



Vision Super Pty Ltd

ABN 50 082 924 561

# Conflicts management policy - SUMMARY

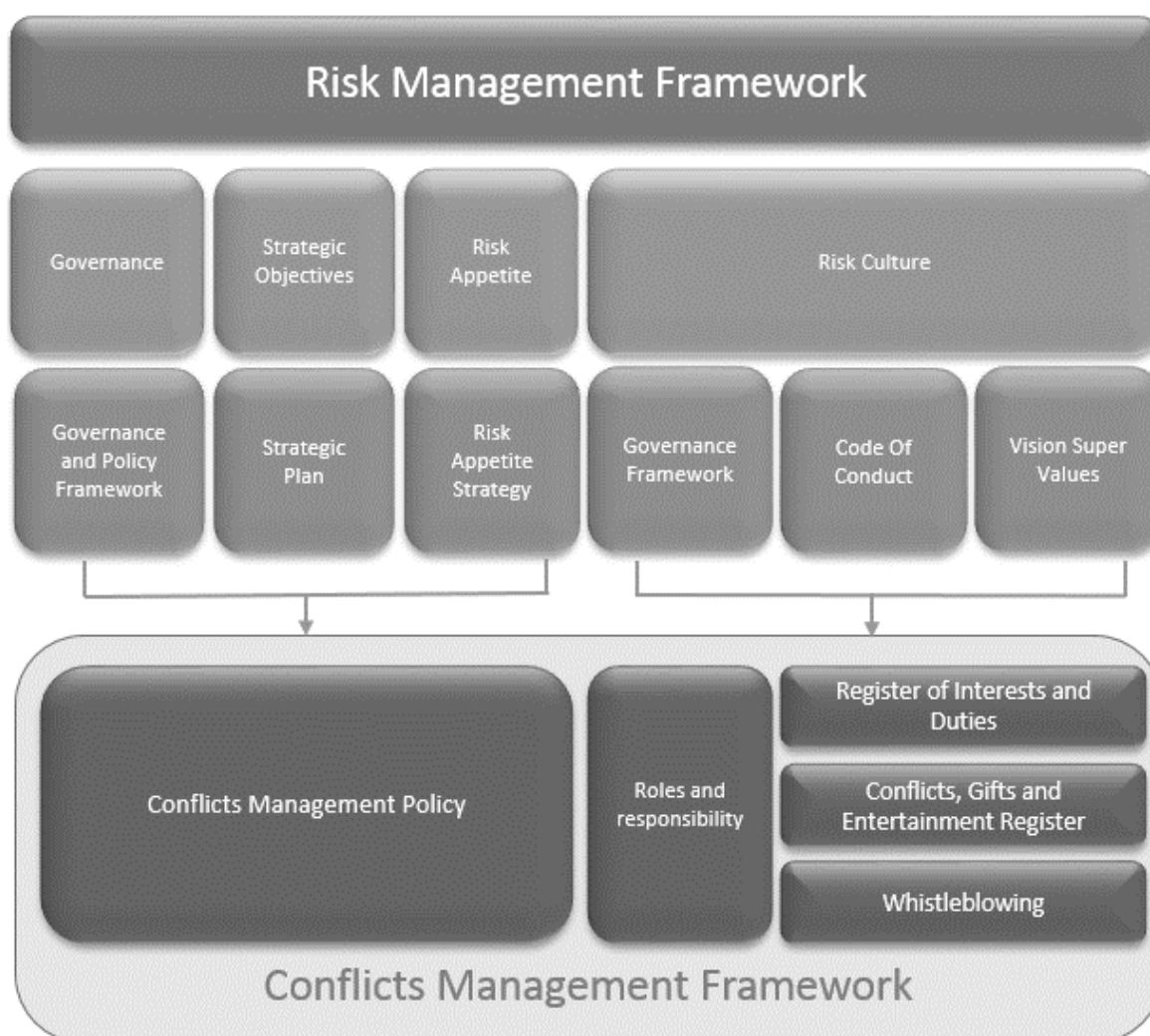
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## Conflicts management framework

The Vision Super CMF refers to all the structures, systems, people, policies and processes that have been implemented to identify, manage, treat and monitor conflicts of interest.

