

Conflicts Management Framework

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1 Overview

Perpetual Superannuation Limited (**PSL**) is a wholly owned subsidiary of Perpetual Limited and part of the Perpetual Group (**Group**). PSL is also referred to as the 'Trustee' and is the entity within Perpetual responsible for superannuation. PSL holds a Registrable Superannuation Entity (**RSE**) Licence issued by the Australian Prudential Regulation Authority (**APRA**) and an Australian Financial Services License (**AFSL**) issued by the Australian Securities and Investment Commission (**ASIC**).

As an RSE Licensee, PSL is required to:

- Develop, implement and review a conflicts management policy that is approved by the Board;
- Identify all relevant duties and relevant interests; and
- Develop registers of relevant interests and duties.

This framework outlines PSL's approach to the management of conflicts of interest and aims to ensure that PSL identifies and takes all reasonably practicable actions to avoid and/or prudently manage all potential and actual conflicts in its business operations.

It outlines the means by which the PSL Board leverages the broader Group so as to effectively identify and manage conflicts and comply with regulatory requirements.

2 Definitions

The table below outlines the definitions as they pertain to this framework. Defined terms herein are capitalised and such terms have the meaning given to them below.

Defined term	Meaning
Employees	All full-time, part-time and casual employees, contractors, or representatives of the Group.
Officeholder	All Directors, Responsible Managers, Responsible Persons, Responsible Employees
Responsible Person	Has the meaning set out in APRA Prudential Standard SPS 520

3 Conflicts of Interest

For the purposes of this framework, PSL has defined a **conflict of interest** as:

- A conflict between the duties owed by PSL or a Responsible Person of PSL to beneficiaries and the duties owed by them to any other person;
- A conflict between the interests of beneficiaries and the duties owed by PSL, or a Responsible Person of PSL, to any other person;
- A conflict between an interest of PSL, an associate of PSL, a Responsible Person of PSL or an Employee of the broader Perpetual group and PSL's duties to beneficiaries; and

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- A conflict between an interest of PSL, an associate of PSL or a Responsible Person of PSL or an Employee of the broader Perpetual group and the interests of beneficiaries.

PSL has defined the term **relevant duties** as any duty owed by PSL or a Responsible Person of PSL to beneficiaries of PSL within PSL's business operations¹, or to any other person that might reasonably be considered to have the potential to have a significant impact on PSL or the Responsible Person's capacity to act in a manner that is consistent with the best interests of beneficiaries.

PSL has defined the term **relevant interest** as any interest, gift, emolument or benefit, whether pecuniary or non-pecuniary, directly or indirectly held by PSL, an associate of PSL or a Responsible Person of PSL that might reasonably be considered to have the potential to have a significant impact on PSL's capacity, the associate's capacity or the Responsible Person's capacity to act in a manner that is consistent with the best interests of beneficiaries.

In the context of PSL's business operations a conflict of interest can be defined as a situation where an Officeholder, Employee or a related party service provider is presented with competing obligations, priorities or interests. The most common forms of conflicts that may arise include, but are not limited to, the following:

- Other officeholdings, such as directorships or committee memberships;
- Financial interests in products and services PSL offers or financial interests in service providers or products offered by service providers;
- Personal interests through having obligations to other entities, such as related party service providers; and
- Spousal or personal relationships with people associated with PSL's business.

4 Identification and Management of Conflicts

PSL seeks to identify and manage conflicts of interest through the following strategies and processes.

Use of Perpetual Policies

As a wholly owned subsidiary of Perpetual Limited, PSL obtains its resources from related party service providers. This includes utilising the various frameworks, programs, policies and processes adopted by the Group, where appropriate.

As part of this framework, PSL has approved the use of the following Perpetual Group policies. Where necessary PSL has implemented additional arrangements in respect of managing conflicts of interest, these arrangements are also explained as part of this framework.

Conflicts of Interest (Personal)

This policy outlines the difference between potential and actual personal conflicts of interests and the various situations which may give rise to a personal conflict of interest. A personal conflict is one that attaches to an individual. The policy also specifies how to identify personal conflicts of interests and how they may be managed, either by avoiding, disclosing or controlling the conflict.

The policy requires all Employees to disclose any actual or potential conflict of interest with their manager and report it to Group Compliance. Group Compliance will then refer the matter to two Conflicts Officers for independent investigation,

¹ PSL's "business operations" includes all activities as an RSE licensee and includes the activities of each RSE of which PSL is the licensee), and all other activities of PSL to the extent that they are relevant to, or may impact on, PSL's activities as an RSE licensee.

consideration and assessment. The policy also sets out the requirements for Directors who have additional conflict-related obligations.

