

# Conflict Management Framework & Policy – Summary

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This document contains a summary of the Conflicts Management Framework & Policy (the 'Framework') of Energy Industries Superannuation Scheme Pty Limited ('EISS Super', 'we', or 'us') (ABN 72 077 947 285), as Trustee of the Energy Industries Superannuation Scheme (the 'Fund'). The Framework also applies to EISS Advice Pty Limited ('EISS Advice') (ABN 73 617 179 674) which is a subsidiary of EISS Super. The Framework sets out how EISS Super identifies and manages actual, potential and perceived conflicts.

## Application

The Framework applies to the Board of Directors, all EISS Super staff, including employees, representatives, contractors and where applicable, third party service providers.

## Conflict Management Framework

The Framework incorporates the following:

- Our Conflicts Management Policy;
- clearly defined roles, responsibilities and resources for the oversight of Conflicts management within our business operations;
- procedures for maintaining an up-to-date Register of Relevant Duties;
- procedures for maintaining an up-to-date Register of Relevant Interests;
- monitoring of adherence to policies and breach reporting; and
- process for Framework and Policy reviews.

## Definitions

- 'Beneficiary' has the same meaning as in the Superannuation Industry (Supervision) Act 1993 (the SIS Act), being any person who has a beneficial interest in either Pool A or Pool B;
- 'Conflict' means a conflict:
  - between the duties owed by EISS Super as a Registrable Superannuation Entity (RSE) licensee, or a Responsible Person of EISS Super, to Beneficiaries and the duties owed by them to any other person;
  - between the interests of Beneficiaries and the duties owed by us as an RSE licensee, or a Responsible Person of EISS Super, to any other person;
  - between an interest of EISS Super as an RSE licensee, an associate of an RSE licensee or a Responsible Person or an employee of EISS Super as an RSE licensee, and their duties to Beneficiaries; and
  - between an interest of EISS Super as an RSE licensee, an associate of EISS Super as an RSE licensee or a Responsible Person or an employee of EISS Super as an RSE licensee and the interests of Beneficiaries.
- 'Gifts' means a monetary or non-monetary benefit for no specified consideration from a person or entity who is providing, has provided or is seeking to provide services to us.
- 'Relevant Duty' refers to any duty owed by the RSE licensee, or a Responsible Person of EISS Super, to Beneficiaries or to any other person, that might reasonably be considered to have the potential to have a significant impact on the capacity of the RSE licensee, the associate of the RSE licensee or the 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.
- 'Relevant Interest' of EISS Super as an RSE licensee, an associate of the RSE licensee or a Responsible Person of the RSE licensee refers to any interest, gift, emolument or benefit, whether pecuniary or non-pecuniary, directly or indirectly held by EISS Super, an associate of EISS Super or a Responsible Person that the RSE licensee has determined to be relevant, that might reasonably be considered to have the potential to have a significant impact on the capacity of the RSE licensee, the associate of the RSE licensee or the 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.
- 'Representative' refers to an employee or director of EISS Super who is authorised by us to provide financial services on behalf of us.
- 'Responsible Person' means a person we have notified to APRA as being a Responsible Person for the purposes of SPS 520, and includes directors and company secretary of EISS Super, Scheme Auditor and actuary appointed to perform an actuarial function for EISS Super under an RSE licensee law (the "actuary"), Chief Executive Officer and certain Senior Managers that meet the requirements of paragraph 10, SPS 520.

