



Conflicts Management Framework

LGIAsuper Trustee

ABN 94 085 088 484

RSE Licence No. L0000178

as trustee for

LGIAsuper

ABN 23 053 121 564

RSE Registration No. R1000160

1 PURPOSE

- 1.1 The objective of this framework is to enable LGIAsuper Trustee (the Trustee) to properly manage conflicts of interest that may arise in its capacity as trustee of LGIAsuper (the Fund).

2 SCOPE

- 2.1 The Framework applies to all Directors, Special Advisers, Responsible Persons and Employees (including Representatives) of LGIAsuper.

3 FRAMEWORK PRINCIPLES

- 3.1 The Trustee holds a registrable superannuation entity licence (RSE Licence) and is subject to the requirements of the Superannuation Industry (Supervision) Act (SIS Act) 1993 and APRA's Prudential Standards (SPS). As trustee of the fund, the Trustee has a fiduciary relationship with all members with a beneficial interest in the Fund. These may include current members, pensioners, reversionary beneficiaries, spouses (or ex-spouses where there is a family law split), and potential beneficiaries of a death or insurance benefit under the Fund's Trust Deed.
- 3.2 The Trustee has an overarching obligation to act in the best interests of all members of the Fund and to put the interests and duties of members first. These obligations are reflected within the covenants within the SIS Act.
- 3.3 Under Prudential Standard SPS 521 - Conflicts of Interest (the Standard), the Trustee must approve a conflicts management framework to ensure it identifies and takes all reasonably practicable actions to avoid, or prudently manage, all potential and actual conflicts in its operations. The key requirements of the Standard include that an RSE licensee must:
- develop, implement and review a conflicts management framework that is approved by the Trustee;
 - identify all relevant duties and relevant interests, and
 - develop registers of relevant duties and relevant interests.

4 WHAT IS A CONFLICT?

- 4.1 Conflicts can be of two main types, relating to conflicting interests and conflicting duties.
- (i) A conflict of interest arises when the personal interest of the Trustee (or its Directors, other Responsible Persons and employees) diverges or may diverge from those of the members of the Fund.
 - (ii) A conflict of duty arises when a decision maker (such as a trustee) has competing responsibilities where they owe a duty to another party which diverges or may diverge from the duty owed to the members of the Fund.
- 4.2 Whether relating to interests or duties, conflicts may be actual, potential or perceived / apparent. Actual conflicts are those that already exist. Potential conflicts are those

that may arise in the future. Perceived or apparent conflicts are those where it may appear to others there is a conflict but where there is no actual conflict.

- 4.3 Interests include both pecuniary and non-pecuniary interests. Non-pecuniary conflicts of interest are just as important as pecuniary interests.
- 4.4 Examples of potential conflicts of interests and duties are provided in the Conflicts Management Policy tabled at Appendix B.

5 WHY DO CONFLICTS MATTER?

- 5.1 Conflicts can improperly influence and therefore interfere with the integrity of decision-making, impacting the prioritising of interests of LGIAsuper members. Poor decisions made due to conflict-related issues can negatively impact the reputation of the Trustees and the Fund with fund members and stakeholders. Accordingly, it is vital conflicts are managed in an honest, transparent and fair manner.

6 RELEVANT INTERESTS AND RELEVANT DUTIES

- 6.1 All identified conflicts should be noted on the LGIAsuper Conflicts Register. However particular types of conflicts must by law be recorded, assessed and potentially disclosed to regulators and members.
- 6.2 Certain conflicts – those of ‘relevant interest’ and ‘relevant duty’ are required by law to be identified and recorded in the Relevant Interests and Relevant Duties Register. They must then be disclosed in accordance with legislative requirements. This may include disclosure on LGIAsuper’s public website and on request, provided to APRA.
- 6.3 A ‘relevant interest’ means any interest, gift, emolument (payment) or benefit, whether pecuniary or non-pecuniary, that is held or received by the Trustee, an Associate of the Trustee or a Responsible Person and may conflict with the interests of Fund beneficiaries. An Associate for the purposes of this Framework means a person who has a close family, personal, business or social connection to, or involvement with, a Responsible Person.
- 6.4 A ‘relevant duty’ means any duty owed to another person that may conflict with the duty owed by the Trustee or a Responsible Person to the Fund members and beneficiaries.
- 6.5 To assist LGIAsuper Responsible Persons in the identification of Relevant Duties and Relevant Interests, LGIAsuper Group uses the examples and materiality thresholds contained in the Conflicts Management Policy at Appendix B as a guide to assist in the identification of items requiring disclosures in those Registers.
- 6.6 Where a relevant interest or duty is identified, it must be assessed for materiality according to the Conflicts Management Policy. If deemed material, it must be recorded on the Relevant Interests and Relevant Duties Register.
- 6.7 The Trustee will from time to time set guidelines within the Framework to be applied in determining whether relevant interests or duties are to be considered as material. In determining these thresholds, the Trustee will consider whether a relevant interest or duty of a certain nature, dollar amount or percentage is likely to influence (or appear to influence) the affected person’s ability to exercise independent judgment or to perform their duties in the interests of the Fund’s members and beneficiaries.

