



Conflicts Management Policy

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1. Conflicts Management Policy

LCA Nominees Pty Ltd (**Trustee**) as trustee for Lutheran Super (**Fund**) has adopted the procedures in this Policy to ensure compliance with:

1. the duties of the Trustee under Part 6 of SIS including Section 52(2)(d);
2. the duties of the directors of the Trustee under Part 6 of SIS including Section 52A(2)(d);
3. the general law fiduciary duties of the Trustee as they relate to conflicts;
4. the obligations imposed under the Corporations Act including Section 912A(1)(aa);
5. the requirements of APRA Prudential Standard SPS 521; and
6. the requirements of ASIC Regulatory Guide 181.

This Policy has been approved by the Board of Directors of the Trustee.

This Policy should be read together with the Trustee's current Fitness and Propriety Policy.

This Policy and the systems, processes and controls implemented to ensure compliance with this Policy comprise the Conflicts Management Framework (**CMF**) applicable to the Trustee and the Fund, and all Responsible Persons and Employees.

The Board is ultimately responsible for the development and management of the CMF.

The Board acknowledges its obligation to take all reasonable steps to ensure that all Responsible Persons and Employees clearly understand:

1. the need to identify all potential conflicts;
2. the circumstances that might give rise to a conflict;
3. the content and purpose of the CMF;
4. their obligations as a Responsible Person or Employee; and
5. that upon becoming a Responsible Person or Employee there is a duty to disclose all Relevant Duties and Relevant Interests.

The Trustee and the directors of the Trustee acknowledge their obligation to identify all potential and actual conflicts that may arise in the course of administering the Fund, and take all reasonably practicable actions to ensure that they are avoided or prudently managed.

2. Duties

Conflicts, including potential and perceived conflicts, may affect or appear to affect the Trustee's ability to properly discharge its duties to beneficiaries of the Fund.

In all matters concerning the Fund, the Trustee and the directors of the Trustee must:

1. act in the best interests of the beneficiaries of the Fund;
2. act honestly and in good faith;
3. act impartially as between beneficiaries;
4. exercise the same degree of care, skill and diligence that a prudent superannuation trustee or director would exercise; and
5. ensure that the financial services provided by or on behalf of the Trustee are provided efficiently, honestly and fairly.

In the event of a conflict, the Trustee and each director of the Trustee must:

1. give priority to the duties to and the interests of the beneficiaries of the Fund;
2. ensure that the duties to the beneficiaries are met despite the conflict;
3. ensure that the conflict does not adversely affect the interests of the beneficiaries; and
4. ensure that the quality of the financial services provided by or on behalf of the Trustee is not compromised by the conflict.

It is therefore essential that all conflicts, including potential and perceived conflicts, are identified early, avoided where possible and, if they cannot be avoided, carefully managed.

3. Procedures

The procedures in this Policy are designed to ensure that:

1. actual and potential conflicts are identified early;
2. conflicts are avoided where possible;
3. where there is a conflict, the conflict is managed in accordance with the above duties including the requirement to give priority to the interests of the beneficiaries of the Fund;
4. the management of each conflict is evaluated on an ongoing basis, with provision for escalation or alternative action where required;
5. conflicts identified and actions taken are appropriately recorded; and
6. conflict registers are maintained in accordance with APRA Prudential Standard SPS 521.

4. Dictionary

Terms and expressions in this Policy have the same meaning as in SIS except that:

1. **Associate** has the meaning in the Corporations Act.
2. **Beneficiaries** means the beneficiaries of the Fund.
3. **Board** means the Board of Directors of the Trustee.
4. **Conflict** means any actual, potential or perceived conflict between the duties of the Trustee or a Responsible Person to the Beneficiaries, or the interests of Beneficiaries, and:
 - a. the duties of the Trustee or a Responsible Person to any other person;
or
 - b. an interest of the Trustee, a Responsible Person, an Associate or an Employee.
5. **Conflicts Officer** means Mr Darren Royals or in his absence a director of the Trustee.
6. **CMF** means the Conflicts Management Framework described under the heading "Policy".
7. **Corporations Act** means the *Corporations Act 2001* (Cth).
8. **Duties** means the duties described under the heading "Duties".
9. **Employee** means any employee or contractor of the Trustee.
10. **Employer** means any employer who makes employer contributions to the Fund.
11. **Relevant Duty** means a duty of the Trustee or a Responsible Person that has the potential to materially affect, or appear to materially affect, the proper discharge of the Duties.

