

Conflicts Management Framework & Policy

Amendment History

Version	Prepared By	Reviewed By	Approved
It is noted that the Policy was created in 2005 and has been reviewed each subsequent year.			
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1. Introduction

2. Background

This Conflicts Management Framework & Policy ('**CMF**') sets out the conflicts management arrangements of REI Superannuation Fund Pty Ltd ('**the Trustee**'), the trustee of REISuper ('**the Fund**'), including the Trustee's approach to ensuring that it meets the requirements relating to conflicts management as set out in:

- Sections 52, 52A and 68A of the *Superannuation Industry (Supervision) Act 1993*
- Section 912A of the *Corporations Act 2001*
- APRA Prudential Standard SPS 521 – Conflicts of Interest*
- APRA Prudential Practice Guide SPG 521 – Conflicts of Interest*
- ASIC Regulatory Guide 181 – Licensing: Managing Conflicts of Interest*

The CMF represents the physical documentary evidence of the totality of systems, structures, policies, processes and controls within the business operations of the Fund, that are designed to identify, assess, mitigate, manage and monitor all conflicts.

The CMF is necessary to help the Trustee minimise the potential adverse impact on members of the Fund from personal and financial conflicts which can often affect a person's judgment or influence decisions made in the course of their role with the Fund.

This document should be read in conjunction with the Trustee's Fit & Proper Policy, Governance Framework & Policy, Insurance Management Framework, Outsourcing Policy & Procedures, Remuneration Policy, Risk Management Framework and Whistleblowing Policy.

3. Scope and Objective

This document applies to all members of the Trustee's board of directors ('**the Board**'), the Trustee's executive team employed in the Trustee's office, including staff, advisers and contractors to the Fund.

The CMF's main objectives are to help ensure that:

- Potential conflicts are identified and managed in an open and transparent manner;
- All persons employed, contracted or engaged by the Trustee give priority to the interests of members of the Fund, over any of their personal interests;
- The Trustee and its representatives meet their fiduciary obligations to members of the Fund; and
- The Trustee and its representatives comply with *SPS 521 Conflicts of Interest*.

4. Definitions

Definitions	
Conflict of duty	may arise where a person owes a responsibility to two different parties
Conflict of interest	may arise where a person has or may have, a material personal interest in a matter that is in conflict with the interests of the Fund and/or members
Relevant Duty	responsibility owed to a person/organisation where the duty may affect the Fund operating in members' best financial interests. The duty can include situations where persons hold board/management/advisory roles with a competitor or a Relevant entity (as defined below).
Relevant Interest	includes a gift or benefit (whether monetary or non-monetary), held directly or indirectly that might reasonably be considered to influence a person's decision making
Responsible Person	<ul style="list-style-type: none"> • A Board director or the Chief Executive Officer ('the CEO') appointed by the Trustee • An executive appointed by the Trustee • the company secretary of the Trustee company ;and • the Fund's external auditor
Is it an actual, potential or perceived conflict	
actual conflict	there is a conflict of duty or interest which exists
potential conflict	there is the potential for a conflict of duty or interest to arise in certain circumstances
perceived conflict	there is a situation where a third party, who may not be privy to all relevant information in relation to the situation at hand, may perceive that a conflict of duty or interest exists.
Relevant entity	includes actual/potential service providers (including investment managers) and/or any related parties. Related parties may include: entities which the Trustee holds a financial interest and/or have a close relationship with the Trustee (i.e. directors, management staff, or close personal relationships), entities who may seek funding from the Fund (i.e. through sponsorships) and employers.
Conflicts Management Framework	totality of systems, structures, policies, processes and controls within the Trustee's business operations that identify, assess, mitigate, manage and monitor actual and/or perceived Conflicts.
Transaction	can include roll-ins, roll-outs, transfers, withdrawals or switches in relation to interests in a superannuation and/or pension account.

5. Roles and responsibilities

The roles and responsibilities of each party involved are outlined in the table below

Role	Responsibility
Board	<p>Approves the CMF</p> <p>Ensures that all reasonable steps are taken so that all responsible persons clearly understand and comply with the requirements of the CMF</p> <p>Ensures accurate records of Board decisions are maintained, including, minutes of Board (which include details of each conflict identified and the action taken to avoid or manage the conflict), board committee and other relevant meeting papers,</p> <p>Ensures any new responsible person is required to disclose all relevant interests and duties prior to taking up the appointment</p> <p>Reviews the Register of Interests and Duties at each Board Meeting</p>
Chief Executive Officer	Ensures all employees are aware of and comply with the CMF and the procedures for reporting a conflict
Finance Audit & Compliance Committee (FACC)	<p>The Board has delegated responsibility for the oversight of the implementation and maintenance of the CMF to the FACC</p> <p>Performs annual review of the CMF for recommendation to the Board</p> <p>Reviews the Register of Interests and Duties at each of its meetings</p> <p>Reviews the Blackout register covering each Blackout period</p> <p>Reviews switching activity in each Blackout period</p>
Governance Risk & Compliance team (GRC)	<p>Ongoing monitoring of compliance with the CMF</p> <p>Responsible for monitoring compliance with agreed actions of each conflict and ensuring that all conflicts are accurately recorded, kept up-to-date and records maintained</p> <p>Obtains confirmation from material outsourced providers as part of annual outsourcing attestation</p> <p>Provides training for the employees engaged on the Fund, on the requirements and implementation of the CMF</p> <p>Maintains the Gift Register</p>
Group Executive – Governance Risk & Compliance (GE GRC)	<p>Issues emails to advise of commencement and cessation of each Blackout period</p> <p>Monitors Blackout period documentation and performs post blackout analysis of transactions and reports exceptions to the FACC and Board</p>

	Receives and reviews quarterly switching reports of Directors staff who are members of REISuper Fund and reports results to FACC
Company Secretary	Maintains Register of Interests and Duties
	Ensures any conflict declaration made by a Responsible Person is recorded in the minutes
	Organises training on the CMF for the Board
Other Responsible Persons	Report potential or actual conflicts to Chair of Board or CEO
Advisers or Consultants	Provide confirmation that a conflict management policy in the nature of the CMF is in place for their organisation and, if also a material outsourced provider, must confirm on an annual basis, there and if applicable their organisation's compliance with the CMF.

