

Cbus Policy

Conflicts Management Policy Summary

Date of this Policy:

June 2020

Cbus' Trustee: United Super Pty Ltd
ABN 46 006 261 623 AFSL 233792
Cbus ABN 75 493 363 262
MySuper authorisation
75 493 363 262 473

07/20

This document contains a summary of the Conflicts Management Policy ('the Policy') of United Super Pty Ltd (referred to hereafter as the 'Trustee' or the 'Board'), the Trustee of Cbus.

The Policy sets out how the Trustee identifies and manages actual, potential and perceived conflicts and forms part of the Trustee's Conflict Management Framework (CMF).

1. Conflicts Management Culture

The Trustee promotes an open and transparent approach to the management of conflicts and works to ensure that there is an acute awareness of conflicts and conflict management processes operating from the Trustee Board down to all employees (including contractors) of the Trustee.

2. Conflicts Management Framework (CMF)

The Fund's conflicts management framework is a combination of systems, processes, policies and controls which enable the Trustee to identify, assess, mitigate, manage and monitor conflicts.

The Trustee's CMF includes:

- a) a Conflicts Management Policy;
- b) a Personal Securities Trading Policy and an Investment Option Switching Policy;
- c) a Partnership Agreement Policy;
- d) a Nominee Director Policy;
- e) clearly defined roles, responsibilities and resources for the oversight of conflicts management within the Trustee's business operations;
- f) a publicly available register of duties and interests for the Trustee and Responsible Persons;
- g) a process for determining if a duty or an interest to be relevant for the purposes of the Prudential Standard;

- h) conflicts management maps (used by Chairs at Board and Committee meetings);
- i) various training and governance procedures which the Board and all business units of the Trustee are made aware of, with processes and controls for complying with the Trustee's CMF and Policy.

3. Definitions

Cbus prescribes the definitions to key terms in the Conflicts Management Policy, including but not limited to:

A **Conflict** means anything that could influence or be said to influence an individual's decision making. Conflicts can exist between:

- a Relevant Duty owed by the Trustee or a Responsible Person, to the Fund's beneficiaries and the duties owed by them to any other person (i.e. competing duties);
- a Relevant Duty owed by a Trustee, or a Responsible Person to any other person and the interests of the Fund's beneficiaries (duty versus interest);
- a Relevant Interest of the Trustee, a Responsible Person or an employee of the Trustee and their duties owed to the Fund's beneficiaries (interest versus duty); and
- a Relevant Interest of the Trustee, a Responsible Person or an employee of the Trustee and the interests of the Fund's beneficiaries (competing interests).

Potential Conflict is, for instance, a situation or circumstance where there is a significant possibility of a conflict of interest or duty exists. For example, sitting on the Board of a potential supplier to the Trustee.



Perceived Conflict is a situation or circumstance where it could reasonably be perceived, or give the appearance, that a competing interest or duty would influence an individual's decision making.

A **Gift** is an item, favour, discount, service or other item of value given to a Director or employee which is given because of their role. The definition does not include an item, favour, discount, service or other item of value that was offered but not accepted by a Directors or employee.

Materiality Threshold is the threshold of Gifts received by Responsible Persons which require disclosure on the Trustee's public Register of Interests and Duties. This is \$500 per individual.

Relevant Duty: a duty becomes 'relevant' when it has the potential to have an impact on the capacity of anyone subject to this Policy, to act in a manner that is consistent with the Trustee's obligation to act in the best interests of members and beneficiaries.

Relevant Interest: an interest becomes 'relevant' when it has the potential to have a significant impact on the capacity of anyone subject to this Policy to act in a manner that is consistent with the Trustee's obligation to act in the best interests of beneficiaries.

Responsible Persons are those whose conduct is likely to have a significant impact on the sound and prudent management of an RSE licensee's business operations or who has the potential to impact the interests of members, as defined in the Fit and Proper Policy.

4. Priority to beneficiaries

Cbus insists that where there is a conflict the Trustee must:

- give priority to the duties to and interests of the beneficiaries over the duties to and interests of other persons; and
- ensure that the duties to the beneficiaries are met despite the Conflict; and
- ensure that the interests of the beneficiaries are not adversely affected by the Conflict; and
- comply with the APRA Prudential Standards in relation to Conflicts.

