



# Conflicts Management Framework and Policy

Date approved: under delegation by Compliance and Risk Officer and noted at HRR&G Committee 12 November 2018 and reported to the Board 20 November 2018.

Version: 8.0

## Document control information

Description	Conflicts Management Framework and Policy
Creation date	16/10/2012
Primary ownership	Senior Manager Governance
Review	Human Resources, Remuneration and Governance Committee
Approval sign off	Board

## Revision and sign-off history

Version	Revision date	Author/s	Revision notes	Review by Committee	Approved by Board
1.0	18/9/2012	Laura Wright 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
2.0	7/2/2013	Laura Wright 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
3.0	20/11/2013	Kylie Wilcox 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
4.0	27/10/2014	Laura Wright Senior Manager	Changes suggested by internal audit findings 11 March 2014, including: <ul style="list-style-type: none"> <li>· Adding the external auditor</li> </ul>	6/11/2014	2/12/2014

		Governance	and actuary to the definition of responsible persons. · Disclosure requirement for recurring gifts		
5.0	26/10/2015	Laura Wright Senior Manager Governance	Updated to reflect changes to titles and minor changes to procedures.	23/11/2015	1/12/2015
6.0	14/10/2016	Laura Wright Senior Manager Governance	Updated to incorporate internal audit findings and process improvements including: · Gift register and gift retention · roles and responsibilities	21/11/2016	1/12/2016
7.0	29/9/2017	Laura Wright 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	21/11/2017
8.0	30/10/2018	Laura Wright 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	Minor changes approved under delegation and reported to Board 20/11/2018

## Records management

Record management system	Date up-loaded:
Shared Drive: S: Trustee/Operations/Risk and Compliance/Policies/Conflicts of Interest/2018/Final	20 November 2018
Policy Reading Room - BoardPad	
NGS Super - Intranet	20 November 2018
SCS Training	20 November 2018
Website	20 November 2018

# Contents

1. INTRODUCTION.....	5
1.1 Purpose .....	5
1.2 Background .....	5
1.3 Regulatory Requirements.....	5
1.4 Definitions.....	5
1.5 Relationship to other policies .....	6
2. RESPONSIBILITIES.....	6
3. DISCLOSURE PARAMETERS .....	8
3.1 Interests .....	8
3.2 Duties .....	8
3.3 Gifts and invitations .....	8
3.4 Assessment of gifts and invitations .....	9
3.5 Public Disclosure of Registers .....	9
4. AWARENESS AND COMPLIANCE .....	9
5. CONFLICTS MANAGEMENT PROCEDURES .....	10
5.1 Identification of Conflicts .....	10
5.2 Managing conflicts .....	11
5.3 Privacy.....	12
6. WHISTLEBLOWING .....	13
7. MONITORING AND REVIEW.....	13

# 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 all relevant duties and interests
- avoid and/or prudently manage all actual and potential conflicts of interest disclosed by Responsible Persons that relate to themselves and their Associates
- publicly disclose registers of relevant duties and interests.

## 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 ASIC 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'.

The Corporations Amendment (Future of Financial Advice) Act 2012, addresses concerns regarding conflicted remuneration and conflicts of interest for financial advisers. Staff employed by NGS Super Pty Limited who provide financial advice to members do not receive commissions, nor is any employee's remuneration linked in any way to any other incentive programs (either monetary or non-monetary) associated with the provision of financial advice.

ASIC Regulatory Guide 252 'Keeping websites up to date provides guidance on prescribed information that is required to be disclosed on superannuation websites in accordance with s29QB of the *Supervision Industry (Supervision) Act 1993* (SIS Act). Among other disclosures, this includes the Fund's Conflicts Management Framework and the Conflicts of Interests and Duties Register.

## 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.

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

**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.

**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, Alternate Director, Chief Executive Officer, Senior Manager, Governance, Chief Risk and Governance Officer, Chief Operating Officer, Manager Risk and Compliance, Senior Manager Insurance and Complaints, Company Secretary, RSE Auditor, RSE Actuary and may include Senior Managers, Board Advisors or other persons approved by the Board as Responsible Persons.

**Relevant duty** means any 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 interest, gift, emolument 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
- Fit and Proper Policy
- Outsourcing Policy
- Human Resources and Corporate Policy
- Risk Management Framework
- Ethical Behaviour Policy - Employee Code of Conduct

## 2. Responsibilities

### *Board*

The Board has overall responsibility for:

- developing and maintaining the Policy and its approval
- ensuring that all Responsible Persons understand the types of conflicts that are to be identified, the circumstances where a conflict may occur, content and purpose of the framework and their obligation as Responsible Person
- ensuring that all newly appointed Responsible Persons and their Associates disclose all relevant duties and interests
- ensuring that all Responsible Person's potential and actual conflicts of duties and interests are recorded in the register

- identifying and monitoring all actual and potential conflicts in accordance with this Policy
- ensuring that actual conflicts are recorded in the minutes of Board and Committee meetings including the details taken to manage or avoid the conflict and ensuring that the conflicts of interests and duties register is made public on the NGS Super website by the date determined by ASIC.