6. Risk

The identification and management of risks associated with conflicts is handled in accordance with the Risk Management Framework, which has been developed in line with the requirements contained in *APRA Prudential Standard CPS 220 – Risk Management*.

7. Conflicts Management Culture

A strong conflicts management culture is essential for the effective management of conflicts and a reflection of the Trustee's corporate values.

The Board's conflicts management culture is demonstrated through:

- Openness** – the requirement to disclose all actual, perceived and potential conflicts is well understood, accepted and followed throughout the business operations.
- Transparency** – a copy of this CMF and the accompanying Registers is publicly available on the Fund's website.¹
- Recruitment and professional development** – there are procedures in place which require the initial disclosure of actual, perceived and potential conflicts upon appointment, as well as ongoing disclosure of all actual, perceived and potential conflicts through the term of appointment.

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- ¹ In accordance with the requirements of Section 29QB(1)(b) and (1A) of the *Superannuation Industry (Supervision) Act 1993* and Regulation 2.38 of the *Superannuation Industry (Supervision) Regulations 1994*.
 - Section 29QB requires the information to be publicly available on the website and kept up to date at all times. The meaning of "up to date" is clarified by section 29QB(1A) of the SIS Act (think repealed as of 2019) and requires:
 - A summary of the CMF to be published on the website within 20 business days of commencement of the policy or of any change; and
 - The Registers to be published within 20 business days of each of 30 June, 30 September, 31 December and 31 March each year.

- d. **Policies that encourage and support whistleblowing** – for more information, see the Whistleblowing Policy.

8. Insurance

The Insurance Management Framework, which has been developed in line with *APRA Prudential Standard SPS 250 – Insurance in Superannuation*, documents the Trustee's policy with respect to making insured benefits available to members. The Board is aware that conflicts related to making insured benefits available to members may arise in relation to:

- a. The assessment of claims.
- b. The selection of the Group Life insurer.
- c. The types and levels of insured benefits provided to members, and the conditions relating to the provision of cover.
- d. The monitoring of the Group Life insurer.

If such conflicts are identified, the Board will ensure that they are disclosed, evaluated, mitigated and/or managed and monitored in line with the processes and procedures outlined in this Policy.

9. Privacy

Members of the Board, executive team, staff, advisers and contractors to the Fund must each use their best endeavours to prevent the unauthorised publication or disclosure of any confidential information. It should not be used for personal gain or benefit, or for improper advantage. In addressing conflicts, Responsible Managers and employees must be aware of the privacy obligations articulated in the *Privacy Act 1988 (as amended)*, the *Australian Privacy Principles* and follow the **Privacy Policy** at all times.

10. Training requirements

Members of the Board, executive team, staff, advisers and contractors to the Fund must attend training on this document's contents on an annual basis.

11. Review of the Conflicts Management Framework

11.1 Comprehensive review

The Board will ensure that the appropriateness, effectiveness and adequacy of this CMF is subject to a comprehensive review at least every three years.

11.2 Annual review

In each year in which a comprehensive review does not take place, the Trustee will ensure that an internal review of the appropriateness, effectiveness and adequacy of the CMF is undertaken, with a specific focus on reviewing:

- a. The effectiveness of processes and controls put in place to identify and respond to actual, potential and perceived conflicts.
- b. The level of compliance with the CMF.

Additionally, the Trustee will ensure there are continual assessments of the CMF in light of any changes to;

- a. The Fund's structure and/or business operations;
- b. The Fund's service providers and any changes to, or within service providers; and
- c. responsible persons and changes in their composition or circumstances which would impact the Fund's business operations.

The GE – GRC will report the findings of the annual review and continual assessment, and the actions taken, and/or planned, to address issues identified in the review and/or assessment process, to the FACC.

12.Obligations for identification and disclosure of conflicts

12.1 Obligations for identification of conflicts

All persons covered by this document have an obligation to identify potential conflicts and to disclose those in accordance with the requirements of the CMF in a timely manner. All persons must disclose any instances where it could be perceived that you may be put in a position where you could prioritise your own interests over the interests of our members.

Conflicts that would be expected to be disclosed are included within Appendix A to this document. Appendix B to this document provides examples of key potential conflict scenarios and related controls.

If there is any doubt as to whether a declaration is required, the affected person should be open about the situation giving rise to the possible potential conflict and discuss the issue with GE-GRC or the CEO.

While a number of parties have a role in reviewing the completeness and accuracy of the disclosure of conflicts of Interest, at all times the primary obligation is on the individual themselves to identify and disclose potential conflicts.

On a quarterly basis, members of the Board, executive team, staff, advisers and contractors to the Fund are required to review their conflict situation and confirm that they have disclosed all relevant conflicts found as required by the CMF.

12.2 Disclosing a Conflict

The Board must use its best endeavours to ensure that members of the Fund are adequately informed about material conflicts. Adequate disclosure means providing sufficient detail, in a clear, concise and effective form, to allow members to make an informed decision about how the conflict may affect the provision of financial services or financial products to them.

As part of the disclosure process, the Board must ensure that any disclosure about conflicts:²

- a. Is timely, prominent, specific and meaningful to the member;

• ² See ASIC Regulatory Guide 181: Licensing - Managing Conflicts of Interest (Paragraph RG 181.52).

- b. Occurs before or when the financial service or financial product is provided, but in any case, at a time that allows the member a reasonable time to assess its effect; and
- c. Refers to the specific financial service or financial product to which the conflict relates.

In addition, the Trustee must consider, in making a disclosure about an actual, potential or perceived conflict:

- a. The level of financial sophistication of the member;
- b. The extent to which third persons are likely to rely, directly or indirectly, on the financial service or financial product (e.g. where the disclosure is given to an intermediary such as a distributor or a promoter and is likely to be passed on to members or potential members);
- c. How much the member already actually knows about the conflict; and
- d. The complexity of the financial services or financial products that the member is receiving.³

Disclosure of all notified conflicts is made in the Register of Duties and Relevant Interests, which is updated quarterly and made publicly available on the Fund's website.

Disclosure may also be made in the Annual Report or Financial Services Guide (**FSG**), or in the Fund's Product Disclosure Statement (**PDS**). If this is not practicable (for example, if the conflict arises with only a limited number of members, or if the timing of these documents would result in an unreasonable delay in disclosure) the disclosure must be made in writing to the member(s) concerned.

