

Conflicts Management Framework

Active Super
July 2022

Version 9

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1. Policy Statement

LGSS Pty Limited is the Trustee of Local Government Super (Active Super). The Trustee holds an extended public offer Registrable Superannuation Entity Licence **(RSE)** L0001243 and an Australian Financial Service Licence **(AFSL)** 383558. Under the SIS Act, the Trustee is solely responsible and directly accountable for the prudential management of the Fund. As an RSE and AFSL holder, the Trustee must establish and maintain compliance measures to ensure, as far as reasonably practical, that the Trustee complies with financial services law.

The aim of this policy is to provide a framework through which Directors and Employees are able to identify, monitor, and mitigate any actual, perceived or potential conflicts of interest.

2. Definitions

Conflict	means an actual, perceived or potential conflict: <ul style="list-style-type: none">(a) between the duties owed by the Trustee, or a Responsible Person of the Trustee, to Beneficiaries and the duties owed by them to any other person;(b) between the interests of beneficiaries and the duties owed by an RSE licensee, or a responsible person of the RSE licensee, to any other person;(c) between an interest of an RSE licensee, an associate of an RSE licensee or a responsible person or an employee of an RSE licensee, and the RSE licensee's duties to beneficiaries; and(d) between an interest of an RSE licensee, an associate of an RSE licensee or a responsible person or an employee of an RSE licensee and the interests of beneficiaries.
Conflicts Register	means the register required to be completed to record all Conflicts as required to enable monitoring and accurate record keeping. This Register is not required to be disclosed to the public.
Directors and Employees	means Trustee Directors and other Responsible Persons (including Responsible Officers, Senior Executives, Responsible Managers and Representatives) and other employees of the Trustee.
Employer	means any employer participating in the Fund.

Framework Policy	or	means this Conflict Management Framework (incorporating the Conflicts Management Policy) as amended from time to time.
Register of Relevant Duties and Interests		means the register required to be maintained pursuant to SPS 521 of all Relevant Duties and Relevant Interests to be disclosed as required by law.
Registers		means the Register of Relevant Duties and Interests, the Conflicts Register and the Soft Dollar Register.
Relevant Duty		refers to any duty owed by the Trustee, or a Responsible Person of the Trustee, to Beneficiaries or to any other person that the Trustee has determined to be relevant in accordance with this Framework.
Relevant Interest		of a Trustee, an associate of the Trustee or a Responsible Person of the Trustee refers to any interest, gift, emolument or benefit, whether pecuniary or non-pecuniary, directly or indirectly held by the Trustee, the associate or the Responsible Person that the Trustee has determined to be relevant in accordance with this Framework.
Representative		means an employee of the Trustee, or a related entity, who provides financial advice related services to clients who are, or are associated with, Beneficiaries. For the avoidance of doubt, Active Super financial planners and client relationship managers, authorised to provide personal and general advice respectively, are the Representatives for the purpose of this Policy.
Soft Dollar Register		means the register of all non-monetary gifts of a value in excess of \$200 and which forms part of the Register of Relevant Duties and Interests.
SPS 521		means APRA Prudential Standard <i>SPS 521 Conflict of Interest</i> , dated July 2013 as amended from time to time.

3. The Trustee and the Fund

- (a) LGSS Pty Limited as the trustee of Active Super must have a conflicts management framework, approved by the Board, to ensure that it identifies all potential and actual conflicts in Active Super's business operations and takes all reasonably practicable actions to ensure that they are avoided or prudently managed.

- (b) Many of Active Super's business operations have been outsourced to specialist external service providers, including the Fund's Administrator, Custodians, Insurer, information technology provider and investment managers.
- (c) The outsourcing of a material business activity is defined and regulated under the APRA Prudential Standard *SPS 231 Outsourcing* and the Procurement and Outsourcing Policy. The Procurement and Outsourcing Policy requires that in considering the outsourcing of a material business activity, the Trustee have regard to any real or potential conflicts of interest of a proposed material service provider in each of the selection, due diligence and agreement stages of the outsourcing process.

4. General law obligation

The Trustee is a fiduciary and hence is obliged under the general law to, at all times, amongst other things:

- (a) act in the interests of the Beneficiaries of the Fund;
- (b) act impartially between Beneficiaries of the Fund; and
- (c) act honestly and in good faith.