The CMF is one of the ‘functional governance frameworks’ described in the Governance and policy framework. This policy describes how we implement the components of the CMF to ensure that potential and actual conflicts are appropriately identified, disclosed, assessed and managed. An effective CMF will support the business to make informed decisions, take advantage of opportunities and allow us to identify the factors that may create an actual or perceived conflict.

This diagram shows how the components of the CMF have been designed in accordance with the RMF:



## Conflicts of interests and duties

The Board is required to operate the fund in the best interests of our members (including all beneficiaries of the Fund). There are covenants<sup>1</sup> within the *Superannuation Industry (Supervision) Act 1993* (SIS Act) that require the Board to act honestly, to exercise a required degree of care, skill and diligence and to perform their duties and powers in the best interests of members. These covenants further specify that the Board must ensure that where a conflict arises and has not been avoided, the duties to and interests of beneficiaries take priority over any duties to and interests of other persons.

A conflict refers to a situation where the Board, individual Directors, responsible persons or staff deliberately or inadvertently prefer their own interests, or that of another person/entity, over the interests of members. These are referred to as 'relevant interests' or 'relevant duties'.

A **relevant interest** is:

- Any interest, gift, emolument or benefit
- Financial or non-financial
- Held directly or indirectly held by Directors, responsible persons or staff, or an associate of Directors, responsible persons or staff
- Reasonably determined to have an impact on the capacity of the Director, responsible persons or staff member to act in the best interests of members.

A **relevant duty** is:

- Any duty owed by Directors, responsible persons or staff to an entity or persons other than beneficiaries
- Reasonably determined to have an impact on the capacity of the Director, responsible person or staff member to act in the best interests of members.

If not identified and managed appropriately, a relevant interest or duty may have an impact on the ability of the Board, responsible persons and/or staff to meet their obligations to members, resulting in a breach of relevant laws and significant reputational damage to the business.

## Roles and responsibilities

Every Director, responsible person and other staff member has an individual obligation to act in the best interests of members. Our Vision Super values are key to ensuring the effectiveness of the conflicts management framework and maintaining a strong risk culture at all levels of Vision Super.

## Conflict management registers

To create the desired risk culture and translate that into effective conflict management we need a structure that allows Directors, responsible persons and staff to be proactive in declaring an actual or a potential conflict. A key component of the CMF is the registers used to capture, assess and report on any declarations made in accordance with this policy. Vision Super maintains the registers listed below.

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<sup>1</sup> SIS Act sections 52 and 52(A)

## Register of relevant interests and duties

The Board is required by the *Superannuation Industry Supervision Regulations 1994* (SIS Regulations) to maintain and publicly disclose any relevant interests and duties of Directors and other responsible persons. The Register of relevant interests and duties is maintained by the Company Secretary and records, assesses and discloses any declarations made by Directors and responsible persons.

The Directors and responsible persons are provided with regular opportunities to consider and report matters that may give rise to a conflict at Board and Committee meetings and the disclosure of relevant interests and duties is a standard agenda item.

## Conflicts register

This register is the central repository for all potential conflicts of duties, interests and other items when they are first reported by Directors, responsible persons and staff. Details are recorded in this register while the assessment of the conflict is completed. For all Directors and responsible persons, if the matter reported is a relevant interest or duty as defined by the SIS Regulations, it will then be added to the Register of interests and duties published on the Vision Super website.

## Gifts and entertainment register

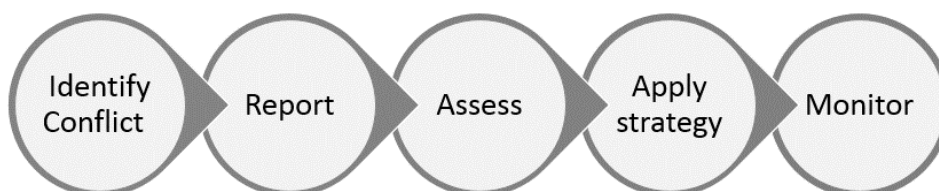
The Gifts and entertainment register is available to all Directors, responsible persons and staff to disclose the receipt or offer of any gifts, tickets or hospitality offered by third parties. The register is available on the Hub and all staff have access and can enter details as appropriate.

