

Conflicts of Interest Policy

Prepared by: Ian Pendleton

Position Title: General Counsel and Company Secretary

7 December 2016



Issued by FSS Trustee Corporation ABN 11 118 202 672 AFSL 293340

Revision history

Version	Reasons for amendment	Date approved	Approving Committee/Board
1	New Policy	6 February 2013	FTC Board
2	Revised	30 July 2014	FTC Board
3	Revised	23 September 2015	FTC Board
4	Revised	7 December 2016	FTC Board

1 Introduction

FSS Trustee Corporation (FTC) is the Trustee for the First State Superannuation Scheme (the Fund).

FTC is the Registrable Superannuation Entity licensee (RSE licensee) for the Fund.

By this Policy, the Trustee acknowledges its obligation to identify and manage any conflicts of interest and duty that may arise in the course of administering the Fund in the best interests of its members.

This Policy has been approved by the FTC Board of Directors.

2 Purpose

This Board approved Policy has been designed to ensure that FTC identifies, takes all reasonably practical actions to avoid, or prudently manage, all potential and actual conflicts in the business operations of FTC.

The Conflicts Management Framework comprises:

1. this Policy;
2. the FTC Conflicts Guidelines through which FTC determines how conflicts are to be assessed and recorded;
3. the FTC Register of Relevant Duties;
4. the FTC Register of Relevant Interests; and
5. the FTC Conflicts Register.

The FTC Conflicts Guidelines will assist Responsible Persons and employees to consistently avoid or prudently manage risks in accordance with the Policy. The Guidelines will help FTC management assess those identified relevant interests and duties that require entering on the FTC Registers.

The FTC Board is ultimately responsible for the development and maintenance of FTC's Conflicts Management Framework. The Board will undertake all reasonable steps to ensure that all Responsible Persons (as defined in the FTC's Fitness and Propriety Policy) and employees clearly understand:

1. the need to identify all potential conflicts;
2. the circumstances that might give rise to a conflict;
3. the content and purpose of FTC's Conflicts Management Framework; and
4. their obligations as an FTC Responsible Person.

The FTC Board has in place appointment procedures which, among other things, require incoming Responsible Persons and employees to disclose all relevant duties and relevant interests on taking up the appointment (by way of disclosure in the Responsible Person Eligibility Declaration).

The FTC Board is responsible for the development and maintenance of the FTC conflicts management framework, of which this Policy is part.

3 Legislation and Regulation

This Policy is made by the FTC Board reflecting:

1. the APRA Prudential Standard SPS 521 - Conflicts of Interest;

2. Part 6 of the Superannuation Industry (Supervision) Act 1993;
3. relevant provisions of the Corporations Act 2001;
4. the Superannuation Industry (Supervision) Act 1993 generally; and
5. any other applicable legislation.

For the purposes of this Policy:

1. a relevant duty refers to any duty owed by FTC, a FTC Responsible Person or an FTC employee to beneficiaries or to any other person; and
2. a relevant interest of FTC, an associate of FTC, a FTC Responsible Person or an FTC employee refers to any interest, gift, emolument or benefit, whether pecuniary or non-pecuniary, directly or indirectly held by FTC, the associate, the Responsible Person or an FTC employee that FTC has determined to be material within the terms of this Policy. For the purposes of this Policy the term 'associate' is as defined in the Corporations Act 2001.

For the purposes of this Policy, a reference to a conflict is a reference to a conflict:

1. between the duties owed by FTC, or a FTC Responsible Person, to beneficiaries and the duties owed by them to any other person;
2. between the interests of beneficiaries and the duties owed by FTC, or a FTC Responsible Person, to any person;
3. between an interest of FTC, an associate of a FTC, a Responsible Person or an FTC employee and their duties to beneficiaries; and
4. between an interest of FTC, an associate of FTC, a FTC Responsible Person or an FTC employee and the interests of beneficiaries.