## Obligations

We consider that Conflicts are best managed by having controls and processes which apply to all Responsible Persons and EISS Super staff for:

- identifying and monitoring all potential and actual Conflicts;
- avoiding Conflicts where required to do so by the person to whose attention the Conflict is highlighted;
- ensuring that the Conflict is managed in accordance with the requirements to give priority to the duties to and interests of, Beneficiaries in sections 52(2)(d) and 52A(2)(d) of the SIS Act;
- ensuring that appropriate action where a Conflict is identified including the action to avoid and manage the Conflict and the provision for escalation or alternative action if required;
- recording the detail in the minutes of each Board, Board Committee and other relevant meetings of each Conflict identified and the action taken to avoid or manage the Conflict;
- management maintaining a register of declared conflicts of interest and duties and the measures in place to properly manage those Conflicts;
- process for the development and maintenance of the registers required by Prudential Standard SPS 521; and
- undertaking regular and thorough enquiry to identify all Conflicts arising from our relationship, or the relationship of a Responsible Person, with an existing or prospective service provider or adviser, including those that have the potential to affect the service provider's performance of obligations.

## Identification and management of conflicts of interest

The requirements for reporting actual, potential or perceived Conflicts promptly are as follows:

- incoming Responsible Persons are obliged to disclose all Relevant Duties and Relevant Interests prior to the Board approving their appointment as required in the Fit and Proper Policy;
- Responsible Persons are obliged to disclose the existence of a possible or potential Conflict formally in writing;
- directors are obliged to declare Conflicts at the commencement of any Board or Committee meeting;
- directors are obliged to ensure the accuracy of the Register of Relevant Interests/Register of Relevant Duties and declare changes in interest at the commencement of any Board or Committee meeting;

- senior managers are obliged to declare Conflicts or any potential Conflicts at every Executive meeting;
- staff are obliged to declare Conflicts or any potential Conflict to a Senior Manager; and
- the appointed auditor and the actuary are obliged to declare Conflicts or any potential Conflict to the Company Secretary.

## Conflict of Interests Register (the Register)

A Register is maintained which includes the current mechanisms that are in place to manage Conflicts of interest that arise. This Register includes an up-to-date:

- Register of Relevant Duties;
- Register of Relevant Interests; and
- Register of Gifts.

For the purpose of determining whether an interest is a Relevant Interest and required to be disclosed in the Register of Relevant Interests and Duties, the following interests are considered to have a significant impact on the capacity of EISS Super or the Responsible Person holding the interest, to act in a manner that is consistent with the best interests of Beneficiaries:

- Securities in a company or interest in a Trust that provides services to EISS Super or its related entities - any such securities;
- Securities in a company which EISS Super holds or is considering acquiring, a direct or indirect interest - where the securities held by the Responsible Person are 1% or higher of the total Securities in the company, in accordance with its market capitalisation;
- an interest in a Trust which EISS Super holds, or is considering acquiring, a direct or indirect interest - where the value of the interest held by the Responsible Person is 1% of higher of the net asset value for the trust; and
- Derivatives of Securities in a company or Trust which EISS Super holds, or is considering acquiring, a direct or indirect interest - where the gross market value (before net settlement) of the derivatives is equal to or higher than the value of 1% of the total Securities in the company, in accordance with its market capitalisation.

Securities or Derivatives held by:

- a. a person's spouse or child;
- b. any company or on behalf of a trust that the person controls,

are deemed to be held by the person in determining whether that person holds:

- Securities and the number or value of such Securities; or
- Derivatives and the value of those Derivatives.

The thresholds indicated above are not exhaustive of the interests in Securities that may constitute a Relevant Interest.

For example, holding Securities in a company or managed investment scheme that amount to less than 1% of the Securities in the company or managed investment scheme may still be a Relevant Interest requiring disclosure in the register of Relevant Interests and Duties. The person who has the Interest must make an assessment as to whether the Interest will have a significant impact on the capacity of EISS Super, or that person, to act in a manner that is consistent with the best interests of Beneficiaries.

Gifts or other benefits in excess of \$300 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 will be disclosed. Gifts of cash may never be accepted.

## Non-compliance with the Policy

Persons with an actual or perceived Conflict have an obligation to disclose any Conflicts to EISS Super. If a person fails to disclose their Conflicts to us or if they breach our Conflict Management policies and procedures, the incident will be considered in accordance with procedures set out in our Incident and Breach Management Policy and, where required, breaches will be reported to the appropriate regulator.