5. Purpose

- (a) As a superannuation fund, Active Super is subject to a range of regulatory requirements as set out in legislation and APRA Prudential Standards. Key among these in dealing with the proper management of Conflicts affecting the Fund are sections 52(2)(d) and 52A(2)(d) of the SIS Act and SPS 521. In managing these Conflicts, the Trustee adheres to the legislative and regulatory requirements and takes into account the additional guidance provided by relevant Prudential Practice Guides issued by APRA from time to time.
- (b) Conflicts-related obligations are also imposed on officers of the Trustee, and on the Trustee as an AFSL holder, under the Corporations Act.
- (c) The Trustee and the Directors are also subject to the other statutory covenants and other requirements of the SIS Act.
- (d) This Framework applies to Directors, Employees and Representatives, and documents the Trustee's arrangements for the management of situations which may give rise to actual, perceived or potential Conflicts, which arrangements are aimed at ensuring that:
 - (i) the quality of the services provided by Active Super is not compromised by such Conflicts;
 - (ii) the Trustee and its Representatives comply with their obligations to provide financial services efficiently, honestly and fairly as required by its AFSL; and
 - (iii) the Trustee and its Directors and Employees and Representatives meet their fiduciary, legislative and regulatory obligations.

- (e) In developing this Framework the Trustee has had regard to the relevant legislation and prudential requirements and confirms that the content of this Framework reflects the totality of systems, structures, policies, processes and controls within the Fund’s business operations that identify, assess, mitigate, manage and monitor all Conflicts and is relevant to the size, business mix and complexity of Active Super’s business operations.
- (f) The Board requires that this Framework is implemented and adhered to at all times.
- (g) The Board is ultimately responsible for the development and maintenance of the RSE licensee’s CMF.

6. Relationship to other documents

The Framework should be read in conjunction with the documents outlined in the following table. The documents referred to here are related to the Framework but do not form part of the Framework itself. They are used by the Trustee as reference material for the purpose of implementing the Framework.

Document reference	Details and relation to conflict of interest activities
Trust Deed and Trustee Constitution	The Trust Deed, Constitution and Strategic Plan of the Trustee and the Fund which set out the Fund’s governing rules, strategic direction, objectives and approach to managing the Trustee’s business operations.
Code of Ethics	The Code of Ethics is a framework for the kind of personal behaviour that is fundamental to the Trustee and is applicable to all staff.
Trustee Strategic Plan	The Board will consider conflicts of interest arising as part of developing Trustee’s strategic plan.
Investment Governance Framework	The Trustee has adopted an Investment Governance Framework, which sets out the foundation for the Fund’s investment activities.
Risk Management Framework (RMF)	The RMF serves as a management tool to enable the Trustee to develop and implement different strategies, policies, procedures and controls to appropriately manage different types of material risks.
Procurement and Outsourcing Policy	The Procurement and Outsourcing Policy includes consideration of how conflicts of interest are monitored in the course of the appointment, and on an ongoing basis, of a material service provider.

7. Conflicts Management Framework

7.1 Structure

The Framework is made up of the following systems, structures, policies, processes and controls:

- (a) Risk Management Framework;
- (b) Register of Relevant Duties and Interests;
- (c) Soft Dollar Register;
- (d) Fit and Proper Policy;
- (e) Insider Trading Policy;
- (f) Delegations Policy and Register;
- (g) Procurement and Outsourcing Policy;
- (h) Remuneration Policy;
- (i) Performance and Conduct Management Framework;
- (j) Whistleblowing Policy; and
- (k) Board Charter and Governance Policy.

7.2 Roles and Responsibilities

- (a) The Trustee acknowledges that clear demarcation of roles and responsibilities is integral to the operation of the Framework. The Board retains overall responsibility for ensuring that arrangements, policies and processes for managing and monitoring Conflicts are in place and Responsible Persons understand their obligations. The Board has ultimate responsibility for oversight of the Framework and for conflicts management.
- (b) The Board has considered and defined the roles, responsibilities and reporting structures for positions that relate to the Fund's activities. The following is a summary of the roles, responsibilities and resources which have oversight of conflicts management within Active Super's business operations, namely:

Title	Role Description
Board	<ul style="list-style-type: none"> • Develops and maintains the Framework. • Approves this Framework. • Receives disclosures of Conflicts from Responsible Persons, decides on any necessary action and manages that process in accordance with the Framework. • Reviews the Framework on an annual basis.
Responsible Persons and Responsible Managers	<ul style="list-style-type: none"> • Are aware of, and understand, the Framework and the obligation to effectively manage Conflicts. • Notify the relevant party of any identified or potential Conflicts in accordance with the Framework. • Notify any changes to declared Relevant Interests or

