



## Conflicts Management Policy

LGIAsuper Trustee

ABN 94 085 088 484

RSE Licence No. L0000178

as trustee for

LGIAsuper

ABN 23 053 121 564

RSE Registration No. R1000160

# Conflicts Management Policy

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## **1 PURPOSE**

- 1.1 The LGIAsuper Trustee (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). The Trustee has a fiduciary relationship with the members of the LGIAsuper Fund (the Fund). As such it has an overarching obligation to act in the best interests of 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.
- 1.2 Under Prudential Standard SPS 521 – Conflicts of Interest, the Trustee must establish a conflicts management framework. This Policy forms part of the overarching LGIAsuper Conflicts Management Framework. This 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. Members with a beneficial interest in the fund can 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 rules.
- 1.3 The purpose of this Policy is to ensure the Trustee, Responsible Persons and Employees (including Representatives) take all reasonably practicable actions to avoid, or where unavoidable, manage all potential and actual conflicts pertaining to the Fund and its operations. This policy requires the Trustee, Responsible Persons and Employees to give priority to the duty to, and the interests of the members of the Fund over the duties to, and interests of other persons.

## **2 SCOPE**

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

## **3 POLICY PRINCIPLES**

- 3.1 The Trustee is committed to ensuring:
  - full transparency where any potential conflict does arise, and that decisions of the Trustee are made, and are seen to be made, without being unduly influenced or affected by any such conflict;
  - In circumstances where a conflict cannot be avoided, it must be resolved in favour of the Fund's members and beneficiaries and;
  - the promotion of an open and transparent conflicts management culture within the Trustee's operations, its employees and amongst Directors.

## **4 WHAT IS A CONFLICT?**

- 4.1 As outlined in the overarching Conflicts Management Framework, conflicts can be of two main types, relating to conflicting interests and conflicting duties.

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- (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.

## 5 RELEVANT INTERESTS AND RELEVANT DUTIES

- 5.1 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.
- 5.2 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.
- 5.3 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 Policy means a person who has a close family, personal, business or social connection to, or involvement with, a Responsible Person.
- 5.4 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.
- 5.5 To assist LGIAsuper Responsible Persons in the identification of Relevant Duties and Relevant Interests, LGIAsuper Group uses the examples and materiality thresholds at Appendix F as a guide to assist in the identification of items requiring disclosures in those Registers.
- 5.6 Where a conflict of interest or duty is identified, it must be documented in the Conflicts Register and assessed as to whether it is a ‘Relevant interest or duty’ – that is, an arrangement or circumstance that may unduly or inappropriately influence the Trustee or Responsible Person’s ability to carry out its duties to the Fund and its members with the degree of independence required.
- 5.7 The Trustee will from time to time set guidelines within this Policy 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.

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- 5.8 At this time LGIAsuper has established a four-stage process table for disclosing a conflict by a Director or Responsible Person (see Appendix C5) and for managing a conflict raised by a Director or Responsible Person see Appendix C6). These tables aim to assist in providing strategies to manage any conflict, such as limiting the contribution and participation by the conflicted Trustee or Responsible Person in respect to the conflict.
- 5.9 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 conflict or relevant duty registers.

## 6 IDENTIFICATION OF CONFLICTS

- 6.1 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.
- 6.2 It is a requirement of this Policy that:
- (a) All persons who wish to nominate for positions on the Board shall be provided with a copy of the Conflicts Management Framework and Policy and will submit a declaration form listing all relevant interests and duties with their nomination. The completed declaration will be reviewed by the CRO and reported to the Trustee prior to confirmation of any person joining the Board.
  - (b) On consideration of, and upon appointment, each Responsible Person and Executive disclose potential conflicts of interest and duty by submitting a declaration form listing all relevant interests and duties. This includes the nomination or appointment to additional roles or responsibilities.
  - (c) All employees declare any conflicts of interest prior to accepting employment with the Trustee.
  - (d) On a quarterly basis, a statement of interests and duties to be completed by each Responsible Person and Executive. Statements of interests and duties by Directors must be referred to the Company Secretary and tabled at the following Board meeting.
  - (e) As a standing agenda item in Trustee Board or Board Committee meetings Directors and other Responsible Persons declare any conflict relating to a matter to be considered at that meeting. The matter must be recorded in the minutes and appropriate register in accordance with this Policy. Where possible, the potential conflict should be raised before the meeting so that an appropriate strategy to manage the conflict (such as the conflicted individual being excused from the particular agenda item) can be considered.