Conflicts of Interest (Corporate)

This policy outlines the difference between potential and actual corporate conflicts of interests as well as the different categories of corporate conflicts of interest. Corporate conflicts occur at the entity level. The policy identifies generic corporate conflicts of interest and also specifies how to identify, report and manage corporate conflicts of interests.

The policy requires all Employees to raise any actual or potential conflict of interest with their manager and report it to Group Compliance. Group Compliance will then refer the matter to two Conflicts Officers for independent investigation, consideration and assessment.

Gifts and Entertainment

This policy outlines the circumstances in which Employees can accept gifts and entertainment, which are offered to them through the course of their role or position. Employees are obligated to only provide or accept gifts and entertainment where doing so does not create an actual or perceived conflict of interest and in accordance with the terms of the policy.

Anti-Bribery and Corruption

This policy outlines Perpetual's approach to bribery and corruption risk and complying with Anti-Bribery and Corruption laws and regulations in the jurisdictions in which Perpetual operates, the policy covers prohibitions on bribery and corrupt conduct, and political contributions.

Confidential information, inside information and information barriers

This policy outlines the requirements for information barriers at Perpetual to prevent the flow of confidential information from one part of Perpetual to another.

Outsourcing

This policy outlines the considerations and assessments to be conducted for the outsourcing of services with a view to achieving a consistent approach to due diligence, approvals, ongoing monitoring and mitigation of risks. Engaging with independent parties in the vendor selection process, identifying potential conflicts of interest and ensuring the arrangement is in the best financial interest of beneficiaries' form part of these considerations.

Code of Conduct

PSL has adopted the Perpetual Group Code of Conduct. Managing conflicts of interest appropriately is an important part of maintaining high standards of integrity and this is reflected in the Code of Conduct. All Employees are made aware of and have training on the Code of Conduct.

Conflicts Officers

Conflicts Officers assist PSL in the administration of the Conflicts Management Framework and Perpetual Group Policies relating to Conflicts of Interest. The terms of reference for the Conflicts Officers are set out in PSL's Charter of Delegations. Conflicts Officers are appointed by the Chief Risk & Sustainability Officer and are typically senior managers and managers within Group Compliance and the Company Secretariat. The Conflicts Officers are responsible for:

- assessing conflicts referred to them for materiality and relevance;
- determining whether the conflict can be managed or should be avoided;

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- where it is determined that a conflict can be managed, considering whether controls are appropriate for managing the conflict satisfactorily;
 - reporting the outcomes of the assessments to the PSL Board; and
 - maintaining the conflicts registers.

Employment Contracts

The importance of identification and escalation of potential conflicts is reflected in each Employee's employment contract. Each contract states that Employees have an ongoing responsibility to disclose any conflicts of interest or potential conflicts of interest. The responsibility of disclosure arises at the time from which the Employee becomes aware of the conflict.

Requirements of Officeholders

All Officeholders must complete an Officeholder questionnaire upon appointment and annually thereafter. The questionnaire requires Officeholders to disclose any conflicts that may arise due to competing duties and personal interests. It is mandatory for the questionnaire to be completed. The process is coordinated by Company Secretariat. Each Officeholder is also required to provide a copy of their personal gift register on an annual basis. Gifts valued over \$300 are added to the Register of Relevant Interests and Relevant Duties.

Conflicts Training

Periodic conflicts training for Officeholders and Employees is a key control. All Officeholders and Employees have access to this framework, related policies and other information that will help them to identify and disclose a conflict of interest.

Discussion of conflicts of interest is included as part of the induction program for new directors and employees.

Annual refresher conflicts training is provided to:

- All PL staff who provide services to PSL. This training is delivered by Group Compliance.
- PSL directors by appropriately qualified external providers, or a suitable developed in-house offering, that is tailored to the trustee and their operating model.

Group Compliance manage the training schedule, collateral, and registers.

Training materials provide a summary of PSL's conflicts arrangements and outline the responsibilities of all Officeholder and Employees. These materials are reviewed and updated periodically. PSL also leverages the Perpetual Group's broader risk and compliance training arrangements which from time to time includes conflicts of interest.

