

# TAL Superannuation Limited

## Conflicts Policy

Version: 2.1  
Effective: 1 January 2019  
Replacing: Version 2.0  
Next Review: by December 2021  
Approved by: TASL Board on 20 November 2018  
Owner: Office of the Trustee

# Version control

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Version number	Effective date	Details
1.0	July 2013	Initial Policy.
2.0	September 2015	New policy which incorporates action items from APRA in the 2015 Conflicts of Interest Thematic Review and feedback from the Board and Chief Risk Officer.
2.1	December 2018	Biennial review which included the key changes outlined in the report titled <i>Review of Governance Policies</i> that the Board considered on 20 November 2018.

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## Purpose

*This Policy, which is an integral component of TASL's Conflicts Management Framework, establishes the principles that TASL will use to either avoid Conflicts or manage them to an outcome that is consistent with the best interests of Members.*

*To operationalise this Policy within TASL, the Office of the Trustee may establish procedures and guidelines that are consistent with these principles.*

*TASL's Conflict management obligations are detailed in Appendix 1 to this Policy.*

# 1. Definitions and Interpretation

## 1.1 Definitions

Unless the context indicates otherwise, the following definitions apply to this Policy:

<b>APRA:</b>	means the Australian Prudential Regulation Authority.
<b>Associate:</b>	means a Related Body Corporate, and a director or secretary of a Related Body Corporate.
<b>Board:</b>	means the Board of Directors of TASL.
<b>Chair:</b>	the chairperson of the Board.
<b>Conflict:</b>	means a conflict of duty and/or a conflict of interest (as relevant) – see section 3 for more information.
<b>Control:</b>	has the meaning given in section 50AA of the Corporations Act 2001.
<b>Director:</b>	means a director of TASL.
<b>Fund:</b>	means the TAL Superannuation and Insurance Fund.
<b>General Manager, Risk Management</b>	means the General Manager responsible for the TAL Group's risk management function, which covers TASL
<b>Guidelines:</b>	means the guidelines issued under section 15.
<b>Member:</b>	means a person admitted as a member of the Fund under its governing rules, as amended or replaced from time-to-time.
<b>Non-Executive Director:</b>	means an employee of TAL Services who is not an executive of TASL but is a Director.
<b>Policy:</b>	this Conflicts Policy.
<b>Prudential Standard:</b>	means Superannuation Prudential Standard SPS 521 <i>Conflicts of Interest</i> , as amended or replaced from time-to-time.
<b>Related Body Corporate:</b>	has the meaning given in section 12 of the SIS Act and section 11 of the Corporations Act 2001.
<b>Relevant Duty:</b>	has the meaning given in section 8.2.
<b>Relevant Interest:</b>	has the meaning given in section 8.2.
<b>Remuneration Outcome:</b>	means an actual or potential payment to a Non-Executive Director from the TAL Group.
<b>Representative:</b>	has the meaning given in section 2.
<b>Responsible Person:</b>	has the meaning given in paragraph 11 of the Prudential Standard.
<b>Service Provider Conflicts:</b>	has the meaning given in section 9.
<b>SIS Act:</b>	means the Superannuation Industry (Supervision) Act 1993.
<b>TAL Group:</b>	means TAL Dai-ichi Life Australia Pty Limited and its subsidiaries, including TASL, TAL Life and TAL Services (as relevant).
<b>TAL Life:</b>	means TAL Life Limited.
<b>TAL Services:</b>	means TAL Services Limited.
<b>TASL:</b>	means TAL Superannuation Limited.

## 1.2 Interpretation

A reference to any statute or other subordinate legislation includes all laws and other legislation changing, consolidating or replacing them, and includes all laws, regulations, modification orders and other instruments issued under the statute or law.

A reference to a document includes all documents amending or replacing that document.

All matters which are stated as being included in (or examples within) the scope of an expression do not limit the scope and generality of that expression.

The singular includes the plural and the plural includes the singular.

Other parts of speech and grammatical forms of a word or phrase defined in this Policy have a corresponding meaning.

Unless noted otherwise, a reference to a section is a reference to a section of this Policy.

When an action must be completed “as soon as circumstances permit”, the action must be done soon but it is permissible to do other things first if the delay is justifiable in the circumstances.

## 2. Scope

This Policy applies to TASL, its Responsible Persons, and any other person(s) that the Board resolves will be subject to this Policy (collectively, the “Representatives”).

TAL Life and TAL Services and other entities providing services to TASL are not directly bound by this Policy. However, TASL also seeks to identify interests of Associates that may cause a Representative to be Conflicted.

## 3. What is a Conflict?

For the purposes of this Policy, a Conflict includes a conflict of duty and a conflict of interest. As explained in the following subsections, a conflict of duty is a conflict of duty and duty while a conflict of interest is a conflict of interest and duty.

### 3.1 Conflict of duty

A conflict of duty may arise where a person owes a duty to two different parties, and there is a real sensible possibility that the interests of those parties will conflict. Further information is provided in section 3.1 of the Guidelines.