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- (f) On an ongoing basis, Directors, Responsible Persons and employees identify and notify the LGIAsuper Conflicts Officer 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 become apparent and as soon as the person becomes aware of them.
  - (g) All Board members and other Responsible Persons complete an annual declaration which discloses:
    - i. Employment, directorships and other remunerated services with any stakeholder of the Trustee. For example, Councils, LGAQ, unions, State Government and their associated bodies;
    - ii. Employment, directorships and other remunerated services with any organisation that has, or is seeking, a business relationship with the Trustee;
    - iii. Any other remunerated position they hold with another organisation, whether as an employee, contractor or director as it could impact their ability to give priority to members' interests;
    - iv. Whether they are a member of LGIAsuper;
    - v. Any other financial or non-financial interests that appear to raise or could foreseeably raise a conflict between the interest and the person's responsibilities to the fund's members including any financial benefit derived from an entity that provides services to the trustee; and
    - vi. The declarations will be entered into the relevant interests and relevant duties register.
- 6.3 In accordance with regulatory requirements, a copy of the Relevant Interests and Relevant Duties Register be disclosed on LGIAsuper's website for the information of members. Upon request, the register must be provided to APRA. To ensure currency, any material changes to the above declarations shall be provided to the Trustee within 30 days of the change occurring.
- 6.4 As a component of managing risks associated with significant organisational change or projects, an assessment be conducted to identify potential new conflicts, possible controls and mitigating actions.

## 7 CONFLICTS MANAGEMENT

- 7.1 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. Strategies selected to address conflicts should be documented and where appropriate, monitored to ensure the strategy selected is being adhered to.

### **Disclosure**

- 7.2 In some circumstances, certain conflicts can be managed through the use of timely, concise, and effective disclosure of the conflict. Disclosure can be provided to

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members through the publishing of information on the Fund's website, or in prescribed disclosure documentation such as the relevant product disclosure statement or member annual statements.

## ***Use of controls***

- 7.3 Some types of conflicts (such as those inherent in group business structures, transactions or provision of services) can be managed effectively through the establishment of treatment plans, arrangements or processes called controls. Once in place and where effective, controls can eliminate or reduce the risk that the conflict compromise the quality or integrity of decision making and carrying out of duties.
- 7.4 Examples of common controls include segregation of duties and authorisations; the establishment of discrete teams and or processes to ensure the separate interests of each party are protected or advanced; use of information barriers to quarantine data and; the appointment of independent experts to advise respective parties.

## ***Avoidance***

- 7.5 Avoidance of a conflict will be necessary when it is not possible to effectively manage the conflict. This means a decision must be made to address the circumstances which give rise to the conflict.
- 7.6 Examples of avoidance of a conflict may be deciding not to proceed with a conflicted transaction or the appointment of a conflicted service provider. It may be appropriate for a person with conflicting roles to abstain from certain discussions or voting, not receive information or papers in respect to certain matters, stand down from selected responsibilities or resign one of the roles to prevent the conflict occurring.
- 7.7 In managing conflicts of interest in respect to the Fund, the interests of and duties to the members of the Fund must take priority.

## **8 ANTI-BRIBERY AND CORRUPTION**

- 8.1 Bribery is a crime. Acts of bribery are designed to influence individuals to act dishonestly in the performance or discharge of their duty. Corruption is the misuse of office or power or influence for private gain. Excessive giving or receiving of gifts could give the appearance of bribery.
- 8.2 For the purpose of this Policy, bribery is the offer, promise, giving, demanding or acceptance of an advantage as an inducement for an action which is illegal, unethical or a breach of trust. Bribes can take on many different shapes and forms, but typically there will be a 'quid pro quo' – meaning that both parties, or a party's designate, will benefit.
- 8.3 The Trustee has zero tolerance for bribery or corruption. Giving a bribe (which may be monetary or non-monetary) is illegal for a person or company in Australia whether the payment / benefit is given in Australia or overseas. It is also an offence to:
  - (i) Attempt to offer a bribe
  - (ii) Help any person to offer a bribe

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- (iii) Get another person to offer a bribe
- (iv) Encourage / urge another person to offer a bribe, and
- (v) Conspire / secretly plan with another person to offer a bribe.

The Trustee will not tolerate, condone or ignore this behaviour.

- 8.4 In addition, the Trustee does not support the offering, giving, soliciting or receiving of facilitation payments whether directly or indirectly. Facilitation payments are small payments that are made to secure or speed up a routine government action (e.g. the issue of a permit or license) which the official would normally undertake. They are not made to win or retain business.
- 8.5 Everyone must:
- (i) use reasonable diligence and care to ensure that the Trustee does not inadvertently support transactions involving bribery, and
  - (ii) immediately bring any evidence or reasonable suspicion of bribery or facilitation payments to the attention of the CEO.