Title	Role Description
	changes to Relevant Duties as required.
Governance, Remuneration and Nomination Committee	<ul style="list-style-type: none"> • Review the Framework on an annual basis and report the results of the review to the Board. This includes making recommendations in respect of any changes to the Framework.
CEO and/or Chair of the Board/Company Secretary	<ul style="list-style-type: none"> • Receive disclosures of Conflicts by Directors and other Responsible Persons and advise the Board as required by the Framework. • Receive, assess and evaluate Conflicts reported, and report as appropriate, to the Board.
Deputy CEO	<ul style="list-style-type: none"> • Maintains the Register of Relevant Duties and Interests, the Conflicts Register and the Soft Dollar Register. • Undertakes the initial annual review of the Framework. • Undertakes regular compliance monitoring of the Framework as part of the ongoing risk and compliance monitoring activities. This monitoring includes: <ul style="list-style-type: none"> • an annual review of the Framework; • independent review of the Framework by the Internal Auditor; and • review of the Framework by the Governance, Remuneration and Nomination Committee and the Board.
Actuary	<ul style="list-style-type: none"> • Appointed by the Trustee to perform the actuarial function for the Fund.
Auditor	<ul style="list-style-type: none"> • Appointed by the Trustee to conduct an audit of the Fund on an annual basis, or as requested by the Trustee.
Representatives	<ul style="list-style-type: none"> • Must declare all conflicts of interests that may affect any advice provided; • Must declare any other business activities; • Must not engage in any other business activities that may be in conflict with their role at Active Super. • Must observe other requirements that relate to conflicts under the Financial Planner Policy and Procedures Manual and the Client Relationship Manager Procedures Manual.
Employees	<ul style="list-style-type: none"> • Must be alert for any conflicts of interest, real or perceived, and take appropriate steps to deal with them; • Must observe the Code of Ethics at all time.

7.3 Conflicts of Interest Training

- (a) The Trustee has taken steps to ensure the Responsible Persons understand the Framework and are aware of their duties and responsibilities. Conflicts of Interest Training will be managed as part of the ongoing training requirements for Responsible Persons and overseen by the Deputy CEO.
- (b) In addition, Employees and Representatives are provided with conflicts management training during induction and are required to complete ongoing online training relating to conflicts management every two years thereafter.
- (c) This training will be designed to assist Employees and Representatives to clearly understand:
 - (i) the need to identify all potential Conflicts;
 - (ii) the circumstances that might give rise to a Conflict;
 - (iii) the content and purpose of the RSE licensee's CMF; and
 - (iv) their obligations, where applicable, as a Responsible Person.

8. Framework Principles

- (a) The Trustee adopts a comprehensive approach to managing situations where a Conflict may arise. This three-stage approach is outlined below:
 - (i) **Identify** – what a perceived, potential or actual Conflict is, and how they may arise in the Trustee's normal business operations.
 - (ii) **Manage** – in accordance with the principles in this Framework.
 - (iii) **Disclose** – in accordance with the principles in this Framework.
- (b) In some cases, Conflicts may arise between different classes or types of Fund Beneficiaries. This Framework requires that all Beneficiaries within the same class be treated equally and Beneficiaries of different classes be treated fairly.
- (c) Conflicts are not limited to financial matters. In particular, care must be taken to also protect confidential information (which includes all information relating to the Trustee, the Fund and its Beneficiaries).

9. Stage 1 – Identify

9.1 Assessment of relevance

- (a) A Relevant Duty or Relevant Interest is a duty or interest that the Trustee reasonably considers to have the potential to significantly impact the capacity of the Trustee, a Responsible Person or an employee to act in a manner that is consistent with the best interests of Beneficiaries.
- (b) The assessment of the relevance of a duty or interest for the purposes of this Framework will be undertaken by the Deputy CEO. This assessment may take into consideration the requirements of this Framework, particularly the parameters outlined in paragraphs (c) and (d) below.

- (c) In assessing the relevance of an interest, regard will be had to a number of factors, including but not limited to:
 - (i) whether the interest was received from, or is connected with:
 - (A) a current or proposed service provider to the Trustee;
 - (B) a current or potential investment vehicle of the Trustee; or
 - (C) the business operations of the Trustee, which includes operations in connection with any strategic, management, investment, claims assessment or employment decisions of the Trustee;
 - (ii) the role of the person in receipt of the interest;
 - (iii) the extent to which the person in receipt of the interest is responsible for making decisions which could potentially be influenced by the interest;
 - (iv) the potential impact on the capacity of the person to make an unbiased decision and to give priority to the duties owed to the Fund and Beneficiaries following receipt of the benefit;
 - (v) whether the interest could reasonably be considered to have the potential to have a significant impact on the person's capacity to act in the best interests of the Beneficiaries; and
 - (vi) the extent to which disclosure is desirable to demonstrate the robustness of the Trustee's processes, having regard to community standards and expectations.
- (d) In undertaking an assessment for relevance, the Trustee notes that the following factors, of themselves, are deemed not sufficiently material for the purposes of disclosure under this Framework, namely:
 - (i) shares or other financial interests held in a publicly listed entity held directly or indirectly amounting to less than \$200,000.00 in value; and
 - (ii) shares or other financial interests in a privately owned company held directly or indirectly amounting to less than a 10% holding in that company.
- (e) If the interest or duty is assessed as being a Relevant Interest or Relevant Duty, the interest or duty is to be recorded in the appropriate Registers by the Deputy CEO.