### 3.2 Conflict of interest

A conflict of interest may arise where a person has, or there is a real sensible possibility that the person may have, a material personal interest in a matter that is in conflict with the interests of another party to whom the person owes a duty. The material personal interest may be one that the person has directly or indirectly – e.g. as a result of an interest that the person's family member may have. Further information is provided in section 3.2 of the Guidelines.

### 3.3 Potential Conflicts

The term 'potential Conflict' is used in this Policy to mean circumstances where there is a real sensible possibility of an actual Conflict. Where the possibility of a Conflict is so remote that there is not a real sensible possibility of an actual Conflict, this will not be regarded as a potential Conflict for the purposes of this Policy.

## **4. Identifying, Assessing and Monitoring Conflicts**

### **4.1 Ongoing disclosure obligation**

A Representative will notify the Board of any potential Conflict as soon as circumstances permit after first becoming aware of it. The potential Conflict will be assessed by the Board to determine if it is an actual Conflict.

### **4.2 Annual review**

On commencement of their appointment and once each year thereafter, each Representative:

- will receive training under section 11; and
- must disclose or confirm (as relevant) their potential and actual Conflicts – see sections 4.1 and 13.1.

Any change to a Representative's Conflicts, including any new Conflicts, will be assessed by the Board.

## **5. Avoiding Conflicts**

### **5.1 Conflicts of Relevant Duty**

Except where approved otherwise by the Board, a Responsible Person must avoid a Conflict of a Relevant Duty. Any other Conflict of duty will be managed in accordance with section 7.

### **5.2 Conflicts of Relevant Interest**

Except where approved otherwise by the Board, a Responsible Person must avoid a Conflict of a Relevant Interest. Any other Conflict of interest will be managed in accordance with section 7.

## **6. Additional Rules for Non-Executive Directors**

A Non-Executive Director must abstain from participating in any discussion or voting on a matter being considered by the Board where:

- they have day-to-day responsibility, as an executive of the TAL Group, for the matter; and/or
- there is a direct link between the matter and their Remuneration Outcome.

Further information is provided in section 4 of the Guidelines.

## **7. Managing Conflicts**

Where a Conflict is not dealt with under sections 5 or 6, it will be managed in accordance with the requirement to give priority to the duties to, and interests of, Members. The non-avoided Conflict will be disclosed to Members in the manner set out in section 7.1 and managed through a combination of the following measures:

- declaring the Conflict under sections 4.1 and 13.1;
- removing or restricting the involvement of Representatives in matters in which they have an actual Conflict;
- engaging third parties who do not have a Conflict (such as lawyers or actuaries) to advise on the decision-making process the matter;
- the Representative may have to relinquish assets or other private interests; and/or
- in rare circumstances, the Representative may need to relinquish their position as a Representative.

The Board will:

- determine what combination of these measures will be applied to manage the Conflict; and
- advise the Representative, Trustee Advocate and TASL Company Secretary of its decision.

## **7.1 Disclosure to Members**

All Conflicts of Relevant Interests or Relevant Duties will be disclosed to Members in the Registers of Relevant Interests and Relevant Duties maintained under section 8.2 and, where deemed appropriate by the Trustee Advocate, in the Fund's Annual Report.

# **8. Registers**

## **8.1 TAL Group Gifts and Conflicts of Interest Register**

Once a Conflict is identified, the following matters will be recorded in the TAL Group Gifts and Conflicts of Interest Register:

- the assessment of the Conflict; and
- any actions taken to avoid or manage the Conflict.

The Board will formally note any Conflicts that have been recorded in the TAL Group Gifts and Conflicts of Interest Register in accordance with section 12.2.

Further information is provided in section 5.1 of the Guidelines.

## **8.2 Matters to be disclosed in TASL's Registers of Relevant Interests and Duties**

As a transparency measure and as required by law, TASL maintains Registers of Relevant Interests and Relevant Duties which are distinct from the TAL Group register discussed in section 8.1. For this purpose:

- a Relevant Duty is a duty owed by TASL or a Responsible Person to Members or to any other person; and
- a Relevant Interest is any interest, gift, emolument or benefit, whether pecuniary or non-pecuniary, directly or indirectly held by TASL, an Associate or a Responsible Person,

that has been determined to be relevant in accordance with section 8.3.

Relevant Interests and Relevant Duties must be disclosed in the appropriate Register as soon as circumstances permit after they have been first identified.

The Registers of Relevant Interests and Relevant Duties must be:

- considered at each Board meeting; and
- updated at least annually to remove matters which are no longer deemed relevant by the Board.

Further information is provided in section 5.2 of the Guidelines.

## **8.3 Determining whether an interest or duty is relevant**

A Relevant Interest or Relevant Duty is an interest or duty that the Board reasonably considers may have a significant impact on the capacity of a Representative to act in a manner that is consistent with the best interests of Members. In this regard, a Relevant Interest includes an interest that a Representative may hold indirectly (for example, as a result of an interest, gift, emolument or benefit received or held by a family member).

