsible Persons and employees must be declared including external directorships, management/advisory roles or positions on committees, and any current employment. These duties may be paid or voluntary.

#### **3.3 Gifts and invitations**

- All gifts and invitations within a financial year over the value of \$250 or recurring gifts with the cumulative value over \$750 are to be declared. These include, but are not limited to, invitations to events, lunches, dinners and the receipt of gifts or prizes.
- This does not apply to the RSE Actuary and Auditor who provide separate confirmation of management of potential conflicts of interests and duties as part of their annual fitness and propriety assessments.

### **4. Determining the relevance of interests and duties (Directors and Responsible Persons only)**

All new interests and duties of and gifts received by Responsible Persons are reported to each meeting of the HRR&G Committee. An assessment of the relevance of the interests and duties will be made by the Committee having regard to the potential for the interest or duty to reasonably have a significant impact on the capacity of a Responsible Person to act in the best interest of members and beneficiaries. The HRR&G Committee will make a recommendation to the Board in respect to:

- the management, or if necessary, the avoidance of any actual or potential conflict of interest or duty
- the relevance of the duty and requirement for inclusion in the Interests and Duties register.

The Board is responsible for approving changes to the Interests and Duties Register which will be made publicly available on the Fund's website.

### **5. Conflicts of Interests of Employees**

All employees are required to disclose any potential conflict of interest or duty to their Manager and the Legal Counsel, Compliance & Governance in accordance with this Policy.

Disclosures will be assessed and a determination will be made in respect to the management or if required avoidance of the potential conflict of duty or interest.

Potential conflicts of interest and duties of employees will be recorded on the Employee Interests Register.

Any new entries to the Employee Interests Register will be reported to the HRR&G Committee.

## **6. Gifts**

All gifts and invitations within a financial year over the value of \$250 or recurring gifts with the cumulative value over \$750 are to be declared.

Gifts, hospitality, or concessional travel offered in connection with employment by the Fund or in the discharge of duties to the Fund should not be accepted except where the gift does not give rise to a conflict of interest or duty and cannot be perceived as such by a reasonable outside observer. Any gift received must be of a minor and non-recurring nature.

If a gift and/or invitation valued at \$250 or more (including recurring gifts and/or invitations where the cumulative value in a financial year is \$750 or more), acceptance of the gift/invitation will be subject to approval in accordance with the Gift Policy and procedures.

**Directors, Committee Members, Associates and employees involved with a tender process should not accept any gift or invitation from any service provider involved in a tender for services to the Fund. This includes any current service provider and covers the period from the issuing of the tender document until the decision is made.**

All gifts and invitations within a financial year over the value of \$250 or recurring gifts with the cumulative value over \$750 are to be declared.

## **7. Treating Employers**

Section 68A of the SIS Act prohibits Trustees from using goods or services which could reasonably be expected to:

- influence the choice of superannuation fund into which an Employer directs superannuation contributions where its employees have not chosen a fund (Default Fund); or
- influence an employer to encourage its employees to remain a member of a fund or agree to join a fund.

This includes both the supply by the Trustee or an associate of goods and services, including discounts rebates and allowances or the refusal to provide such discounts, rebates or allowances to an employer or a relative or associate of the employer.

A reference to an “associate” for the purposes of section 68A is determined with reference to the Corporations Act.

During the course of day to day business, the Fund may use informal opportunities to build and develop relationships with new or existing employers. From time to time this may include the provision of hospitality including meals and/or beverages.

The Fund has established procedures to ensure it complies with section 68A of the SIS Act.

## **8. Awareness and compliance**

This Policy will be communicated to Directors and Committee members in the following ways:

- a copy of the Policy is included as part of the new Director appointment process and is available for all Directors and, Committee members within the Resource Centre on the Diligent application used to securely distribute Board papers.
- each Board and Committee meeting includes a standing item in relation to the declaration of any new actual and potential conflicts.
- Directors, Committee Members and Responsible Persons are required to make an annual declaration of all of interest and duties.
- The requirements of the policy are communicated regularly throughout the year to ensure they remain front of mind.

The Policy (and any updates) will be provided to the RSE Actuary and Auditor.

This Policy will be communicated to employees in the following ways:

- New employees will receive a briefing on the Policy as part of their induction.
- Copy is available on the Fund's intranet site which can be accessed by all staff and is also available on the Fund's public website.
- Dedicated mandatory training module on the Fund's online training system.
- The requirements of the policy are communicated regularly throughout the year to ensure they remain front of mind.

## 9. Whistleblowing

If a Director, Committee Member or an employee has knowledge that leads them to the belief that a conflict of interest exists that may not have been disclosed, they should deal with this through discussion with either the Chief Risk & Governance Officer, their Manager, or through the Fund's whistleblower procedures. The Trustee will ensure that any person who acts in accordance with this procedure is not victimised notwithstanding any conditions of that person's employment or contract.

## 10. Monitoring and review

### ***Compliance Monitoring***

Compliance with this Policy will be monitored by the Board through the HRR&G Committee.

### ***Breach***

A breach of this policy or a failure to disclose an interest or duty, subject to the circumstances surrounding the breach and the nature of the interest and conflict, may result in termination of directorship or employment, whichever the case may be.

### ***Review***

The Policy will be reviewed annually by the Trustee to ensure that the arrangements continue to be adequate for identifying, assessing and managing conflicts of interests.

### ***External Review***

Every three years internal audit will review and report to the RAC Committee on the appropriateness of and compliance with the Trustee's Conflicts Management Framework and Policy.