9.2 Trustee Directors:

The following outlines examples of circumstances that may give rise to a Conflict or where a Conflict may adversely affect the interests of Beneficiaries. These include:

- (a) Where there is a lack of transparency of decision-making processes;
- (b) Where the remuneration structure adopted by the Trustee in relation to Directors and Employees and/or the Fund's investment managers skews the individual's risk appetite towards higher but unsustainable short term outcomes that may be harmful to the longer term interests of the Beneficiaries;

- (c) In the delegation of roles and responsibilities; and
- (d) In the processes for project management, including transitions where functions are moved between in-sourced and outsourced arrangements.

9.3 Directors and Employees

The following outlines examples of circumstances where Conflicts may arise for Directors and Employees. These include:

- (a) Where the person holds a role with or an interest in an organisation providing goods or services to the Fund;
- (b) Where the person's other commercial interests conflict with his or her duties as a Director or Employee; and
- (c) In the acceptance of gifts, meals, travel, corporate hospitality etc. from service providers or potential service providers to the Trustee.

9.4 Representatives:

The following outlines examples of circumstances where Conflicts may arise for Representatives who provide financial advice related services to clients. These may include:

- (a) An embedded commercial arrangement existing between one or more outsourced service providers;
- (b) An association with a product provider by way of ownership or common Directors/ Representatives;
- (c) Investing in higher risk products that result in high commissions, inconsistently with the client's stated desire to obtain a low risk product;
- (d) Maximising trading volumes by clients in order to increase commission revenue, inconsistently with client's stated objective of minimising investment costs;
- (e) Soft dollar benefits paid by product providers; and
- (f) Placing an instruction with a broker to buy or sell shares or derivatives at the "market price" (i.e. no specific price) and placing an instruction to buy or sell shares in the same entity/entities/derivative for personal benefit before the client's order has been transmitted to the broker.

9.5 Not considered Conflicts:

The Directors or other Responsible Persons will not be deemed to have a Conflict solely as a result of:

- (a) Being a member of the Fund (including making voluntary contributions to the Fund, receiving standard employer contributions as a member of the Fund, or receiving standard, non-discretionary benefits as a member of the Fund);
- (b) Being a representative of, or employed by, a sponsoring Employer;

- (c) Being a director of Local Government Financial Services Pty Limited as this is a subsidiary with no operational function, which only remains active pending the finalisation of outstanding litigation; or
- (d) Being a representative of, or employed by, a union representing the interests of members of the Fund.

10. Stage 2 – Manage and Monitor

10.1 Conflicts Register

- (a) All actual, perceived and potential Conflicts identified by Directors and Responsible Persons must be recorded in the Conflicts Register. Conflicts may be identified in several ways, including:
 - (i) Conflicts reported to the Deputy CEO by Directors, Responsible Persons or employees under the terms of this Framework;
 - (ii) through email attestations provided by Active Super senior executives to the Deputy CEO, through which senior executives and their direct reports are required to confirm that they have declared all actual, potential or perceived Conflicts;
 - (iii) by sending periodic reminders to all staff to ensure conflicts of interest are reported in a timely manner;
 - (iv) declarations provided through the Active Super self-assessment compliance system ETS, where the system prompts Active Super senior executives to attest, on a quarterly basis, that they have appropriately declared all Conflicts;
 - (v) through initial and annual due diligence processes undertaken in relation to Active Super material outsource providers in accordance with the Procurement and Outsourcing Policy, which includes the receipt of an annual attestation confirming that all Conflicts have been declared. This process extends to the auditors and actuaries appointed by the Trustee.
- (b) Upon identification, all Conflicts will be recorded in the Register and must include details of the nature of the Conflict identified together with a summary of the action taken to avoid or manage the Conflict.
- (c) The Deputy CEO is responsible for ensuring that the Register remains up-to-date. The Register will be reviewed quarterly by the Governance, Remuneration and Nomination Committee and is presented at each Board and Committee meeting.
- (d) As a standing agenda item, the Board receives a report on any new Conflicts identified since the last meeting.
- (e) The Conflicts Register should be in the form set out in Appendix B or in such other form as approved by the Trustee from time to time.

- (f) The details of a particular Conflict entered into the Conflicts Register are to be kept for 7 years from the date of the Conflict ceasing to exist.