The Conflicts Officer and/or Quality and Risk team regularly assesses each entry and completes a quarterly review of all gifts and entertainment received across the organisation.

## Whistleblowing

While whistleblowing is generally associated with reporting of behaviours that are not in line with expectations around fitness and propriety, it can also be used to report any instance where a Director, responsible person or staff member has not appropriately declared a relevant duty or interest in line with this policy.

## Conflict management process



### Identifying conflicts

All Directors, responsible persons and staff need to be able to recognise a situation where a conflict may arise.

A conflict should be reported regardless of whether it is an **actual** conflict, a **potential** or a **perceived** conflict:

- **Actual** conflicts refers to conflicts that currently exist because a decision has been made or an event has already occurred
- **Potential** conflicts are identified before the actual conflict materialises. It is often simpler and more effective to put measures in place to avoid the conflict arising, or minimise the impact if it does occur
- **Perceived** conflicts refers to a situation where a conflict (either actual or potential) may not exist but there is a perception in the minds of others (internal and/or external to the organisation) that a conflict is present. Failure to manage perceptions can have an impact on Vision Super's reputation.

The following thresholds should be used to guide Directors, responsible persons and staff on whether there is likely to be a significant impact on the capacity of the person to act in the best interests of members:

|                         |   |
|-------------------------|---|
| Interests               | Where the interest is a private or public shareholding/investment, 10% of shares on issue/equity interests (whether those shares/equity interests are held directly or indirectly)  |
| Duties                  | <ul style="list-style-type: none"> <li>• Where the duty involves a Directorship or officeholder position at another entity where that entity provides services/products, similar to a service/product provided by Vision Super or operates in the same market as Vision Super.</li> </ul> |
| Gifts and entertainment | <ul style="list-style-type: none"> <li>• All items with a total value of \$500 or more from the same source during the year.</li> </ul>   |

## Reporting a conflict

### Directors and responsible persons

All Directors and responsible persons need to consider whether any conflicts exist through regular declarations, which may include:

- Declarations of interest to be made at the commencement of each Board and Board Committee meeting
- Declarations about gifts and entertainment
- Regular compliance sign offs
- Regular declarations regarding personal investments and trading by staff involved in Vision Super's investments, including members of the Investment Committee.

Potential conflicts raised in these forums will be recorded by the Company Secretary and included in the minutes of the Board or Committee meeting. In the event an appropriate solution to manage the conflict cannot be found during the meeting, it will be entered into the Conflicts register for assessment. If the matter is assessed as a ‘relevant duty or interest’, it will then be disclosed on the Register of interests and duties.

Independent verification of all declarations made during the financial year will be completed annually, as part of the compliance testing conducted for the APRA Annual Risk Management Declaration process. Verification will be completed against records available on the ASIC Directors and companies register.

### **Staff**

All staff must advise the Conflicts Officer as soon as they become aware of any circumstance that gives rise to a conflict or potential or perceived conflict, either for them personally, or for any entity within the group.

The Conflicts Officer will record the conflict on the Conflicts Register. Conflicts relating to staff members who are not responsible persons are not required to be publicly disclosed on the Vision Super website.

Further guidance for staff on how to identify and report a conflict (including the disclosure of gifts and entertainment) is available on the Hub. If there is any uncertainty about whether an individual or an entity within the Vision Super group faces a conflict on a matter, the Conflicts Officer or the Company Secretary should be consulted. Where necessary, the Conflicts Officer/Company Secretary will arrange for appropriate external advice to assist in determining whether there is a conflict or potential conflict, and appropriate management strategies. The Quality and Risk team will still record assessments made on duties or interests where the outcome of the assessment is that they are not relevant or not a conflict for the purposes of Register of interests and duties.