12. **Relevant Interest** means any direct or indirect, monetary or non-monetary, real or potential advantage or benefit whatsoever of the Trustee, an Associate, a Responsible Person or an Employee that has the potential to materially affect, or appear to materially affect, the proper discharge of the Duties.
13. **Responsible Person** means:
- a. each director and secretary of the Trustee;
 - b. each person who is concerned with or takes part in the management of the Trustee;
 - c. each person who makes or participates in making decisions that affect the whole or a substantial part of the Trustee's Activities;
 - d. each person who has the capacity to significantly affect the Trustee's Activities or its financial standing;
 - e. each person who may materially affect the whole or a substantial part of the Trustee's Activities or its financial standing through their responsibility for:
 - i. enforcing policies and implementing strategies approved by the Board;
 - ii. developing and implementing systems used to identify, assess, manage or monitor risks in relation to the Trustee's Activities;
 - iii. monitoring the appropriateness, adequacy and effectiveness of risk management frameworks; and
 - f. any person who performs audit or actuarial functions for the Fund or the Trustee.
14. **Provider** means any person or entity that is a current or prospective provider of advice, products or services to or on behalf of the Trustee or with the Trustee's recommendation.
15. **Registers** means the registers described under the heading "Registers".
16. **SIS** means the *Superannuation Industry (Supervision) Act 1993* (Cth).
17. **Trustee's Activities** means all of the Trustee's activities in its capacity as trustee for the Fund and all other activities to the extent that they are relevant to, or may impact upon, its activities as trustee for the Fund.

5. Scope

All Responsible Persons and Employees are required to adhere to the procedures in this Policy at all times.

5.1 Conflict Identification

A Conflict (as defined above) includes any actual, potential or perceived situation where personal, occupational or financial considerations may affect, or appear to affect, the objectivity, judgement or ability of a Responsible Person or Employee to act in the best interests of the Trustee, the Fund or the Beneficiaries when performing his or her role or carrying out his or her duties and responsibilities.

Conflicts may arise from, for example:

1. other directorships, employment or occupation;
2. professional and business interests and associations;
3. direct or indirect financial interests in a matter relevant to the Fund;
4. relationships with people with whom the Fund deals with or may deal with; or
5. provision of financial product advice to Beneficiaries.

Examples of Conflicts include situations where a Responsible Person or Employee, or a close friend or relative of a Responsible Person or Employee:

1. is a director or employee of an Employer or Provider;
2. is involved in the management of a competitor of the Fund;
3. has a direct or indirect financial interest or investment in an Employer or Provider;
4. may obtain a direct or indirect benefit or advantage as a result of some decision or action of the Trustee or on behalf of the Trustee;
5. receives or is offered a gift, prize, donation, service or other benefit or advantage from or in relation to an Employer or Provider;
6. is in a position to take personal advantage of information obtained or able to be obtained as a result of their involvement with the Trustee or the Fund;

7. has a personal relationship with an Employer or Provider that goes beyond the level of a professional working relationship;
8. is a director or employee of an Australian Financial Services Licensee or an authorised representative of such a licensee which may provide advice or services to the Trustee or to Beneficiaries.

Relevant Duties and Relevant Interests (as defined above) are indicators of Conflicts.

All Responsible Persons and Employees have an ongoing obligation to report in writing to the Conflicts Officer as soon as reasonably practicable after becoming aware of any suspected Relevant Duty, Relevant Interest or Conflict.

All Responsible Persons are required to undertake regular and thorough enquiry to identify any suspected Relevant Duties, Relevant Interests or Conflicts, including through quiet contemplation, internal discussions, external discussions with Providers, periodic reviews, supervision and monitoring.

All Responsible Persons and Employees must sign a "Conflicts Declaration" in the form of **Annexure A**, and renew the Declaration annually.

The appointment or re-appointment of a Responsible Person or Employee will be subject to thorough enquiry into the existence of suspected Relevant Duties, Relevant Interests and Conflicts and the signing of a Declaration in the form of **Annexure A**.