12.3 Failure to disclose

Failure by a Responsible Person or employee to disclose a personal conflict is considered a serious disciplinary matter and corrective action will be determined by the Board on a case-by-case basis.

Failure by the Board to address an identified conflict in accordance with the procedures outlined in this CMF may be reported to ASIC and/or APRA by the Board's internal or external auditors.

13. Insider trading

The trading of financial products may give rise to a special type of conflict called 'insider trading'.

13.1 Insider trading – general obligations

There may be instances where knowledge is acquired about the Trustee's investment program or operations by members of the Board and employees that is not generally available to all members and may allow for personal financial gain. Examples of inside information include:

- a) being aware of a future reserve distribution;
- b) being aware of a future investment re-valuation;

• ³ See ASIC Regulatory Guide 181: Licensing - Managing Conflicts of Interest (Paragraph RG 181.58).

- c) learning of a major new opportunity or significant problem which is not known to the public yet (eg. merger); or
- d) actual or proposed acquisition or disposal of assets by the Fund.

Where any member of the Board or employee is in possession of inside information then they must:

- not switch investment options, roll-in money (other than normal employer/salary sacrifice contributions) or redeem their interest in the Fund other than standard pension payments during a blackout period;
- not disclose any relevant information to any third party; and
- not use the inside information for personal gain in relation to investments outside the Fund.

13.2 Insider trading – Ongoing notification of intent to transact

Given the heightened attention by regulators to switches made by executives, directors and staff who are members of a superannuation fund for which they hold their appointment, the following process is to be followed for all transactions in the Fund, other than employer contributions and salary sacrifice contributions. This includes:

- investment switches
- withdrawals / benefit payment requests
- after tax voluntary contributions
- roll ins.

Each director, executive or staff member is required to notify the GE GRC in writing 24 hours prior to executing a transaction requesting that the proposed transaction be confirmed.

The GE GRC will confirm with the CEO that no reason or circumstance exists that could create a conflict of interest and confirm this with the relevant director, executive or staff member.

GE GRC will record the request and approval in the register of transactions

13.3 Insider trading – Blackout periods

Blackout periods, during which directors and employees will not be able to make investment switches or non-standard transfers in or out of the Fund, will be declared and come into effect as soon as confidential information is known or made known to the CEO or GE-GRC that could reasonably influence someone in deciding whether or not to acquire / dispose / or switch products.

All directors and employees will be notified of a blackout period declared by the CEO. The length of any blackout period will be determined on a case by case basis and the CEO will notify all directors and employees.

If the blackout period extends beyond one month, reminders of the continuing blackout will be sent to those impacted.

13.4 Insider trading – blackout periods – exceptions

Exceptions to the requirements in all blackout periods may be granted by the CEO in the following circumstances:

- where a switch form, roll-in request or benefit payment request was approved and lodged prior to the announcement of the blackout period or is required to be made to meet a statutory obligation during a blackout period; and
- where an individual can demonstrate that the decision to switch, roll-in or redeem a benefit is not influenced by any inside information.
- The Governance Risk & Compliance Team will ask for verification of trades occurring during a blackout period from the Fund's administrator. Upon receipt of the information, the GE- GRC will review and investigate any instances of trading noted.
- All trades and exceptions will be reported to the FACC and ultimately to the Board. If an exception relates to an executive or director, oversight of any resulting investigation will be performed by the Board's chair or the FACC's chair.

13.5 Insider trading – reporting

The Governance Risk & Compliance Team will ask the Fund's administrator for a record at the end of each financial year of all transactions recorded for directors, executives and staff who are members of the Fund.

This record will then be cross referenced against the transaction register maintained by the GE-GRC.

Any transactions that have not been pre approved will then be subject to a review process conducted by the GE-GRC. This review will include:

- contacting the individual concerned to understand details of the transaction and why it occurred,
- Understanding the reasons why pre approval was not sought
- a review of transaction information including type of transaction, timing of transaction, investment options impacted and whether the transaction resulted in a financial gain to the individual.

All non-pre-approved transactions appearing on the record, will be reported to the FAC and ultimately to the Board. If it relates to an executive or director, oversight of the investigation will be performed by the Board's chair or FAC's chair.

14. Remuneration practices

Refer to the Remuneration Policy, which has been developed in line with *APRA CPS 511*

15. Process – managing conflicts

The process for managing conflicts of interest consists of three stages:

- Stage 1: Identify and declare
- Stage 2: Manage
- Stage 3: Monitor

Stage 1: Identify and declare A conflict may arise where:

- a. Some or all of the commercial duties or interests of the Board are inconsistent with, or divergent from, some or all of the interests of a member of the Fund.
- b. Some or all of the personal duties and interests of a Responsible Person or employee are inconsistent with, or divergent from, some or all of the interests of a member of the Fund.

- c. Some or all of the personal duties or interests of a Responsible Person or employee are inconsistent with, or divergent from, some or all of the Trustee's commercial interests.
- d. Some or all of the duties or interests of the Board or a Responsible Person or employee are illegal or prohibited by law or regulation.

To further explain, a conflict is one that has the potential to stop the Board, or a Responsible Person or employee of the Trustee, from performing its/his/her duties by placing it/him/her in a position where it/him/her may deliberately or inadvertently prefer the interests of another entity or person over those interests of members of the Fund.

In addition, a conflict may also be held by a person or a firm undertaking a material activity for, or otherwise advising, the Trustee or any part thereof, which could affect the nature or quality of the advice given or the services provided.

In some cases, conflicts may arise between different classes or types of members. This CMF requires that equity be shown to all members.

Conflicts that would be expected to be disclosed are included within Appendix A to this document and these should be followed in identifying potential conflicts and disclosing conflicts. The table includes details of when pre approval of conflicts is required, and also criteria for when benefits that are offered but declined must be disclosed.

15.1 Is it a conflict of duty or a conflict of interest?

A conflict can be either:

- a. **A conflict of duty** - where the Director, or a Responsible Person or employee of the Trustee, owes a duty to another person or entity, which if performed, might reasonably be considered to have the potential to have a material impact (see section 6.2 below) on the capacity of the Fund, or the Responsible Person or employee, to act in a manner that is consistent with the best interests of the beneficiaries of the Fund.
- b. **A conflict of interest** - where the Director, or a Responsible Person or employee, receives an interest, gift⁴, emolument⁵, or any other benefit or advantage, whether monetary or not, directly or indirectly, in connection with the provision of a service or product, which if received, might reasonably be considered to have the potential to have a material impact on the capacity of the Board, or a Responsible Person or employee, to act in a manner that is consistent with the best interests of the beneficiaries of the Fund.

