

CBH SUPERANNUATION HOLDINGS PTY LTD AS TRUSTEE FOR CBH SUPERANNUATION FUND

CONFLICTS MANAGEMENT POLICY

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This policy complies with *APRA Prudential Standard SPS 521 – Conflicts of Interest* and has been developed having regard to the size, business mix and complexity of the Trustee's business operations.

The policy forms part of the Trustee's governance framework and should be read in conjunction with the Trustee's *Governance Policy*.

This policy operates in conjunction with the Trustee's *Outsourcing Policy*, *Fit and Proper Policy*, *Defined Benefits Matters Policy* and *Risk Management Policy*.

CONTENTS

Topic	Page
PURPOSE	3
DEFINITIONS	3
DEVELOPMENT AND MAINTENANCE OF THE CONFLICTS MANAGEMENT FRAMEWORK	4
APPLICATION	4
IDENTIFICATION OF A CONFLICT	4
<i>Examples of relationships where a conflict may arise</i>	5
<i>Examples of situations where a conflict may arise</i>	5
RELEVANCE OF DUTY OR INTEREST	6
DECLARATION OF A CONFLICT	7
FAILURE TO MAKE A DECLARATION	7
WHISTLE BLOWING	8
RECORDING RELEVANT DUTIES AND INTERESTS	8
AVOIDING CONFLICTS	8
<i>Conflicts of Duty</i>	8
<i>Related Party Conflicts</i>	8
MANAGEMENT OF CONFLICTS	8
REVIEW OF CONFLICTS MANAGEMENT	9
RELATIONSHIPS WITH SERVICE PROVIDERS	9
PUBLICATION OF RELEVANT DUTIES AND INTERESTS	10
COMMUNICATION OF POLICY	10
TRAINING	10
REVIEW OF CONFLICTS MANAGEMENT FRAMEWORK	10
APPENDIX A: ROLES AND RESPONSIBILITIES IN CONFLICTS MANAGEMENT	12
APPENDIX B: GUIDANCE EXAMPLES	13
APPENDIX C: SAMPLE REGISTER OF RELEVANT DUTIES	15
APPENDIX D: SAMPLE REGISTER OF RELEVANT INTERESTS	16

PURPOSE

Trustee and beneficiary is a recognised class of fiduciary relationship under general law. Two proscriptive obligations under this relationship are:

- a fiduciary may not have a conflicting personal interest or conflicting duty owed to a third party; and
- a fiduciary may not profit from its fiduciary position without the beneficiary's consent.

In addition to these obligations under general law, s 52 and 52A of the *SIS Act* advises specific covenants that must be included (or are deemed to be included) in the governing rules of a registerable superannuation entity (RSE). Chapter 2D of the *Corporations Act* sets out duties of directors of any company in Australia.

CBH Superannuation Holdings Pty Ltd as the Trustee, and persons acting on behalf of the Trustee, thus have a fiduciary duty to beneficiaries of the Fund.

The elements of the fiduciary duty identified as being owed by responsible persons and employees of the Trustee are:

1. Loyalty to the superannuation fund and its beneficiaries;
2. Confidentiality;
3. To disclose to beneficiaries all information within your knowledge that is relevant in order to act in the beneficiary's best interest; and
4. Not to put your own or anyone else's interests before those of the members of the Fund.

The Australian Prudential Regulation Authority (APRA) *Prudential Standard SPS 521 – Conflicts of Interest* establishes requirements for the identification, avoidance and management of conflicts of duty and interest by an RSE licensee.

The purpose of this policy is to ensure that CBH Superannuation Holdings Pty Ltd as trustee of CBH Superannuation Fund identifies all potential and actual conflicts in the Trustee's business operations and takes all reasonably practicable actions to ensure that they are avoided or prudently managed.

DEFINITIONS

The **SIS Act** is Superannuation Industry (Supervision) Act 1993

APRA is the Australian Prudential Regulation Authority

The Trustee is CBH Superannuation Holdings Pty Ltd

The Fund is CBH Superannuation Fund

The Board is the board of directors of the Trustee

RSE Licensee is CBH Superannuation Holdings Pty Ltd - RSE Licence No L0001625

CEO is the Chief Executive Officer for the CBH Superannuation Fund

CIO is the Chief Investment Officer for the CBH Superannuation Fund

RCM is the Risk and Compliance Manager for the CBH Superannuation Fund

A reference to a **conflict** is a reference to a conflict:

- (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 the Trustee, or a responsible person of the Trustee, to any other person;
- (c) between an interest of the Trustee, an associate of the Trustee or a responsible person or employee of the Trustee and the Trustee's duties to beneficiaries; and
- (d) between an interest of the Trustee, an associate of the Trustee or a responsible person or employee of the Trustee and the interests of beneficiaries.