For the purposes of this Policy, a reference to beneficiaries is a reference to “beneficiaries of FTC within FTC’s business operations” and “FTC’s business operations” includes all activities as an RSE licensee (including the activities of each RSE of which it is the licensee and its duties as an Australian Financial Service licensee) and all other activities of the Trustee to the extent that they are relevant to, or may impact on, its activities as an RSE licensee.

4 Policy

4.1 Identifying and Monitoring all Potential Actual Conflicts

A conflict of interest refers to situations in which personal, occupational or financial considerations may affect, or appear to affect, the objectivity, judgment or ability of a Responsible Person or an FTC employee to act in the best interests of FTC, the Fund or beneficiaries when carrying out his/her duties as a Responsible Person or FTC employee.

A conflict of interest between personal interest and official duty (whether real or apparent) may arise, for example, from:

1. other directorships or employment - these could compromise the integrity of a Responsible Person or employee and FTC;
2. professional and business interests and associations of a Responsible Person or employee;
3. financial interests in a matter FTC deals with, or having friends or relatives with such interests. These could include real estate, shares, debts, gifts, business interests and investments; or

4. personal relationships with people with whom FTC is dealing that go beyond the level of a professional working relationship.

A Responsible Person or employee may often be the only person aware of the potential for a conflict to arise. It is therefore that person's responsibility to avoid any financial or other interest that could compromise the independent and impartial performance of their duties and disclose any potential, perceived or actual conflicts of interests to the Chairman of the FTC Board or Company Secretary as soon as they become aware of it.

The relationship between a Responsible Person or employee and an existing or prospective service provider may give rise to conflicts that must be managed in accordance with this Policy. Relationships with service providers which may give rise to conflicts will be monitored through regular and thorough enquiry of relevant Responsible Persons or employees to ensure all conflicts are identified, declared and either avoided or managed.

A breach of this Policy will be referred to the FTC Chairman (in relation to a breach by a Director), or to the FTC CEO (in relation to FTC employees) to determine whether disciplinary action is required. The approval of the FTC Board will be obtained for the application of any disciplinary action in relation to a Director. Directors and employees may also take action under FTC's Whistleblowing Policy where there has been a breach, or apparent breach, of this Policy.

4.2 Avoiding Conflict

In the first instance, all potential conflicts should be avoided. Those that cannot be avoided are required to be managed in accordance with Section 4.3 below.

To enable the assessment of conflicts which cannot be avoided (in order to determine any conflicts that are to be managed) Responsible Persons and employees are required to:

1. at the time of appointment as:
 - a. a Responsible Person, disclose in writing to the Chairman of the FTC Board and the Company Secretary (and in their Eligibility Declaration); and
 - b. an employee disclose in writing to Human Resources,

all relevant duties and relevant interests which may give rise to any potential, real or perceived conflicts of interest;
2. on an ongoing basis, disclose to:
 - a. for a Responsible Person the Chairman of the FTC Board and the Company Secretary,
 - b. for employees to Human Resources;

as soon as he/she becomes aware of changes to any external relevant interests or relevant duties which may give rise to a real or perceived conflict of interest; and
3. at each Board and Committee meeting, advise any changes to previously made disclosures relating to relevant interests and relevant duties, and the possible conflicts of interest or potential conflicts of interest in relation to any financial or other interests a Responsible Person may have or appear to have.

For the avoidance of doubt, the matters to disclose in accordance with the above procedure include, but are not limited to, those matters set out in the example conflicts of interest set out in paragraph 4.1 above.

4.3 Managing Conflicts

FTC will take all reasonably practical steps to ensure that any real, perceived or potential conflicts are managed in accordance with the requirement to give priority to the duties to, and interests of, beneficiaries.