## 9 ROLES AND RESPONSIBILITIES

Role	Accountability and Responsibility
<b>Employees, Representatives contractors and external parties</b>	Identify and disclose (in writing) conflicts that may affect them including potential, actual and perceived conflicts Comply with the Policy Adhere to all guidance, controls and procedures that form part of this Policy Complete attestations of compliance as required
<b>Conflicts Investigation Committee</b>	Comprises of the Chair of the People and Culture Committee, the Company Secretary and CRO Responsible for coordinating the response to conflicts management issues following identification of an issue Acts as subject matter expert and liaison for the business in respect to conflicts management matters
<b>Executive/ Responsible Persons</b>	Responsibility to: <ul style="list-style-type: none"><li>• identify and disclose conflicts that may affect them</li><li>• comply with the Policy; and</li></ul> complete attestations of compliance as appropriate
<b>Company Secretary</b>	Oversight and overall responsibility for the LGIAsuper Relevant Interests and Relevant Duties Register and LGIAsuper Conflicts Register Review the LGIAsuper Conflicts Register and decide which matters require elevation to the LGIAsuper Relevant Interests and Relevant Duties Register Ensure Board and Committee agendas provide for opportunity for Responsible Persons to identify possible conflicts and update disclosures



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Role	Accountability and Responsibility
	<p>Ensure minutes of meetings of Boards and Committees adequately records conflicts and strategies/treatment plans agreed during Board and Committee meetings</p> <p>Maintain the LGIAsuper Relevant Interests and Relevant Duties Register</p> <p>Ensure all Responsible Person declarations are sought and received within appropriate timeframes</p> <p>Ensure all disclosed conflicts and completed declarations are reviewed and added to the LGIAsuper Relevant Interests and Relevant Duties Register as appropriate.</p> <p>Obtain declaration of interests from RSE auditor and actuary</p> <p>Coordinate annual review of the Policy</p>
<b>Chief Risk Officer</b>	<p>Oversight of the risk and compliance functions relating to this including:</p> <ul style="list-style-type: none"> <li>• monitoring and reporting on compliance with this Policy; and</li> <li>• consider breaches, disclosures and complaints in respect of this Policy</li> </ul> <p>Considering and recommending to the Trustee effective organisational arrangements and measures for managing conflicts (including any amendments to ensure the adequacy of this Policy) in conjunction with the Company Secretary</p>
<b>RSE Auditor RSE Actuary</b>	<p>SPS 520 <i>Fit and Proper</i> includes in the definition of responsible person the RSE auditor (see s.10(1) of SIS – external auditor) and the RSE actuary appointed under SIS</p> <p>Before appointment – Provision of declaration to LGIAsuper 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 will undertake to LGIAsuper</p> <p>Attestation of membership of relevant professional bodies and compliance with the requisite standards of professional conduct as appointed service provider</p> <p>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</p>
<b>People and Culture Committee</b>	<p>Review of the Policy annually</p> <p>Responsible for facilitating the comprehensive independent review of the Policy every three years</p> <p>Ensure suitable appointment procedures are in place that appropriately facilitates conflict of interest disclosures</p> <p>Considering the effectiveness of the Conflicts Management Policy in managing potential conflicts of interest and duty</p>
<b>Board</b>	<p>Ownership of the Policy</p> <p>Responsible for approving the Policy and any recommended amendments</p> <p>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 Policy and their obligations under the Policy</p>

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## 10 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)

## 11 REVIEW

- 11.1 This policy will be reviewed and monitored in line with LGIAsuper's policy register to ensure ongoing alignment with relevant legislation, regulation and organisational strategy and practice, in line with relevant authority or delegated authority.
- 11.2 This policy requires regular reporting to the LGIAsuper Board and People and Culture Committee.
- 11.3 This policy is subject to LGIAsuper's assurance process, including internal and external audit.
- 11.4 Exceptions to this policy must be approved by an LGIAsuper Executive.
- 11.5 Breaches of this policy will be addressed under LGIAsuper's Our Way of Work, refer to Policies and Guidelines section

## 12 RELATED LEGISLATION AND DOCUMENTS

### 12.1 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

### 12.2 Related LGIAsuper Policies

- Board Charter
- Code of Conduct
- Risk Management Strategy

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- Compliance Management Strategy
- Corporate Governance Statement
- Fit and Proper Policy
- Gifts Benefits and Hospitality Guidelines
- Insider Trading Policy
- Whistleblower Policy

## **13 LIST OF APPENDICES**

- Appendix A Examples of Potential Conflicts
- Appendix B Gifts, Benefits and Hospitality Guidelines
- Appendix C Supporting Procedures
- Appendix D Relevant Duties and Relevant Interests and Materiality thresholds