10.2 Declaration of Conflicts – New Responsible Persons

- (a) Prior to appointment, all new Directors and Responsible Persons of the Trustee must:
 - (i) provide a Statutory Declaration which includes a statement that they are not aware of any actual, perceived or potential Conflicts; and
 - (ii) disclose all Relevant Duties and Interests.
- (b) The declaration must be:
 - (i) tabled at the Board meeting prior to the appointment of a prospective Director; and
 - (ii) kept for 10 years from the date of appointment of a Director.
- (c) The Trustee must give proper consideration to any disclosed Conflicts prior to the appointment of a Director or Responsible Person in order to be satisfied that the disclosed Conflict will not significantly affect the person's discharge of his or her duties as a Director.
- (d) Employment contracts for all new employees require them to make certain disclosures regarding Conflicts.

10.3 Declarations at Board or Committee Meetings

- (a) At the commencement of each Board and Committee meeting, all attendees are asked to declare any perceived or potential Conflict of which they may be aware with any item of business on the agenda. Standing identified Conflicts, if any, such as participation on the trustee board of another superannuation fund, or a position with a union or service provider associated with the Fund, are taken as read and do not need to be declared at each meeting.
- (b) As required, Directors and Responsible Persons must obtain the consent of the Board prior to accepting any non-monetary gifts of a value in excess of \$1,000 received, directly or indirectly, in the course of performing their role. This includes gifts and entertainment to the value of less than \$1,000 per instance and smaller amounts held or received from the same source which taken together or cumulatively over a year amount to at least \$1,000.
- (c) The Trustee may seek further information from a Director about actual or potential Conflicts of that Director in order to comply with the Trustee's obligations under the SIS Act.
- (d) The assessment of the Conflict will be undertaken in accordance with section 10.5 of this Framework.

10.4 Declarations at other times

- (a) If a Director, Responsible Person or Employee becomes aware of an actual, perceived or potential Conflict, whether personal or that of another Director, Responsible Person or Employee, they must immediately notify the appropriate person as outlined in the table below:

Conflict relating to:	To be reported to:
Chair	Chair of Governance, Remuneration and Nomination Committee or the Deputy Chair
A Director / Deputy Chair	Chair and CEO
CEO / Deputy CEO	Chair
Employees (including Responsible Officers and Representatives)	CEO

- (b) The person to whom the Conflict or potential Conflict is reported must assess the potential impact of the Conflict upon the Trustee and/or the Fund and determine whether it should be referred to the Board and/or the appropriate Regulator for further action consistent with section 10.5.

10.5 Assessment of the Conflict

- (a) When assessing and responding to a Conflict, any action must incorporate the following overriding principles consistent with sections 52(2)(d) and 52A(2)(d) of the SIS Act, under which the person who has the Conflict must:
- (i) give priority to the duties and interest of the Beneficiaries over any other person;
 - (ii) ensure that the duties to the Beneficiaries are met despite the Conflict;
 - (iii) ensure that the interests of the Beneficiaries are not adversely affected by the Conflict; and
 - (iv) comply with SPS 521.
- (b) The assessment will consider:
- (i) The nature of the Conflict;
 - (ii) Whether it is considered to be material or immaterial;
 - (iii) Whether a Beneficiary or an appropriate regulator may perceive the Conflict as material; and
 - (iv) Whether the Conflict could be a detriment to a Beneficiary in any way.
- (c) From a propriety perspective (for the purposes of the Fit and Proper Policy), the assessment will also consider whether the person who holds the Conflict:
- (i) failed to disclose it;
 - (ii) inappropriately failed to disqualify himself/herself because of the Conflict;

- (iii) inappropriately participated in deliberations relating to a matter in which he or she had a Conflict; or
 - (iv) acted in his or her own interests, or those of a related party, in preference to the interests of the Beneficiaries.
- (d) The Chair and/or CEO may:
 - (i) seek legal or other external advice to confirm the appropriateness of a particular course of action;
 - (ii) request additional relevant information from the holder of the Conflict; and/or
 - (iii) refer the Conflict to the Board for its consideration.
- (e) The responses to the identified Conflict that will be considered are:
 - (i) controlling the Conflict (the Trustee may set guidelines in relation to materiality or personal authorisation to act);
 - (ii) requiring disclosure of the Conflict (to the Board, or to members generally, as appropriate);
 - (iii) avoiding the Conflict altogether by refraining from the proposed activity;
 - (iv) if the Conflict arises for an individual, allocating another person to provide the service or conduct the activity, and/or requiring the individual to have no involvement in a matter linked to their Conflict; or
 - (v) taking no action because the conflict is considered immaterial.
- (f) Additional responses for managing Conflicts held by Representatives include:
 - (i) refusing offers of volume bonuses from product providers;
 - (ii) refusing sponsorship from product providers; and/or
 - (iii) declining to act for the client (where the Conflict could not be managed because of confidentiality).
- (g) If the Conflict is held by a Director, the Chair may:
 - (i) allow the Director to remain in a Board/Committee meeting while the matter is being discussed;
 - (ii) require the Director to leave a Board/Committee meeting temporarily while the matter is being discussed;
 - (iii) allow the Director involved to speak to a motion but not allow him or her to exercise a vote on the question of whether there is a Conflict and, if so, whether the Conflict is material;
 - (iv) require the Director to abstain from voting on or having involvement in any matter where there is a material Conflict; or
 - (v) take no action because the Conflict is considered immaterial and the other Directors are satisfied that the interest or duty should not disqualify the Director from voting or from being present.
- (h) If the Conflict is held by the Chair, the remaining Directors may:

- (i) allow the Chair to remain in a Board/Committee meeting while the matter is being discussed;
 - (ii) require the Chair to leave a Board/Committee meeting temporarily while the matter is being discussed;
 - (iii) allow the Chair to speak to a motion but not allow him or her to exercise a vote on the question of whether there is a Conflict and, if so, whether the Conflict is material;
 - (iv) require the Chair to abstain from voting on or having involvement in any matter where there is a material Conflict; or
 - (v) take no action because the Conflict is considered immaterial and the other Directors are satisfied that the interest or duty should not disqualify the Chair from voting or from being present.
- (i) Appropriate records of each actual, perceived or potential Conflict and the actions taken to manage it, will be recorded in the Conflicts Register, the Soft Dollar Register and in the Register of Relevant Duties and Interests (which is the Register which is required to be made public).
 - (j) In all cases the Directors will comply with section 195(2) of the Corporations Act.
 - (k) All actions must be minuted and the relevant minutes must be kept for 10 years.

10.6 Ongoing evaluation of management of Conflict

- (a) Where a Conflict has been identified and actions to manage the Conflict have been agreed, the Deputy CEO must periodically monitor and evaluate the agreed actions taken or planned to be taken, for appropriateness.
- (b) Should the ongoing evaluation of the management of the conflict in (a) above identify a deficiency or concern, the Deputy CEO may:
 - (i) determine that alternative action is required for the management of the Conflict; or
 - (ii) escalate the matter for review to the appropriate party in accordance with the table found in clause 10.4.

10.7 On-going assessment of Conflict

Should the identified Conflict be an on-going Conflict, the Conflict will be re-assessed in accordance with section 10.5 of this Framework at least every 6 months or where the nature of the Conflict changes in any way.

10.8 Appointment and Monitoring of Service Providers

- (a) Unless otherwise approved by the Board, appointment of all service providers is subject to the selection process set out in the Trustee's Procurement and Outsourcing Policy and Risk Management Framework.

- (b) All material service providers must report / notify Active Super when they become aware of the occurrence of any conflict in the performance of their obligations under the respective agreement (exception reporting). In addition, as part of the annual due diligence process, all material service providers must attest to Active Super whether they are aware about any conflicts of interest. As part of this attestation, a service provider must provide information to Active Super regarding the internal policies and procedures in place in relation to conflicts of interest, including soft-dollar receipts.

10.9 Switching of Investment Options

All investment switches of Active Super employees are subject to the notification and assessment processes set out in the Trustee's Insider Trading Policy.

11. Stage 3 – Disclose

11.1 General

- (a) The Trustee will record details of all actual and potential Conflicts of any Responsible Person in the minutes of Trustee meetings. These will also be recorded in the Conflicts of Interest Register. The Trustee will also maintain a Register of Relevant Duties and Interests which is considered and attested to at each Board meeting.
- (b) The Trustee will make publicly available and keep up to date on the Fund's website the Register of Relevant Duties and Interests as required by law. The disclosure requirement may also include disclosures in other disclosure documents (e.g. Product Disclosure Statement, Financial Services Guide, Annual Report or Statement of Advice) or directly to the individuals concerned if it would:
 - (i) be impracticable to disclose it within a disclosure document; or
 - (ii) cause unreasonable delay in disclosing the conflict.
- (c) A summary of this Framework will be also publicly available on the Fund's website.

11.2 Relevant Duties

- (a) The Trustee must, at all times act in the interests of Beneficiaries of the Fund; act impartially between members and beneficiaries of the Fund; and act honestly and in good faith.
- (b) In carrying out these duties, a Conflict may arise where relevant duties may conflict between other duties owed and those owed to Beneficiaries.

- (c) To assist with identification of potential Conflicts that arise from duties owed, the Register of Relevant Duties and Interests will include the duties that are described for each relevant role.

11.3 Relevant Interests

- (a) A Conflict may also arise where Relevant Interests of individual Responsible Persons and those of the Beneficiaries diverge.
- (b) The Register of Relevant Duties and Interests will list all material Relevant Interests.