15.2 Is it an actual, potential or perceived conflict?

A conflict of duty or interest can be:

- a. An **actual conflict** - there is a conflict of duty or interest which exists.

- ⁴ For the purposes of this CMF, the term 'gift' is defined to include both business entertainment and gift items.
- ⁵ For the purposes of this CMF, the term 'emolument' is defined to mean any form of 'remuneration, reward, fee, compensation or benefit'.

- b. A **potential conflict** - there is the potential for a conflict of duty or interest to arise in certain circumstances.⁶
- c. A **perceived conflict** - there is a situation where a third party, who may not be privy to all relevant information in relation to the situation at hand, may perceive that a conflict of duty or interest exists.

The Trustee has identified a number of actual, potential and perceived conflicts of duty and interest that will or might be encountered by the Trustee, or employee of the Trustee, in the course of doing business. These conflicts, and how they are to be approached and managed, are documented in Annexure A.

The continued relevance of the conflicts identified in this Plan, and the procedures for addressing them, is periodically reviewed as part of the review of this CMF.

Items subject to ongoing review include:

- a. The fair treatment of all beneficiaries, so that financial services are not provided, and financial products are not promoted, in a manner that:
 - Unfairly places the interests of the Board (or a Responsible Person or employee) ahead of the interests of beneficiaries (i.e. failure to disclose fees transparently);
 - Gives preferential treatment to one member over another member (such as by charging reduced fees or giving priority access to products or services); and/or
 - Uses knowledge of members in a way that is likely to advance the Director's (or a Responsible Person or employee) own interests, without sufficient disclosure to members.
- b. The remuneration practices of the Fund (e.g. both the fees charged to members and the remuneration of Responsible Persons, employees and service providers) and ensuring that such practices operate efficiently, honestly and fairly.

• ⁶ The Trustee defines a 'potential conflict' with reference to the general law position, where the Trustee has a primary duty to avoid putting itself in a position where there is an actual conflict or a '*real sensible possibility of a conflict*'. See *Boardman v Phipps* [1967] 2 AC 46.

16. Notifying a Conflict

16.1 Notification by responsible persons

Each Responsible Person must, on commencement of appointment or employment with the Fund and at least annually thereafter, disclose:

- a. Commercial and non-commercial interests held by themselves or their associates⁷ (including as beneficial owners⁸), in:
 - Entities providing services to the Trustee; and/or
 - The financial products and services being offered by the Trustee.
- b. Any transactions that are entered into with the Fund by themselves or their associates.
- c. Directorships of, or consultancy or advisory relationships with, any company.
- d. All other actual, potential or perceived conflicts of duty or interest to which they are aware and which are relevant to their relationship with the Trustee.

If there is doubt as to whether a conflict exists, it should be disclosed. If a Responsible Person believes that another Responsible Person has, or may have, an undisclosed conflict, the matter must be brought to the attention of the GE – GRC or the CEO.

The initial notification must be via completion of the Declaration by New Responsible Persons and Others and provided to the GE - GRC, who must table it at the Board meeting immediately following the appointment of the Responsible Person. It is the responsibility of the Board to give proper consideration to any disclosed conflicts and be satisfied that the disclosed conflict will not significantly affect the Responsible Person's ability to discharge their duties to the Trustee and to members. Responsible Persons also complete an annual declaration, the results of which are reported to the Board by the GE – GRC.

Any subsequent notifications may be verbal or via email to the GE - GRC. Where verbal notification is provided outside of a minuted meeting, the GE – GRC must request that the notification also be provided in email for record-keeping purposes. Where verbal notification is provided in a minuted meeting there is no requirement to separately provide a written notification, as the minutes will reflect the verbal notification and are appropriate for record-keeping purposes.

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- ⁷ **Associates** is defined as including all Immediate Family and accounts over which a Responsible Person or employee has trading authority. **Immediate Family** means a spouse or de-facto spouse (including same-sex partner) and non-adult children (18 years or less) of a Responsible Person or employee. It does not extend to parents or siblings unless the Responsible Person or employee has authority to trade on their account.
 - ⁸ A **Beneficial Owner** is the individual who ultimately owns or controls (directly or indirectly) a company or a trust. See the Trustee's **Anti-Money Laundering and Counter-Terrorism Financing Program** and the *AUSTRAC Compliance Guide - Glossary*.

16.2 Notification in board and committee meetings

Attendees are asked to confirm at the commencement of each regular board and committee meeting:

- a. That they are eligible to hold the position they hold for the purposes of the meeting;
- b. That they are eligible to act in a manner that is consistent with the best interests of beneficiaries;
- c. Whether or not there are any new conflicts (including, but not only in relation to, the agenda items for the meeting) of which they may be aware and which have not been previously disclosed⁹; and
- d. Whether or not there has been receipt of any business gifts or other hospitality which could objectively be seen to influence their decision-making capability.

Standing disclosed conflicts (i.e. an ongoing relationship with a company that provides services to the Trustee) are taken as read and do not need to be declared at each meeting, unless the nature or materiality of the disclosed conflict has changed.

If a new conflict is declared, the meeting must give proper consideration to the disclosed conflict.

In relation to each conflict declared, the meeting's secretary will record, in the minutes of the meeting, details of:

- a. The conflict;
- b. How the conflict was identified or notified;
- c. The conflict's materiality; and
- d. The actions taken or planned to be taken to avoid or manage the conflict.

If the GE – GRC is not in attendance at the meeting, the meeting's secretary must inform the GE – GRC of the notified conflict and the outcomes of any associated discussion.

16.3 Notification by material service providers

As part of the due diligence process conducted prior to appointment, and then on at least a biennial basis, the Board requires each of the Trustee's material service providers to declare all actual, perceived or potential conflicts of which they are aware and which are considered by them to be relevant to their relationship with the Trustee or any part thereof.

Details of all declared conflicts, including materiality and the actions taken or planned to be taken to avoid or manage the conflict, will be recorded in an appropriate manner and will be reviewed on a regular basis by the Trustee.

