



Conflicts Management Policy

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1. Introduction

1.1 Background

Togethr Trustees Pty Ltd (Trustee) takes the responsibility to identify and manage actual, potential or perceived conflicts of interest or duty very seriously. The proper management of conflicts is important in protecting members' interests and the Trustee's reputation.

The Conflicts Management Policy (Policy) is designed to enable the Trustee to properly identify and manage conflicts of interest and conflicts of duty that may arise in its capacity as Trustee of the Equipuper superannuation fund (Equip) and in its capacity as trustee of the MyLifeMyMoney superannuation fund (MLMM). This Policy applies to all Directors, other Responsible Persons, employees and representatives of the Trustee.

The Trustee holds both a registrable superannuation entity licence (RSE Licence) and an Australian Financial Services Licence (AFS Licence). Effective conflicts management is an obligation under both licences.

In addition, as a trustee, the Trustee has an overarching obligation to act in the best interests of the beneficiaries of Equip and MLMM (the Funds) and to put the interests of the Funds' beneficiaries first. These obligations are also reflected in the covenants imposed under the Superannuation Industry (Supervision) Act 1993 (SIS Act) and the requirements imposed under APRA Prudential Standard SPS 521 – Conflicts of Interest to identify all relevant duties and relevant interests.¹

1.2 Priority to members

Conflicts can improperly influence, and therefore interfere with the integrity of, decision-making and the exercise of unbiased judgment in the interest of the Funds' members. Where a conflict arises, the Trustee requires that all Directors, other Responsible Persons, employees and representatives of the Trustee must:

- a) prioritise the interests of, and duties owed to, the Funds' members over and above those owed to any other party;
- b) ensure that the duties to the Funds' members are met despite the conflict;
- c) ensure that the interests of the Funds' members are not adversely affected by the conflict; and
- d) comply with the APRA prudential standards in relation to conflicts.

Further information on legal duties relating to conflicts can be found in Appendix A.

¹ Appendix 1 contains a list of the Trustee's legal obligations to manage conflicts.

1.3 Objectives

The objective of this Policy is to provide an effective structure to:

- a) Identify actual, potential and perceived conflicts that may affect the integrity of decision-making by the Trustee, its Directors, other Responsible Persons, employees and representatives or the quality of financial services provided to members of the Funds;
- b) Ensure that the duties to, and interests of, members receive priority over the duties to, and interests of, other persons;
- c) Ensure the duties to members are met despite the conflict;
- d) Ensure the interests of members are not adversely affected by the conflict; and
- e) Ensure that all identified conflicts are managed in an appropriate, effective and consistent manner.

1.4 Risks

The Trustee has identified the risks associated with failing to properly manage conflicts which include but are not limited to:

- a) The risk of a conflict arising in relation to the Trustee's relationship with Togethr Financial Planning (trading as MyLifeMyAdvice and trading as Equip Financial Planning);
- b) The risk of a conflict arising in relation to the Trustee's relationship with MyLifeMyFinance;
- c) The risk of a conflict arising when dealing with sponsorships by the Trustee and partnerships with promoters of value-added products and services to members; and
- d) The risks of conflicts arising for Directors, other Responsible Persons, employees and representatives of the Trustee.

2. Conflicts Management Culture

2.1 Cultural Values

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.

The Trustee's conflicts management culture may be demonstrated through:

- a) **Openness** – the requirement to disclose all actual or potential conflicts of relevant duties and relevant interests is well understood, accepted and followed throughout the Trustee's business operations. All Directors, other Responsible Persons, employees and representatives of the Trustee are expected to proactively disclose their interests and duties at the time of their appointment and on an ongoing basis, including all interests and duties with service providers;

- b) **Transparency** – a summary of the Trustee’s Conflicts Management Policy and the Trustee’s Register of Relevant Conflicts of Duties and Interests will be made publicly available on the Funds’ websites;
- c) **Recruitment and professional development** – there are procedures in place which require the initial disclosure of actual or potential conflicts of relevant duties and relevant interests upon appointment/employment/engagement, as well as ongoing disclosure of all actual or potential conflicts of relevant duties and relevant interests through the term of appointment/employment/engagement.
- d) **Service provider engagement** – there are procedures in place which require the initial disclosure of actual or potential conflicts of interest by both the Trustee and the service provider (including arrangements for sponsorship by the Trustee and partnerships with third parties) upon appointment/engagement, as well as ongoing disclosure of all actual or potential conflicts of interest through the term of appointment/engagement.
- e) **Policies that encourage and support whistleblowing** – for more information, see the Whistleblower Protection Policy.

2.2 Maintaining a Conflicts Management Culture

- a) The Trustee is committed to maintaining an effective conflicts management framework at all times which provides reasonable assurance that all relevant potential and actual conflicts that may result in the Trustee acting improperly to the detriment of the Funds’ members, 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.

3. Documents comprising the Policy

3.1 The Policy

This Policy comprises the totality of the systems, structures, policies, processes and controls within the Trustee's business operations that identify, assess, avoid, mitigate, manage and monitor all conflicts. This Policy includes:

- a) Definitions of conflicts, relevant interests and duties, and sets materiality thresholds and the roles and responsibilities for the effective identification and management of conflicts;
- b) The processes identification, management and monitoring of conflicts, the strategies identified by the Trustee as being generally appropriate for managing conflicts, the factors to be taken into account in determining appropriate conflicts management strategies and the processes for recording and registering conflicts;
- c) The Conflicts Management Toolkit containing guidance on circumstances that may give rise to

conflicts and examples of how certain conflicts may be managed;

- d) All standing notices of material personal interest; and
- e) The Conflicts Registers, consisting of the Register of Relevant Conflicts of Duties and Interests (for public disclosure) and the Register of Duties and Interests (for internal use only).

3.2 Related policies

This Policy forms part of the Governance Framework.

Related policies include:

- a) The Code of Conduct;
- b) The Gifts, Benefits and Hospitality Policy;
- c) The Whistleblower Protection Policy; and
- d) The Trustee's Compliance Framework and Policy.

All of these documents should be considered together.

4. Roles and Responsibilities

4.1 Trustee Board

The Trustee Board is ultimately responsible for the development and maintenance of this Policy, in particular:

- a) Approving the Policy;
- b) Ensuring that there are appointment procedures in place that require incoming Responsible Persons to disclose all relevant interests and duties before taking up the appointment;
- c) Ensuring that all Directors, other Responsible Persons, employees and representatives of the Trustee understand the need to identify all potential conflicts, the circumstances that might give rise to a conflict, the content and purpose of this Policy and their obligations under the Policy;
- d) Approving the conflict management strategies and specific conflicts management measures for conflicts that have been recommended or escalated to it and considering any other conflicts management issue that may otherwise come before the Board; and
- e) Receiving and monitoring reports about the operation of this Policy (and its component documents).

4.2 Governance and Rewards Committee

The Governance and Rewards Committee (GRC) is responsible for:

- a) Overseeing the implementation and operation of this Policy;
- b) Monitoring the Trustee's Conflicts Registers;
- c) Considering any breaches or complaints that raise conflicts issues;
- d) Considering reports from the Conflicts Officer about the practical operation and effectiveness of the Trustee's conflicts management strategies and measures;
- e) Reviewing this Policy from time to time and considering any changes recommended by the Conflicts Officer; and
- f) Reporting issues to the Chairman or the Board as it considers appropriate.

4.3 Conflicts Officer

Unless the Trustee Board determines otherwise, the Executive Officer, Governance & Risk, (who is also the Company Secretary) will be the Conflicts Officer.

The Conflicts Officer has direct access to the Trustee Board and the GRC.