In the event of a Responsible Person or employee having declared a relevant interest or relevant duty that may give rise to a conflict or potential or perceived conflict, the Chairman (of the Board or relevant Committee, if the disclosure is made at the time of a Committee meeting), and the Company Secretary and for employees - Human Resources will consider whether:

1. the conflict can be managed in a manner that does not impact on the performance of the Responsible Person's or employees duties. The Responsible Person or employee may be authorised to continue his or her duties in the area, because, for example, the potential for conflict is perceived but not real, is minimal or can be eliminated by full and proper disclosure; or
2. the conflict can be managed by the Responsible Person not taking part in Board or Committee discussions or decisions involving the conflicted subject matter. In this circumstance, a Director who is a Responsible Person will not receive any relevant Board or Committee papers in respect of the matter and will absent himself/herself from the meeting room when any discussion or vote is taking place. The Company Secretary is to confirm with the Chairman prior to relevant Board or Committee meetings, whether the papers contain any matters which might give rise to a conflict or perceived conflict of interest as recorded in the Register of Relevant Duties and Register of Relevant Interests. The Chairman will determine whether papers are to be withheld from any Director. Such occurrence will also be recorded in the Board or Committee Minutes. For Responsible Persons and employees who are not Directors, he/she will not take part in any management decision making process relating to the interest or issue; or
3. the Responsible Person or employee should consider divesting himself or herself of the relevant interest or relevant duty, or take such other action as is considered appropriate under the circumstances; or
4. the conflict may require the Director who is a Responsible Person, to resign from the Board or Committee, or other Responsible Person or employee to resign from the FTC appointed position.
5. Section 5 of the Conflicts of Interest Guidelines contains further detail on the management of conflicts during Board and Committee meetings

4.4 Record Keeping

The minutes of all Board, Committee, and other relevant meetings will include details of each conflict identified and the action taken to avoid or manage this conflict. A Register of Conflicts will also be maintained by the Company Secretary. This will record all conflicts involving Responsible Persons and employees, and actions taken to ensure that the conflicts are appropriately managed.

4.5 Registers

Responsible Persons and employees will be required to disclose all relevant duties and all direct and indirect relevant interests to the Company Secretary who will determine which conflicted interests require entering on a Register. Disclosures made will be recorded in a Register of Relevant Duties and Register of Relevant Interests, and made publicly available on the FTC website. The Register of Relevant Duties and Register of Relevant Interests will be maintained by the Company Secretary.

A relevant duty or relevant interest is one which might reasonably be considered to have the potential to have a significant impact on the Responsible Person or employee's ability to act in the best interests of beneficiaries. At a minimum, relevant interests with a value exceeding \$250 are considered material and will be disclosed.

Responsible Persons who have declared a conflict or perceived or potential conflict of interest with an entity with which FTC may have or is considering entering into, a contractual relationship, are strongly encouraged to refuse to accept any gift or other benefit from that entity.

Gifts or other benefits in excess of the above stated amount may be seen as having the potential to impact on the capacity of the Responsible Person to act in the best interests of beneficiaries and should generally be declined. Gifts of cash may never be accepted.

5 Roles and Responsibilities

Position	Responsibilities
Responsible Persons and employees	To provide initial and ongoing disclosure of relevant duties and relevant interests; to vigilantly identify areas of possible conflict prior to or as they arise.
Company Secretary	To maintain the Register of Relevant Interests and Register of Relevant Duties, and ensure that they are publically available via the FTC website as required by this policy and the FTC Conflicts Guidelines; to ensure that all Board and Committee meetings provide an opportunity for Responsible Persons to identify possible conflicts and update disclosure on relevant duties and relevant interests for reporting at Board and Committee meetings. Compliance with the Conflicts Management Framework will be reviewed annually results will be reported to the FTC Board.
Chairman of the FTC Board and Company Secretary	To consider disclosures by Responsible Persons and the impact on responsibilities of the Board, Committees and management decision making processes.
Human Resources	To assess disclosures by employees
Risk & Compliance	Monitor compliance with the Conflicts Management Framework
Independent Assessor	The Conflicts Management Framework will be independently comprehensively reviewed to ensure its appropriateness, effectiveness and adequacy at least every three years. Reviews will assess: <ol style="list-style-type: none"> 1. whether all relevant duties and all relevant interests have been identified and are being addressed in accordance with FTC's Conflicts Management Framework; 2. the level of compliance with the Conflicts of Interest Policy, including reporting on the registers of relevant duties and relevant interests; and any non-compliance with the Conflicts of Interest Policy, including steps taken to return to, and improve, ongoing compliance.

