

Perpetual Superannuation Limited

# **CONFLICTS MANAGEMENT FRAMEWORK**

RSE L0003315

AFSL 225246

ABN 84 008 416 831

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Perpetual 

## OVERVIEW

Perpetual Superannuation Limited (PSL) is a wholly owned subsidiary of Perpetual Limited and a member of the Perpetual 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.

## PURPOSE

This framework aims to ensure that PSL identifies, takes all reasonably practicable actions to avoid and/or prudently manages 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.

## 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
- 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 terms **relevant duties** and **relevant interests** as follows:

- Any duty owed by PSL or a responsible person of PSL to beneficiaries of PSL within PSL's business operations\*, 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.
- 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 office holder, responsible person, 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:

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\* 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.

- Other office holdings 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.

## IDENTIFICATION AND MANAGEMENT OF CONFLICTS

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

### USE OF PERPETUAL GROUP 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 (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.

### 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, consideration and assessment. The policy also sets out the requirements for Director's who have additional conflict-related obligations.

### GIFTS, POLITICAL DONATIONS, BRIBERY AND CORRUPT PRACTICES

This policy outlines the circumstances in which employees can accept gifts, which are offered to them through the course of their role or position. Employees are obligated to only accept a gift where the acceptance does not in any way create, or is perceived to create an obligation from the employee to the provider of the gift. The policy also covers political donations by employees which is prohibited to be made on behalf of Perpetual (or it's related body corporates) or in their capacity as employees.

### CONFLICTED REMUNERATION

This policy outlines the circumstances where the acceptance or provision of gifts is forbidden, particularly in circumstances where there is a potential conflict between product manufacturing and financial advice.

## 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 interest of beneficiaries' form part of these considerations.

## CODE OF CONDUCT AND CULTURE

PSL has adopted the Perpetual Group Code of Conduct. Managing conflicts of interest appropriately is an important part of maintaining high standards of integrity. Perpetual's policies on conflicts aim to ensure that conflicts involving individuals or Perpetual entities are identified, reported, assessed and managed in a timely and appropriate manner in order to uphold the best interests of clients, members and shareholders. All employees are made aware of and have training on the Code of Conduct.

## EMPLOYMENT CONTRACTS

The importance of identification and escalation of potential conflicts is reflected in each employees 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 OFFICE HOLDER AND RESPONSIBLE PERSONS QUESTIONNAIRE

The office holder or responsible person questionnaire is a list of questions sent to every employee fitting the criteria of a 'Responsible Person' as per PSL's Fit and Proper Policy and to officeholders that are not otherwise responsible persons. The questionnaire is sent to a responsible person upon appointment and thereafter on an annual basis. The process is coordinated by Company Secretariat.

The questionnaire requires office holders and responsible persons to disclose any conflicts that may arise due to competing duties and personal interests. It also requires each office holder and responsible person to provide a copy of their personal gift register. It is mandatory for the questionnaire to be completed. Conflicts that are raised through this questionnaire are assessed for relevance as per the criteria contained within this framework and gifts to the value of \$300 or above received are added to the Register of Relevant Interests and Relevant Duties (Relevant Interests and Duties Register).

## STAFF TRAINING

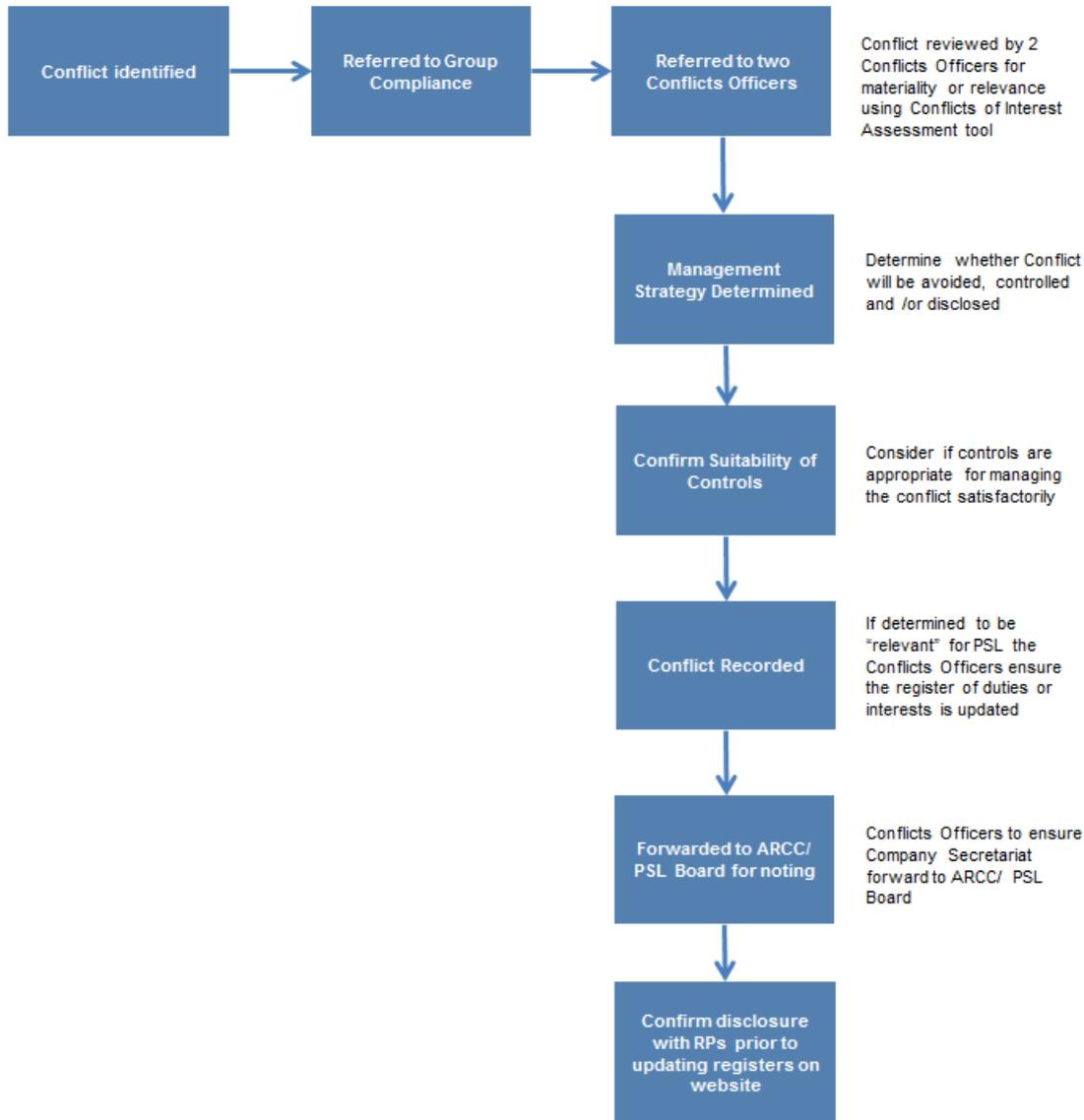
All employees have access to policies and other information that will help them to identify and disclose a conflict of interest.