The Conflicts Officer is responsible for:

- a) The implementation of this Policy, including coordination of the identification, recording and management of conflicts in accordance with the Policy;
- b) Maintaining the Conflicts Registers;
- c) Reporting to the Board and the GRC in relation to the implementation and operation of the Policy;
- d) In consultation with the CEO, considering and recommending to the Trustee Board effective organisational arrangements and measures for managing conflicts (including any amendments to ensure the adequacy of this Policy); and
- e) Annually reviewing the Policy (and its constituent documents) in accordance with clause 14.1 and making any recommendations to the GRC for changes.

The Conflicts Officer will also provide guidance on conflicts management generally and arrange for external advice to be obtained to assist in determining whether there is a conflict and the appropriate strategies and measures to manage the conflict, where appropriate. The Conflicts Officer is supported by the Governance Manager in fulfilling the responsibilities noted above.

As the Company Secretary of the Trustee, the Executive Officer, Governance & Risk is also responsible for ensuring that the minutes of meeting of the Board and each Board Committee, disclose adequate and appropriate details of matters disclosed and discussed in relation to declarations of conflicts of interest and duty that occur during meetings of the Board and Board Committees. The Executive Officer, Governance & Risk is supported by the Governance Manager in fulfilling the responsibilities noted above.

The accuracy of the minutes of each Board and Board Committee meeting are ultimately the responsibility of the Board Chair and Committee Chairs respectively.

4.4 Head of Risk

The Head of Risk is responsible for oversight of risk functions relating to the Policy, including ensuring that a comprehensive review of this Policy is undertaken at least every three years; and

4.5 Head of Compliance

The Head of Compliance is responsible for monitoring and reporting about compliance with this Policy, including the required disclosures and approved management measures under this Policy.

4.6 Responsible Persons, Employees and Other Representatives

All internal Responsible Persons² employees and representatives, including consultants on a Board Committee (if any), have a direct personal responsibility to:

- a) identify and report conflicts that may affect them, including actual, potential and perceived conflicts;
- b) comply with this Policy; and
- c) adhere to and observe the controls and conflicts management measures determined under this Policy.

Attestations of compliance with these obligations must be provided in accordance with the Trustee's Compliance Policy.

External Responsible Persons will provide an annual confirmation of compliance.

5. Defining a Conflict

Conflicts can be of two main types:

- a) A conflict of interest arises when the personal interest of the Trustee (or its Directors, other Responsible Persons, employees and representatives) diverge or may diverge from those of the Funds' members. An example is where an officer stands to gain financially from a particular decision; and
- b) A conflict of duty arises when a decision maker has competing loyalties (ie when a duty owed to another party diverges or may diverge from the duty owed to the Funds' members). An example is where a Director of the Trustee is also a Director of a service provider to the Fund.

5.1 Types of Conflicts

The Trustee recognises that conflicts can exist between:

- a) the duties owed by the Trustee, an Associate³ of the Trustee, a Director, other Responsible Person,

² The terms Internal Responsible Persons and External Responsible Persons are defined in the Appendices to this Policy.

³ The Term Associate is defined in the Appendices to this Policy.

- employee or representative to the Funds' members, and the duties owed by them to any other person (i.e. competing duties);
- b) the duties owed by the owed by the Trustee, an Associate of the Trustee, a Director, other Responsible Person, employee or representative to Equip members, and the duties owed by them to MLMM members (i.e. competing duties);
 - c) the duties owed by the Trustee, an Associate of the Trustee, a Director, other Responsible Person, employee or representative to any other person, and the interests of the Funds' members (i.e. duty versus interest);
 - d) the interests of the Trustee, an Associate of the Trustee, a Director, other Responsible Person, employee or representative and their duties to the Funds' members (i.e. interests versus duty); and
 - e) the interests of the Trustee, an Associate of the Trustee, a Director, other Responsible Person, employee or representative and the interests of the Funds' members (i.e. competing interests).

Conflicts may be actual, potential or perceived. Actual conflicts are those that already exist, potential conflicts are those that may arise in the future and perceived conflicts are those where others may envision a conflict, even though technically one does not exist. A reference to conflicts in this document is to any form of conflict.

5.2 Definition of Relevant Interests

The Trustee considers a relevant interest to be any interest,⁴ gift, emolument or benefit, whether pecuniary or non-pecuniary,⁵ that:

- a) is held or received by the Trustee, an Associate of the Trustee, a Director, other Responsible Person, employee or representative; and
- b) may conflict with the interests of Fund members.

5.3 Determining the materiality of relevant interests

The Trustee Board will from time to time set a dollar amount or percentage value to be applied in determining whether relevant interests are considered to be material. In determining the dollar amount or percentage value, the Trustee Board will consider whether a relevant interest of that amount or value is likely to have a significant impact on the capacity of the Trustee, Director, other Responsible Person, employee or representative to act in the best interest of the Funds' beneficiaries. In addition, an interest will be material if the Trustee Board considers it likely that a reasonable person would believe that he or she could be influenced by the interest.

The Trustee Board will periodically review the materiality thresholds from time to time having regard to the Trustee's business operations and the Funds' circumstances from time to time. Until further review:

⁴ An interest would include a shareholding or other ownership interest, right or entitlement.

⁵ A non-pecuniary benefit would include where a person might expect to receive favourable treatment because of the relationship they hold.

- a) The materiality threshold for gifts, benefits and hospitality is \$75 (whether one-off or cumulative total from the same person/organisation); and
- b) The following interests are regarded as material:
 - i) Major shareholding: a shareholding that has an aggregate value of at least \$100,000 or a shareholding greater than 10% of the total amount on issue (whichever is the lesser), either directly held, or through a company or through a trust (including an SMSF or family trust) where the Director, other Responsible Person, employee or representative is a beneficiary or held by an Associate in any:
 - i. company whether it is private or public; or
 - ii. investment vehicle; and
 - ii) Other material benefits: a material financial or non-financial benefit, either personally held or held by an Associate, in any entity which is or may be appointed as a service provider to the Trustee or to related company of the Trustee, including any related party service provider; and
 - iii) Contractual arrangements: any contractual arrangement between a Director, other Responsible Person, employee or representative and the Trustee, or an Associate of the Trustee, where they receive a benefit (other than salary or fees paid by the Trustee for their services as a Responsible Person).

5.3.1 Materiality regardless of monetary discretion

Irrespective of the monetary value of a particular interest, it is still possible that the interest could, or might be perceived to, affect the ability of the Trustee, Director, other Responsible Person, employee or representative to exercise independent judgment or to perform their duties or functions in the interests of the members and beneficiaries of the Funds. Interests of any value are therefore required to be declared, even if they are not ultimately considered to be material.

5.3.2 Material personal interests

In addition to the identification, assessment, recording and management of relevant interests and duties, each Director has a statutory duty to notify the other Directors of any material personal interest in a matter that relates to the affairs of the company. The notice must give details of the nature and extent of the interests and how it relates to the affairs of the Trustee and/or the Funds. Notice must be given at a Trustee Board or Committee meeting as soon as practicable (but no later than 7 days) after the Director becomes aware of their interest in the matter and the details must be recorded in the minutes of the meeting.

The requirement to give notice of material personal interests can be satisfied by a Director giving a standing notice of the nature and extent of the interest. This Policy acknowledges and facilitates the satisfaction of this duty, but the onus is on each Director to ensure that they comply with the statutory obligation.

The obligation to disclose material personal interests extends to Associates of the Director.

In the case of material personal interests of Directors' associates, a confidential declaration may be made to the Chair of the Board in the first instance. This is to balance potential conflicts disclosure with any privacy implications of the associate.