A **relevant duty** refers to any duty owed by the Trustee, or a responsible person of the Trustee, to beneficiaries or to any other person.

A **relevant interest** of the 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.

DEVELOPMENT AND MAINTENANCE OF THE CONFLICTS MANAGEMENT FRAMEWORK

The Board is responsible for the development, approval and maintenance of the conflicts management framework of the Trustee. The conflicts management framework is the totality of systems, structures, policies, processes and controls within the Trustee's business operations that identify, assess, mitigate, manage and monitor all conflicts.

This policy, in conjunction with the Register of Relevant Duties and Register of Relevant Interests, form the Trustee's conflict management framework. The Board has determined that the framework is appropriate to the size, business mix and complexity of the Trustee's business operations.

APPLICATION

This policy applies to all responsible persons of CBH Superannuation Holdings Pty Ltd as indicated in the Trustee's Fit and Proper Policy. This includes:

- The Directors of CBH Superannuation Holdings Pty Ltd (Trustee);
- Members of Board Committees (if any are appointed that are not directors of the Trustee);
- The Chief Executive Officer (CEO) of the CBH Superannuation Fund;
- The Chief Investment Officer (CIO) of the Fund;
- The Risk and Compliance Manager (RCM) of the Fund;
- An RSE auditor who is appointed to conduct any audit of the Fund; and
- An RSE actuary who is appointed to perform an actuarial function under the SIS Act, the *Superannuation Industry (Supervision) Regulations 1994*, the Prudential Standards or the *Financial Sector (Collection of Data) Act 2001* for the Fund;
- The partner appointed as the internal auditor by the Trustee; and
- Senior managers of Mainstream Superannuation Services Pty Ltd as a material service provider to the Trustee.

This policy also applies to any potential service providers who may be appointed by the Board to perform material business activities of the Trustee. This includes, but may not be limited to administrators, custodians and any outsourced investment function.

IDENTIFICATION OF A CONFLICT

A person has a conflict when the person serves, or attempts to serve, two or more interests which are not able to be served consistently, or honours or attempts to honour, two or more duties which cannot be honoured compatibly.

Conflicts may not always be as a result of a personally held duty or interest. Conflicts can also arise where the competing duty or interest is held by a family member or close personal friend of a responsible person. Where a responsible person is considering whether a relationship or situation is, or could be perceived as, giving rise to a conflict, they should also consider any duties or interests held by their family members or close personal friends.

Any reference to duties or interests of a responsible person in this Policy should be read as including duties or interests, that they ought reasonably know about, that are held by the person's family members or close personal friends.

Examples of relationships where a conflict may arise

The Board has identified a number of relationships that exist that could give rise to conflicts:

- Duty to CBH
Employer-appointed Directors are expected to protect the interests of CBH Group and there will be occasions when that conflicts with the interests of members.
- Trustee Director or fund employee who is a member of the Fund
A Director or fund employee who is a member of the Fund may promote an action that benefits the class of member to which they belong at the expense of other members.
- Duty to another RSE licensee
A responsible person being a director of, or holding a role within, another RSE licensee could give rise to a conflict.
- Service provider recommendations
A service provider may recommend an outsourcing or other action that favours the service provider or an associated entity of the service provider.
- Related party interest
A responsible person may have an interest in a business or investment whose value could be influenced by the Trustee's actions or investment.

Examples of situations where a conflict may arise

The Board has identified a number of situations that could involve conflicts:

- Investment decisions.
- Determining fees charged against member accounts.
- Requests for financial or other support from the employer.
- Amendment to rules to change benefit structure.
- Changes to unit pricing determination mechanisms.
- Appointment and removal of service providers.
- Surplus distribution decisions.
- Winding up and successor fund decisions.
- Determining the remuneration for Independent Directors.
- The same firm being appointed as the Trustee's internal and external auditor.