- 6.8 Irrespective of the monetary value of a particular interest, the key test is whether it is possible the interest could (or could appear to) influence the affected person's ability to exercise independent judgement or to perform their duties in the interests of members and beneficiaries of the fund. Accordingly interests of any value are required to be declared even if they are not ultimately considered to be material for the purposes of recording on the relevant registers.

7 IDENTIFYING CONFLICTS

- 7.1 In order to appropriately identify, manage and monitor conflicts of relevant interests and duties, the Trustee takes a proactive and coordinated approach. Disclosure of potential conflicts are required by Trustees, Responsible Persons and employees on their appointment and on an ongoing basis. In the management of the Fund, Responsible Persons actively consider conflicts in their dealings with service providers, entities and stakeholders, employ appropriate controls and implement mitigating actions.
- 7.2 Ongoing disclosure is required by Responsible Persons in the areas of fiduciary responsibility, fund memberships, personal investments, employment, commercial arrangements, relationships and associations with relevant service providers or entities. Responsible Persons and employees must adhere to related policies such as the LGIAsuper Gifts, Benefits and Hospitality Policy which prohibits the acceptance of certain gifts, benefits, entertainment or inducements which may affect impartiality or influence decision making. Various strategies are used to appropriately manage potential conflicts of interest and to ensure in circumstances where a conflict cannot be avoided, the conflict is resolved in favour of the Fund's members and beneficiaries.

8 INDIVIDUAL CONFLICTS

- 8.1 On consideration of, and upon appointment, each Director and other Responsible Person is required to disclose potential conflicts of interest and duty. This includes the nomination or appointment of additional roles or responsibilities. Pursuant to this Framework, a statement of interests and duties is also required on a quarterly basis. For Directors, their statement of interests and duties is referred to the Company Secretary and tabled at the following Board meeting. In addition, Directors and other Responsible Persons are required to complete an annual declaration disclosing and confirming all interests and duties.

9 OPERATIONAL CONFLICTS

- 9.1 Any significant projects or changes to business operations or resourcing require consideration of potential operational conflicts of interest or duties that may affect the Trustee and the Fund. This includes consideration of new business initiatives, remuneration and reward arrangements.

10 SERVICE PROVIDER CONFLICTS

- 10.1 Before the selection and appointment of a new material service provider, a notice will be circulated to all relevant Responsible Persons, Executives and employees seeking

a declaration of any relationships or potential conflicts with respect to the proposed service provider. The identification of potential conflicts between the Trustee, the Fund, and or service provider should be reviewed at least on an annual basis. This may include potential or actual conflicts between related parties, subsidiaries or associated entities.

11 EMERGING CONFLICTS

- 11.1 Each Director, Responsible Person and employee must be vigilant in ensuring that all conflicts are identified in accordance with this Framework. On an ongoing basis, they must identify and notify the Company Secretary of any new conflicts that may affect them personally. Any conflicts, whether personal or in relation to the Trustee's business operation or the Fund, should be raised as and when they arise and as soon as the person becomes aware of them.

12 CONFLICTS AT MEETINGS

- 12.1 As a standing agenda item, Directors and other Responsible Persons must also declare any specific conflict relating to a matter to be considered at a Board or Board Committee meeting for recording in the minutes and, if it is a relevant interest or duty, for assessment, registering and management in accordance with this Framework. Where possible, the potential conflict should be raised before the meeting so that an appropriate strategy to manage the conflict can be considered.