5.4 Definition of Relevant Duty

The Trustee considers a relevant duty to be any duty owed to another person that may conflict with the duty owed by the Trustee, Director, other Responsible Person, employee or representative to the members and beneficiaries of the Funds.

5.5 Determining the materiality of relevant duties

To determine whether a conflict of duty is material, the Trustee will consider whether the relevant duty could have a significant impact on the capacity of the Trustee, Director, other Responsible Person, employee or representative to exercise independent judgement and act in a manner that is consistent with prioritising the best interests of beneficiaries of the Funds when making decisions about the entity to whom the conflicting duty is owed.

When in doubt as to whether a conflict of duty is material, the Director, other Responsible Person, employee or representative should disclose the duty, so that it can be properly assessed.

6. Conflict Management Processes

6.1 Effective Management of Conflicts

The Trustee's policy is that effective management of conflicts involves the following processes:

- a) Identification of the conflict;
- b) A recognised range of strategies for managing conflicts that can be applied in relevant circumstances;
- c) A clear and consistent Policy for determining the appropriate strategy to be applied to a given conflict;
and
- d) Periodic review of the effectiveness of the conflict management controls that have been implemented.

7. Identification of Conflicts

7.1 Identifying conflicts of Responsible Persons and employees

The following measures have been adopted to identify conflicts affecting an individual:

- a) All new Directors must complete a formal declaration of interests and duties before taking up their appointment as a Director;
- b) All new Responsible Persons (other than a Director) and any existing employee who assumes the role of a Responsible Person must complete a formal declaration of interests and duties before taking up their appointment;
- c) All new employees are required to declare all relevant interests and duties that they hold and any actual or potential conflicts they have between these duties and the duties owed to beneficiaries of the Funds. They are required to confirm that they are willing to comply with the Trustee's Conflicts Management Policy;
- d) Any conflicts relevant to the business of the meeting must be declared as a standing agenda item at all Trustee Board and Board Committee meetings;
- e) All Directors, other internal Responsible Persons and employees are required to enter all gifts, entertainment or other hospitality in the Trustee's Gifts Benefits & Hospitality Register and complete a declaration where they have received gifts, benefits or hospitality in excess of the materiality amount specified in the Trustee's Gifts Benefits & Hospitality Policy;
- f) All Directors, other internal Responsible Persons and employees are required to complete a declaration if they have given any gifts, benefits, or hospitality that was not approved by a person authorised to do so under the Trustee's Gifts Benefits & Hospitality Policy;
- g) All Directors and internal Responsible Persons are required to review their formal declaration of interests and duties on a quarterly basis; and
- h) External Responsible Persons are required to update their declarations annually.

7.1.1 Notification by Responsible Persons and Employees

All Directors, other Responsible Persons, employees and representatives have an ongoing obligation to advise the Conflicts Officer immediately when they become aware of any circumstance that may give rise to a conflict for the individual.

If there is uncertainty as to whether a conflict exists, it should be discussed with the Conflicts Officer as relevant.

The Conflicts Officer must assess the potential impact of identified conflicts of interests/duties upon the Trustee and/or the Funds and determine whether it should be referred to the Trustee Board for consideration.

7.1.2 Notification at Board and Committee meetings

As a standing agenda item, Directors and other Responsible Persons must declare any specific conflict relating to a matter to be considered at a Trustee Board or Board Committee meeting for recording in the minutes and, if it is a relevant interest or duty, for assessment, registering and management in accordance with this Policy.

Where a conflict in relation to the matter scheduled to be considered is identified before the meeting, the Director or Responsible Person must disclose the matter to the Conflicts Officer before the meeting so that the Conflicts Officer can confer with the Chair of the meeting about management of the conflict as required.

7.2 Identifying operational conflicts

The Conflicts Officer will co-ordinate an annual survey of the Trustee's business operations with a view to identifying any structural or operational conflicts that affect the Trustee or the Funds. The survey will be conducted by making inquiries of the Trustee's internal Responsible Persons and Executives.

7.3 Service Providers

The Trustee is committed to undertaking regular and thorough enquiries in order to identify all conflicts arising from its relationships, and the relationships of its Responsible Persons and employees, 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.

7.3.1 Initial identification of conflicts

As part of the due diligence process conducted prior to appointment, the Trustee requires each of its service providers to declare all relevant conflicts of duty or interest of which they are aware (including conflicts they may have with other service providers of the Trustee). They are also asked to confirm that they are willing to comply with this Policy.

Before the selection and appointment of a new external service provider or advisers, a notice will be circulated to all relevant Responsible Persons and employees seeking a declaration of any relationships (including family relationships) or any other conflict with respect to the proposed service provider or adviser.

Where Directors or other Responsible Persons of the Trustee also hold Responsible Person roles or have relationships, either directly or through family relationships, with service providers, there is likely to be an inherent conflict of interest. This should be disclosed.

7.3.2 Ongoing identification

On an annual basis, the Conflicts Officer will conduct a review of the Trustee's service providers and advisers by making inquiries of the Trustee's relevant Responsible Persons and employees to ascertain whether there are any conflicts with respect to those appointments.

7.4 Identifying emerging conflicts

Each Director, other Responsible Person, employee and representative (including any external consultant to a Board Committee) must be vigilant in ensuring that all conflicts are managed and identified in accordance with this Policy and, on an ongoing basis, must identify and notify the Conflicts Officer of:

- a) any new conflicts that may affect them personally;
- b) any new conflicts that may affect the Trustee's business operations or the Funds; and
- c) any apparent conflicts (whether personal or in relation to the Trustee's business operations or the Funds)

as and when they arise and as soon as the person becomes aware of them.

If in doubt as to whether the circumstances give rise to a conflict, the person should consult the Conflicts Officer. Where necessary, the Conflicts Officer will arrange for external advice to be obtained.

In the event that a Director's Associate has a conflict requiring disclosure, the Director may make a confidential disclosure to the Chair of the Board in the first instance. In the event that a Responsible Person's, Employee's or Representative's Associate has a conflict requiring disclosure, the Responsible Person, Employee or Representative may make a confidential disclosure to the Chief Executive Officer in the first instance. Upon a confidential disclosure being made, the Chair of the Board and the CEO (as the case may require) will assess this and determine whether this conflict is required to be disclosed on the Standing Disclosures or to the Conflicts Officer.

8. Strategies for Managing Conflicts

The Trustee has approved a number of high-level strategies that may be used to manage identified conflicts, with the appropriate approach to be determined having regard to the circumstances of each specific case.

The three main strategies that may be used, individually or in combination, are disclosure, control and avoidance.

8.1 Disclosure

Certain conflicts can be managed through the use of clear, concise and effective disclosure of the conflict.

Clear, concise and effective disclosure involves informing the persons who may be affected by the conflict (for example, the Funds' members, other Board members or the parties involved in the particular transaction) about the nature of the conflict, with sufficient detail to indicate how the existence of the conflict might affect them.

Disclosure must be made in a timely manner (preferably in writing) and must not be expressed in vague or confusing terms.

Where disclosure of a conflict is to be given to the Funds' members, it may be provided through the relevant product disclosure statement, member annual statement or any other form of written communication.

Where disclosure of a conflict is made in a meeting of the Trustee Board or a Board Committee, the conflict, together with any measures by which it is proposed to be managed, will be recorded in the minutes of the meeting.

Disclosure may not be an appropriate strategy where a conflict arises in relation to a commercially sensitive matter, depending on the nature, extent and timing of the proposed disclosure.

8.2 Control

Conflicts that are inherent in some business structures or transactions (for example, commercial dealings between related parties) can be managed through the use of effective controls.