Neither the types of relationships nor the situations listed above are intended to be exhaustive. All responsible persons and employees of the Trustee are required to understand the circumstances that might give rise to a conflict and determine if a conflict exists in any given situation.

If a responsible person has any doubt about whether a situation or relationship gives rise to an actual or perceived conflict, independent advice should be sought. The costs of obtaining independent advice must be pre-authorized by the Chair, and in this case, will be at the Trustee's expense. If the responsible person does not have the expense pre-approved by the Chair, the costs must be borne by the responsible person.

RELEVANCE OF DUTY OR INTEREST

A relevant duty or a relevant interest is one that might reasonably be considered to have the potential to have a significant impact on the capacity of the Trustee, associate of the Trustee or a responsible person with the relevant duty or holding the relevant interest, to act in a manner that is consistent with the best interests of beneficiaries.

The Board has set parameters to determine the relevance of a duty or interest as follows:

Roles in other RSE licensees

The Board believes that a Director or the CEO holding a directorship or senior role within another RSE licensee is a conflict that is untenable, as they would be unable to act in the best interests of beneficiaries of both entities.

Should a Director or the CEO wish to take up a position within another RSE licensee, they would be expected to resign from their position with CBH Superannuation Holdings Pty Ltd before their appointment to the other entity.

The CIO or RCM may, after approval by the Board, be able to take up a position within another RSE licensee. Before giving such approval, the Board would require the person to demonstrate how they would be able to manage the potential conflict and continue to act in the best interests of the beneficiaries of the Fund.

Auditors, actuaries and service providers will have roles with other RSE licensees in the course of their business. Where these roles are of the nature of service provider to client, the Board does not require them to be disclosed. Should an auditor, actuary or service provider take up a role in an RSE licensee (for example a directorship, committee membership or senior staff position), then this would be required to be disclosed.

Security holdings

To avoid irrelevant or frivolous declarations, the following rules apply to the requirement for declarations to be made and interests to be disclosed in relation to security holdings:

Directors (including any acting Directors voting on recommendations)

No declaration shall be required where a Director's holding is less than the lower of \$100,000 current market value or 2% of the investment's shares or securities on issue. Any cash or fixed interest holdings at an institution are not required to be disclosed.

The Board has determined that this amount is not likely to have a significant impact on the capacity of a Director to act in a manner that is consistent with the best interests of beneficiaries.

Chief Investment Officer (CIO)

Where the CIO is making a recommendation to the Board to trade a security, a declaration will be required where the CIO holds any value of interest in the security or has any current or past relationship with a party that could be perceived as a conflict.

The interest will only be considered material (for recording on the Trustee's Register of Relevant Interests) where the holding exceeds the lower of \$100,000 current market value or 2% of the investment's shares or securities on issue.

Other responsible persons

The CEO, RCM, auditors, actuaries or any service provider need not disclose any security holdings. The Board has determined that these responsible persons do not have any voting rights and as such, no conflict to being able to act in a manner that is consistent with the best interests of beneficiaries exists.

Gifts

Any gift, emolument or benefit whether pecuniary or non-pecuniary received from the one provider by any responsible person exceeding the value of \$500 (including a series of gifts exceeding the value of \$500 in any financial year) shall be refused if able. If unable to be refused, the gift, emolument or benefit shall be advised to the Fund's Relationship Manager for recording in the Register of Relevant Interests and donated to a registered charity.

Any prizes won, for example from completing a survey or winning a randomly drawn raffle, are not considered gifts and therefore not subject to this policy.

DECLARATION OF A CONFLICT

The Board requires that existing and potential conflicts must be declared prior to discussion or consideration of the matter concerned. This allows the Board to avoid the conflict or if it is not possible to avoid, to prudently manage the conflict.

A conflict shall be declared if members could reasonably be expected to perceive that a conflict exists; if it impacts on Board discussions; or if it provides an unfair advantage to a third party.