• ⁹ Where a Director has a material personal interest in a matter and that matter relates to the affairs of the Trustee, the Director must give the other Directors notice of the interest. See *the Corporations Act 2001* s.191(1) and s.191(2).

17. Responding to a Conflict

17.1 Assessing a conflict

Upon receipt of notification of a conflict, the GE – GRC must:

- a. Ascertain the facts;
- b. Assess the potential impact of the conflict upon the Board, the Fund, one or more of the Responsible Persons or employees, and/or one or more of the members of the Fund; and
- c. Determine an appropriate response.

The assessment will consider:

- a. The **type of the conflict** - is it a conflict of duty or a conflict of interest?
- b. The **nature of the conflict** - is it an actual, potential or perceived conflict?
- c. The **materiality of the conflict** (see below).
- d. The **timing of the conflict** – is it a one-off occurrence or does it have an ongoing, recurring or cumulative nature?
- e. The **effect of the conflict** – does it affect the Trustee's, and/or any one or more of the Trustee's Responsible Persons' or employees', ability to:
 - Give priority to the duties to, and interests of, members over the duties to, and interests of, other persons;
 - Ensure that the duties to members are met despite the conflict; and/or
 - Ensure that the interests of members are not adversely affected by the conflict?

Where the conflict is held by a Responsible Person or employee, the assessment will also consider whether the Responsible Person or employee:

- a. Failed to disclose the conflict;
- b. Inappropriately failed to disqualify or remove themselves because of the conflict;
- c. Knowingly participated in deliberations relating to a matter in which they had a conflict; and/or
- d. Acted in their own interests in preference to the interests of the members of the Fund.

In situations where the GE – GRC cannot complete the assessment of the conflict, the conflict is held by the GE – GRC, or where the matter is considered to involve fraud or reputational risk, the GE – GRC must involve the CEO in the assessment of the conflict.

17.2 Rating a conflict's materiality

As part of the assessment process, each actual, potential or perceived conflict which is identified will be given a materiality rating based on a consideration of:

- a. The consequences that could flow from that conflict occurring; and
- b. The probability of those consequences occurring.

The three categories of materiality are:

- a. **Material conflict** - there is an actual, potential or perceived conflict that in the reasonable opinion of the GE – GRC is likely to:
 - Have a material consequence for the Board or a Responsible Person or other employee of the Trustee (i.e. significant breach of Financial Services Law, a breach of a condition of the RSE Licence or AFS Licence, a breach notification to a regulator, reputational damage to the Fund, or the termination of the appointment or employment of the Responsible Person or employee in question); or
 - Have a material consequence for one or more members of the Fund; or
 - Result in a material breach of this CMF.
- b. **Manageable conflict** - there is an actual, potential or perceived conflict that in the reasonable opinion of the GE – GRC is likely to:
 - Have a manageable consequence for the Board or a Responsible Person or other employee of the Trustee which is only likely to escalate into a material consequence if it is left unaddressed (i.e. a non-reportable breach requiring no more than some additional education on correct processes for the Responsible Person or employee in question); or
 - Have a minor consequence for one or more members of the Fund; or
 - Result in a minor or technical breach of this CMF.
- c. **Immaterial conflict** - there is an actual, potential or perceived conflict that in the reasonable opinion of the GE – GRC is likely to:
 - Have no more than an insignificant consequence for the Board or a Responsible Person or other employee of the Trustee; or
 - Have no more than an insignificant consequence for one or more members of the Fund; or
 - Result in no breach of this CMF.

The rating given to the actual, potential or perceived conflict will assist the GE – GRC to decide upon, and implement a response to, the conflict.

17.3 Deciding upon and implementing a response to a conflict

In deciding upon and implementing a response to an actual, perceived or potential conflict, the Board will ensure that the actions taken, or planned, in response to the conflict are prudent and defensible.

In determining the appropriate response to a conflict the overall context will always be to:

- a. Give priority to the duties to and interests of members over the duties to and interests of other persons.
- b. Ensure that the duties to members are met despite the conflict.
- c. Ensure that the interests of members are not adversely affected by the conflict.

In determining an appropriate response to a conflict, the Trustee may:

- a. Seek additional relevant information in relation to the conflict;
- b. Refer the conflict to the FACC or direct to the Board for consideration; and/or
- c. Seek legal or other external and independent advice to confirm the appropriateness of a particular course of action.

The alternative responses to a conflict that will be considered include (but may not be limited to, in any given circumstance):

- a. **Avoid the conflict** – applicable where the conflict is so acute or pervasive that it cannot be managed, or that the conflict is of a kind where the general law requires avoidance.¹⁰
- b. **Prudently manage the conflict** – guidelines may be set in relation to materiality or personal authorisation to act.
- c. **Require disclosure of the conflict** – the conflict may need to be disclosed to the Finance Audit & Compliance Committee, the Board, to regulators and/or to members generally or specifically, as appropriate.
- d. If the conflict arises for a Responsible Person or employee, **allocate another Responsible Person or employee to provide the service or conduct the activity**, and/or require the affected Responsible Person or employee to **have no involvement** in a matter linked to the conflict. This may require the Responsible Person to be excluded from a relevant section of a meeting or remain at the meeting but abstain from voting on any relevant agenda items.¹¹
- e. **Establish a robust information barrier** - insulate one group of Responsible Persons or employees from the information or other circumstances that give rise to a particular conflict, so that the Trustee as a whole is not affected by the conflict. To be effective, such a barrier must actually prevent information being passed to the relevant group.
- f. **Initiate internal or external disciplinary action** - if the conflict was a result of a Responsible Person or employee failing to disclose the conflict or act appropriately in relation to the conflict.
- g. **Take no action** – if the conflict is determined to be immaterial, take no further action beyond recording the identification/notification of the conflict in the **Register of Duties and Relevant Interests**.

More than one response may be applicable in relation to a single conflict. What constitutes an appropriate response to a particular conflict will always depend on the facts and circumstances. In addition, the Trustee will always have regard to the various relevant duties that apply at law.

• ¹⁰ For the purposes of *APRA Prudential Standard SPS 521 – Conflicts of Interest*, the Trustee notes that there is nothing in the Standard which authorises a person to manage a conflict if the general law requires the person to avoid it.

• ¹¹ See *Corporations Act 2001 s.195(2)*, which states: “the director may be present and vote if directors who do not have a material personal interest in the matter have passed a resolution that: (a) identifies the director, the nature and extent of the director’s interest in the matter and its relation to the affairs of the company; and (b) states that those directors are satisfied that the interest should not disqualify the director from voting or being present”.