11.4 Soft Dollar Register

- (a) All non-monetary gifts or benefits of a value in excess of \$200 in any one instance, or which equal to or exceed \$200 from any one provider within a financial year, received by Directors, Responsible Persons and Employees in the course of performing their roles must be recorded in the Soft Dollar Register. The Register of Relevant Duties and Interests will also include a summary of the action taken to manage each gift received.
- (b) All non-monetary gifts or benefits of a value of less than \$200 received by Directors, Responsible Persons and Employees in the course of performing their roles must be recorded in the <\$200 Soft Dollar Register.
- (c) The Deputy CEO is responsible for ensuring that the Soft Dollar Register remains up-to-date and is reviewed quarterly by the Governance, Remuneration and Nomination Committee.
- (d) As a standing agenda item, the Board receives a report on any new gifts received since the last meeting. The Soft Dollar Register forms part of the Register of Relevant Duties and Interests and will be made available at each Board meeting for referral if required.
- (e) Procedures in relation to soft dollar benefits are set out in Appendix C.

11.5 Materiality Assessment

- (a) Assessment of the materiality of Relevant Duties and Relevant Interests will be made by the Deputy CEO or, in the event that the Deputy CEO is unable to make the assessment, the Board, at the time of notification by the Responsible Person. The assessment will be undertaken in accordance with this CMF and guidelines established by the Trustee from time to time.
- (b) When an interest or duty has been deemed “material”, this information will be added to the Registers.

12. Non-Compliance with the Framework

- (a) The Framework requires anyone with an actual, potential or perceived conflict to declare it as prescribed under the relevant paragraphs of this Policy;
- (b) Non-compliance represents a serious breach of this Framework and will be dealt with in accordance with the Incident and Breach Reporting Policy and the Performance and Conduct Management Framework;
- (c) The significance of the breach will be assessed internally and may result in notification to the appropriate regulator as well as disciplinary action against a Director, Responsible Person, Employee and Representative.

13. Approval and Review

13.1 Comprehensive review

- (a) The CMF will be subject to a comprehensive review by operationally independent, appropriately trained and competent persons at least every three years to ensure that it remains appropriate, effective and adequate.
- (b) The comprehensive review will have regard to:
 - (i) the size, business mix and complexity of the Fund's business operations, the extent of any change to those operations;
 - (ii) changes to the external environment in which the Fund operates, including relevant legislation or regulation requirements change; and
 - (iii) changes to the systems, structures, policies, processes and people described in this CMF.
- (c) At a minimum, the comprehensive review must consider:
 - (i) whether all Relevant Duties and Relevant Interests have been identified and are being addressed in accordance with the CMF;
 - (ii) the level of compliance with the CMF, including reporting on the Register of Relevant Duties and Interests; and
 - (iii) any non-compliance with the CMF, including steps taken to return to, and improve, ongoing compliance.
- (d) The Governance, Remuneration and Nomination Committee will review the comprehensive review report and any recommended changes to the CMF will be brought to the Board for approval.

13.2 Annual review

- (a) This CMF is reviewed on an annual basis, initially by the Deputy CEO and then by the Governance, Remuneration and Nomination Committee, to ensure that it remains relevant to contemporary needs and that the response to the changing environment is disciplined and effective.

- (b) In doing so, Active Super will consider regulatory reports, industry developments, results of ongoing monitoring and other factors that may impact the Framework. A checklist was created to evidence the relevant considerations (see paragraph 14 – Policy Information)
- (c) In addition to any amendments made to the CMF, the review will include the provision of a stand alone paper to the Governance, Remuneration and Nomination Committee and the Board setting out, at a minimum:
 - (i) A statement that the CMF continues to comply with SPS 521 and is appropriate given the nature, size and complexity of the Trustee;
 - (ii) References to external and internal changes relating to conflicts that may impact the Trustee; and
 - (iii) Reporting on results of review and monitoring activities (e.g. control self-assessments, attestations, conflicts register, relevant interest and duties registers).
- (d) An assessment of the ongoing effectiveness of the CMF and potential for improvement will form a key focus of each review.
- (e) Management will report the results of each annual review to the Board and, where appropriate, recommended changes and/or improvements to the CMF for the approval of the Board.

13.3 Approval

This Framework, and any amendments to it,, as reflected in the revision history provided in **Appendix A**, must be approved by the Board.

14. Policy Information

Internal references Risk Management Framework;
Register of Relevant Duties and Interests;
Soft Dollar Register;
Fit and Proper Policy;
Delegations Policy and Register;
Insider Trading Policy;
Procurement and Outsourcing Policy;
Remuneration Policy;
Performance and Conduct Management Framework;
Whistleblowing Policy; and
Board Charter and Governance Policy.