The Board has implemented the following processes to help ensure responsible persons are vigilant about of their duty to disclose conflicts:

- Incoming responsible persons are required to disclose all relevant duties and relevant interests prior to the person taking up the appointment.
- All responsible persons of the Board are required to declare at the commencement of each meeting of the Trustee if they have any update to the Register of Relevant Duties or Register of Relevant Interests to declare or if they have a conflict to declare in relation to any item on the agenda for that meeting.
- Where the Board is looking to appoint an external service provider, as part of the tender process they will require each potential service provider to advise any conflicts and require all responsible persons to declare any conflicts with each of the potential service providers.
- Where an agenda item relates to the appointment of, or purchase from, an external provider, the agenda item will require that each responsible person confirm that they have no conflicts to declare in relation to the matter.
- All responsible persons and service providers are to complete an annual personal statement confirming that the Register of Relevant Duties and Register of Relevant Interests shows all relevant duties and interests they hold. The Relationship Manager will request completion of the statement and if changes are required, will update the registers in accordance with the process below.

FAILURE TO MAKE A DECLARATION

Where a responsible person has:

- failed to disclose a conflict of interest or duty; or
- failed to disqualify himself or herself because of a conflict of interest or duty; or
- knowingly participated in deliberations relating to a matter in which he or she had a conflict of interest or duty; or
- acted in his or her own interests, or in the interests of another party, in preference to the interests of the beneficiaries of the Trustee;

then the Board (excluding the affected person if they are a Director) shall give consideration as to whether the act is a breach of the Trustee's Fit and Proper Policy. Depending upon the nature of the conflict of interest or duty, the Trustee may take action against the individual including cautioning, counselling or dismissal.

WHISTLE BLOWING

Where a person becomes aware, or suspects, that a responsible person or a service provider has a conflict that has not been declared, they should raise this with the Chair of the Board, CEO of the Fund or APRA depending on the relevant circumstances.

The person who raises the issue shall do so in good faith and have reasonable grounds for believing the information advised. The person shall not suffer any harassment, retaliation or adverse consequences as a result of the disclosure.

RECORDING RELEVANT DUTIES AND INTERESTS

Where a person declares a relevant duty or interest at a Board, Board Committee or other meeting of the Trustee, the declaration will be recorded in the minutes of the meeting. The action taken to manage or avoid the conflict shall also be recorded in the minutes of the meeting.

The Trustee has a Register of Relevant Duties and Register of Relevant Interests to record all declared duties and interests. The Relationship Manager is responsible for ensuring the registers are updated as soon as practicable, and in any case within 20 business days, after disclosure of a relevant duty or interest.

AVOIDING CONFLICTS

Conflicts of Duty

A Director of the Trustee who is also an executive or director of the participating employer is exposed to a conflict of duty that can arise from undertaking both roles.

Directors are expected to perform their duties and exercise their powers in the best interest of members as required under *SIS Act* section 52(2)(c) and to give priority to members' interests over any other party's interests (*SIS Act* section 52(2)(d)).

Should circumstances arise where a Director is required to honour their duty to protect the interests of the employer on a particular issue at the expense of the advancement of member interests, then it is expected that the Director will act to protect the employer's interest, *provided that such action is not detrimental to members' existing entitlements.*

Related Party Conflicts

These can involve the selecting and monitoring of investment managers, outsourced service providers and consulting arrangements.

In relation to a consultant or contract service provider, all responsible persons must:

- perform their duties impartially;
- avoid situations in which private interest, whether financial or otherwise, conflicts or might reasonably be thought to conflict with their fiduciary duty;
- disclose any potential or actual conflict in accordance with this policy;
- disclose any potential or actual conflict of a member of their immediate family; and
- not solicit or accept from any person any remuneration or benefit for the discharge of duties to gain directly or indirectly an advantage for themselves or any other person, nor accept any gift, hospitality or concessional travel other than permitted by the Trustee.

MANAGEMENT OF CONFLICTS

The Board is ultimately responsible for the management of conflicts throughout the business.

A Director may, with the approval of the Board, participate in discussion and vote on an issue after making a declaration of a conflict of duty or conflict of interest. The decision as to

whether the magnitude of the person's declared conflict is such that it requires restricting their participation in discussion and consideration of the issue shall be made by a vote of the Directors, excluding the affected person(s).

Where it is determined that a conflict exists, the Board shall determine the degree of future participation of the affected person(s) in the item under consideration. This can include:

- vacating the meeting room until consideration has concluded;
- remaining in the meeting room, but not participating in either debate or vote;
- participate in debate but not vote on any resolution; or
- participate in both debate and vote – applicable for minor conflicts only.

Where a conflict has been disclosed in relation to a continuing issue, then there is to be on-going evaluation of the conflict.