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## APPENDIX A EXAMPLES OF POTENTIAL CONFLICTS

Situation	Potential Conflict	Example	Action you should take
<b>You have been offered a position on the Board of another super fund (excluding SMSFs).</b>	As a Board member you will have responsibilities to the other fund which may conflict with your responsibilities to LGIAsuper and its members.	The other fund will require you to be part of decisions about their strategy and operations which you could not fairly participate in without your knowledge of, and responsibilities to, LGIAsuper influencing your decisions.	<p>You should not accept the position on the other fund Board. Speak to the Chair and Company Secretary if you are unsure about an offer.</p> <p>Any other directorships must be disclosed to the Company Secretary and Board.</p>
<b>You have been offered a position on the Board of Another organisation.</b>	Your private interests may interfere with your responsibilities to LGIAsuper.	The organisation has no association with LGIAsuper and your role is to help make decisions about the day to day operations.	You should let the Company Secretary know – it is unlikely there will be a conflict. However, you should be conscious of situations that could become a real conflict eg the organisation decides to tender for a LGIAsuper project. Any other directorships must be disclosed to the Company Secretary and Board.
<b>Your spouse or an immediate family member works for a vendor tendering to provide services to LGIAsuper.</b>	Your private interests may interfere with your responsibilities to LGIAsuper.	<p>If LGIAsuper selects the vendor your spouse or immediate family member works for, you may benefit privately, particularly from your spouse receiving fees/income.</p> <p>Even if you are not directly involved in making the decision you could put pressure on other LGIAsuper staff as to which vendor to select.</p>	<p>You should declare to the project team/ Executive sponsor running the tender of the potential conflict.</p> <p>You should not be involved in the tender process or making any decisions about which vendor to use. Your position could put pressure on other LGIAsuper staff as to which vendor to select.</p> <p>If you are a director, you should disclose the potential conflict to the Company Secretary and Board.</p>
<b>Your spouse or immediate family member is making a TPD claim with LGIAsuper</b>	Your private interests may interfere with your responsibilities to LGIAsuper	If the claim is paid you would benefit privately from your spouse or immediate family member receiving the payment.	<p>You should let the Insurance team know that your spouse is making a claim.</p> <p>You should let your team leader or Executive know and ensure that you do not discuss with other staff,</p>

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Situation	Potential Conflict	Example	Action you should take
		Even if you are not in the Insurance team you could put pressure on other staff to make a decision in your spouse or immediate family member's favour without considering all the facts.	and are not involved in performing, any tasks or jobs involving your spouse or immediate family member's account or claim.  If you are a Director, you should disclose the potential conflict to the Company Secretary and the Board.
<b>You get offered a trip worth approx \$1,500 from a third-party vendor who is currently provides services to LGIAsuper</b>	Your private interests may interfere with your responsibilities to LGIAsuper	You should avoid accepting any gift from an organisation that provides products or services to the LGIAsuper (such as investment management services or insurance) where the gift could influence or would reasonably be regarded as influencing a decision of the LGIAsuper to use or continue to use the products and services of the organisation.	You need to seek approval from the Chair of the People and Culture Committee and CEO first of the situation. If approved, the trip will also need to be disclosed on LGIAsuper public gifts register.

- A.1 The most common examples will be where a Director / Responsible Person, or a member of their immediate family:
- (a) has a financial interest in an entity with which LGIAsuper proposes to transact, or with a related entity;
  - (b) holds a directorship or remunerated position in any entity which will be either specifically advantaged or specifically disadvantaged by any decision made by LGIAsuper; or
  - (c) has a family, work-based or other close personal relationship with a member in respect of whom a specific benefit payment decision is to be made.



## APPENDIX B GIFTS, BENEFITS AND HOSPITALITY GUIDELINES

- B.1 LGIAsuper promotes a culture where Directors, employees, contractors and representatives acting on behalf of LGIAsuper act with integrity and honesty at all time and do not accept inappropriately expensive or unsuitable gifts.
- B.2 The general principles to be followed all Responsible Persons and employees who receive a gift are as follows:
- Cash or cash equivalent gifts must never be accepted;
  - All Responsible Persons and Employees, including Special Advisers, contractors and experts, must comply with this Policy in respect of gifts received that relate to, or could be perceived to relate to, their role within the LGIAsuper;
  - Gifts with an actual or estimated value at \$400 or more must be approved before acceptance (except where it is impractical to do so – see guidelines below) and included on the Register;
  - Gifts with an actual or estimated value below \$400 do not have to be reported on the internal Register, however consideration should be given to the guidelines below to determine the appropriateness of accepting such a gift;
  - Failure to disclose a gift or other non-monetary benefit in accordance with this Policy may result in disciplinary action if it creates the perception that a LGIAsuper Responsible Persons or employees, or that LGIAsuper as a business entity, has provided an individual or organisation with favourable treatment.

### *Process for Disclosure and Approval of Gifts*

- B.3 Before accepting a gift or other non-monetary benefit valued at or over \$400, the recipient must first:
1. Inform their Executive or manager of the receipt of the gift (where an employee); and
  2. Email the Company Secretary with details of the gift including date received, approximate value and donor.
- B.4 In estimating the dollar value of any gift, benefit or hospitality, a person should use their best judgment. Gifts from the same provider will be tracked during the year, and an individual should not accept more than \$1,000 worth of gifts from a single source in one year.
- B.5 Gifts offered above this limit, even if less than \$400, need to be approved before accepting.
- B.6 The Chief Risk Officer or Company Secretary will determine whether the gift can be accepted and whether it is a Relevant Interest.
- B.7 If a gift is over \$1,000 pre-approval also needs to be given by the relevant Executive, CEO and the Chair of the People and Culture Committee. The relevant person must seek this approval in writing via email from the Chair of the People and Culture Committee and the CEO.