18. Recording a Conflict

18.1 Register of duties and relevant interests

A **Register of Duties and Relevant Interests** is maintained by the GE - GRC.

The Register records:

- a. All duties owed by directors, by Responsible Persons and/or by employees to any other person or entity; and
- b. All interests, emoluments or benefits (outside of gifts which are recorded separately), whether pecuniary or non-pecuniary, directly or indirectly held by a director, or a Responsible Person or employee,

which are in actual conflict with, or which could be perceived as being in conflict with, or which have the potential to be in conflict with, the interests of members of the Fund, and which the Trustee has determined to be material.¹²

At a minimum, all directorships, roles, and office positions held by Responsible Persons or employees, in any corporate entity, as well as any material shareholding¹³ in, or derivation of any financial benefit from, a corporate entity, is required to be disclosed in the Register.

For all actual, perceived and potential conflicts documented in the Register, a description of the nature of the conflict, a consideration of its materiality (as relevant) and a summary of the action taken to avoid or prudently manage the conflict must be provided.

The GE – GRC is responsible for ensuring that the Register remains up-to-date in order to achieve the goal of informing interested stakeholders about potential external influences on decision making within the Trustee's business operations.

The Register is reviewed quarterly as part of its inclusion in the agenda papers created for each committee and the Board. It is also reviewed on an ad hoc basis where new duties, interests and/or conflicts are notified/come to the attention of, the GE - GRC.

The Register is tabled at each committee and Board meeting. Any additions or changes to the Register since the last meeting will be provided in mark-up for ease of review.

18.2 Records of action taken in relation to conflicts

In addition to the **Register of Duties and Relevant Interests**, the GE – GRC must also retain, for at least seven years, records of:

- a. Written disclosures of conflicts made by directors, Responsible Persons or employees;
- b. Any reports written about conflicts matters; and
- c. Disclosures relating to conflicts given to members or the public as a whole (e.g. on a website).

• ¹² interests, gifts, emoluments, or any other benefit or advantage, whether monetary or not, which are below the relevant materiality threshold will not be recorded on the Register, but must still be notified to the GE – GRC.

• ¹³ A material shareholding is considered to be a shareholding that exceeds 10% of the total amount of shares on issue.

19. Monitoring a Conflict

The GE – GRC must monitor the actions taken or planned to be taken to avoid or manage a material or manageable conflict of duty or interest through an annual review of the Register of Duties and Relevant Interests.

The GE – GRC will monitor compliance with the obligations and processes set out in this CMF through a number of different methods which may include (but may not be limited to):

- a. Internal reporting.
- b. Training of Responsible Persons and employees to identify, report, assess and manage conflicts.
- c. Annual review of the Breach and Incident Register to identify whether any incidents or breaches are a result of a disclosed or undisclosed conflict.
- d. Annual review of the Complaints Register to identify whether any complaints received are a result of a disclosed or undisclosed conflict.
- e. Receipt of conflicts declarations from Responsible Persons and employees on appointment or employment and then annually.

20. The Giving and Acceptance of Gifts

20.1 Overview

The Trustee considers the giving and receiving of gifts and corporate entertainment to be a customary way to strengthen business relationships.

It is the Trustee's policy that its Board's directors, Responsible Persons and employees may give and receive lawful gifts and corporate entertainment opportunities in connection with their role, subject to the materiality threshold outlined below and on the understanding that gifts and corporate entertainment opportunities are not given or received with the intent or prospect of influencing the recipient's business decision-making processes or outcomes.

20.2 A material gift or corporate entertainment opportunity

A gift or corporate entertainment opportunity will be considered to be material if it:

- a. Is above and beyond normal employment entitlements, or is outside the materiality threshold (see below); and
- b. Has the capacity to influence, or give rise to a sense of obligation, which may conflict with duties owed to the Trustee or impact the ability of the Trustee, or a Responsible Person or employee of the Trustee, to act in a manner that treats members fairly, honestly and professionally.

The materiality threshold is **\$500 in any twelve-month period**. This threshold may be reached by the giving or receipt of a single gift or multiple gifts to the same entity or individual within a twelve-month period and which add up to a cumulative figure of \$500 or more.

In addition to the monetary threshold, a gift's materiality threshold will also be determined by a consideration of:

- a. The relationship of the Board or the executive team, staff, advisers and contractors to the Fund, to the gift giver or gift receiver.
- b. The primary business of the gift giver/receiver.
- c. The likelihood of further contact between the Trustee or the Board's directors or executive team or staff or advisers and contractors to the Fund and the gift giver or gift receiver.
- d. Whether the gift is being given or accepted as part of a formal exchange of gifts.
- e. The possible adverse consequences to the interests of the Trustee, the Board's directors or Executive Team or staff or advisers and contractors to the Trustee which may result from the acceptance or refusal of the gift.

Under no circumstances should a the Board's directors or members of the Executive Team or staff or advisers and contractors to the Fund, give or accept:

- a. A gift or invitation to or from a third party:
 - That is beyond what is considered normal and legitimate business practice.
 - That could reasonably be perceived as an inducement, incentive or reward for preferential treatment. This prohibition extends specifically to inducing any employer to nominate the Fund as a 'default fund' under any applicable award or agreement in respect of its employees or inducing employees to choose or retain the Fund as their choice of fund.
 - That would in any way cause the Trustee embarrassment.

- That has been provided with the intent of influencing the recipient in making a decision or otherwise carrying out their relevant duties.
- b. Monetary gifts such as cash, cheques, money orders, travellers' cheques, direct deposits or cryptocurrencies.

Giving or receiving any gift of greater value than the materiality threshold must be specifically approved by the CEO and notified to the GE - GRC.

20.3 Corporate entertainment

From time-to-time the Board's directors, members of the executive team, staff, advisers and contractors to the Fund may be:

- a. Invited by service providers, fund managers or financial product promoters to attend corporate lunches or dinners, or sporting or cultural events; and/or
- b. Given bottles of wine/spirits, hampers or other goods by service providers, fund managers or financial product promoters.

The Board's directors, members of the executive team, staff, advisers and contractors of the Fund may accept such invitations or goods only if they feel that the invitation or goods is given in a transparent manner without the expectation of obligation and in accordance with the materiality threshold outlined above.