Where a Director stands to make a personal gain or profit from the proposed action, they must make a declaration of conflict and under no circumstances participate in discussion or vote on the issue. This includes any gain or profit to a close personal associate or relative.

Appendix B contains examples of conflicts that may arise, along with the process the Board has agreed to follow if that situation were to arise. As situations can differ, the Board shall make conflict findings and act in response to each particular instance as the circumstances merit.

REVIEW OF CONFLICTS MANAGEMENT

Where a conflict has been declared in relation to any matter, the RCM will review the matter to ensure the disclosure was complete and adequate and that the process undertaken to manage the conflict was appropriate.

The RCM will advise the Chair of any non-compliance with the Conflicts Management Policy, and advise any steps required to return to, and improve, ongoing compliance with the Policy.

RELATIONSHIPS WITH SERVICE PROVIDERS

The CEO will give a copy of this Conflicts Management Policy to all potential service providers during the tender process. All potential service providers will be required to disclose any conflicts before the Board makes a decision and appoints a service provider. Refusal by a potential service provider to disclose any conflicts will render them ineligible to be appointed.

All responsible persons of the Trustee will be advised of potential service providers during the tender process and will be required to declare to the Trustee any conflicts they may have. This declaration must be made before the appointment of the service provider.

The Relationship Manager will update the registers to advise any conflicts with a potential service provider during the tender process and again once a service provider has been appointed.

The annual personal statement that is required to be completed by all responsible persons requires declaration of relevant duties and relevant interests in relation to service providers to the Trustee. The Relationship Manager will request an annual statement from each service provider confirming that the Registers of Relevant Duties and Interests shows all relevant duties and interests the service provider holds in relation to its dealings with Trustee and its responsible persons.

PUBLICATION OF RELEVANT DUTIES AND INTERESTS

The Register of Relevant Duties and Register of Relevant Interests, along with a copy of this Conflicts Management Policy, will be published on the publicly accessible area of the CBH Superannuation Fund website. The Marketing Communications Advisor is responsible for ensuring the registers are published on the website within 20 business days of an update to a register.

In the event that a conflict is declared in relation to a notifiable event, the notice to members shall include disclosure of the conflict of interest and the action taken as a consequence.

COMMUNICATION OF POLICY

The Board will ensure that all responsible persons and other employees of the Trustee clearly understand:

- the need to identify all potential conflicts;
- the circumstances that might give rise to a conflict;
- the content and purpose of the Trustee's conflict management framework; and
- their obligations, where applicable, as a responsible person of the Trustee.

The CEO will ensure a copy of this Conflicts Management Policy is given to any person who is to become a responsible person of the Trustee, prior to the person taking up the appointment. All new responsible persons will be required to disclose any relevant duties and relevant interests they have prior to their commencement.

The CEO will ensure that all business units of the Trustee are made aware of, and have processes and controls for monitoring compliance with, the Trustee's conflicts management framework.

If any person is unclear about any aspect of the Policy, the CEO is responsible for clarifying the matter so that the person can confirm they understand the points above.

TRAINING

As part of the induction process, the CEO and Chair for new Directors or the CEO and RCM for Fund staff will ensure that new appointees understand the Trustee's conflicts management framework.

The RCM will ensure that all Directors and Fund staff complete training on conflicts management within their first 3 months of appointment. Further training will then be required at least every two years. The completion of training will be reported to the CEO for inclusion of the Fund's training register.

Any person failing to successfully complete the training will be advised to the CEO and Chair who shall give consideration as to whether the failure is a breach of the Trustee's Fit and Proper Policy and determine the course of action which shall be taken.

REVIEW OF CONFLICTS MANAGEMENT FRAMEWORK

The Trustee will review its conflicts management framework, including this Conflicts Management Policy, annually.

A comprehensive review of the appropriateness, effectiveness and adequacy of the Trustee's conflicts management framework will be undertaken at least every three years. This review will be done by an operationally independent, appropriately trained and competent person appointed by the Trustee and will consider:

- whether all relevant duties and all relevant interests have been identified and are being addressed in accordance with the Trustee's conflicts management framework;
- the level of compliance with the Conflicts Management Policy, including reporting on the Register of Relevant Duties and Register of Relevant Interests; and
- any non-compliance with the Conflicts Management Policy, including steps taken to return to, and improve, ongoing compliance.