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- B.8 All gifts received by Responsible Persons with a value of \$400 or more will automatically be deemed to be relevant and require disclosure on the internal register.
- B.9 Any offers of gifts or hospitality must be refused where the:
- gift or hospitality is made by an organisation which, at the time of the offer, was engaged in, or preparing to engage in, negotiations for the provision of products or services to LGIAsuper and /or its members or participating employers; or
  - offer of a gift or hospitality is made by an organisation on the condition that the officer act in a manner or provide influence in a manner which would benefit the organisation.

## Guidelines

What is a gift	What is not a gift
<ul style="list-style-type: none"> <li>• Promotional/marketing materials, sporting goods, clothing;</li> <li>• Wine and/or food hampers;</li> <li>• Technology devices and accessories, such as tablets, phones; headphones;</li> <li>• Meals, drinks, invitations to hosted hospitality events;</li> <li>• Tickets to sporting events, theatre shows or comparable entertainment events;</li> <li>• Travel costs and accommodation not included in an existing contractual agreement (see also What is not a gift? and Guidelines below); and</li> <li>• Other non-monetary benefits such as attendance at conferences, access to travel lounges. See the Guidelines below to determine if it is appropriate to accept a gift.</li> </ul>	<ul style="list-style-type: none"> <li>• Travel costs, including international travel, accommodation and/or event/forum attendance would not be considered a gift if the costs have been agreed upon and form part of the overall contractual arrangement with the third party. For example, included in the contract of service, an Investment Management Agreement etc;</li> <li>• The cost of attendance at an event or forum as a speaker or panel member would not be considered a gift for the purposes of this Policy;</li> <li>• Prizes won at conferences or events are generally not considered to be gifts requiring pre-approval under this Policy, however it is expected for transparency that they would be reported to the Company Secretary to be recorded in the gifts register if they are over \$400;</li> <li>• Prizes won or purchased at a conference or event in a personal capacity outside of a person's employment with LGIAsuper would not be expected to be reported to LGIAsuper;</li> <li>• Gifts received in a personal capacity outside of a person's employment with LGIAsuper would not be expected to be reported to LGIAsuper; and</li> </ul>

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What is a gift	What is not a gift
	<ul style="list-style-type: none"> <li>Acceptance of a casual meal and/or beverage (such as at a coffee shop) from a colleague or business partner would not be considered a gift and does not need to be reported.</li> </ul>

- B.10 LGIAsuper staff should avoid accepting any gift from an organisation that provides products or services to the LGIAsuper (such as investment management services or insurance) where the gift could influence or would reasonably be regarded as influencing a decision of the LGIAsuper to use or continue to use the products and services of the organisation.
- B.11 If the LGIAsuper has issued a tender for the products or services in question then no gifts should be accepted from the tenderers or likely tenderers from the time the tender is issued until the relevant contracts for the products and services have been finalised.

Question	Things to consider
<b>When deciding on whether to accept a gift or not, the following should be considered:</b>	<ul style="list-style-type: none"> <li>What is the purpose of the gift?</li> <li>Is it to recognise and/or provide business relationship development? Or is it to influence a decision such as vendor selection?</li> <li>What would an objective outsider think?</li> <li>Would they consider receipt of the gift by a member of the LGIAsuper appropriate?</li> <li>Would acceptance of the gift subject any member of the LGIAsuper to reputational risk or reproach if it was publicly disclosed?</li> <li>Is the gift and/or its value suitable in light of the nature of the relationship?</li> <li>How frequently are gifts offered by the donor?</li> <li>What is the total value of all gifts offered by the donor during the year?</li> <li>What is the impact of the gift on building positive relationships?</li> </ul>
<b>Are travel and accommodation costs an acceptable gift?</b>	As a general rule, travel costs, including flights and accommodation, which have not been accounted for as part of the overall contractual relationship will not be considered an acceptable gift.