6 Supporting Procedures

FTC's training procedures require that Responsible Persons and staff are regularly made aware of and comply with the Policy. Compliance with the Conflicts Management Framework will be monitored by Risk and Compliance through compliance obligations reporting.

7 Review

This Policy will be reviewed where the Trustee becomes aware that:

1. legislative changes or rulings by the Regulator require a review of the Policy;
2. the Policy is no longer appropriate; or
3. there are reasons to believe that this Policy has failed, or may fail, to support the compliance and/or operational obligations of the Trustee.

8. Attachments

1. Conflicts of Interest Guidelines
2. Disclosure form for Responsible Persons
3. FTC Conflicts Register

Conflicts of Interest Guidelines

For all FTC Responsible Persons and employees

January 2015



Section 1: Introduction

These Guidelines are to assist FTC Responsible Persons and employees to comply with FTC's Conflicts Management Framework. The Guidelines should be read in conjunction with FTC's Conflicts of Interest Policy (the **Policy**) (a copy of which is available in the BoardBooks Resource Centre, the FSS intranet or from Company Secretariat), the Code of Conduct and Ethics for Employees, and the FTC Code of Conduct and Ethics for Directors.

These Guidelines reflect what should be reported **at a minimum**. They should be read expansively, keeping in mind that the Policy requires Responsible Persons to exercise prudent judgement in respect of the management of conflicts.

If in doubt, it would normally be prudent to report.

The Guidelines cover:

- (a) Timing for reporting
- (b) Duties and interests that must be reported
- (c) Process for reporting
- (d) Disclosure of conflicts arising during a Board/Committee meeting

These guidelines may change from time to time. Generally, you will be notified of any material change. Even so, it is recommended that you review the guidelines from time to time to maintain familiarity.

Section 2: Timing

Responsible Persons and employees must report all matters covered by the Policy and these Guidelines:

- (a) as soon as reasonably practicable after any change in any matter previously reported so as to ensure that the relevant register is as up to date as reasonably possible. Ordinarily, it would be expected that Responsible Persons and employees would disclose any material change within 7 days of the change and any other change within 90 days of the change.

A material change occurs in respect of:

- (i) in respect of a duty, if a new duty to a third party (as described below) comes into existence; and
 - (ii) an interest if the value of the interest increases or decreases by 30% or more since the last reporting of that asset,
- (b) in respect of any gifts, rewards, entertainment and similar items, within 14 days of receipt of the gift, reward, entertainment or similar item.

Responsible Persons will be required by the FTC Company Secretary to confirm their interests held and duties owed twice a year for the periods ended 30 June and 31 December.

Section 3: Items that must be reported

Duties

Each Responsible Person and employee must report any duty (for example, as an employee, agent or trustee or under a contract) that he/she has to any organisation or person (other than FTC or its related entities) in circumstances where that organisation or person has a connection, directly or indirectly, with FTC or its related companies and the existence of that duty affects or influences, or could potentially affect or influence or could reasonably be perceived as affecting or influencing the discharge by the Responsible Person or employee of his/her duties to FTC or the beneficiaries of First State Super or both.

Interests

A relevant interest of a FTC Responsible Person or an FTC employee refers to any interest, gift, emolument or benefit, whether pecuniary or non-pecuniary, directly or indirectly held by FTC, the associate, the Responsible Person or an FTC employee that FTC has determined to be material within the terms of the Conflicts of Interest Policy, or the Codes of Conduct and Ethics (both for Directors and Employees).

Gifts

The FTC Code of Conduct and Ethics (both for Directors and Employees) and the Conflict of Interest Policy provide for the reporting of all gifts, rewards, entertainment or similar items received by the Responsible Person, or Associates of the Responsible Person, or employee in connection with the discharge of duties to FTC or to the beneficiaries of First State Super or both.

Gifts valued over the threshold amount set by the Conflict of Interest Policy will be recorded in the Gift Register and reported to the Board of Directors at the next meeting.