An effective control is one that prevents the conflict from compromising the quality or integrity of decision-making, compliance with relevant laws or the services provided to members of the Funds.

Use of information barriers ("Ethical Walls") to quarantine relevant information and the creation of discrete teams to consider the separate interests of each party are examples of effective controls. Where a Director, other Responsible Person, employee or representative has a conflict, exclusion of the individual from information and participation in decision-making about the matter giving rise to the conflict is another example of an effective control.

Control may not be an appropriate strategy if a conflict is serious, ongoing and widespread or, in the case of an individual conflict, if the measures proposed to be used to control the conflict would result in the individual being unable to properly perform their role for an extended period of time.

8.3 Avoidance

Avoidance of a conflict will be necessary when there are no available means of managing it appropriately.

Avoidance means that the circumstances giving rise to the conflict must not be allowed to occur.

Examples of avoidance are that a conflicted transaction cannot proceed, a conflicted service provider or adviser cannot be appointed, or a person with conflicting roles or offices must resign from one or more of them to prevent the conflict occurring.

In circumstances where a Responsible Person has a significant, ongoing and irreconcilable conflict, which significantly impedes the individual's ability to carry out his or her fiduciary responsibility to the Funds, resignation from their employment or the Board may be appropriate and/or required.

9. Assessing the strategy to employ

The strategies approved for managing conflicts are not mutually exclusive and may often be used in combination (for example, disclosure and control) to manage a particular conflict.

Appendix B contains a register of the current organisational circumstances identified by the Conflicts Officer as likely to give rise to conflicts and the approved strategies and measures to manage them.

9.1 Relevant Factors

To determine which strategy (or combination of strategies) will be most appropriate and effective in relation to a given conflict, the following factors will be taken into account:

- a) The nature of the interest or duty;
- b) The frequency of the conflict manifesting itself;
- c) The role of the person with the conflict in terms of a capacity to influence decisions;
- d) The impact of the conflict on the person's capacity to make an unbiased decision giving priority to the interests of the Funds' members;
- e) The seriousness of the conflict;
- f) The likelihood of the conflict resulting in the Funds' members being disadvantaged or impairing the integrity of the person's decision or the quality of a particular service;
- g) The extent to which the conflict may result in the Funds' members being disadvantaged or the integrity of the person's decision or the quality of a particular service being impaired;
- h) The impact on the Funds' members if the conflict does result in the Funds' respective members being disadvantaged or the integrity of the person's decision or the quality of a particular service being impaired;
- i) The reputational risk to the Trustee or the Funds if the conflict is not managed appropriately and effectively;
- j) The practical options for the effective management of the conflict; and
- k) The cost, implementation issues and commercial implications of the options for managing the conflict, relative to the risks created by the conflict.

9.2 Risk Appetite

As reflected in the risk appetite statement, the Trustee is averse to governance risk. The Trustee has no appetite for failing to meet appropriate governance standards, significant regulatory breaches or deliberate failure to comply with the Trustee's policies, including the Conflicts Management Policy.

9.3 Formulating conflicts management arrangements

The Conflicts Officer will:

- a) Review the results of all surveys, reviews, declarations, notifications and other opportunities for identifying and reporting conflicts;
- b) Assess all identified individual conflicts for relevance and materiality;
- c) Consider each identified conflict according to the relevant factors described in section 7 of this Policy and evaluate the adequacy of any strategies or measures already in place to manage the identified conflicts;
- d) Ensure that Senior Management is aware of employees' material conflicts and ensure that appropriate action is taken to manage the conflict; and
- e) Consider whether any specific conflict management measures should be put in place in respect of a particular identified conflict and determine, in consultation with either or both of the CEO and the Chair, as to how the particular conflict should be managed; and

If the CEO or the Chair considers that the matter requires referral to the GRC or Trustee Board, make the necessary recommendations to the GRC or the Trustee Board. Unless the Chairman elects to do so in the case of a Director or other Responsible Person, the Conflicts Officer is responsible for informing a Director, other Responsible Person, employee or representative of any specific conflict management measures determined in relation to an identified conflict.

9.4 Fund membership

In accordance with its Constitution and the equal representation requirements of the SIS Act, the Trustee Board is structured to include an equal number of Employer Directors and Member Directors, in addition to independent Directors, one of whom is also the Chair of the Board.

A Responsible Person, employee or representative will not be deemed to have a conflict of interest solely as a result of being a beneficiary of the Funds (including making voluntary contributions to the Funds, receiving standard employer contributions as a member of the Funds, or receiving standard, non-discretionary benefits as a member of the Funds).

The Trustee requires each Responsible Person to disclose their membership of the Funds, and that of immediate family, in the Register of Duties and Interests. In addition, the Trustee requires each Director to disclose their membership of the Funds, membership of other funds, membership of a self-managed superannuation fund (if relevant) and whether they are a trustee of a self-managed superannuation fund (if relevant), in the Conflicts Registers (refer to section 10.1).

Further, the Trustee's Policy acknowledges the fact that a Director is a member of Equip and/or MLMM, or is an Employer Director or Member Director, does not necessarily, and of itself, mean that the Director has a conflict of interest and should be disqualified from participating in Board decisions on matters relating to the Fund of which they are a member or a Director's employer. Rather, a Director will be regarded as conflicted in relation to his or her membership of Equip and/or MLMM or employer where he or she has direct or personal interest in the matter and the interest is material (personal conflict).⁶

9.5 Management of personal conflicts

Where a personal conflict has been identified for a Director, other Responsible Person, employee or representative, the Conflicts Officer must assess the potential impact of the conflict and determine the ways in which the conflict might be appropriately managed so that it does not affect the proper performance of the individual's duties to give priority to, and act in, the interests of the Funds' beneficiaries.

The Conflicts Officer will then consult with:

- a) The CEO in the case of personal conflicts affecting Executives, employees and representatives;
- b) The Chair of the Board in the case of personal conflicts affecting Directors or the CEO; and
- c) The Chairs of the GRC and the Audit and Compliance Committee in the case of personal a conflict affecting the Chair of the Board,

to determine the appropriate conflict management strategies to be adopted having regard to the circumstances of the matter, the recommendations of the Conflicts Officer and any external advice (as applicable).

9.6 Management of conflicts arising in relation to the business of a meeting

Before the distribution of papers for Board and Committee meetings, the Conflicts Officer will review the relevant agenda, and consider whether, having regard to the matters disclosed in the Conflicts Registers, a Director or other Responsible Person may have a conflict in relation to a particular item of business.

In the case of a Responsible Person other than a Director or an Executive, the Conflicts Officer will contact the relevant Responsible Person and seek clarification of the interest or duty. If, following clarification, the Responsible Person is identified as having a conflict, the relevant item of business (and the subsequent section of the minutes of the meeting) will be withheld from the person's Board or Committee papers and the Board or Committee will be advised of the conflict. Any actions taken in relation to the management of the conflict, such as withholding papers from the conflicted person or the conflicted person being absent from all or part of a meeting, will be recorded in the minutes of the relevant meeting.

⁶ This is in accordance with relevant legal principles, including those discussed in the case of *VBN and Ors and APRA* [2006] AATA 710 (25 July 2006). It also recognises that, under the SIS Act, and the Trustee's constitution, decisions of the trustee Board are required to be made by a majority of two thirds of Directors. If Directors were to be considered to be conflicted purely by reason of their status as a Fund Member, Employer Director or Member Director, on every issue affecting members or employers, then it would be impossible for many Board decisions to be validly made.