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Question	Things to consider
<b>Are sporting and entertainment tickets acceptable gifts?</b>	<p>When considering whether tickets to sporting and entertainment events are appropriate to accept, consideration should also be given to:</p> <ul style="list-style-type: none"> <li>• Whether or not there will be representatives from the gift giving company attending – is this a networking opportunity? Or simply tickets to an event with no networking/business benefit associated?</li> <li>• The frequency with which the tickets are provided; and</li> <li>• The value of the tickets in light of the nature of the relationship and costs of the services provided.</li> </ul>
<b>Are thank you gifts acceptable?</b>	<p>Where a gift is provided as a token of appreciation (such as to a guest speaker), the value and nature of the gift can help determine whether it should be accepted.</p>
<b>What if it is not practical to get pre-approval of a gift?</b>	<p>If a gift or entertainment is offered in a situation where it is not practical to obtain pre-approval, such as a dinner or networking drinks event following a conference, it is expected that the recipient would consider the appropriateness of accepting the gift in line with the established Guidelines. If accepted, then the gift should be reported to the Company Secretary as soon as possible afterwards.</p>
<b>What happens if a gift is not acceptable?</b>	<p>If a person does not feel comfortable accepting a gift, it should be declined on the basis that it does not meet the requirements of this Policy. If the gift would not be deemed acceptable but has already been provided and is unable to be returned, especially in circumstances where the gift is over \$400 in value.</p> <p>The Risk, Legal and Compliance team should be contacted and appropriate steps determined. This may include passing the gift on to charity, dividing the gift amongst staff (e.g. a food hamper) or raffled amongst staff and the money passed on to charity.</p>

## MATERIALITY FOR DISCLOSURE IN THE REGISTERS OF RELEVANT DUTIES AND RELEVANT INTERESTS

- B.12 For the purposes of disclosing a Relevant Duty or Relevant Interest in the Register of Relevant Duties and the Register of Relevant Interests, the Trustee has assessed and determined materiality thresholds for a number of particular kinds of Relevant Duties and Relevant Interests.
- B.13 The materiality thresholds for determining Relevant Duties and Relevant Interests are detailed at Appendix F. For any other Relevant Duties and Relevant Interests that arise but have not been identified in Appendix F, the Trustee through the Company Secretary will assess and determine materiality based on criteria suited to the nature of the duty or interest. In determining materiality thresholds, the Trustee has considered characteristics that might reasonably have the potential to have a significant impact on the capacity of the Trustee, an associate of the Trustee or the Responsible Person of the Trustee holding the Relevant Duty or Relevant Interest to act in a manner that is either consistent or inconsistent with the best interests of beneficiaries/members.

# Conflicts Management Policy

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## RELATED PARTY TRANSACTIONS

- B.14 Any transaction entered into by the LGIAsuper Group involving a related party who is not a LGIAsuper Member, will be on terms and conditions no more favourable to the related party than those which it is reasonably expected would be the case if the benefit directly or indirectly was paid to a third party dealing at arm's-length in the same circumstances and on commercial terms.
- B.15 Before any related party transaction is entered into, LGIAsuper will satisfy itself that the fees to be paid to the related party are approximately equivalent to what would be paid to a third party at arm's-length for the same services (or market rates). Details of all transactions involving a related party will be placed in the Register of Duties and Interests.
- B.16 Where required, details of related party interests and transactions will be reported in the Register of Relevant Interests and Duties and also the annual financial statements as required by the Australian Accounting Standard AASB 124 – Related Party Disclosures. The Trustee will subject material related party arrangements and contracts to the same scrutiny as other service providers, including reviews of performance and fees.

## OUTSOURCING AND SERVICE PROVIDERS

- B.17 Certain conflicts are covered under this Policy. In addition, the Outsourcing Policy requires the conduct of regular and thorough enquiries to identify all conflicts arising from relationships of the Trustee with an existing or prospective service provider or adviser, including those that have the potential to affect the service provider's performance in respect of the obligations undertaken for the Group and its business operations.
- B.18 It is important for decisions to be made and communicated at the appropriate level in LGIAsuper based on an independent and unbiased assessment of those who offer services. To achieve this aim, the following principles have been established by the Board:
- Approaches to offer additional or replacement services should be directed to the appropriate Executive, in his or her absence, to the CEO;
  - Approaches to gain support for a service provider's retention in a particular role should also be directed to the appropriate Executive; and
  - Responsible persons and employees should not participate in a tendering/purchasing process if they have a conflict of duty or interest.

## TRANSACTION MONITORING

- B.19 To ensure robust controls are in place for monitoring payments to service providers, employers and third parties, the Finance team will perform quarterly checks against the Register of Duties and Interests against accounts payable transactions and report any abnormalities to the People and Culture Committee.



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## GUIDANCE ON MULTIPLE FUND DIRECTORSHIPS

- B.20 Any person who indicates in their declaration that they are a trustee, or a director of a corporate trustee, or an employee of a corporate trustee, of another superannuation fund, (other than a self-managed fund providing for the person's own superannuation), will have their declaration submitted to the Board for review. The Board will consider the following in reviewing the declaration:
- (a) The degree of competitive tension between the other fund and LGIAsuper, that is:
    - i. Is the other fund competing in the same market as LGIAsuper for members or other business – e.g. regional Queensland, Brisbane?
    - ii. Is the other fund a public offer fund? If not, what industry segment does it focus on?
  - (b) Would the director feel conflicted in maintaining the confidentiality of each Fund's commercial secrets and IP?
  - (c) Would the potential director provide a Non-Disclosure Agreement to LGIAsuper?
- B.21 The Trustee will determine whether to accept the person's nomination for an LGIAsuper Director position or reject the nomination due to the potential conflict. If the Trustee determines to accept the nomination and appoint the person, a standing conflict disclosure will be made at each Board and Committee meeting. The standing conflict disclosure will continue until the Director leaves the Board or resigns their position on the other fund.
- B.22 For existing Directors, the Trustee will determine whether to:
- (a) Accept the conflict and have a standing conflict disclosure made at each Board meeting until the Director leaves the Board or resigns their position on the other fund, or
  - (b) Reject the conflict and require the Director to either resign their position on the other fund or resign their position on the Board.