5. Obligations

The Trustee, each of its Responsible Persons and all employees (including contractors) must engage with the CMF by:

- a) determining how to manage a Conflict, either by disclosure, control or avoidance;
- b) disclosing information regarding Duties and Interests and collating this information for the development and maintenance of the Trustee's Registers;
- c) complying with procedures for the management and recording of conflicts at Board and Committee meetings;
- d) complying with procedures for the acceptance and declaration of gifts;
- e) monitoring the Policy;
- f) monitoring the management of conflicts;
- g) complying with complaints and breach reporting procedures, and record keeping procedures;
- h) complying with the Relevant Requirements and having regard to Regulatory Guidance.

The Policy also includes detailed sections on:

- Training and Policy Monitoring requirements;
- Board and Committee reporting requirements;
- Review requirements;
- Record keeping requirements; and
- Examples of what can comprise a conflicted duty or interest.

6. Applying the Conflicts Management Policy

The Fund's conflicts management policy includes a Part B which details how to apply the Conflict Management Policy.

Part B details the following:

- a) how to identify a conflict and includes examples;
- b) how to evaluate conflicts and determine relevance;

- c) how to manage conflicts using the three options available for management: disclose, control and avoid;
- d) the processes for managing conflicts for Boards, Board Committees, employees, and responsible persons;
- e) how to monitor conflicts using the Register of Relevant Interests and Duties, the Conflicts Notifications and Actions Register and the Gifts Register; and,
- f) Obligations of external parties when managing conflicts including
 - Cbus Property;
 - Nominating and appointing bodies of the Trustee;
 - Nominee Directors, Service Providers (existing and prospective); and
 - Related Parties.

7. Register of Duties and Interests ('The Register')

The Trustee maintains a Register of Duties and Interests for itself and its Responsible Persons. Duties and Interests disclosed on the Register will remain for as long as the Trustee, a Responsible Officer owes the Relevant Duty or has the Relevant Interest.

Gifts received of \$500 or greater will be disclosed on the public Register of Interests and Duties.

8. Gifts

The Conflict's Management Policy contains requirements for receiving gifts. Monetary gifts of any amount, and the solicitation of gifts, are prohibited.

Gifts over \$200 must be pre-approved by the relevant Group Executive. Gifts exceeding \$500 received by a Responsible Person must be disclosed on the Register of Relevant Interests and Duties.

Tangible gifts received from 1 November to Christmas each year will be pooled and distributed amongst staff via a raffle.

9. Board and Committee Meetings

All Directors and Responsible Persons must have the ability to recognise and disclose actual, perceived and potential material conflicts and ensure they are appropriately managed or avoided to ensure that priority is given to interests of the Fund's beneficiaries.

Where there is a conflict, the Board or Committee must give priority to the duties to and interests of the beneficiaries of the Fund over the duties to and interests of other persons and ensure that the duties to the beneficiaries are met despite the conflict and that the interests of the beneficiaries are not adversely affected by the conflict.

Conflict procedures are included as a standard Board and Committee agenda item for every meeting, and also feature in the Board's Formalities pages and Chair documentation.

The Chair of the meeting reminds Responsible Persons at the beginning of every meeting of their obligation to disclose any conflict or potential conflict with regard to any agenda item for consideration at that meeting. The conflict is discussed relative to the nature of the matter, its materiality and whether it is an actual, perceived or potential conflict.

Any identified conflicts are recorded in the minutes of the meeting as well as the action taken to avoid or manage the conflict in accordance with the Trustee's Conflict Management Policy. All declared matters are entered into the Fund's notifications and actions register.

10. Oversight

The Board, CEO and each Group Executive are responsible for overseeing the operation and effectiveness of the Fund's Conflicts Management framework.

11. Conflicts Management Matrix

The Trustee maintains a comprehensive matrix identifying conflicts at the Trustee and individual level, outlining when these become relevant, detailing a conflict management approach and identifying who is responsible for management.