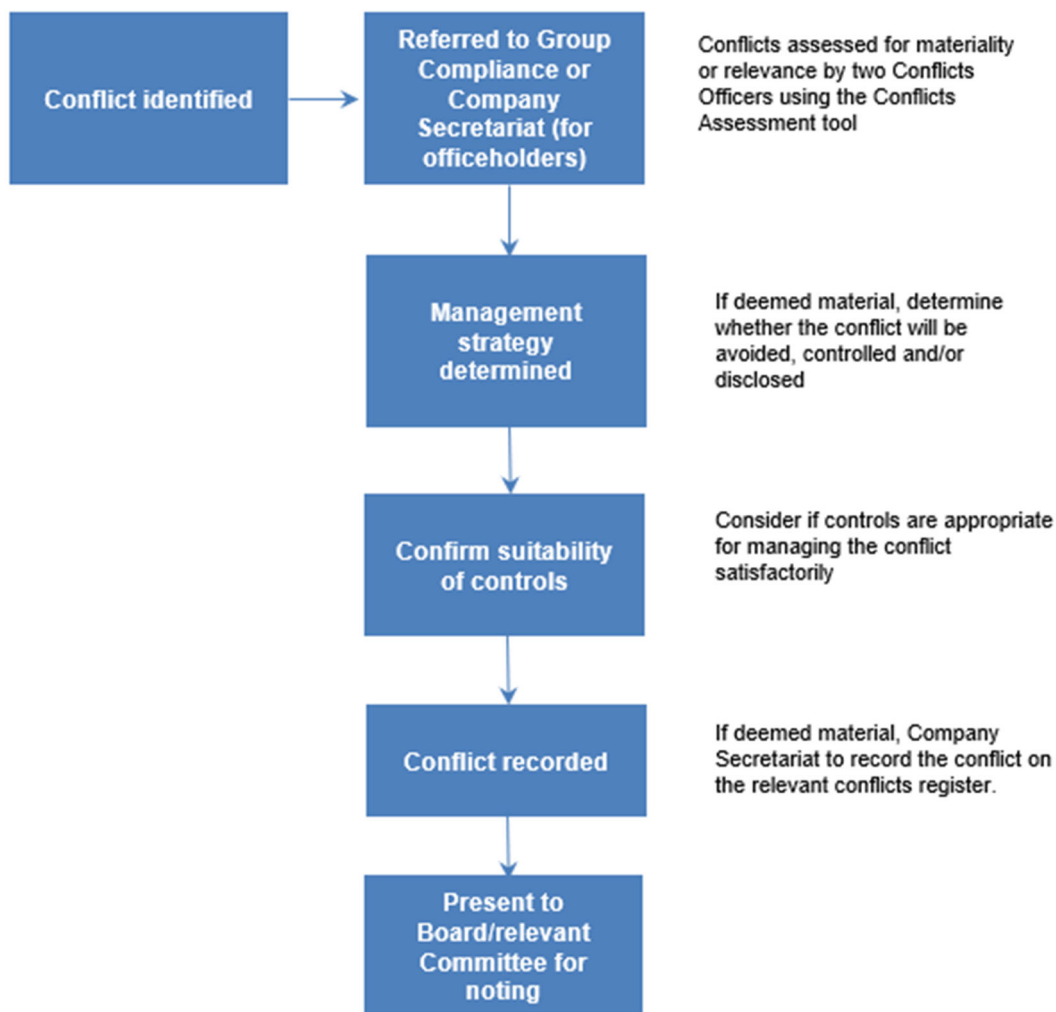
Targeted training will also be arranged from time to time as required.

Process for Conflicts Disclosure

All Officeholders and Employees are responsible for disclosing potential conflicts. Details of individual responsibilities are set out in the Conflicts of Interest Policies.

See diagram 1 below for a summary of the process for declaring and assessing conflicts:

PSL CONFLICTS PROCESS



In order to promote consistency in the assessment of conflicts, the Conflicts Officers use a standardised Conflicts of Interest Assessment Tool. Furthermore, guidance in respect of sources of conflicts and strategies to control conflicts are set out in the appendices to this framework.

Responding to and monitoring of conflicts

Where it is determined that a conflict will not be avoided, the conflict must be managed and monitored on an on-going basis. This ensures that priority is given to the duties owed to, and interests of beneficiaries of PSL.

In addition to logging the approval and avoidance of conflicts in the Conflicts Register, the PSL Board and each PSL Board Committee requires the current Conflicts Registers, including consideration of controls to be tabled at each meeting of the Board and Board Committees so as to keep conflicts front of mind. Each Officeholder is required to review the registers and disclose any new conflicts, not previously disclosed as well as any conflict in relation to any matters on the agenda. In addition, the board reporting template has a conflicts of interest section which must be completed by the author of the paper and reviewed by the Head of the Office of the Superannuation Trustee prior to submission.

5 Materiality

The Conflicts of Interest Assessment Tool is to be used as a guide in determining materiality. However, it is important to note that where an actual or potential conflict of interest has been identified, whether it relates to a duty or an interest, the materiality depends on the specific facts and circumstances presented.

Application of Conflicts Assessment Tool: Each actual or potential conflict of interest raised will be assessed against the following criteria:

- Source of conflict;
- Nature of conflict; and
- Materiality considerations.