For this purpose, gifts, rewards, entertainment and similar items exclude:

- (a) gifts, rewards (including salary), entertainment or similar items provided by FTC or its related parties;
- (b) frequent flyer points or similar rewards;
- (c) business meals.

On no account should cash gifts be received other than where provided by FTC or its related parties.

Section 4: Process

All reporting must be marked confidential and sent to the Company Secretary.

The complete register of duties and interests will be held on a secure site accessible only by Company Secretariat.

The Company Secretary will determine in accordance with APRA's Superannuation Prudential Standards and FTC's Conflicts Management Framework (including the Policy and these Guidelines) which interests and duties are to be entered onto the publicly available Register of Relevant Interests and Relevant Duties (RRIRD).

Monthly updates of relevant duties will be provided and reported in monthly board meeting papers.

Gifts, rewards, entertainment or similar items that are reported to Company Secretariat and which have a value of \$250 or more will be entered onto the RRIRD. The values of these items are cumulative in relation to each gift-giver (including where the gift is given under an arrangement with another gift-giver). The totals will be reset to \$0 each 30 June.

The following items will be reported on the RRIRD:

- (a) subject to paragraph (b) in relation to listed securities, all assets of Responsible Persons that must be reported to Company Secretariat and which have a value in excess of \$100,000;
- (b) all listed securities of Responsible Persons that must be reported to Company Secretariat and which have a value in excess of \$50,000;
- (c) interests of Responsible Persons and their Associates in the FSS Superannuation Scheme;
- (d) interests of Associates of Responsible Persons where:
 - (i) the relationship between the Responsible Person and the Associate is considered by the Company Secretariat to be such that the interest held by the Associate could have a significant impact on the capacity of the Responsible Person to act consistently with the best interests of FSS beneficiaries; and
 - ii) if the interest was held by the Responsible Person, it would have to be disclosed.

In those circumstances, the value thresholds expressed in paragraphs (a) and (b) apply. Examples of this item would be assets held by the trustee of a family trust or SMSF of which the Responsible Person is a beneficiary.

The RRIRD will disclose that a Responsible Person and/or his/her Associate holds a material interest in an asset, but will not disclose actual dollar amounts. (The RRIRD will footnote the various asset thresholds.)

Section 5: Conflict management in a Board/Committee meeting

From time to time, a conflict or potential for conflict may arise or become relevant during the course of a meeting. The Board/Committee will discuss and determine the appropriate response to a conflict raised or identified during a meeting. The Director who has the conflict should leave the meeting while the discussion occurs to determine the appropriate response. The Minutes of the meeting will record which of the responses was applied.

Potential strategies to manage (graded from lightest impact, to most onerous impact) are listed below. Legal advice may be sought to assist with the determination of the applicability of the more onerous responses.

Conflict is identified and noted in the minutes and:

1. no further action is required (this is likely to be applied when no approvals are being sought, or where the conflict is trivial);
2. Director to abstain from voting on the relevant resolution (to be considered for conflicts that are minor);
3. Director is not to take part in any discussion and to abstain from voting on relevant resolution (may be applied when there is moderate potential for the conflict to cloud judgement);
4. Director leaves the room for the duration of the discussion and vote. May be a restriction on relevant papers (considered for direct and significant conflicts);
5. Director leaves the room for the rest of the meeting and takes no part in any further part of the meeting (conflict very significant and likely to impair judgement across multiple issues);
6. Director leaves the room for the rest of the meeting and is asked to divest themselves of the duty or interest giving rise to the conflict before able to join any future meeting (for serious conflicts that are unable to be managed while the interest or duty continues to be held);

7. Director resignation sought from the Board and/or Committee (potentially applicable to the most serious conflicts, or where Director unwilling to divest themselves of the conflicted interest of duty);
8. Appointing entity contacted to seek revocation of Director appointment (most extreme response applicable where relationship has broken down between conflicted Director and Board).