If it is identified that a Director has a conflict, the nature and extent of the conflict must be disclosed to the meeting and it will, generally, be appropriate for the conflicted Director to absent themselves from the meeting for the duration of all discussion of the matter. A conflicted Director may only remain in the meeting where, after proper consideration, the Chair of the Trustee Board (or of the relevant Committee) determines, with the agreement of all relevant non-conflicted Directors, that the nature or extent of the conflict is such that the conflicted person may remain in the meeting. However, even where a conflicted Director remains in a meeting, the Director will be precluded from participating in the discussion of, and from voting on the matter in relation to which the Director is conflicted.

If a Director or other Responsible Person disagrees with an assessment that they have a conflict in relation to an item of business or with the proposed manner of managing the conflict, the matter will be treated as a dispute and handled in accordance with this Policy.

9.7 Management of conflicts of external Responsible Persons

External Responsible Persons are required to report any conflicts to the Trustee:

- a) Before their engagement;
- b) By annual declaration; and
- c) Whenever they become aware of a conflict.

External Responsible Persons are also required to confirm to the Trustee at least annually that they (or their organisation) have in place policies and procedures designed to identify and properly manage conflicts that may arise between their interests and the interests of their clients.

10. Recording and Registering Conflicts

10.1 Conflicts Registers

The Trustee maintains two Conflicts Registers:

- a) The Register of Relevant Conflicts of Duties and Interests - captures all *relevant* (i.e. *material*) interests and duties of Directors and Responsible Persons.
- b) The Register of Duties and Interests - captures *all* interests and duties of Directors *and* Responsible Persons. This register will be for internal use only and managed by the Governance team.

Where a conflict has been assessed as material, it will be recorded in the Trustee's Register of Relevant Conflicts of Duties and Interests, together with any strategies or specific measures that have been determined to manage the conflict. The Register of Relevant Conflicts of Duties and Interests will be maintained as a Public Register and disclosed on the Funds' websites.

The Register of Relevant Conflicts of Duties and Interests will be reported to the GRC as a standing agenda item. The Register of Duties and Interests will be a standing agenda item at every Board and

Committee meeting.

The Conflicts Officer will create and maintain the Conflicts Registers and update them each quarter.

The Conflicts Registers will be circulated quarterly to all Directors and other Responsible Persons for verification.

All conflict declarations are also recorded by the Company Secretary in the minutes of meeting.

A separate internal register is maintained in relation to interests and duties from employees.

10.2 Record keeping

The Conflicts Officer must ensure that adequate records are kept and maintained of the conflicts management process, from initial identification of conflicts to implementation of approved conflicts management arrangements.

Conflicts Registers will be retained for at least seven (7) years.

11. Training

It is important that all Directors, other Responsible Persons, employees and representatives understand the importance of recognising conflicts and are sufficiently aware of the circumstances of the Trustee and the Fund, their role and their own personal circumstances to be able to recognize when a conflict may arise. To assist in fostering an understanding of their obligations under this Policy, the following training measures are in place:

- a) Induction – an overview and discussion of this Policy will be provided at induction to all Directors, other Responsible Persons, employees and representatives. Copies of this Policy will also be provided at induction; and
- b) Annual refresher – compliance training will be provided to all Directors, other Responsible Persons, employees and representatives annually.

12. Monitoring and compliance

The Conflicts Officer will generally be responsible for monitoring the implementation of conflicts management strategies and measures for managing identified conflicts and reporting to the GRC about their effectiveness.

The Conflicts Officer will be assisted by the Governance Manager who will coordinate the following certifications:

- a) All Responsible Persons and other employees are required to provide an annual sign-off in relation to the Policy to the extent that it is relevant to their roles; and
- b) Relevant managers and other employees are required to provide regular compliance sign

offs, including sign offs in relation to the disclosure of interests and duties and management of conflicts.

These declarations are reviewed by the Conflicts Officer with any concerns arising from the review escalated to the GRC, Audit and Compliance Committee or the Trustee Board (as applicable).

If as a result of conflict monitoring activities, the Conflicts Officer considers that the approved strategies or measures for managing a particular conflict are, or have become, ineffective, the Conflicts Officer will refer the matter to the GRC, who may escalate the matter to the Board.

Interests or duties declared in relation to an item of business arising at a meeting of the Board or a Committee are monitored by the Board through approval of the minutes of the meeting and the ongoing consideration of actions arising from the meeting.

The Head of Compliance will maintain records of compliance monitoring in auditable form and inform the CEO of any breaches of this Policy and the approved conflicts management arrangements detected in the course of compliance monitoring. The CEO will ensure that the Conflicts Officer is made aware of any detected breaches.

13. Breaches, Complaints and Disputes

13.1 Breaches and Complaints

Responsible Persons and employees must report any breaches of this Policy or of any approved conflicts management arrangements to the Head of Compliance or the Conflicts Officer, who will inform the Audit and Compliance Committee.

The Complaints Officer will also inform the Conflicts Officer of any complaints that raise issues about the adequacy of the Trustee's Conflicts Management Policy or approved conflicts management arrangements.

The Conflicts Officer will review all breaches and complaints referred and make recommendations to the GRC for further management of the relevant conflict. The further management measures may include:

- a) Additional or targeted training;
- b) Modification or upgrading of specific conflicts management measures; and
- c) In extreme cases, disciplinary action or termination of offending personnel.

If during the course of investigation the Conflicts Officer believes that there may be a reportable breach of law, the Trustee's licences or the Funds' governing rules, the Conflicts Officer will inform the Head of Compliance for management in accordance with the Trustee's breach reporting procedures.

13.2 Disputes

Where there is a dispute about the management of a conflict, the matter should be escalated to the Conflicts

Officer. The Conflicts Officer will, as necessary liaise with the Chairman (in relation to conflicts of Directors or the CEO) or the CEO (in relation to other Responsible Persons and employees) to determine the appropriate action.

If the dispute involves the Conflicts Officer personally, the matter should be referred to the CEO, who will liaise with the Chairman to determine the appropriate action.

If the dispute involves the Chairman, the matter should be referred to the Chairs of the Audit and Compliance Committee and the GRC to determine the appropriate action.

14. Review

14.1 Annual Review

This Policy will be reviewed annually. The Conflicts Officer is responsible for conducting each annual review of this Policy and submitting recommendations to the GRC and the Board. The GRC will consider the Conflicts Officer's recommendations and determine whether any changes to the Policy should be submitted to the Trustee Board for approval.

14.2 Comprehensive Review

This Policy will be comprehensively reviewed for appropriateness, effectiveness and adequacy by operationally independent and competent persons at least every three years. The Head of Risk is responsible for ensuring that the comprehensive review is undertaken.

The comprehensive review will include, at a minimum, an assessment of the following:

- a) Whether all relevant interests and all relevant duties have been identified and addressed in accordance with this Policy;
- b) The level of compliance with this Policy, including reporting on the Register of Relevant Conflicts of Duties and Interests; and
- c) Any non-compliance with this Policy, including steps taken to restore, and improve, ongoing compliance.

The comprehensive review will also consider the size, mix and complexity of the Trustee's business operations, the extent of any change to those operations and any changes to the external environment in which the Funds operate.

15. Publication

Subject to privacy requirements and to the extent required by law, the Register of Relevant Conflicts of Duties and Interests and a summary of the Trustee's Conflicts Management Policy will be published on the Funds' public websites.

CONFLICTS MANAGEMENT TOOLKIT

The Conflicts Management Toolkit contains practical guidance and tools to assist in the recognition and proper management of conflicts. It also provides examples of how conflicts arise in certain circumstances and why they should be managed.