The scope of the comprehensive review will have regard to the size, business mix and complexity of the Trustee's business operations, the extent of any change to those operations and any changes to the external environment in which the Trustee operates.

APPENDIX A: ROLES AND RESPONSIBILITIES IN CONFLICTS MANAGEMENT

Trustee Board

- the development, approval and maintenance of the conflicts management framework;
- determine what constitutes a relevant duty or interest;
- determine the action to be taken where a person is found to have failed to declare a relevant duty or interest;
- determine the level of participation allowed by an individual who has made a declaration of a conflict of duty or conflict of interest (for current agenda and ongoing);
- the management of conflicts throughout the business;
- review its conflicts management framework annually; and
- appoint an independent, trained and competent person to do a comprehensive review of the conflicts management framework at least every 3 years.

Chief Executive Officer

- give a copy of this Policy to all potential service providers during the tender process;
- give a copy of this Policy to any person who is to become a responsible person of the Trustee, prior to the person taking up the appointment;
- ensure that all business units of the Trustee are made aware of, and have processes and controls for monitoring compliance with, the Trustee's conflicts management framework; and
- clarifying the matter if any person is unclear about any aspect of this Policy.

Relationship Manager

- keep the Register of Relevant Duties and Register of Relevant Interests up-to-date at all times; and
- request completion of an annual statement by all responsible persons and service providers.

Marketing Communications Advisor

- ensure the registers are published on the website within 20 business days of an update to a register.

Risk and Compliance Manager

- where a conflict has been declared, review the matter and process undertaken; and
- provide training to all responsible persons within 3 months of commencement and at least every two years thereafter.

All responsible persons

- disclose all relevant duties and relevant interests prior to taking up their appointment;
- declare any existing or potential conflict prior to discussion or consideration of a matter; and
- advise the Relationship Manager if any changes are required to the Register of Relevant Duties or Register of Relevant Interests.

All responsible persons and Fund staff

- complete conflicts management training within 3 months of commencement and at least every two years thereafter; and
- if they become aware, or suspect, that a conflict that has not been declared, raise this with the Chair of the Board, CEO of the Fund or APRA.

APPENDIX B: GUIDANCE EXAMPLES

The following examples of conflicts are provided to assist the consistent application of this policy and are not intended to be exhaustive. The Board shall make conflict findings and act in response to each particular instance as the circumstances merit.

- ASX LISTED INVESTMENTS:

Situation: A Director holds shares (directly or through a family trust, family member or SMSF) in an ASX listed company that the Trustee is considering buying or selling.

Process: If the shareholding is material (ie has a current market value greater than the lower of \$100,000 or 2% of the value of shares or securities on issue) then the Director *should declare their interest* but may participate in discussing and voting on the issue if the other Board members determine that the item under consideration would not have any material effect on the share price / security price of the investment.

- RELATED-PARTY INVESTMENTS:

Situation: A family member of a Director holds vendor shares in a company undertaking an initial public offering that the Board is considering.

Process: The Director *should declare a conflict and leave the meeting* while the matter is discussed and voted on. Note that related party dealings provisions of the *SIS Act* would apply to such transactions.

- EMPLOYER DIRECTOR – INCREASE OF EMPLOYER COSTS:

Situation: The Board is considering seeking an increased financial commitment from the employer to enable the Fund to meet additional regulatory requirements.

Process: The employer-selected Directors *would be required to make a declaration of conflict* and must consider the issue solely on the basis of the benefit to members.

The employer-selected Director may subsequently make recommendations to the employer in their capacity as an employee of the sponsoring employer that does not support a resolution passed by the Board. Note - in such instances the employer-selected Directors would be expected to advise the Board how the employer is likely to view such a request to prevent the wasting of Fund resources in pursuing unobtainable objectives.

- DIRECTOR HAS SOCIAL RELATIONSHIP WITH SERVICE PROVIDER:

Situation: A Director belongs to the same club or regularly attends business and charitable functions with the Principal of an organisation tendering for Trustee services.

Process: The Director *should declare the relationship*, but may participate in discussions and voting if the Board approves.

- A DIRECTOR OR THEIR RELATIVE OR FRIEND HAS RELATIONSHIP WITH SERVICE PROVIDER:

Situation: A Director or their family member or friend is an executive of a company tendering for Trustee services.