Discussion of conflicts of interest is included as part of the induction program for new employees in addition to ongoing education for staff and management. Training materials provide a summary of the group's conflicts arrangements and outline the responsibilities of all 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 is also arranged as required.

## PROCESS FOR CONFLICTS ESCALATION

All employees are responsible for escalation of potential conflicts. Details of individual responsibilities are set out in the Conflicts of Interest Policies.

See diagram 1 below for the process for conflicts escalation management:



In order to promote consistency in the assessment of conflicts, the Conflicts Officers use a standardised Conflicts of Interest Assessment Tool.

## 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 ongoing basis. This must be conducted in order to ensure 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 Committee so as to help keep conflicts front of mind.

## MATERIALITY & RELEVANCE

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

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

- Sources of conflict;
- Nature of conflict; and
- Materiality and relevance 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 office holder, responsible person 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 office holder or responsible person.

Assets 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.

## CONFLICTS REGISTERS

The Conflicts Registers (which includes the corporate conflicts register, the office holder conflicts register) are maintained centrally by the Conflicts Officers. The Conflicts Registers include controls used to manage the conflict. The Conflicts Officers also maintain the Relevant Interests and Duties Register which is disclosed on the Trustee and Operations page on the website. It is the responsibility of PSL office holders and responsible persons to provide the Company Secretariat with updated information for inclusion on the registers.

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

There is a standard agenda item for declaration of interests of PSL office holders and responsible persons at Board and Board Committee meetings and these declarations will be considered as to how they will then be handled according to Board Policy. Furthermore, the current Conflicts Registers and Relevant Interests and Duties Register will be tabled at each meeting of the Board and Board Committees to assist in promoting ongoing awareness.

Irrespective of the above, the Conflicts Registers and the Relevant Interests and Duties Register are reviewed on an annual basis by the Conflicts Officers.

## DELEGATED AUTHORITY

The Board has ultimate responsibility for the development and maintenance of this framework. The Board has however 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 ensure that the Board and other governance bodies note relevant conflicts of interest as assessed by them, as and when necessary.

Note, prior to each PSL Board meeting, each Board and Board Committee member is required to disclose any new conflicts, not previously disclosed as well as any conflict in relation to any matters on the agenda. This process assists in ensuring conflicts of interest are kept front of mind amongst Board and Committee members and participants.

## REPORTING TO PSL BOARD 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.

## REVIEW OF THIS FRAMEWORK

This framework will be reviewed by operationally independent, appropriately trained persons at least every three years.

The review of this framework will consider:

- whether all relevant duties and all relevant interests have been identified and are being addressed in accordance with this framework;
- the level of compliance with each of the Conflicts of Interest (Corporate) and Conflicts of Interest (Personal) Policies, including reporting on the Conflicts Registers; and
- any non-compliance with each of the Conflicts of Interest (Corporate) and the Conflicts of Interest (Personal) Policies, including steps taken to return to, and improve, ongoing compliance.

Outside of the requirement to independently review the framework, the framework will be reviewed on annual basis by suitably competent employees, deemed to be of sufficient independence.

A report of the results of each review will be provided to the PSL Board.

## RELATED POLICIES

- PSL Fit and Proper Policy
- PSL Board Reporting Policy
- Perpetual Limited Whistleblowing Policy

**NEW SOUTH WALES**

Angel Place  
Level 18, 123 Pitt Street  
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**AUSTRALIAN CAPITAL  
TERRITORY**

Level 6, 10 Rudd Street  
Canberra ACT 2601

**VICTORIA**

Rialto South Tower  
Level 29, 525 Collins Street  
Melbourne VIC 3000

**SOUTH AUSTRALIA**

Level 11, 101 Grenfell Street  
Adelaide SA 5000

**WESTERN AUSTRALIA**

Exchange Tower  
Level 29, 2 The Esplanade  
Perth WA 6000

**QUEENSLAND**

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