Definitions

For the purpose of these Guidelines and the Policy:

Associate means an Associate as defined by the Superannuation Industry (Supervision) Act (which cross refers to the Corporations Act, with some modifications). It may include:

- (a) the trustee of a trust in relation to which the Responsible Person benefits or is capable of benefiting; and
- (b) a person, such as a spouse, relative, business partner or family company with whom the Responsible Person is, or proposes to become, associated, whether formally or informally in respect of the asset or other interest (eg gifts) under consideration.

Excluded Assets means any real estate, cash at bank (including term deposits), risk only life and general insurances, motor vehicles, house contents and personal use assets such as jewellery and clothing



FSS TRUSTEE CORPORATION (“FTC”) RESPONSIBLE PERSON

CONFLICT OF INTEREST DECLARATION
AND
DISCLOSURE OF RELEVANT DUTIES, RELEVANT INTERESTS AND GIFTS

CURRENT AS AT (DAY MONTH YEAR)

1. _____ Name:

Please review the FTC Conflicts of Interest Guidelines (located in the Boardbooks Resource Centre) before you complete this form.

When completing this form use the most recent available information that you hold (no more than 12 months old)

This form will ask you to disclose details of your:

2. Relevant assets
3. Superannuation Fund accounts
4. Associate held relevant assets
5. Relevant duties and
6. Gifts received in relation to your role with FTC

Please note that

- a) all interests in the First State Superannuation Scheme;
- b) all **listed** securities which have a value in excess of \$50,000;
- c) any other asset with a value in excess of \$100,000; and
- d) assets of Associates that may detract from your ability to act in the best interest of FSS members and which have the values detailed above,

will be published on the FTC web-site on the Register of Relevant Interests and Relevant Duties (RRIRD) without the dollar values being stated. **The above amounts should be used to determine whether your interest is material for your Section 1, 2 and 3 disclosures.** Every effort will be made to confirm with you any of your information that will appear on the RRIRD before it is published.

1 Relevant assets

You should include details of all assets here, *except for any real estate, cash at bank (including term deposits), risk only life and general insurance, motor vehicles, house contents and personal use assets such as jewellery and clothing.*

Relevant assets will most commonly include shares and units in managed investment arrangements.

Organisation/ Investment Name	Material Interest Y/N	Purchase Date	Date Purchase Advised	Sale Date	Date Sale Advised

Add more rows as necessary

2 Superannuation fund accounts

Interests in all superannuation funds should be disclosed, including FSS and any SMSFs.

Fund name	Material Interest (Y/N)

Add more rows as necessary

3 Associate held assets

This section seeks details of assets you indirectly hold.

If you do have an interest in any assets held by Associates (eg a partner or spouse) you should review the definition of Associate in the Conflicts of Interest Guidelines.

You should include details of any proportional interests you might have in the assets of your Associates. This will include family trusts, self-managed superannuation funds and assets of family members in which you have an interest, or over which you have control or where you have an arrangement or common purpose.

Organisation/Investment Name	Material Interest Y/N	Purchase Date	Date Purchase Advised	Sale Date	Date Sale Advised

Add more rows as necessary

4 Relevant duties

Only disclose your roles which may have a connection to FTC or which may influence your judgment as a FTC responsible person. Consider disclosing any role you have as a director, office holder, employee, agent or trustee.

Relevant duties will be published on the FTC web-site on the Register of Relevant Interests and Relevant Duties.

Organisation	Position	Appointment Date	Termination Date	Notes

Add more rows as necessary

5 Gifts

Only disclose gifts received in your capacity as a FTC responsible person.

If you have not previously provided the information to the Company's Secretariat, please list all gifts, rewards, entertainment and similar items *except for items provided by FTC, frequent flyer or similar rewards and business meals*.

Please note that items (or multiple items from a giver) with a value of \$250 or more will be published on the FTC web-site on the Register of Relevant Interests and Relevant Duties.

Organisation	Description	Date received	Value

- Add more rows as necessary

6 Declarations

I declare this to be a complete list of my Relevant Interests, Relevant Duties and gifts received as at the current date. I undertake to advise the FTC Company Secretary of any material change to this list.

Signed:

Date: