

Conflicts Policy

UPDATED: 20 June 2019

VERSION: 3.2

SCS Super Pty Limited (ACN 064 712 607)
as Trustee for Australian Catholic Superannuation & Retirement Fund

Contents

1. Introduction	1
1.1 Background	1
1.2 Scope and Purpose	1
2. Definitions	1
2.1 Conflicts of Interest	1
2.2 Conflicts of Duty.....	1
2.3 Relevant Duty	1
2.4 Relevant Interest.....	1
2.5 Responsible Person.....	2
2.6 Relevant Entity.....	2
2.7 Conflicts Management Framework.....	2
3. Obligations for identifying conflicts	2
3.1 Obligations for identification and disclosure of conflicts.....	2
3.2 Use of inside information for personal benefit	3
3.3 Obligations for raising any undisclosed conflicts	3
3.4 Review of conflicts	3
4. Mechanisms for disclosing conflicts	4
4.1 Declarations.....	4
5. Mechanisms for managing conflicts	4
5.1 Assessing conflicts	4
5.2 Mitigating conflicts	5
6. Recording and publishing	5
6.1 Policy.....	5
6.2 All declarations are recorded	5
6.3 Publication of material declarations.....	5
7. Training	6
8. Breach of Policy	6
9. Review, reporting and responsibility	7
Appendix A: Summary of what I must declare	9

1. Introduction

1.1 Background

Every member of our Board, Executive Team and staff has a number of professional and personal interests and roles. Conflicts sometimes cannot be avoided, and can arise without anyone being at fault.

This Conflicts *Policy* (**Policy**) provides the overarching framework for the prompt disclosure of any such conflicts and the management of these in a way in which ensures that the best interests of our members are protected at all times.

1.2 Scope and Purpose

This Policy applies to all members of the Board, Executive Team, staff and contractors of the Fund.

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

The objectives of the Policy 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, 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*.

2. Definitions

2.1 Conflicts of Interest

A Conflict of Duty may arise where a person owes a responsibility to two different parties.

2.2 Conflicts of Duty

A 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.

2.3 Relevant Duty

A Relevant Duty is a responsibility owed to a person/organisation where the duty may affect the Fund operating in members' best interests. The duty can include situations where persons hold board/management/advisory roles with a competitor or a Relevant Entity.

2.4 Relevant Interest

A Relevant Interest includes a gift, benefit (whether monetary or non-monetary), held directly or indirectly that might reasonably be considered to influence a person's decision making.

2.5 Responsible Person

A Responsible Person is a:

- director or CEO of the Trustee;
- the heads of each business unit (**Executive Team**);
- the secretary of the Trustee company; and
- the Fund's external auditor.

2.6 Relevant Entity

A 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 a close relationship with the Trustee (i.e. common directors, management staff, or close personal relationships), entities who may seek funding from the Fund (i.e. through sponsorships), and principal employers.

2.7 Conflicts Management Framework

The 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.

3. Obligations for identifying conflicts

3.1 Obligations for identification and disclosure of conflicts

All persons covered by this Policy have an obligation to identify potential conflicts and to disclose these in accordance with the requirements of the Policy in a timely manner. You 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 \(What must I declare\)](#), 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 offered but declined must be disclosed.

No disclosure requirements can anticipate every potential source of conflict; disclosure of conflicts should not necessarily be limited to what is included in these requirements. If there is a potential that it could be reasonably perceived that a situation may give you cause to give priority to your own interests over members' interests, this must be disclosed even if it is not explicitly referred to within this Policy.

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 potential Conflict and discuss the issue with Risk & Compliance, the CEO or the Chair.

It is recognised that in certain scenarios, particularly when gifts or prizes are given, it may be difficult for the person to seek and obtain pre approval prior to acceptance. In such situations, the absence of a pre-approval of the Conflict would not be considered a breach of this Policy if the Head of Risk & Compliance (in consultation with the CEO and/or Chair as is appropriate) forms the view that the persons' actions were reasonable given the circumstances.

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.

All Directors, Executive Team and the Investments team members will be required to periodically complete an attestation (through Extratextual – the online compliance program) to confirm that they have disclosed all relevant conflicts as required by the Policy.

3.2 Use of inside information for personal benefit

All directors, staff and contractors of the Fund are prohibited from:

- a) making switches to their own personal superannuation account where the person making the switch has inside information in relation to factors that may impact on the value of unit prices;
- b) attempting to solicit information on matters which may impact on unit prices for the purpose of obtaining a personal benefit; and
- c) passing on inside information to others who may make switches to their own personal superannuation account with the Fund.

Defined events which would be considered to constitute inside information include, but is not limited to, the following:

- knowledge about a potential decision to transfer amounts from tax provisions to investment options;
- knowledge about valuations which could have a material impact on unit prices (for example property valuations which occur on a periodic basis); and
- knowledge gained from attendance at the Investment Committee meeting.