All staff confirm annually that they have read and understood this policy.

### **Assess and rate the conflict**

There are several strategies we may adopt to manage a conflict. To determine which approach (or combination of approaches) will be most effective, the following factors will be considered:

- The seriousness of the conflict and if it is outside Vision Super’s appetite for risk (as outlined in the Risk appetite statement)
- The likelihood of the conflict impairing the quality or integrity of the decision or service or result in members or unit holders being disadvantaged
- The extent to which the conflict may impair the quality or integrity of the decision or service or result in members or unit holders being disadvantaged
- The impact on members or unit holders if the conflict does impair the quality or integrity of the decision or service or result in members or unit holders being disadvantaged
- The risk to Vision Super’s reputation if the conflict is not managed effectively and appropriately
- Whether there are any options for the effective management of the conflict that may be implemented

- The cost, administrative issues and commercial implications of implementing effective management approaches, relative to the risk created by the conflict.

## Apply a strategy to manage the conflict

Various strategies may be used to manage conflicts, and the appropriate approach in each case needs to be determined for to the specific circumstances. The three strategies used include disclosure, control and avoidance. One or more of these strategies may be applied to manage a conflict.

### **Disclosure**

Certain conflicts can be managed through the clear concise and effective disclosure of the conflict. This involves informing the relevant parties (which may include members or unit holders, other Board members or other parties to, or persons affected by, a transaction or matter giving rise to the conflict) about the nature of the conflict, with enough detail to indicate how the conflict might affect them. It is preferable that the disclosure should be in writing, it must be given in a timely and effective manner having regard to the recipients and it must not be vague or confusing. Disclosed conflicts must be captured within the appropriate register. Where disclosure of a conflict is required to members or unit holders, it may be provided through the product disclosure statement, member annual statement or any other form of written communication.

Practical issues may arise where the conflict is in relation to a matter that is commercially sensitive, and this will need to be considered in determining the nature, extent and timing of disclosure.

### **Control**

Some business structures or transactions inherently give rise to the potential for a conflict of interest. For example, this will generally be the case where there are commercial dealings between related parties or Directors who have multiple Directorships.

Depending on the nature of such conflicts, it may be possible to control them so that they do not compromise the quality or integrity of decision making, compliance with relevant laws or the services provided to members and unit holders. For example, this is often done using effective information barriers ('ethical walls'), which ensure that the interests of each party are considered by separate staff members, and that relevant information is appropriately quarantined. For example, an individual may have to abstain from discussions, a vote or decision.

### **Avoidance**

Avoidance of the conflict will be necessary where there are no available means of managing it appropriately. Avoidance simply means that the circumstances giving rise to conflict must not be allowed to occur.

### **Monitor**

The Conflicts register and the Gifts and entertainment register are regularly monitored to ensure all matters raised are assessed and managed appropriately. Progress of the strategy employed to manage the conflict will also be considered. Any conflicts that have been given a 'high' ranking will be reported to the GRAC in the Quality and Risk dashboard. There is ongoing evaluation of the management of conflicts through the Conflicts register. In conjunction with the Company Secretary, escalations, where required, will be reported to the Board.

An bi-annual report assessing the Gifts and entertainment register is prepared by the Quality and Risk team to identify any trends for specific service providers that may, in aggregate, become a source of conflict. Any exceptions will also be raised in the Quality and Risk dashboard presented to the GRAC.

A modified version of the Register of interests and duties is published on the website in accordance with the requirements of SIS Regulation 2.38. When a new relevant interest of duty is reported, the Register must be updated and published within 20 days of the event occurring.

## Training

The current version of this policy is available on the Hub for all Directors, responsible persons and staff to access.

The policy will also be provided to all new responsible persons and staff and discussed during induction training.

Directors and responsible persons will participate in an annual refresh of their responsibilities in accordance with this policy to coincide with the annual fit and proper attestations.

A training program for all staff will also be delivered annually to ensure the ongoing awareness of the components of the CMF and this policy, including guidelines for the acceptance and disclosure of gifts and entertainment.