The Board is responsible for identifying and monitoring all actual, potential and perceived conflicts. Where there is a conflict, the Board will ensure that the conflict is managed in accordance with the processes outlined in this Policy, giving priority to the duties to and interests of beneficiaries.

#### *HRR&G Committee*

The Committee is responsible for:

- reviewing policy updates and recommending the policy to the Board for approval
- oversight of the gift register and reporting any issues and/or concerns to the Board including any conflicts and actions taken.

#### *Chief Risk and Governance Officer*

The Chief Risk and Governance Officer is responsible for:

- implementation of this Policy in an effective manner across the breadth of NGS Super, ensuring that responsibilities are carried out in accordance with the Policy
- determination of whether a declared interest or duty represents a conflict that should be reported to the Board, following assessment and recommendation by the Senior Manager Governance
- approval (or otherwise) of any gifts and/or invitations received by or offered to an employee where the value is \$750 or more, following assessment and recommendation by the Senior Manager Governance. This includes recurring gifts and/or invitations where the cumulative value in a financial year is \$750 or more. *Refer to section 2.3.4 'Assessment of gifts and invitations'*

#### *Senior Manager Governance*

The Senior Manager Governance is responsible for:

- monitoring and updating the Policy
- maintaining and updating the Conflict of Interests and Duties Register
- assessing whether a declared interest and/or duty of a Responsible Person including their Associates is a conflict
- reporting to the Board any conflicts of interests and/or duties of a Responsible Person including their Associates and the action taken
- maintaining and updating the Gift Register
- assessing and recommending (in consultation with the Risk and Compliance Manager) the acceptance (or otherwise) of any gifts and/or invitations received by or offered to an employee where the value is \$750 or more. This includes recurring gifts and/or invitations where the cumulative value in a financial year is \$750 or more.
- reporting to the HRR&G Committee the assessment and approval of any gifts and/or invitations above \$750 that have been accepted by an employee, Director, Alternate Director and Board Advisor

Conflicts in regard to Committee agenda items will be recorded by Committee Secretaries in Committee minutes will be noted by the Senior Manager Governance in the Board minutes.

### *Internal Auditor*

The Trustee's internal audit function will conduct a comprehensive review of the Conflicts Management Framework every three years and report to the Board on whether all relevant duties and interests have been identified and are being addressed in accordance with the framework and the level of compliance or non-compliance with the Policy, including reporting on the registers of relevant duties and interests.

### *Service Providers*

The process for appointment of Service Providers is detailed in the Fund's Outsourcing Policy which discusses the impacts and disclosure of any Conflicts of Interest.

## 3. Disclosure parameters

The following are the parameters that the Board has determined for the disclosure of actual or potential conflicts in relation to the duties and interests of Responsible Persons and their Associates.

### 3.1 Interests

In the interests of full transparency, the Board requires Responsible Persons and their Associates to declare their financial interests in listed and unlisted shares, superannuation funds, trusts, managed funds, partnerships and other business interests. The Board has determined that the material threshold for a conflict to be declared and made public would require a financial interest of over 5% of the total amount of an issue, income or capital value of the company, fund, trust, partnership or business entity.

### 3.2 Duties

Duties including directorships, management/advisory roles or positions on other boards and committees, and current employment will be declared by Responsible Persons. These duties may be paid or voluntary. All duties regarded as relevant by the Responsible Person and/or the Board will be declared publicly.

### 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 by all Responsible Persons and employees to the Senior Manager Governance and recorded in the Gift Register. These include, but are not limited to, invitations to events, lunches, dinners and the receipt of gifts or prizes.

Responsible Persons should not accept any gift, hospitality or concessional travel offered in connection with the discharge of their duties 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; and
- is of a minor but non-recurring nature.

If a Responsible Person or an employee receives or is offered a gift and/or invitation valued at \$750 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 *section 3.4 'Assessment of gifts and invitations'*.

Responsible Persons, 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.



### 3.4 Assessment of gifts and invitations

#### i) For employees

If an employee receives or is offered a gift and/or invitation valued at \$750<sup>1</sup> or more, acceptance of the gift/invitation will be subject to approval by the Chief Risk and Governance Officer. Such approval will be based on an assessment and recommendation of the Senior Manager Governance in consultation with the Risk and Compliance Manager.