1. What is the difference between an actual conflict, a potential conflict and a perceived conflict?

Actual conflicts are those where the conflict already exists. For example, conflicts arising from a personal interest or stake that the person already has, such as where:

- a) The Trustee may be contracting with a company and the Trustee officer or employee (or a close relative or other Associate of the Trustee officer or employee) already has an association with the company; or
- b) An investment is proposed by the Fund in an entity with which the Trustee officer or employee (or a close relative or other Associate of the Trustee officer or employee) has an association or holds a personal stake in the entity.

It is preferable to identify and manage potential conflicts and perceived conflicts before they become an issue. It will often be much easier and more effective to put procedures in place on a matter to avoid the conflict arising, than it is to try to deal with it once the conflict has arisen.

For example, there could be a **perceived conflict** if the Trustee proposed to appoint an outsourced provider with whom a Trustee officer or employee has some association, even though the officer may be in no position to influence the provider's decision making, and gains no personal interest in or benefit from the appointment.

There could be a **potential conflict** if the officer were in line for a promotion such that the officer might shortly become able to influence decision-making.

It is therefore prudent to manage perceived or potential conflicts in the same way as if a conflict actually existed.

2. When does a Director have an interest to declare in relation to the business of a Board or Committee meeting?

Circumstances where a Director might be considered to have a conflict or potential conflict of interest to declare at a meeting include where a Board or Committee decision is to be made that:

- a) Specifically affects the Director as a member of Equip and/or as member of MLMM (either individually or as one of a class of members) – for example a decision to increase the fees payable for that class of members;
- b) Affects any entity that is an employer in relation to Equip and/or MLMM, where the Director is in a management position within the employer which could or might be relevant or result in the Director having information regarding the employer's decisions in relation to superannuation;
- c) May be in the best interests of Equip members, but not in the best interests of MLMM members (or vice versa);
- d) Concerns a member's benefit claim, where the Director has knowledge about the claim that is not otherwise available to the Trustee;
- e) Concerns any third party with which the Director is associated, for example where the third party entity might be engaged as a service provider or professional adviser; and
- f) Concerns a third party in relation to which the Director, in another capacity, has some association and, accordingly, has knowledge which could be of benefit to the Trustee or of detriment to the other party.

3. How do I identify a conflict?

The following questions may help in identifying a conflict:

- a) Is there a competing interest between your role for the Trustee and your personal interests or duties?
- b) Is the outcome of your decision likely to be in the long-term interests of the collective members of the relevant Fund?
- c) Are you prioritising the interests of one cohort of members over the interests of another cohort of members?
- d) Could your decision result in a favourable outcome for the members of one fund (or a specific cohort of members) at the expense of the members of another fund (or a different cohort of members)?
- e) Is there a realistic expectation that you will, directly or indirectly, gain a financial, personal or professional benefit or suffer a financial personal or professional loss from your interest or role?
- f) Does the matter have the potential to affect the personal, professional or business relationship of your close relatives or other Associate?
- g) Does the matter have the potential to impact on the value of assets owned by you, your close relatives or other Associate?
- h) Does the matter have the potential to affect your private business interests (or those of your close relative or other Associate)?
- i) Does the matter have the potential to affect any debts you owe?
- j) Will you (or your close relative or other Associate) benefit from, or be detrimentally affected by, your decision or action on behalf of the Trustee or be otherwise influenced as a consequence of your position or role with the Trustee?

4. Examples of conflicts and why they should be managed

Type of conflict	Why it should be managed
Owe fiduciary duties to more than one group of members and beneficiaries	<p>May influence the objectivity of decision making.</p> <p>May create a perception of bias towards one group of members and/or beneficiaries</p>
Receipt of material gifts and hospitality	<p>May influence the objectivity of decision making or create a perception of obligation towards the donor</p>
Association with a service provider or investment entity	<p>May influence the objectivity of decision making</p>
<p>Directorship or other executive role with another company that:</p> <p>(a) Provides a service to the Trustee</p> <p>(b) Operates an investment entity in which the Trustee invests Fund assets</p> <p>(c) Is being considered as a possible service provider or investment entity</p> <p>(d) Is being considered as a potential merger partner</p> <p>(e) Operates as a competitor in the same market as the Fund</p>	<p>May influence the objectivity of decision making</p>
Position or involvement with industry association, tribunal or personal services firm	<p>May require the person to:</p> <p>(a) Take part in decisions that impact the Trustee or the Fund</p> <p>(b) Adjudicate on a Fund matter</p> <p>(c) Provide services to a competitor of the Fund</p>
<p>Membership of the Fund</p> <p>Employment with a participating employer</p>	<p>May mean that the person is personally impacted by a decision of the Trustee</p>

Close relatives are members of the Fund	May mean that the person is involved in decisions that affect his or her close relatives eg payment of death or disability benefits, setting fees or crediting rates, payment of pension benefits
Holding shares or other financial interests in companies in which the Trustee invests	May affect the objectivity of investment decisions about the Trustee's investment in those shares or financial interests

Once a conflict has been identified, it will then be assessed for both relevance and materiality before considering how it should be managed in all of the circumstances.

APPENDICES

1. Definitions

In this document:

Associate is defined in section 12 of the SIS Act, which makes reference to the relevant definitions contained in sections 10 to 17 of the Corporations Act 200. An associate is a person who has a close family, personal, business or social connection to, or involvement with, a Responsible Person.

CEO means the Chief Executive Officer.

Chair means the chair of the Trustee Board.

Committee means a committee of the Trustee Board.

Conflicts Officer means the Executive Officer, Governance & Risk as determined by the Trustee.

Conflicts Registers means the registers required to be maintained under this Policy.

Complaints Officer means the Head of Member Advisory.

Employer Director means a Director elected by employers whose employees are members of the Fund.

Internal Responsible Persons means the collective group of the Directors, Executive Officers, Company Secretary, Chief Risk Officer, and non-director Committee members and any other employee of the Trustee who is a "Responsible Person" within the definition of that term in SPS 520 and the Trustee's Fit and Proper Policy.

External Responsible Persons means the Fund Auditor, the Fund Actuary and the sub-plan Actuaries.

Gifts, benefits, or hospitality includes travel, accommodation, meals, entertainment and any other receipt of money, goods or services.

GRC means the Governance and Rewards Committee.

Member Director means a Director who must be a member of the Fund.

Responsible Person has the meaning in the Trustee's Fit and Proper Policy.

2. Effective Date

This Policy is effective from the date of Board approval shown on the front cover and remains in force until it is revised or superseded.

Appendix A: Legal Duties Relating to Conflicts

This Schedule summarises the sources of legal duties relating to conflicts of interest or duty.

Fiduciary Duties

Under the general law:

1. The Trustee, as trustee, owes fiduciary duties to Fund members and beneficiaries; and
2. Officers of the Trustee owe fiduciary duties to the company and, because the company is a Trustee, they have duties to see that the Trustee meets its fiduciary obligations to Fund members.

A fiduciary is in a position of trust and confidence and must act with utmost good faith in the sole interests of those to whom the obligation of absolute loyalty and honesty is owed.

Specific fiduciary duties include:

1. To act in the best interests of beneficiaries (i.e. Fund members);
2. To act for a proper purpose (and not with any ulterior motive);
3. Not to profit from fiduciary office except as expressly authorised; and
4. To avoid being in a position where there is a conflict of interest or conflict of duty.