External references *Superannuation Industry (Supervision) Act 1993 (Cth)*
Superannuation Industry (Supervision) Regulations 1994 (Cth)
APRA Prudential Standard *SPS 521 Conflicts of Interest*

Effective date

Review Every year – to ensure the Trustee is managing its conflicts appropriately;
and
Every 3 years – comprehensive review

Authorisation This policy is authorised as follows:

Authorised by	Board of Directors
Date authorised	10 August 2022
Version no	V9
Review date	10 August 2023

Checklist This policy was reviewed to include the following considerations:

Obligation	Completed
Check against relevant legislative / industry changes since last review	
Ensure compliance with relevant Prudential Standard or	

Regulatory Guide (if applicable)	
Ensure the policy aligns with current Organisational Structure	
Ensure format and definitions align with the LGS Policy Template	
Ensure changes flow through to other relevant policies (i.e Delegations Register, Terms of Reference)	
Incorporate any Internal Audit/External Audit/Regulator/Risk Control Assessment recommendations (if applicable)	
Check spelling and grammar	
Sign off and Review by Legal & Compliance	

Appendix A: Revision history

Version	Reason for amendment	Date approved by Board
1	To ensure compliance with the SPS 521	12 December 2012
2	APRA suggested changes to the Policy to assist LGS with its MySuper authorisation application	6 February 2013
3	APRA suggested changes to the Policy to assist LGS with its MySuper authorisation application	5 June 2013
4	The annual review requirement	5 November 2014
5	Annual review and incorporating Internal Auditor findings	March 2016
6	References to Insider Trading Policy and Procurement and Tender Policy	7 June 2017
7	Legal and regulatory review by Norton Rose Fulbright	December 2018
8	PwC Triennial Review of the Conflict Management Framework required under SPS 521 (Report dated March 2019)	October 2019
9	PwC Triennial Review of the Conflicts Management Framework required under SPS 521 (Report dated 16 February 2022)	August 2022

2 - Register of Relevant Duties and Interests

Name of Trustee/Responsible Officer:			
Financial Interests:			
Sources of Income:			
Interests and Positions in Corporations or commercial organisations, associations, trusts, partnerships or service providers:			
Positions in Trade Unions, Industry, Professional or Business Associations or Lobby Groups:			
Debts or liabilities:			
Discretionary Disclosures:			
Gifts – In excess of \$1,000 including any subsidy for travel			
Date Received	Description	Provided By	Value (\$)
Declaration - Any variation to the declared duties or interests since the last Board meeting			
Description			

3 – Soft Dollar Register

Date Received	Recipient	Provided by	Description	Value (\$)	Informer	Date Recorded
Directors						
Responsible Persons						
Active Super Employees and Representatives						

Appendix C: Soft Dollar Procedures

- (a) Soft dollar benefits are gifts provided without recompense or for a consideration substantially less than the full market consideration.
- (b) Directors, Responsible Persons and Employees must not solicit or accept any bribe, or other improper inducement, including gifts or benefits.
- (c) Directors, Responsible Persons and Employees may accept reasonable offers (for a value less than \$1,000) of meals, travel, inexpensive gifts or entertainment from third parties (e.g. current or potential service providers) in connection with Trustee or Fund matters without prior consent. Accepting such gifts or benefits is essentially a matter of judgment for the individual concerned, who must be satisfied that his or her position will not in any way be compromised or appear to be compromised by acceptance. The individual will bear the responsibility for any decision to accept a gift or benefit.
- (d) Where any significant gift, offer or suggestion of such (for a value in excess of \$1,000) is made directly or indirectly to any one of the Directors, Responsible Persons and Employees, they must obtain the prior consent of the Board before acceptance.
- (e) The Board will determine the level of reasonability from time to time in accordance with general industry standards. These will be communicated to all affected persons.
- (f) In deciding whether to accept gifts or benefits, Directors, Responsible Persons, Representatives and Employees should be guided by the following principles:
 - (i) A gift or benefit should not be accepted if the acceptance might, or might appear to, influence the individual in their official capacity;
 - (ii) Individuals should avoid all situations in which the appearance may be created that any person or body, through the provision of hospitality or benefits of any kind is securing, or attempting to secure, the influence or favour of the individual or the Trustee; and
 - (iii) Individuals should take all reasonable steps to ensure that spouses or children are not the recipients of benefits that could give the appearance of an indirect attempt to secure their influence or favour, or that of the Trustee.
- (g) In addition to the above requirements, the following points should also be considered:
 - (i) The relationship of the Trustee and of the Fund to the donor of the gift;
 - (ii) The primary business of the donor of the gift;
 - (iii) The likelihood of further contact with the donor of the gift;
 - (iv) Whether the gift is being accepted as part of a formal exchange of gifts;
 - (v) The possible adverse consequences to interests of the Trustee, the Fund, and of the staff, which may result from the acceptance or refusal of a gift; and
 - (vi) The type of gift or benefit, if any, which in the context of the operations of the Fund and of the Board, can be seen as inconsequential or trivial.

- (h) Appropriate records of each significant gift or financial benefit received will be recorded in the Soft Dollar Register.