13 STRATEGIES FOR MANAGING CONFLICTS

- 13.1 LGIAsuper has developed tools including registers, policies and internal procedures to assist in the identification, management and monitoring of conflicts that might arise in the course of business. Strategies to manage identified conflicts include disclosure, control monitoring and avoidance. The selected strategy should be documented including any treatment plans or controls put in place to reduce the risk that the conflict compromises the quality or integrity of decision making and carrying out of duties on behalf of the Fund's members.
- 13.2 Whilst some conflicts may be inherent (eg such as between related entities) many conflicts of interest can be avoided or adequately managed. It is recommended that, where possible, Directors, other Responsible Persons and employees avoid placing themselves in situations where conflicts of interest of duty may result.

14 COMPONENTS OF THE CONFLICTS MANAGEMENT FRAMEWORK

- 14.1 LGIAsuper's Conflicts Management Framework refers to the totality of structures, systems, policies, processes and controls within the Trustee's business operations that identify, assess, manage, mitigate and monitor conflicts.
- 14.2 The following diagram describes the key components of the Conflicts Management Framework. The Framework (with all relevant supporting information) is available on the LGIAsuper intranet.

Conflicts Management Framework



Component	Overview
A. Conflicts Management Framework	The Conflicts Management Framework summarises the framework, outlines types of conflicts and key roles and responsibilities.
B. Related Policies	<p>The Conflicts Management Policy sets out the requirements of the Trustee in relation to identifying, managing and avoiding conflicts of interest and duty in respect to the Fund and its members. Other related policies and guidelines include:</p> <ul style="list-style-type: none">• Gifts Benefits and Hospitality Guidelines• Code of Conduct• Insider Trading Policy and• Whistleblower Policy <p>All these documents should be considered together. The LGIAsuper Compliance Framework provides the mechanism by which compliance with this framework and related policies is monitored and reported.</p>
C. Registers	LGIAsuper Conflicts Registers including the Relevant Interests and Duties and Gifts and Hospitality Registers.
D. Toolkit	LGIAsuper Conflicts Management Toolkit which contains procedures, examples, checklists, forms and templates.
E. Training	LGIAsuper Responsible Persons, Responsible Manager and employee conflicts of interest training.

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15 ROLES AND RESPONSIBILITIES

Role	Accountability and Responsibility
Employees, Representatives contractors and external parties	Identify and disclose (in writing) conflicts that may affect them including potential, actual and perceived conflicts Comply with the Framework
Conflicts Investigation Committee	Comprises of the Chair of the People and Culture Committee, the Company Secretary and CRO Responsible for coordinating the response to conflicts management issues
Company Secretary	Oversight and overall responsibility for the LGIAsuper Relevant Interests and Relevant Duties Register and LGIAsuper Conflicts Register
Chief Risk Officer	Oversight of the risk and compliance functions relating to the Conflicts Management Framework including: <ul style="list-style-type: none"> • monitoring and reporting on compliance with the Framework; and • consider breaches, disclosures and complaints in respect to the Framework Considering and recommending to the Trustee effective organisational arrangements and measures for managing conflicts (including any amendments to ensure the adequacy of this framework) in conjunction with the Company Secretary
Executive/ Responsible Persons	Responsibility to: <ul style="list-style-type: none"> • identify and disclose conflicts that may affect them; and • comply with the Framework
RSE Auditor RSE Actuary	Annual declaration of any interests they hold or duties they are contracted to perform with other clients or associated parties which may conflict with the duties and responsibilities they undertake with LGIAsuper
People and Culture Committee	Review of the Framework annually Responsible for monitoring compliance with the Framework Responsible for facilitating the comprehensive independent review of the Framework every three years
Board	Ownership of the Framework Responsible for approving the Framework and any recommended amendments Ensuring all Responsible Persons and employees understand the need to identify all potential conflicts, the circumstances that might give rise to a conflict, the content and purpose of the Framework and their obligations under the Framework

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16 APPROVAL AND REVIEW DETAILS

Approval and Review	Details
Policy Version Number	1.5
Approval Authority	Board of Directors
Committee to Approval Authority	People and Culture Committee
Administrator	General Counsel and Company Secretary
Approval Date	Thursday, 6 February 2020
Next Review Date	Annually (next review: 8 February 2021)