SIS Act

The SIS Act imposes statutory duties on the Trustee and the Directors of the Trustee, including the following:

1. To act honestly in all matters concerning the Fund;
2. To ensure that the Trustee's duties and powers are performed and exercised in the best interests of Fund members and beneficiaries;
3. To exercise in all matters affecting the Fund the same degree of care skill and diligence as a prudent superannuation trustee* would exercise in relation to an entity of which it is the Trustee and on behalf of the beneficiaries of which it makes investments;
4. Not to enter into any contract or do anything else that would prevent the Trustee from or hinder the trustee in properly performing or exercising the Trustee's functions and powers; and
5. Duties in relation to conflicts of interest and duty as outlined in the Conflicts Management Policy.

*“superannuation trustee” is defined as a person whose profession, business or employment is or includes acting as a trustee of a superannuation entity and investing money on behalf of beneficiaries or the superannuation entity.

The covenants reflect a Trustee’s general equitable duties to act in the interests of members and in the event of a conflict, put members’ interests ahead of its own.

Trustee Director Duties

The SIS Act also includes the following covenants for each Director of the Trustee:

1. a covenant to “perform the Director’s duties and exercise the Director’s powers as Director of the corporate trustee in the best interests of the beneficiaries”;
2. a covenant that, 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 the corporate trustee:
 - a) to give priority to the duties to and interests of the beneficiaries over the duties to and interests of other persons; and
 - b) to ensure that the duties to the beneficiaries are met despite the conflict; and
 - c) to ensure that the interests of the beneficiaries are not adversely affected by the conflict; and
 - d) to comply with the prudential standards in relation to the covenants; and
3. a covenant not to enter into any contract, or do anything else, that would:
 - a) prevent the Director from, or hinder the Director in, properly performing or exercising the Director’s functions and powers as Director of the corporate trustee; or
 - b) prevent the corporate trustee from, or hinder the corporate trustee in, properly performing or exercising the corporate trustee’s functions and powers as trustee of the entity”.⁷

Members who suffer loss as a result of a breach of the covenants can sue the Directors, subject to satisfying the court of certain threshold matters.

⁷See SIS Act, section 52A(2)(c), (d) and (e).

APRA Prudential standard

In December 2012 APRA released its final Prudential Standard SPS 521 – Conflicts of Interest (Standard), which establishes requirements for the identification, avoidance and management of conflicts of duty and interest. The Standard commenced on 1 July 2013 and requires the Trustee, as an RSE licensee, to:

1. Develop, implement and review a conflicts management policy that is approved by the Board;
2. Identify all relevant duties and relevant interests; and
3. Develop and publicly disclose registers of relevant duties and relevant interests.

For the purposes of the Standard:

- (a) A 'relevant duty' refers to any duty owed by the Trustee, or a Responsible Person, to beneficiaries or to any other person; and
- (b) A 'relevant interest' of the Trustee, an Associate of the Trustee or a Responsible Person refers to any interest, gift, emolument or benefit, whether pecuniary or non-pecuniary, directly or indirectly held by the Trustee, the Associate or the Responsible Person.

The reference to 'beneficiaries' in subparagraph (a) above refers to beneficiaries of the Fund within the Trustee's business operations. The Trustee's 'business operations' includes all activities as an RSE Licensee and all other activities of the Trustee to the extent that they are relevant to, or may impact on, its activities as an RSE Licensee.

Corporations Law Duties

Under the general law and the Corporations Act, Responsible Persons owe duties to the company:

1. To exercise the degree of care and diligence that a reasonable person in those circumstances and with the same responsibilities would exercise;
2. To act in good faith in the best interests of the company and for a proper purpose;
3. To avoid conflicts of interest (defined as any real or sensible conflicts the Directors may have with their other duties or personal interests) and disclose any material personal interest; and
4. Not to improperly use their position or any information that comes into their possession in the course of holding office for their own advantage or to cause detriment to the company.

Constitution

The Trustee's Constitution contains the following relevant provisions:

1. Every Director who holds any office or possesses any property whereby whether directly or indirectly duties or interest might be created in conflict with his duties or interests as a

Director shall declare the fact and the nature, character and extent of the conflict if and so far as is required by the Corporations Law (Rule 66.3);

2. The Secretary shall record every declaration under this Article in the minutes of the meeting at which it was made (Rule 66.4); and
3. The Secretary shall cause minutes to be made of:
 - a) all declarations made or notices given by any Director (either generally or specially) of his interest in any contract or proposed contract or of his holding of any office or property whereby any conflict of duty or interest may arise (Rule 83.1(c)).

Fund Rules

The Fund Rules do not specifically include any provisions relating to the management of conflicts, beyond authorising the Trustee to undertake some matters which might, in some circumstances, give rise to a conflict.⁸ However, while the Fund Rules do not specifically include any provisions relating to conflicts of interest or how they are to be managed, Section 52 of the SIS Act deems the following covenants to be incorporated into the Fund Rules so that a breach of them is a breach of trust, in addition to having statutory consequences:

1. A covenant to “perform the trustee’s duties and exercise the trustee’s powers in the best interests of the beneficiaries”;
2. A covenant that “where there is a conflict between the duties of the trustee to the beneficiaries, or the interests of the beneficiaries, and the duties of the trustee to any other person or the interests of the trustee or an Associate of the trustee;
3. To give priority to the duties to and interests of the beneficiaries over the duties to and interests of other persons;
4. To ensure that the duties to the beneficiaries are met despite the conflict; and
5. To ensure that the interests of the beneficiaries are not adversely affected by the conflict; and
6. To comply with the prudential standards in relation to the covenants”; and
7. A covenant “not to enter into any contract, or do anything else, that would prevent the trustee from, or hinder the trustee in, properly performing or exercising the trustee’s functions and powers;”.⁹

⁸ The only provisions specifically included in the Fund Rules that may be regarded as relating to Conflicts, do so only indirectly, in that Rule A4 authorises the trustee to do certain actions which might in some circumstances give rise to a conflict that would appropriately be managed by obtaining Member consent.

⁹ See SIS Act, section 52(2)(a), (b) and (h)

Appendix B: Register of organisational circumstances that may give rise to conflicts and approved management strategies

Conflict	Management Strategy	Management Measures
Licensee Client Relationship		
<p><u>Charging asset-based management fees</u></p> <p>This creates a perceived conflict between the Trustee's interest in maximising fees and members' interest in minimising fees.</p>	Disclose and Control	<ul style="list-style-type: none"> • Fees charged are comprehensively and transparently disclosed in the Funds' disclosure documents. • Equip and MLMM are 'profit for member' funds. The Trustee does not charge members fees in excess of what is prudently required to meet the costs of operating the respective Funds.
<p><u>Providing scaled (limited) advice</u></p> <p>This creates a potential conflict between the Trustee's interest in retaining and maximising funds under management and a member's interest in receiving appropriate advice for their circumstances.</p>	Disclose and Control	<ul style="list-style-type: none"> • The Funds' disclosure documents make it clear that Trustee representatives can only give general advice about the Fund. • Trustee representatives are generally permitted to give factual information and limited general advice only. • Trustee representatives are paid salary and performance bonuses but these are not linked to volume of funds under management.
<p><u>Financial planning</u></p> <p>This creates a conflict between the Trustee's interest in retaining and maximising funds under management by having an affiliated financial planner to promote the Funds and a Fund member's interest in receiving appropriate advice for their circumstances.</p>	Disclose and Control	<ul style="list-style-type: none"> • The Trustee and Togethr Financial Planning (TFP) clearly disclose the fee arrangements between them in their disclosure documents. • TFP must comply with its obligations as a licensee, including to act in the best interests of the client and to give priority to the client's interests. • All profits of TFP will form part of the Funds' income and be available for distribution to Fund members.