In the event that either the Chief Risk and Governance Officer, Senior Manager Governance or the Risk and Compliance Manager receives or is offered a gift and/or invitation valued at \$750 or more, the assessment will be undertaken by a party not in conflict and approved by the CEO.

For gifts and/or invitations valued at \$750<sup>1</sup> or more offered to the CEO, the above process will apply, plus the further approval of the Chair of the Board, Deputy Chair of the Board or Chair of the HRR&G Committee.

The assessment process will take into consideration the nature of the gift/invitation and the basis on which the gift/invitation was received or offered.

#### ii) For Directors, Alternate Directors, Board Advisors

If a Director, Alternate Director and Board Advisor receives or is offered a gift and/or invitation in connection with their role at NGS Super valued at \$750<sup>1</sup> or more, the above process will apply, including the further approval of the Chair of the Board, Deputy Chair of the Board or Chair of the HRR&G Committee provided they are not the recipient of the gift or invitation.

<sup>1</sup>. Gifts and/or invitations valued at \$750 or more include recurring gifts and/or invitations where the cumulative value in a financial year is \$750 or more. Once the total value of recurring gifts reaches \$750, acceptance of any further gifts in the financial year, irrespective of the value will be subject to approval.

### 3.5 Public Disclosure of Registers

The Conflicts Register including interests and duties will be published in a publicly assessable area on the NGS Super website.

## 4. Awareness and compliance

This Policy will be communicated to Responsible Persons in the following ways:

- new Responsible Persons will receive a briefing on the Policy as part of their induction
- a copy will be placed on the Board's iPad application and the Fund's intranet
- Responsible Persons are reminded at every Board and Committee meeting of the requirement to disclose any new actual and potential conflicts.
- Responsible Persons are required to make an annual declaration of all of interest and duties.

NGS Super employees who participate in any decision process related to the Fund, for example the appointment of a service provider or decisions related to investment management, must disclose to their Manager any duties and interests in accordance with the disclosure parameters in section 3 that may result in an actual or potential conflict. The Manager will determine the appropriate action.

This Policy will be communicated to all staff in the following ways:

- new employees will receive a briefing on the Policy as part of their induction
- a copy will be placed on the Fund's intranet site which can be accessed by all staff
- a dedicated training module on the Fund's online training system which forms part of NGS Super's mandatory training program.

Employees are required to read this Policy and complete a quiz, to which all questions must be answered correctly. This training module is required to be completed by all employees by 30 June of every year.

New employees must complete this module within 3 months from commencing employment with NGS Super or by 30 June (whichever occurs earliest).

If an employee does not complete the mandatory training program (including this module), the matter will become a performance management issue and will be escalated for management consideration.

Responsible Persons and staff will be made aware of this Policy's relationship with other relevant policies and informed of changes to this and related policies and procedures through alerts on the Fund's intranet and updates to the Board.

## 5. Conflicts management procedures

Responsible Persons and employees must:

- avoid positions of conflict or potential conflict
- disclose all duties and interests that may be an actual or potential conflict.

### 5.1 Identification of Conflicts

A conflict may arise in the following circumstances:

- when the duties of a Responsible Person or the Trustee conflict with the duties owed to another individual
- when the interests of the beneficiaries and the duties of a Responsible Person or the Trustee conflict with the duties owed to another individual
- when a relevant interest of a Responsible Person and an Associate of the Responsible Person and the Trustee conflicts with the duties to beneficiaries.

Examples of circumstances and behaviours that could be seen as a potential or actual conflict include but are not limited to:

**Conflicting duties:** Participating in decisions relating to another party that may conflict with the interests of NGS Super and/or its beneficiaries.

**Self-benefit:** Using a position or relationship within NGS Super to promote personal interests or those of Associates, including using confidential or privileged information gained in the course of an individual's participation or employment at NGS Super for personal benefit or gain or for the personal gain or benefit of Associates.

**Conflicting relationships:** Where outcomes may benefit others rather than NGS Super and/or its beneficiaries.

**Influence peddling:** Soliciting personal benefits for or from Associates from outside organisations in exchange for using influence to advance the interests of that organisation within NGS Super.

**Other business relationships and dealings:** Approving contracts with organisations in which Responsible Persons or staff, or their Associates, have a financial or other interest (as referred to in section 3) or relationship, particularly if the individual is in a position to influence major decisions, is responsible for review, negotiation and approval of contracts, or otherwise direct NGS Super business dealings with that entity or business.

**Intellectual Property:** Inappropriate or unauthorised use of resources/materials developed solely for NGS Super or potential conflicts relating to the development and use of resources.

**Outside commitments:** Participating in social or political activities is not restricted as long as individuals participate as individuals and not as representatives of NGS Super.

**Business transactions:** Directly or indirectly leasing, renting, trading, or selling real or personal property to NGS Super.

**Use of NGS Super's property for personal advantage:** Using or taking NGS Super's resources, including facilities, equipment, personnel, and supplies, for inappropriate private use or other unauthorised non-NGS Super activities.

**Recording or reporting false information:** Misrepresenting, withholding, or falsifying relevant information required to be reported to external parties, or used internally for decision making purposes, in order to derive personal benefits.

**Gifts:** Personally accepting anything of value and not declaring it, including without limitation, payments, gifts, or loans from organisations or individuals that have dealings with NGS Super.

**Services:** Employees or their Associates providing services to NGS Super.

## 5.2 Managing conflicts

### *Conflicts Register*

The Trustee has a Conflicts of Interest and Duties Register which is used for recording any conflicts of interests and duties declared by Responsible Persons. The Senior Manager Governance is responsible for maintaining the Conflicts of Interest and Duties Register. This Register is tabled for review at each Board and Committee meeting, where the Board and Committee will consider and evaluate any existing and new conflicts.

The Register will record:

- each Responsible Person's name and position within NGS Super
- any Board or other appointments including employment
- superannuation fund membership
- listed and unlisted shares, trusts, managed funds, partnerships and other business interests over 5% of the total amount of an issue, income or capital value
- interests of each Responsible Person's Associates e.g. family members (spouse, child, parent or sibling) which could lead to a conflict situation.

### *Gift Register*

The Trustee has a Gift Register which is used for recording any gifts including invitations that Responsible Persons and staff receive. The Senior Manager Governance is responsible for maintaining the Gift Register and providing a report to the HRR&G Committee at least annually on the contents of the register. The Chair of the HRR&G Committee will report any relevant matters to the Board.

The Gift Register will record:

- names of Responsible Persons and employees and the description of the gift received
- the name of the person and/or organisation issuing the gift
- the value of the gift if it is over \$250
- gifts that are recurring with cumulative value over the \$250 threshold
- details of approval if the gift or invitation is \$750 or above.

### *Declaration of conflicts – new Responsible Persons*

As part of the appointment process, a Responsible Person will complete a declaration of all interests and duties held by the individual and their Associates that may give rise to actual or potential conflict of interests and duties.

If there is a declaration of concern to the Senior Manager Governance then they will raise it with the Chief Risk and Governance Officer who will determine whether the concerning declaration should be communicated to the Board so that it can give proper consideration to the impact of the conflict before the appointment of a Responsible Person is made.

### *Declaration of conflict - existing Responsible Persons*

The Trustee will manage conflicts of interest in the following ways:

**Meeting agendas:** all meeting agendas will include a standing item at the beginning of the meeting requiring Responsible Persons to disclose if they and their Associates have any potential or actual conflicts of interests or duties that may have arisen since the last meeting.

**Disclosure:** In accordance with the Agenda, prior to the commencement of each Board and Committee meeting, Responsible Persons are required to disclose any duty and interest that is an actual or potential conflict of interest in relation to making a decision on any item on the agenda.

**Recording:** The Senior Manager Governance or Committee Secretary will record in the minutes of the meeting and relevant register any conflict of interest and duty including the action taken to avoid or manage the conflict.

**Evaluation:** Where an actual conflict of interest and duty in relation to an agenda item has been disclosed, the Chair of the Board or Committee involved will make a ruling on whether the conflict is such that the Responsible Person should:

- participate in the discussion and decision in relation to the item; or
- participate in the discussion but not the decision; or
- remove themselves from the meeting for that agenda item.

At all Board and Committee meetings, the Chair will consider all existing and new conflicts as recorded on the Register and will evaluate the action taken in the management of these conflicts.

**Resignation:** In circumstances where a Responsible Person has a significant, ongoing and irreconcilable conflict, and where such personal or outside interest, relationship or responsibility significantly impedes the individual's ability to carry out his or her fiduciary responsibility to the Fund, resignation from their employment, the Board or the conflicting interest may be appropriate and/or required.

**Reporting:** A Responsible Person who believes another individual has an undeclared conflict of interest in a meeting is required to state what they believe is the actual or potential conflict to the Chair of the Board or Committee who will determine the course of action to manage the situation.

### 5.3 Privacy

The Board recognises that the reporting of actual and potential conflicts of interests and duties may involve disclosing personal information and will ensure that only relevant information is publicly disclosed. If disclosing an interest by an employee to a manager raises privacy concerns for the employee, the employee may disclose the interest to the Senior Manager Governance.

## 6. Whistleblowing

If a Responsible Person or an employee of the Trustee 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 and Governance Officer, Senior Manager Governance, their Manager, or through the Fund's whistleblower procedures as outlined in the Fund's Human Resources and Corporate Policy. 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.

## 7. 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. A copy of the internal audit report will be provided to the HRR&G Committee for review.