For clarity, invitations or goods provided to a recipient primarily as a 'thank you' for allocating business to the provider, or where they are intended by the provider to influence the recipient to prefer the provider's services, must be recorded on the **Gifts and Entertainment Register**. Meals or drinks accompanying working meetings where both parties are on equal footing, or there is no objective inference to be drawn that a favourable position will accrue to the provider as a result of the meeting, do not need to be recorded on the **Gifts and Entertainment Register**.

20.4 Gifts and entertainment register

The GE – GRC is responsible for maintaining a **Gifts and Entertainment Register** which captures all gifts and relevant corporate entertainment given and received by the Trustee and Responsible Persons and employees of the Trustee.

If the gift is outside the materiality threshold, the Responsible Person or employee must inform the CEO and GE - GRC, and await receipt of approval, prior to the gift being given or received. For gifts under the materiality threshold, the Board's directors, members of the executive team, staff, advisers and contractors to the Fund must inform the GE – GRC within 28 days of the gift being given or received.

Each gift listed on the Register is rated as either material or non-material.

The Register includes:

- a. A description and estimated value of the gift;
- b. A consideration of the gift's materiality; and
- c. Where appropriate, a summary of the action taken to avoid or prudently manage any conflict associated with the gift.

21. Annexure A – Conflict examples

Listed in the table below are some examples of actual, potential and perceived conflicts that have been identified by the Trustee.

Conflict Scenario	Type of Conflict	Nature of Conflict		Materiality of Conflict	Response to Conflict
	Conflict of duty Conflict of interest	Actual Potential Perceived No Conflict		Material Manageable Immaterial	
A Director is a member of the Fund A Director is a member of Fund (and may hold insurance through the Fund).	Conflict of duty	Actual		Manageable	<p>A Director will not be deemed to have a conflict of duty solely as a result of being a member of the Fund (including making voluntary contributions to the Fund, or receiving standard employer contributions or standard, non-discretionary benefits, as a member of the Fund).</p> <p>However, the Board will be particularly alert to situations which could result in a conflict between a Director's personal interest in the Fund, and his or her relevant duties to the Trustee.</p> <p>For example, where the Board is considering a change in the valuation of an asset or the level of insurance cover for a particular class of members, and the Director who is a member of the Fund may be personally affected by the decision of the Board, this will be considered to be a conflict of a relevant duty which must be acknowledged and managed as appropriate in the given circumstance.</p> <p>The Board recognises that membership of the Fund by Responsible Persons can in fact create an alignment of interests which may actively assist them in proactively seeking to act in the best interests of all beneficiaries.</p>

Conflict Scenario	Type of Conflict	Nature of Conflict	Materiality of Conflict	Response to Conflict
	Conflict of duty Conflict of interest	Actual Potential Perceived No Conflict	Material Manageable Immaterial	
A Director flags a conflict with a meeting agenda item A Director flags a conflict in relation to an item on a meeting agenda.	Conflict of duty or interest	Actual, potential or perceived	Materiality assessment not applicable until the meeting agenda item and the context of the conflict is known.	The Board or Committee to determine whether the flagged conflict is an actual, perceived or potential conflict, and then whether it is material. Depending upon the outcome of these initial determinations, the Board or Committee may decide to: <ul style="list-style-type: none"> a. Allow the Director to remain in the meeting while the matter is discussed. b. Require the Director to leave the meeting temporarily while the matter is discussed. c. Require the Director to abstain from voting on, or having any involvement in discussion of, the matter. d. Take no action because the conflict should not disqualify the Director from voting on, or from being present during discussions relating to, the matter.
A Director holds a directorship with a competitor fund A Director is also a director of a competitor super fund.	Conflict of duty	Actual	Material	The Trustee is of the view that this conflict is so acute that there is no option but to avoid the conflict by requiring the Director to relinquish the other directorship or cease their role as a director of REI Super.

Conflict Scenario	Type of Conflict	Nature of Conflict		Materiality of Conflict	Response to Conflict
	Conflict of duty Conflict of interest	Actual Potential Perceived No Conflict	Material Manageable Immaterial		
<p>A Director and/or Responsible Manager flags an interest in a service provider</p> <p>A Director and/or Responsible Manager has a financial (in the form of shares, options, investments, partnerships of other financial interests) or a non-financial (in the form of a directorship, management/advisory role, or position on a committee) interest in a service provider being used by / being considered for use by the Trustee. This includes an interest in a related party which has a business relationship with the Trustee</p>	Conflict of duty and interest	Actual, potential or perceived	Materiality assessment not applicable until the context of the interest and the materiality of the service being considered for provision is known.	<p>The Board to determine whether the flagged conflict is an actual, perceived or potential conflict, and then whether it is material.</p> <p>Depending upon the outcome of these initial determinations, the Board may decide to:</p> <ul style="list-style-type: none"> a. Allow the Director to remain in the meeting while the matter is discussed. b. Require the Responsible Manager to notify the Chair and CEO and to be recorded on the register with an assessment of the materiality. c. Require the Director to leave the meeting temporarily while the matter is discussed. d. Require the Director to abstain from voting on, or having any involvement in discussion of, the matter. e. Take no action because the conflict should not disqualify the Director from voting on, or from being present during discussions relating to, the matter. 	

Conflict Scenario	Type of Conflict	Nature of Conflict	Materiality of Conflict	Response to Conflict
	Conflict of duty Conflict of interest	Actual Potential Perceived No Conflict	Material Manageable Immaterial	
A Director flags an interest in an underlying investment A Director has a financial (in the form of shares, options, investments, partnerships of other financial interests) or a non-financial (in the form of a directorship, management/advisory role, or position on a committee) interest in a product that is being offered as an underlying investment.	Conflict of duty and interest	Actual, potential or perceived	Materiality assessment not applicable until the context of the interest and the materiality of the underlying investment is known.	<p>Unless otherwise approved by the Trustee, the selection of investment managers must follow the process set out in the Trustee's Outsourcing Policy and Investment Governance Framework.</p> <p>In considering whether to approve an investment in relation to which there is a material actual, potential or perceived conflict, the Trustee may decide to:</p> <ul style="list-style-type: none"> a. Obtain advice from an independent advisor in relation to the investment; and b. Acknowledge the conflict and proceed with the investment; or c. Acknowledge the conflict and decide not to proceed with the investment.