Any person who has inside information regarding factors which may have a material impact on unit prices are prohibited from making any switches to their own personal superannuation account with the Fund for the period from when the information first becomes known until two weeks after the event.

For example, a person with information regarding the potential to transfer amounts from tax provisions to investment options would be prohibited from making switches from the date they became aware of this information until two weeks after the tax provision has been transferred to the investment option(s). Similarly a person attending an Investment Committee meeting would be prohibited from making a switch to their own personal superannuation account from the date the Investment Committee meeting papers are made available to them until two weeks after the Investment Committee meeting. Any requests for exemptions from this requirement must be approved by the Board Chair in the case of directors and the CEO, or the CEO in the case of staff.

3.3 Obligations for raising any undisclosed conflicts

All persons also have an obligation to flag any situations where they become aware that a person may potentially have a serious conflict that has not been disclosed on a timely basis and/or adequately managed. Any such instances can be flagged with the Head of Risk & Compliance, the CEO, or the Chair of the Board as appropriate.

3.4 Review of conflicts

The Head of Risk & Compliance will review the completeness and timeliness of the disclosure of conflicts on a periodic basis. Risk & Compliance will monitor any media about Directors to identify any conflicts that may not have been disclosed, and will also review the minutes of the meetings of the Board and its sub committees to identify any reference to conflicts and check whether these have also been disclosed for recording in the *Internal Declarations Register*.

4. Mechanisms for disclosing conflicts

4.1 Declarations

What must be declared?

All Responsible Persons and staff must inform either the CEO (or the Chair as applicable) of all Conflicts of Interests, Conflicts of Duty, Relevant Duties, and Relevant Interests at the time of appointment– Refer to **Appendix A** for what must be declared, and any pre – approval requirements. If in doubt, the potential Conflict must be raised and a declaration made.

New Conflicts of Interests, Conflicts of Duty, Relevant Duties, and Relevant Interests must be disclosed as soon as possible. If pre approval for the acceptance of a benefit is required, this should be sought and obtained from the CEO or Chair. Email notifications of the Conflict approval must be provided to Declarations@catholicsuper.com.au

If any person is uncertain whether a declaration is required, the matter should initially be discussed with the Head of Risk & Compliance, the CEO, or the Chair, as applicable. In the case of directors, if the question cannot be resolved the director is entitled to seek independent advice, at the Fund's expense, to resolve the issue.

If the value of a gift/benefit is unknown (e.g. no tickets are offered for sale for the event) the person making the declaration should provide a reasonable estimate of the value. Due to potential inconsistencies in the way that individuals may estimate the value of a gift/benefit, the Head of Risk & Compliance reserves the right to amend the value of the gift/benefit as they see fit.

Declarations at meetings

Participants at internal meetings (i.e. Board, committee, management or team meetings) are required to declare any potential Conflicts of Interests/Duty or Relevant Interests which are relevant to the business of the meeting. The Chair of the meeting will then assess the nature of the conflict, and determine the appropriate course of action to manage this potential conflict.

The Chair may at their discretion decide to exclude the affected person from the meeting or the part of the meeting relating to the particular conflict if the Chair determines that this is necessary to ensure that priority is given to the interests of our members over any personal interests.

Notwithstanding any declaration at the meeting, persons are still required to make a notification of the declaration by emailing Declarations@catholicsuper.com.au.

5. Mechanisms for managing conflicts

5.1 Assessing conflicts

The responsibility for the assessment of conflicts and determining actions to mitigate these lies with the CEO for the Executive Team and staff, and with the Chair for members of the Board, the CEO and the External Auditor.

If there are any circumstances that could impair the ability of the Chair and/or CEO to conduct such an assessment, they may choose to delegate the responsibility to another Board member (normally the Chair of the Audit & Risk Management Committee (**ARMC**)) in the case of the Chair, or another member of the Executive Team (normally the Head of Risk & Compliance) in the case of the CEO. Responsibility may be delegated for specific conflicts, or certain types of conflicts as determined by the Chair and/or CEO.

The assessment of the Conflict will consider the seriousness of the Conflict and what, if any, impact this could have on the affected individual's ability to give priority to the interests of our members over any other interests, as well as the range of mitigation options.

The assessment is not primarily about the risk that misconduct will occur. It is about the seriousness of the connection between the interests, the risk that the Fund's capacity to make decisions lawfully, fairly and in the best interests of members may be compromised, and the risk that the Fund's reputation may be damaged. In making this assessment, consideration needs to be given to how the situation may reasonably appear to an outside observer.