Internal Structure		
<p><u>Protection of Confidential Information</u></p> <p>The location of the TFP adviser on Equip premises creates a potential conflict between the interests of the Trustee and the Funds' members as a whole and the interests of a particular TFP client if the adviser becomes aware of confidential information about the Funds.</p>	Control	<ul style="list-style-type: none"> • TFP advisers have separate email addresses and are required to use secure printing facilities. • TFP advisers must comply with the confidentiality obligations of the TFP compliance manual.
<p><u>Structure of Investment Committee</u></p> <p>The Board has delegated responsibility for the management of funds to the Investment Committee, whose members may have their own investment portfolios or self-managed superannuation funds with material shareholdings. This may create a personal conflict of interest for those Committee members.</p>	Disclose and Control	<ul style="list-style-type: none"> • All investment trades are done on an arms-length basis via external fund managers. • Each Responsible Person discloses any major shareholdings (as defined in this Policy), which is captured in the Declaration of Interests and Duties and Conflicts Registers. • Each Committee member must declare any conflicts of interest and duty as a standing agenda item at each Investment Committee meeting. • The Investment Committee Chair is responsible for determining the appropriate strategy for managing any identified conflict in accordance with this Policy.
<p><u>Misuse of information</u></p> <p>Employees may also be members of the Funds and may seek to take advantage of information gained in the course of their employment to switch investment options.</p>	Control	<ul style="list-style-type: none"> • Reports of employee investment switches may be obtained for review by the CEO. • Any evidence of misuse of information would be dealt with by disciplinary action in the absence of a reasonable explanation.

<p><u>Competition between the Funds</u> A prospective Employer may invite Equip and MLMM to tender for their business.</p>	Control	<ul style="list-style-type: none"> The Trustee would implement 'ethical walls' to quarantine relevant information and would establish separate teams to develop tender responses and pitches for each Fund.
<p><u>Trustee of multiple Funds</u> It is foreseeable that a conflict may occur where the Trustee has duties to different members and the interests of those members diverge or conflict.</p>	Control	<p>The Trustee will put processes in place to ensure that it fully and appropriately discharges its duties to the members of Equip and to the members of MLMM, for example:</p> <ol style="list-style-type: none"> The Trustee has a Cost Allocation Policy which provides an appropriate basis for allocating costs in a fair and reasonable manner during the Joint Venture (JV) across the two Funds that is consistent with the best interests of all the Funds' members and beneficiaries. The Trustee will ensure that any surplus of each Funds' reserves will be protected prior to SFT, and used solely for the benefit of that Fund's members. The SFT consideration process will require the Trustee to consider and make decisions in its capacity as trustee of both the transferor fund and the trustee of the receiving fund. The proposal will also require the directors to consider the interests of beneficiaries of the transferor fund and the receiving fund. It is possible that the interests of different groups of beneficiaries will diverge, and that the duties the Trustee owes to the different groups of beneficiaries may directly conflict. Accordingly, the Trustee will: <ol style="list-style-type: none"> Splitting the Board into the Equisuper and MyLifeMyMoney Sub-Committees to assist the Board to appropriately manage the conflicts that may arise in undertaking the Catholic Super SFT. The MyLifeMyMoney Sub-Committee will be charged with determining whether the proposed SFT is in the best interests of MLMM

		<p>members and will be counselled to disregard the interests of Equip members during the decision-making process, and vice versa for the Equipsuper Sub-Committee.</p> <p>Further, ethical walls will be established to ensure the Sub-Committees' consideration of information remains separate:</p> <ul style="list-style-type: none">ii) If an intractable dispute arises between the members of the Sub-Committees, or between the Sub-Committees themselves, the Board will engage an independent third party to provide dispute resolution services.
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Investment Management		
<p><u>Soft dollar commissions</u> Equity brokers may rebate commissions to investment managers rather than to the Fund. This creates a conflict between the interests of the investment manager and the interests of Fund members, who may be paying higher investment fees.</p>	Control	<ul style="list-style-type: none"> • The Trustee has guidelines approved by the Investment Team which stipulate that the Fund will not allow the use of “soft dollar” arrangements by the Funds’ investment managers. • The Trustee’s standard form of Investment Management Agreement does not permit the use of “soft dollar” arrangements.
<p><u>Related company</u> In making any decision regarding an investment in a related company (for example, MyLifeMyFinance), the Trustee must act in the members’ best interest.</p>	Manage	<ul style="list-style-type: none"> • Directors of the Board of MyLifeMyFinance will not be the same as the Directors of the Trustee Board. • Where it is necessary for MyLifeMyFinance and the Trustee to deal at arm’s length, Directors / officers who have participated in a decision on behalf of one company must not participate in that decision on behalf of the other company. • Decisions must only be made in the best interests of Fund members as a whole.

Service Providers		
<p><u>Engagement of Auditors</u> The independent judgment of the auditor may be compromised by other relationships between the auditor’s firm and the Trustee or the Funds.</p>	Avoid	<ul style="list-style-type: none"> • The Trustee uses different audit firms for internal and external audit function. • External audit firms are only used for non-audit services in limited circumstances.
<p><u>Sponsorship arrangements</u> Directors and employees may have a personal interest in the outcome of a sponsorship decision. For example, a person may have a relationship or affiliation with a person / organisation seeking sponsorship of an event, which could influence the decision-making process.</p>	Manage	<ul style="list-style-type: none"> • Relationships/interests must be declared, and the person must not take any part in the decision-making process and/or sponsorship transaction. • Responsible Persons and employees involved in sponsorship management or decision-making must maintain high levels of integrity at all times. • Sponsorship should only be introduced where it would not reasonably be seen to compromise the interests of members of the respective Funds or affect the ability of the Trustee to perform its duties impartially. • Sponsorship should be confined to value-adding and supplementary activities, such as supporting events, rather than for delivery or replacement of core services to the Trustee and/or Funds. • Sponsorship is not provided to individuals or political parties. • Sponsorship should not be provided for purposes which do not relate to the business’ objectives or members’ interests. • Sponsorship agreements should enable sponsorships to be terminated or suspended in the event of material conflicts.

Competing Interests and Duties		
<p><u>Decision makers may have a personal interest</u> Directors and employees may have a personal interest in the outcome of a decision or transaction.</p>	Avoid	<ul style="list-style-type: none"> Personal interests must be declared and the person must not take any part in the decision-making process and/or transaction.
<p><u>Decision makers may have conflicting loyalties</u> Directors and employees may have an allegiance to parties other than the Funds' members and the Trustee. For example, this can arise where a Director is an officer, employee or adviser to another organisation with which the Trustee may transact or in which it may invest.</p>	Avoid	<ul style="list-style-type: none"> Decisions must only be made in the best interests of the respective Fund members as a whole. If a decision maker is unable to comply with this requirement, he or she must abstain from participation in the particular decision. If a Director has a relevant duty that frequently conflicts with their duty to, or the interests of, members, it may be necessary or prudent for the Director to relinquish their role as a member of the relevant Committee or cease to act as a Director on the Trustee Board.
<p><u>Joint Directorships / management positions</u> Certain Directors or executive officers may have roles with both the Trustee and TFP or other subsidiaries. This creates a potential conflict of duty between the obligations owed to both entities.</p>	Control	<ul style="list-style-type: none"> Where it is necessary for the two companies to deal at arm's length, Directors / officers who have participated in a decision on behalf of one company must not participate in that decision on behalf of the other company.
<p><u>Independence of the Risk and Compliance function</u> The judgment of the employees in the Risk and Compliance function may be compromised if they are also involved in the operation of the business.</p>	Control	<ul style="list-style-type: none"> The Executive Officer, Governance & Risk, as well as the Head of Risk and Head of Compliance, have direct access to the Risk Committee and the Audit and Compliance Committee.