17 COMPREHENSIVE REVIEW

- 17.1 In addition to the annual review, this Framework will be comprehensively reviewed for appropriateness, effectiveness and adequacy by an operationally independent and competent persons at least every three years. Subject to meeting these requirements, the review will normally be conducted by Internal Audit.
- 17.2 The Comprehensive review will include, at a minimum, an assessment of the following:
- (i) whether all relevant duties and relevant interests have been identified and addressed in accordance with this framework
 - (ii) the level of compliance with this framework including reporting on the registers of relevant interests and relevant duties and
 - (iii) any non-compliance with this framework including steps taken to restore and improve ongoing compliance.
- 17.3 The comprehensive review must have regard to the size, mix and complexity of LGIAsuper's business operations, the extent of any change to these operations and any changes to the external environment in which the Fund operates.
- 17.4 The results of this review will be reported to the People and Culture Committee including compliance with the Framework, Policy and any findings.

18 RELATED LEGISLATION AND DOCUMENTS

- 18.1 Related legislation
- Corporations Act 2001 and Regulations
 - Superannuation Industry (Supervision) Act 1993 and Regulations
 - Prudential Standard SPS 521 – Conflicts of Interest
 - Prudential Practice Guide SPG 521 – Conflicts of Interest
 - Prudential Standard SPS 510 – Governance
 - ASIC Regulatory Guide 181 Licensing: Managing conflicts of interest

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18.2 Related LGIAsuper Policies

- Board Charter
- Code of Conduct
- Risk Management Strategy
- Compliance Management Strategy
- Corporate Governance Statement
- Fit and Proper Policy
- Conflicts Management Policy
- Gifts Benefits and Hospitality Policy
- Insider Trading Policy
- Whistleblower Policy

19 LIST OF APPENDICES

- Appendix A Implementing the Framework
- Appendix B Conflicts Management Policy

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APPENDIX A IMPLEMENTING THE FRAMEWORK

TRAINING

- A.1 To ensure the objective of this Framework is met, training on conflicts management will be provided to all Responsible Persons, employees and representatives. It is envisaged this will occur both at induction and on an annual basis.

RECORD KEEPING

- A.2 Adequate records of identified conflicts, Registers and approved conflict management arrangements and treatment plans must be maintained.

REPORTING

- A.3 Reporting must be provided to the People and Culture Committee on an annual basis in respect to the adequacy and effectiveness of operation of the Conflicts Management Framework.

MONITORING

- A.4 Compliance with this Framework will be monitored through the LGIAsuper Compliance Framework.

BREACHES, WHISTLEBLOWER DISCLOSURES AND COMPLAINTS

- A.5 Responsible Persons and employees must report any breaches of the Framework or the approved conflicts management arrangements or treatments directly to the Company Secretary or CRO.
- A.6 The Whistleblower Policy provides a mechanism for raising of conflict of interest concerns in circumstances where usual management channels do not appear comfortable or appropriate for the discloser.
- A.7 The Company Secretary and CRO will inform the People and Culture Committee of any complaints that raise issues about the adequacy of the Conflicts Management Framework. If necessary, the Conflicts Investigations Committee (in conjunction with the Company Secretary and CRO) will review all breaches and complaints and make recommendations for further action that should be undertaken by LGIAsuper. This may include:
- additional or targeted training
 - strengthening of conflicts management processes or measures; and/or
 - reporting of notifiable breaches to regulators in accordance with the Trustees breach reporting procedures
- A.8 Disciplinary action for serious breaches of the Framework as appropriate.

CONNECTION WITH FIT AND PROPER POLICY

- A.9 The Trustee will have regard to whether an individual continue to meet the propriety limb of the standard, where a Responsible Person has:

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- (i) failed to disclose a conflict of interest;
- (ii) inappropriately failed to disqualify themselves because of a conflict;
- (iii) inappropriately participated in deliberations relating to a matter in which they had a conflict;
- (iv) is aware that another Responsible Person is acting under a conflict however failed to disclose the existence of the conflict; or
- (v) acted in their own interests, or those of a related party, family member or employer in preference to the interests of the beneficiaries/members.

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APPENDIX B CONFLICTS MANAGEMENT POLICY