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## APPENDIX C SUPPORTING PROCEDURES

### HOW TO DISCLOSE AND MANAGE CONFLICTS

#### *Generally*

- C.1 Prompt and full disclosure is a critical part of this Policy. If a person thinks that they have a conflict of interest, or something that others could reasonably perceive as a conflict of interest, they must report it to their Executive or manager (or the Company Secretary if appropriate).
- C.2 The basic question for each person to pose to themselves is whether they have a personal financial or non-financial interest in the outcome of any transaction proposed to be entered into (being both commercial transactions affecting the Trustee's assets and operations, and decisions regarding LGIAsuper members).

#### *At Meetings*

- C.3 Directors and Responsible Persons are required to disclose any conflict arising in respect of any matter before it is considered in any meeting agenda. In this case, the responsibility for managing a conflict of interest or duty is shared between the person who has declared the conflict and all other Board or Committee members (or in the case of Responsible Persons, other Responsible Persons).
- C.4 The Board and each Committee will have a Conflicts of Interest Agenda item requiring that all Responsible persons and employees advise of any financial or other personal interests or duties which they have in relation to any agenda item for the meeting.

#### *Process of disclosing a conflict by a director or responsible person*

- C.5 The following four stage process should be followed in the event a Director or a Responsible Person identifies a conflict of interest or duty and declares it a Board or Committee meeting:

Stage	Description
1	Director or Responsible Person identifies that they have a conflict of interest or duty
2	The conflicted person notifies the Company Secretary and the Board or Committee of their conflict
3	The remaining Board or Committee members determine the appropriate remedial action
4	The remaining Board or Committee members inform the conflicted member of the outcome.

# Conflicts Management Policy

*Process of managing a conflict raised by a Director/Responsible Person in respect of another person*

- C.6 The following four stage process should be followed in the event that a Director or Responsible Person identifies a conflict of interest or duty in respect of another Director or Responsible Person:

STAGE	DESCRIPTION
1	A Director or Responsible Person identifies a potential conflict in respect of another person and notifies the Company Secretary and the Board or Committee. The affected person is provided an opportunity to respond with their view on the potential conflict
2	The remaining Board or Committee members determine nature of conflict (including whether a conflict in fact exists)
3	If there is a deemed conflict, the remaining Board or Committee members determine the appropriate remedial action
4	The remaining Board or Committee members inform the conflicted member of the outcome

*Next steps when disclosing or managing conflicts*

- C.7 Once a decision is made in respect of the conflict, the Company Secretary must ensure that it is recorded in the appropriate register or meeting minutes as soon as practical including any actions agreed to manage the conflict.
- C.8 Notice will not be required where a standing notice of the nature and extent of the interest has been given and the notice remains effective (noted in the register and minutes). A standing notice ceases to have effect if the nature or extent of the interest materially increases above that disclosed in the notice.
- C.9 Where appropriate, the Conflicts Investigations Committee can be convened to assess the seriousness of identified possible conflicts and determine (in consultation with the Board, People and Culture Committee, Management or external legal counsel if necessary), how the conflict should be managed, keeping adequate records of the conflict management process, and preparing reports to management and, as appropriate, the Board.
- C.10 Conflicts must always be managed in accordance with the requirements of the SIS Act requiring the Trustee and Responsible Persons to:
- give priority to the duties to, and interests of Beneficiaries over the duties and interests of other persons;
  - meet their duties to beneficiaries / member despite any conflict;
  - ensure beneficiaries' / members' interests are not adversely affected by any conflict; and
  - comply with the Standards in relation to conflicts.