Conflict Scenario	Type of Conflict	Nature of Conflict	Materiality of Conflict	Response to Conflict
	Conflict of duty Conflict of interest	Actual Potential Perceived No Conflict	Material Manageable Immaterial	
<p>A Director is an executive of a participating employer</p> <p>A Director is an executive of a participating employer that makes contributions to the Fund on behalf of their employees.</p> <p>The Director's decisions in his/her capacity as a Responsible Person of the Trustee may be influenced by his/her role in representing the interests of his/her respective employees.</p>	Conflict of duty	Actual or potential	Manageable	<p>The Board to determine whether the flagged conflict is an actual, perceived or potential conflict, and then whether it is material.</p> <p>Depending upon the outcome of these initial determinations, the Board may decide to:</p> <ol style="list-style-type: none"> Allow the Director to remain in the meeting while the matter is discussed. Require the Director to leave the meeting temporarily while the matter is discussed. Require the Director to abstain from voting on, or having any involvement in discussion of, the matter. Take no action because the conflict should not disqualify the Director from voting on, or from being present during discussions relating to, the matter.

Conflict Scenario	Type of Conflict	Nature of Conflict	Materiality of Conflict	Response to Conflict
	Conflict of duty Conflict of interest	Actual Potential Perceived No Conflict	Material Manageable Immaterial	
A Director and/or Responsible Manager is involved in an industry-wide committee A Director and/or Responsible Manager is also a member of a government committee, working group or advisory panel which is relevant to the governance of the Trustee.	Conflict of duty	Actual, potential or perceived	Materiality assessment not applicable until the context of the interest and the materiality of the service being considered for provision is known.	The Board to determine whether the flagged conflict is an actual, perceived or potential conflict, and then whether it is material. Depending upon the outcome of these initial determinations, the Board may decide to: a. Allow the Director to remain in the meeting while the matter is discussed. b. Require the Director to leave the meeting temporarily while the matter is discussed. c. Require the Director to abstain from voting on, or having any involvement in discussion of, the matter. d. Take no action because the conflict should not disqualify the Director from voting on, or from being present during discussions relating to, the matter.
Provision of advice to members	Conflict of interest	No Conflict	Immaterial	No commissions, remuneration or other benefits are paid from the Fund to any entity or person licensed to provide personal advice where that advice is linked to recommending the Fund above other super funds or recommending frequent changes to investment strategies.
An employee receives tickets to a sporting event from a service provider. A service provider gives an employee tickets to a sporting event, valued at \$350. The employee is involved in the day-to-day management of the service provider relationship.	Conflict of interest	Potential or perceived	Manageable	The employee has a responsibility to declare the receipt of gifts or benefits from third parties to the GE - GRC. Upon notification, the GE – GRC to make an initial decision as to whether the gift or benefit creates an actual, perceived or potential conflict, whether it is material and ultimately, whether the gift can be retained/used.

Conflict Scenario	Type of Conflict	Nature of Conflict	Materiality of Conflict	Response to Conflict
	Conflict of duty Conflict of interest	Actual Potential Perceived No Conflict	Material Manageable Immaterial	
Receipt of super contributions for Responsible Persons and employees The Fund receives super contributions from the Trustee in relation to superannuation guarantee, salary sacrifice and member voluntary contributions made on behalf of Responsible Persons and employees who are members of the Fund.	Conflict of interest	Actual	Immaterial	The Trustee makes contributions to the Fund on the same terms and conditions as all other employers making contributions to the Fund on behalf of their employees.
Engagement with potential service providers during a tender process A potential service provider makes contact with a Responsible Person or employee during the tender process.	Conflict of duty and interest	Potential	Manageable	When the Trustee commences a tender process in respect of a material outsourced service, the Fund is considered to be in a “blackout” period, and during such period(s) it is essential that if any contact is made between individual Responsible Persons and potential outsourced service providers, the Chair and the CEO must be notified immediately.
Actioning the request of a member known to an employee An employee is handling the personal information of a member known to them.	Conflict of duty	Potential	Manageable	All handling of personal information to be undertaken with reference to the procedures and expectations outlined in the Privacy Policy.
Engagement in Insider trading by an employee An employee engages in insider trading as a result of exposure to the Fund's investment management activities.	Conflict of interest	Actual	Material	All investment governance related activities to be undertaken with reference to the procedures and expectations outlined in the Trustee's Investment Governance Framework and Share Trading Policy.

22. Appendix B – Conflict examples – examples of key potential conflict scenarios and related controls

Example	Perceived/Actual conflict	Controls
Family member of employee works at a service provider that REI Super currently uses or might use in the future	Potential impact on perceived independence during tender for provision of services	Register of Interests and Duties Employee with conflict excluded from decision making
Family member of employee works at an employer that has REI Super as its default fund	Potential impact on perceived independence during tender for selecting REI Super as default fund for employer	Register of Interests and Duties Director/Employee with conflict excluded from tender process and decision making
Material (greater than 5% share) and direct Investment in a material service provider	Potential ability for personal financial gain if work awarded to service provider	Director/Employee with conflict excluded from tender process and decision making
Any interest in an investment being considered by the Fund	Potential ability for personal financial gain (use of insider information)	Director/Employee with conflict excluded from tender process and decision making
Family member of employee works at another superannuation fund	Potential ability for use of insider information	Register of Interests and Duties Director/Employee with conflict excluded from tender/merger discussions Confidentiality clause in Director/Employee contracts
Employees/Directors/Family Members making a IP, TPD or terminal illness claim or any party in a death claim	Potential to alter/influence the outcomes of a claim	Director/Employee with conflict excluded from involvement with and determination of claim
Employees/Directors/Family Members being aware of a future reserve distribution	Potential ability to use insider information for personal financial gain	Blackout process required for this type of transaction
Employees/Directors/Family Members being aware of a future investment re-valuation	Potential ability to use insider information for personal financial gain by switching to/from option impacted	Blackout process in place for this type of transaction
Having access to information that is not publicly available and using for personal gain	Potential ability to use insider information for personal financial gain	Blackout processes in place as part of policy Confidentiality clause in Director/Employee contracts
When an employee or Director is resigning from their position at REI Super and joining a competitor fund	Potential for insider information to be used to benefit the employee/Director	Confidentiality clause in Director/Employee contracts