5.2 Mitigating conflicts

The approach for mitigation of conflicts will depend on the nature of the Conflict itself, including both how directly the Conflict relates to the person's responsibilities and the significance of the Conflict and thus the potential to influence the person's behaviour in the situation.

For conflicts where the situation does not directly relate to the person's responsibilities or where there is limited potential to influence the person's behaviour in the situation, disclosure of the Conflict itself and recording of this in the *Internal Declarations Register* will normally be sufficient to mitigate the Conflict.

If the nature of the Conflict is such that further action is required, the CEO and/or Chair will consider what action is necessary.

Actions that may be taken include:

- Involvement of other persons in the review or oversight of the person's actions on the particular issue to help ensure priority is given to members' interests;
- Excluding the person from the discussion and/or decision making process to avoid any potential for perception of conflicts;
- Withholding certain confidential information from the person, or placing restrictions on access to information;
- Making adjustments to the responsibilities of the person to avoid the Conflict;
- Requiring the individual to relinquish the private interest which may Conflict with their ability to give priority to the interests of members; or
- Resignation or termination from the Fund or Board.

The CEO and/or Chair may seek external professional advice in particularly complex situations if appropriate.

6. Recording and publishing

6.1 Policy

This Policy will be published on the Fund's website. Updates to the Policy will be placed on the website as soon as practicable after Board approval.

6.2 All declarations are recorded

All declarations are recorded in the Fund's *Internal Declarations Register*.

6.3 Publication of material declarations

All material declarations, as shown in the following table, are recorded in the *Register of Relevant Duties / Register of Relevant Interests* for publication on the Fund's website.

Category	Recorded in public registers	Persons affected
Gifts, benefits, prizes and entertainment	All items with a total value of \$500 or more from the same source during a financial year*	All
Duty	Any role (including advisory/consultancy/committee membership): <ul style="list-style-type: none"> With a Relevant Entity (including competitors, related parties, investment managers, organisation(s) who may seek sponsorships, and principal employers) 	Responsible Persons
Financial interests	<ul style="list-style-type: none"> Personal investments of \$50,000 or more in a Relevant Entity; or Ownership interests of 10% or more in a Relevant Entity 	Responsible Persons
Financial interests	<ul style="list-style-type: none"> Arrangements with related parties for the supply of goods or services 	Trustee
Fund membership	Any membership of the Fund, regardless of value	Responsible Persons

*If the gift or benefit is connected for work related purposes (e.g. attendance at a conference/course for professional development which is directly relevant to the person's role) then the public disclosure of the gift or benefit is not required.

For each declaration, the register will include details of the nature of the Conflict/potential Conflict and how it will be managed. The dollar value of gifts/benefits or financial interests will not be included in the public register.

All registers are to be tabled at each meeting of the ARMC and be available for inspection at each meeting of the Trustee Board.

The *Register of Relevant Duties* and the *Register of Relevant Interests* will be published on the Fund's website within 20 business days of the end of each quarter.

7. Training

At the time of appointment, each Responsible Person and staff member will be provided with training to help identify and manage conflicts. Refresher training will be provided as required. This will include compulsory completion of an online training module.

8. Breach of Policy

Any breach of this Policy by the Executive Team or staff must be immediately notified to the Head of Risk & Compliance. The Head of Risk & Compliance will review the nature of the breach and make a recommendation to the CEO on how this breach should be managed.

If a director or the CEO breaches the Policy, this must be immediately notified to the Chair who will review the nature of the breach and decide how it should be managed.

9. Review, reporting and responsibility

Roles and responsibilities are:

Trustee Board

- Oversight of the Conflicts Management Framework;
- Act in a way which is consistent with the Policy; and
- Approves any changes to the Policy.

Audit and Risk Management Committee

- Reviews conflicts and any issues escalated to the committee;
- Escalates instances of significant or systematic non-compliance to the Board, together with recommendations for resolution and/or process improvements;
- Reviews the appropriateness of the Policy and the effectiveness of the management of conflicts at least once a year; and
- Reports the findings of the periodic and annual reviews to the Board.

Chair of the Trustee Board

- Assesses the nature of conflicts and determines the management of declared conflicts; and
- Reviews any breaches of the Policy and determines action as appropriate.

Meeting chairs

- Reviews any conflicts identified through Board, committee and/or team meetings;
- Assesses identified conflicts and determines the appropriate approach for the management of these conflicts in the meeting; and
- Ensures that meeting minutes record all conflict declarations and note how they are managed.

CEO

- Assesses the nature of conflicts and determines the management of declared conflicts;
- Reviews recommended actions to address any breaches of the Policy; and
- Escalates any Conflict issues of concern to the Board.