# Conflicts Management Policy

## APPENDIX D REGISTER OF RELEVANT DUTIES AND RELEVANT INTERESTS AND MATERIALITY THRESHOLDS

**Table 1 – Relevant Duties**

<b>Relevant Duties Where Potential, Perceived Or Actual Conflict Of Duties May Arise</b>	
<b>Examples of Organisations where 'Duties to other persons' may arise</b>	<b>Examples of roles where 'Duties to other persons' may arise</b>
<b>LGIAsuper Group of companies</b>	Director Company Secretary Officeholder Executive
<b>LGIAsuper Employers</b>	Director Company Secretary Officeholder Executive
<b>Service Providers – currently supplying</b>	Director Company Secretary Officeholder Executive Shareholder (refer to materiality thresholds for security investments in Table 2 below)
<b>Service Providers – previous or prospective suppliers</b>	Director Company Secretary Officeholder Executive Shareholder (refer to materiality thresholds for security investments in Table 2 below)
<b>Investment Management or Investment Consultancy Business</b>	Director Company Secretary Officeholder Executive Shareholder (refer to materiality thresholds for security investments in Table 2 below)
<b>Finance, Investment, Insurance and Superannuation Industry Representative Associations or Organisations</b>	Director Company Secretary Officeholder Executive Shareholder (refer to materiality thresholds for security investments in Table 2 below)

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Relevant Duties Where Potential, Perceived Or Actual Conflict Of Duties May Arise	
<b>Registered Political Parties (under Commonwealth Electoral Act 1918 or equivalent State legislation) (National and State level positions only)</b>	Director Company Secretary Officeholder Executive Shareholder (refer to materiality thresholds for security investments in Table 2 below)
<b>Companies and Other Entities Affiliated or Associated With A Registered Political Parties (under Commonwealth Electoral Act 1918 or equivalent State Legislation) (National and State level positions only)</b>	Director Company Secretary Officeholder Executive Shareholder (refer to materiality thresholds for security investments in Table 2 below)
<b>Other Companies, Trusts, Business Partnerships, Associations that are Assessed to Involve 'Relevant Duties' Requiring Disclosure</b>	Director Company Secretary Officeholder Executive Shareholder (refer to materiality thresholds for security investments in Table 2 below)

**Table 2 – Relevant Interests**

'Relevant Interests' and Materiality Thresholds	
<b>Examples of Relevant Interests that may need disclosure</b>	Materiality threshold where disclosure in register required by LGIAsuper or by associates or Responsible Persons of LGIAsuper
<b>Gift, hospitality, benefit or gratuity</b>	For receipt of a one-off gift, entertainment event or gratuity, materiality threshold is \$400 or more in monetary value.  Any gift or cumulative total value of gifts of \$1000 or more over a 12-month period, will be disclosed on the public register
<b>Listed security investments in service providers, including:</b> <ul style="list-style-type: none"> <li>• Banks;</li> <li>• Custodian;</li> <li>• IT services;</li> <li>• Mail house services;</li> <li>• Insurers;</li> <li>• Investment managers; and</li> <li>• Investment consultants.</li> </ul>	If either: <ul style="list-style-type: none"> <li>• The gross payments for services made by the LGIAsuper Group to the listed entity are or likely to be 1% or more of the listed entity's total annual operating income; OR</li> <li>• 1% or more of the total shares or other class of security on issue are owned either directly or indirectly.</li> </ul> Then disclosure of holdings required.



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<b>'Relevant Interests' and Materiality Thresholds</b>	
<b>Unlisted security investments in service providers, including:</b> <ul style="list-style-type: none"> <li>• IT services;</li> <li>• Marketing services;</li> <li>• Financial services;</li> <li>• Investment managers; and</li> <li>• Investment consultants.</li> </ul>	<p>No materiality threshold applies for unlisted security investments in service providers that are held and disclosure of holdings required.</p> <p>For the avoidance of doubt, disclosure of holdings in publicly available managed funds offered by investment managers is not required.</p>
<b>Listed security investments held directly by the LGIAsuper Superannuation Fund;</b> <b>where 5% or more of the entity's total equity or other class of security are held.</b>	<p>No materiality threshold applies for investments in listed securities where 5% or more of total issued securities are held directly by the LGIAsuper Superannuation Fund and disclosure of holdings required.</p>
<b>Unlisted security investments held by the LGIAsuper Superannuation Fund</b>	<p>No materiality threshold applies for unlisted security investments held by the LGIAsuper Superannuation Fund and disclosure of holdings required.</p> <p>For the avoidance of doubt, disclosure of holdings in publicly available managed funds offered by investment managers is not required.</p>
<b>Investments that were purchased from or sold to the LGIAsuper Superannuation Fund;</b>	<p>No materiality threshold applies for investments that were purchased from or sold to the LGIAsuper Superannuation Fund.</p>
<b>Transactions, investments and other interests involving the Trustee, associates of the Trustee or Responsible Persons of the Trustee.</b>	<p>No materiality threshold applies to transactions, investments and other interests involving the RSE licensee, associates of the RSE licensee or Responsible Persons of the RSE licensee – except for those relating solely to the LGIAsuper Superannuation Fund's investment operations.</p>
<b>Membership of the LGIAsuper Superannuation Fund</b>	<p>No materiality threshold applies. Membership to be disclosed.</p>
<b>Remuneration for Responsible Persons of the Trustee.</b>	<p>No materiality threshold applies and remuneration from previous financial year to be disclosed.</p>