Process: The Director *should declare the conflict and*, if the person is directly involved in the tendered business or stands to gain personally from a contract, *should not be involved in any discussions or voting*. If, however, the person is engaged in a separate division or branch and will not directly gain from the contract, then the Director may be involved in discussions and voting on the issue after declaring his interest.

- CEO HAS RELATIONSHIP WITH SERVICE PROVIDER:

Situation: The CEO is managing the tender process for administration services to be provided for the Fund. An employee or Director of one of the firms tendering for the business is a colleague of the CEO or has joined them on holiday or non-work related events.

Process: The CEO must *declare a conflict* and the Chairman should either appoint another party to oversee the process or independently verify that any due diligence or recommendations made in respect of the tender are not biased.

- DIRECTOR AS A MEMBER:

Situation: A Director is nearing retirement and the Board is considering introducing a Comprehensive Income Product for Retirement. Due to the small size of the Fund, the cost to introduce the product is high and the Directors are concerned there will be little take up of the product at the high cost. The Board is discussing whether fees be set at a level which would be lower than cost recovery initially with the view that the fee level set would be able to recover costs once assets in the product increase in the future or the fee could be increased in the future.

Process: The Director should *declare a conflict* (as they may soon invest in the product and benefit from the lower fee) and the Board shall then determine the degree of participation of that Director in discussing and voting on the introduction of the product and the pricing.

- INTERNAL AND EXTERNAL AUDITOR DONE BY SAME FIRM:

Situation: The Trustee is looking to appoint an auditor and their appointment would mean that the same firm is completing the internal and external audit for the Trustee. A conflict could arise where one auditor detects an issue in relation to work done by the other team of auditors, which if exposed, would put their firm in an uncomfortable and potentially liable position.

Process: Before the appointment of an auditor can be confirmed, the Trustee is to obtain from both the internal audit partner and external audit partner of that firm (one of whom is currently appointed and the other who is looking to be appointed) a description of the process followed by the firm to ensure that such potential conflicts are identified and handled appropriately by their firm.

The Trustee must consider these statements and determine whether they believe any potential conflicts arising from using the same firm for internal and external audit will be identified and handled appropriately.

Where the Trustee resolves to appoint the same firm as their internal and external auditor, the Trustee will require each audit partner to declare in each report made to the Trustee, that no issues arose during the course of their audit in relation to the work done by the other auditor appointed by the Trustee.

APPENDIX C: SAMPLE REGISTER OF RELEVANT DUTIES

**CBH SUPERANNUATION HOLDINGS PTY LTD
as Trustee for
CBH SUPERANNUATION FUND**

REGISTER OF RELEVANT DUTIES as at <Date>

A relevant duty refers to any duty owed by CBH Superannuation Holdings Pty Ltd, or a responsible person of CBH Superannuation Holdings Pty Ltd, to beneficiaries of the CBH Superannuation Fund or to any other person.

Name	Responsible Person Position	Positions involving duties to other people or organisations	Date duty arose

APPENDIX D: SAMPLE REGISTER OF RELEVANT INTERESTS

**CBH SUPERANNUATION HOLDINGS PTY LTD
as Trustee for
CBH SUPERANNUATION FUND**

REGISTER OF RELEVANT INTERESTS as at <Date>

A relevant interest of CBH Superannuation Holdings Pty Ltd, an associate of CBH Superannuation Holdings Pty Ltd or a responsible person of CBH Superannuation Holdings Pty Ltd refers to any interest, gift, emolument or benefit, whether pecuniary or non-pecuniary, directly or indirectly held by CBH Superannuation Holdings Pty Ltd, the associate or the responsible person that CBH Superannuation Holdings Pty Ltd has determined to be material.

Name	Relevant interest	Date interest arose	Value	Action taken

An interest will not be considered material where a Director's or the CIO's holding is less than the lower of \$100,000 current market value or 2% of the investment's shares or securities on issue. Any cash or fixed interest holdings at an institution are not required to be disclosed.

Any shares or securities held by the CEO, RCM, auditors, actuaries or outsourced service providers are not considered material as these responsible persons do not have any voting rights and as such, no conflict to being able to act in a manner that is consistent with the best interests of beneficiaries exists.

Any gift, emolument or benefit whether pecuniary or non-pecuniary received by a responsible person exceeding the value of \$500, including a series of gifts exceeding the value of \$500 in any financial year, shall be recorded in the Register of Relevant Interests.