Head of Risk & Compliance

- Provides training on the Policy;
- Monitors compliance with the Conflicts Management Framework;
- Maintains the Fund's *Internal Declarations Register*;
- Updates the *Register of Relevant Duties* and the *Register of Relevant Interests* each quarter and oversees the upload of the updated registers to the Fund's website;
- Conducts an annual review of the compliance with the Policy, including analysis of all gifts, prizes and entertainment and reports the results to the ARMC – conducted in the years when not completed by Internal Audit. As part of the review and in cooperation with Internal Audit, reviews investment switches to identify the possibility of a person taking advantage of confidential information for a personal benefit; and
- Conducts a periodic assessment of the effectiveness of the Conflicts Management Framework and its implementation, including assessment of the completeness of disclosure of conflicts.

Internal Audit Manager

- Conducts a comprehensive review of the Conflicts Management Framework at least every three years and reports the results to the ARMC, unless an external consultant is appointed by the ARMC. The scope of the review will cover both the appropriateness of the Policy and processes supporting it, and the effectiveness of the identification, assessment and management of conflicts. This review should cover investment switches by staff, the Executive Team and directors to identify the possibility of any person taking advantage of confidential information for a personal benefit.

Appendix A: Summary of what I must declare

If in doubt you should always declare via email to: Declarations@catholicsuper.com.au; and/or contact Risk & Compliance

Category	What must be declared?	Who needs to declare?	CEO/Board Chair approval required prior to acceptance? ⁱ
Gifts, prizes and entertainment	<ul style="list-style-type: none"> Any gifts or prizes (e.g. bottle of wine, hamper, iPhone) over \$20. Note: multiple gifts below the threshold from the same source must be declared 	<ul style="list-style-type: none"> All persons 	Yes – only requires pre-approval if valued at \$100 or more
	<ul style="list-style-type: none"> Attendance at free or subsidised Education Eventⁱⁱ if it is more than 3 hours in duration 		Yes
	<ul style="list-style-type: none"> Free or subsidised hospitality/entertainment (e.g. meal, drinks) over \$20. Note: multiple instances below the threshold from the same source must be declared 		Yes – only requires pre-approval if valued at \$100 or more ⁱⁱⁱ
Declined gifts/invitations	<ul style="list-style-type: none"> Declined gift(s) that has a value of \$100 or more 		No pre-approval required
	<ul style="list-style-type: none"> Declined invitation to a free or subsidised Education Event that has a duration of 1 day or more 		No pre-approval required
Duties	<ul style="list-style-type: none"> A Conflict or potential Conflict between Fund duties and private interests/personal relationships, where the private interests/personal relationships could improperly influence the way in which you carry out duties to the Fund 		Yes
	<ul style="list-style-type: none"> Any role (including advisory/consultant/committee member) with a Relevant Entity (paid or otherwise) or close personal relationships with employees of a Relevant Entity 		Yes*
	<ul style="list-style-type: none"> Employment or roles outside of the Fund (paid or otherwise) that could affect the ability to carry out duties and responsibilities to the Fund 		Yes
	<ul style="list-style-type: none"> Employment or appointment with principal employers 		Yes *
	<ul style="list-style-type: none"> Appointments with government bodies, or board/management committees 		Yes*
	<ul style="list-style-type: none"> Any role with organisation(s) which may seek sponsorship from the Fund 		Yes
Financial interests	<ul style="list-style-type: none"> Direct investments by our Fund in a service provider (this does not include investments where the investment decision was made by one of our investment managers) 	<ul style="list-style-type: none"> Responsible Persons 	Yes
	<ul style="list-style-type: none"> Personal investment in a service provider (have over 10% ownership or have invested greater than \$50,000+) 	<ul style="list-style-type: none"> All persons 	Yes
	<ul style="list-style-type: none"> Persons (including spouse/partner) that are currently or join the Fund as a member; Persons (including spouse/partner) that leave the Fund membership 	<ul style="list-style-type: none"> Responsible Persons (if applicable on behalf of spouse/partner who are members of the Fund) Employees involved in unit pricing 	No pre-approval required
	<ul style="list-style-type: none"> Rental agreements with principal employers 	<ul style="list-style-type: none"> CEO on behalf of the Trustee 	Yes

ⁱ Reference for approval is to the CEO for staff members, and Chairperson if the declaration is being made by any Trustee Board Director or the CEO.

ⁱⁱ Education Event includes: industry sponsored invitations; courses/training sessions/external workshops; seminars/conferences; study tours.

ⁱⁱⁱ Pre-approval is required irrespective of value if the item has a sensitivity or risk associated with it, i.e. we are at tender or there is a risk to personal safety.

^{iv} Responsible person is any of the following: Director of the Trustee; CEO; anyone part of the Executive team; the secretary of the Trustee; and the Fund's external auditor.

* Where prior approval is not possible (due to factors outside of your control), you must still disclose the Conflict as soon as possible.