Personal Conflicts Considerations: In respect of assessing the materiality and relevance of a personal conflict, Conflicts Officers should consider whether there is a real possibility of a conflict transpiring. In respect of an interest this includes consideration of whether a conflict is likely to result in an Officeholder or Employee benefiting or suffering a loss whether directly or indirectly. In applying this test, the following factors should be noted:

- It is not essential to be able to specifically identify or quantify the benefit or loss that might directly or indirectly be attributable to the staff member; and
- Money or another type of financial benefit does not have to change hands, as the benefit in question could be an increase in the value of relevant shares or property.

In addition, the Conflicts Officers will use the following thresholds for determining whether a personal interest is a relevant interest for inclusion on the Relevant Interests and Duties Register:

- A majority or controlling interest in any public company;
- Investments of greater than \$10,000 in any financial products issued by related parties of PSL or competing public offer superannuation funds;
- A financial interest of any kind in any appointed service providers; and
- Gifts valued in excess of \$300 which are accepted in the course of fulfilling the role of an Officeholder.

Interests excluded from the Relevant Interests and Duties Register are real estate, cash at bank (including term deposits), risk only life and general insurance, motor vehicle, house contents and personal use assets.

6 Conflicts Registers

The Conflicts Registers, which include:

- the Corporate conflicts register (internal use);
- the Officeholder conflicts register (internal use); and
- the Register of Relevant Interests and Duties (published on website).

are maintained by Company Secretariat. The Corporate and Officeholder Conflicts Registers are internal registers which specify the controls used to manage identified conflicts. Company Secretariat also maintains the Register of Relevant Interests and Duties which is required under Section 29QB of the *Supervision Industry (Supervision) Act 1993 (SIS Act)* to be disclosed on the Trustee and Operations page of the Perpetual website.

The Conflicts Registers are included as a standard agenda item at each PSL Board and Committee meeting and Directors and Committee members are required to declare any new interests or duties which will be assessed in accordance with this Framework.

Where a new conflict is assessed by the Conflicts Officers as material or relevant it will be updated in the Conflicts Registers and the Register of Relevant Interests and Duties Register.

Irrespective of the above, the Conflicts Registers are reviewed on an annual basis by the Conflicts Officers.

7 Delegated Authority

The Board has ultimate responsibility for the development and maintenance of this framework. The Board has delegated day-to-day responsibility to the Conflicts Officers. The Conflicts Officers are responsible for the consideration of conflicts of interest referred to them. The Conflicts Officers will meet when required and will advise the Board and other governance bodies of relevant conflicts of interest as assessed by them, as and when necessary.

8 Reporting to Licensee Boards from Outsourced Providers

Any conflicts identified by PSL outsourced service providers are required to be reported to the Board via service provider reports in accordance with the PSL Board Reporting Policy.

9 Review of this framework

In accordance with paragraph 23 of SPS 521 this framework will be reviewed by Group Compliance annually with the results of the review reported to the PSL Board. The review of this framework will consider:

- ongoing compliance with SPS 521 and appropriateness of the framework given the nature, size and complexity of PSL;
- whether the Group conflicts of interest policies and this framework continue to be fit for purpose;

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- assessment of external and internal environment relating to conflicts that may impact PSL for example emerging risks, product or organisational changes, training and awareness and regulatory reviews/guidance;
 - whether all relevant duties and all relevant interests have been identified, assessed and recorded in accordance with this framework;
 - the results of ongoing monitoring activities, for example controls self-assessment results and review of annual questionnaires; and
 - any known instances of non-compliance with the framework during the review period, including steps taken to return to, and improve, ongoing compliance.

10 Comprehensive independent review

In accordance with paragraph 20 of SPS 521, the framework will be subject to a comprehensive independent review by operationally independent, appropriately trained and competent persons at least every three years. The review will consider the appropriateness, effectiveness and adequacy of the framework having regard to PSL's size, business mix and complexity of PSL's business operations, the extent of any changes to PSL's business operations and any changes to the external environment in which PSL operates.

About Perpetual

Perpetual Limited (“Perpetual”) is an ASX listed (ASX:PPT) global financial services firm operating a multi-boutique asset management business, as well as wealth management and trustee services businesses.

Perpetual owns leading asset management brands including Perpetual, Pental, Barrow Hanley, J O Hambro, Regnan, Trillium and TSW.

Perpetual’s wealth management business services high-net worth clients, not for profits, and small businesses through brands such as Perpetual Private, Jacaranda Financial Planning and Fordham.

Perpetual’s corporate trust division provides services to managed funds, the debt market and includes a growing digital business, encompassing Laminar Capital.

Headquartered in Sydney, Perpetual services its global client base from offices across Australia as well as internationally from Asia, Europe, the United Kingdom and United States.

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