A Responsible Person or Employee who is at all unsure as to whether a particular situation may give rise to a Relevant Duty, Relevant Interest or Conflict is required to raise the situation with the Conflicts Officer without delay.

5.2 Conflict Monitoring

All Responsible Persons and Employees have an ongoing obligation to report in writing to the Conflicts Officer as soon as reasonably practicable after becoming aware of any material change to any previously reported suspected Relevant Duty, Relevant Interest or Conflict.

The Conflicts Officer will maintain a complete and up-to-date list of all reported suspected Relevant Duties, Relevant Interests and Conflicts, and any reported changes, in the form of **Annexure B**.

5.3 Conflict Avoidance

The starting point is that all Relevant Duties, Relevant Interests and Conflicts should be reported and avoided.

A Responsible Person or Employee who has reported a Relevant Duty, Relevant Interest or Conflict with respect to a Provider should not accept any gift or other benefit from that Provider.

If a Conflict cannot be avoided, it must be managed in accordance with this Policy.

5.4 Conflict Management

At all Board meetings it will be a standing agenda item to consider the Conflict Officer's list in the form of **Annexure B** and whether any items in the list should be included in the Registers.

At all Board meetings it will be a further standing agenda item to consider each item in the Registers, including whether:

1. the item gives rise to a Conflict;
2. the Conflict (if any) can be managed in accordance with the Duties;
3. actions taken in relation to the item or Conflict have been adequate and appropriate; and
4. further action is required in relation to the item or Conflict, such as:
 - a. making specific arrangements for monitoring and managing the item or Conflict;
 - b. a person being excluded from meetings, discussions, processes or decisions;
 - c. a person divesting themselves of a Relevant Interest or Relevant Duty;
 - d. a person returning or donating a gift or other benefit;
 - e. a person resigning from some or all of their roles, responsibilities or duties;

- f. a person undertaking training or being subject to additional supervision;
- g. requiring a review or change to an arrangement with a Provider;
- h. making disclosures to a regulatory authority, the public and/or Beneficiaries;
- i. seeking professional advice or expert opinion; and/or
- j. any other action that is considered appropriate in the circumstances.

The Minutes of Meeting of the Board will record all considerations and resolutions in relation to the above standing agenda items, and the Registers will be updated accordingly.

Minutes will be retained for at least seven years, or longer if considered appropriate.

5.5 Conflict Disclosure

Disclosure is an integral part of managing Conflicts.

The Board is responsible for ensuring that Beneficiaries are adequately informed about any material Conflicts that may affect, or appear to affect, the Trustee's ability to properly discharge its duties to Beneficiaries.

Disclosure will be considered adequate if it is timely and prominent, and provides enough detail in a clear, concise and effective form to allow Beneficiaries to make an informed decision about how the Conflict may impact their rights, interests and entitlements.

The fundamental aim of disclosure is to promote honesty, fairness and transparency in the performance of the Trustee's Activities.

Employees and Responsible Persons are encouraged to adopt the mindset when contemplating the existence, circumstances and reporting of Relevant Duties, Relevant Interests and Conflicts.

Where a Conflict is disclosed the ongoing management of the Conflict may require one or more Responsible Persons or Employees to be excluded from future involvement in associated decision making.

6. Registers

The Board is responsible for maintaining:

1. a "Relevant Duties Register" in the form of **Annexure C**; and
2. a "Relevant Interests Register" in the form of **Annexure D**.

The Registers must contain a useful description of all "relevant duties" and "relevant interests" as defined in APRA Prudential Standard SPS 521.

The Registers must be complete and up-to-date at all times.

7. Roles & Responsibilities

The Board is responsible for maintaining a "Conflicts Management - Roles & Responsibilities Register" in the form of **Annexure E**, which must clearly define the roles, responsibilities and resources for the oversight of conflicts management within the Trustee's Activities.

8. Review

The CMF must be appropriate to the size, business mix and complexity of the Trustee's Activities, and must provide reasonable assurance that all conflicts are being clearly identified, avoided or prudently managed.

Accordingly, the appropriateness, effectiveness and adequacy of the CMF must be subject to:

1. review on at least an annual basis; and
2. comprehensive review at least every three years in accordance with APRA Prudential Standard SPS 521.

Each review and its results must be approved by the Board.