If the Board assesses an interest or duty as being a Relevant Interest or Relevant Duty, the Representative must report this to the Trustee Advocate for inclusion in the Register of Relevant Interests or Register of Relevant Duties. Further information is provided in sections 5.3 and 5.4 of the Guidelines.

## 9. Service Provider Conflicts

Where TASL has appointed a service provider to perform a material business activity under its Outsourcing Policy, the service provider must:

- have a conflicts policy in place in relation to Conflicts which have the potential to affect the service provider's performance of the outsourced activities ("Service Provider Conflicts");
- provide TASL with a copy of this policy and any amendment to it;
- provide TASL with an annual report setting out what Service Provider Conflicts have arisen and the steps that were taken to manage each Service Provider Conflict; and
- ensure its conflicts policy is reviewed on a biennial basis, at minimum.

The Office of the Trustee will ensure that all Service Provider Conflicts are brought to the Board's attention, so they can be assessed and managed in accordance with this Policy.

## 10. Roles and Responsibilities

Roles and responsibilities defined by this Policy are set out in the following table:

Role	Responsibilities
<b>Board:</b>	<ul style="list-style-type: none"> <li>• Review and approve this Policy.</li> <li>• Monitor the effectiveness of this Policy in addressing risks associated with Conflicts.</li> <li>• Assess reported Conflicts.</li> <li>• Determine whether a Conflict is manageable or whether it must be avoided.</li> <li>• Agree actions to address Conflicts that are capable of being managed.</li> <li>• Maintain adequate records about Conflicts (delegated to the TASL Company Secretary).</li> </ul>
<b>Representatives:</b>	<ul style="list-style-type: none"> <li>• Awareness of the requirements of this Policy.</li> <li>• Identify Conflicts as they arise and report them to the Board.</li> <li>• Accountable for ensuring any actions required in respect of their Conflicts are implemented.</li> </ul>
<b>TASL Company Secretary:</b>	<ul style="list-style-type: none"> <li>• Ensure that adequate records are maintained about Conflicts.</li> </ul>
<b>General Manager, Risk Management:</b>	<ul style="list-style-type: none"> <li>• Monitor compliance with this Policy.</li> <li>• Provide certification to the Board on an annual basis regarding compliance with this Policy.</li> <li>• Oversee the annual review of this Policy.</li> </ul>
<b>Trustee Advocate:</b>	<ul style="list-style-type: none"> <li>• Maintain and review the Register of Relevant Interests and Register of Relevant Duties on a quarterly basis.</li> <li>• Ensure Relevant Interests and Relevant Duties are recorded in the Registers of Relevant Interests and Duties (as applicable).</li> <li>• Publish the Registers of Relevant Interests and Relevant Duties on the TAL Group website.</li> <li>• Oversee the triennial review of this Policy.</li> <li>• Operationalise this Policy within TASL.</li> </ul>

## **11. Training**

The Trustee Advocate will arrange for Representatives to receive training on the content and purpose of this Policy on their appointment and annually thereafter.

## **12. Record Keeping**

### **12.1 Management records**

The TASL Company Secretary will ensure that adequate records about Conflicts are maintained for at least seven years. Further information is provided in section 6 of the Guidelines.

### **12.2 Board records**

The TASL Company Secretary will record in the minutes of Board, Board committee and other relevant meetings details of each Conflict identified and the action taken to avoid or manage this Conflict.

## **13. Review**

### **13.1 Annual Review**

General Manager, Risk Management will ensure this Policy is formally reviewed each year to ensure it remains up-to-date and has been complied with during the year. The results of this review will be reported to the Board. Further information is provided in section 7.1 of the Guidelines.

### **13.2 Triennial Review**

A comprehensive review of this Policy is conducted every three years by an operationally independent person qualified to do so. The results review will be reported to the Board. Further information is provided in section 7.2 of the Guidelines.

## **14. Breach of Policy**

Breaches of this Policy must be managed in accordance with the TAL Group's Incident and Breach Management Procedure and recorded in the TAL Group Compliance Register.

Disciplinary action may be taken against any Representative intentionally involved in a contravention of this Policy. Further information is provided in section 8 of the Guidelines.

## **15. Operationalising this Policy**

The Office of the Trustee may establish and maintain documented procedures and guidelines that are consistent with the Policy, and will notify the Board of any material changes to the documents before they become effective.

## **16. Variation**

This Policy may be varied or discontinued by an ordinary resolution of the Board.

# Appendix 1:

## Legal Requirements

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### SIS Act

TASL and the Directors are subject to a number of legal requirements for the management of Conflicts. These requirements include obligations arising from the statutory covenants in Part 6 of the SIS Act, which include covenants:

- (a) to perform their duties and exercise their powers in the best interests of Members;
- (b) to exercise the requisite degree of care, skill and diligence;
- (c) where there is a Conflict between the duties of TASL or a Director to the Members, or the interests of Members, and
  - (i) the duties of TASL or the Director to any other person; or
  - (ii) the interests of the Director, TASL or an Associate of either of them,

TASL or the Director must:

- (iii) give priority to the duties to and interests of Member over the duties to and interests of other persons;
- (iv) ensure that the duties to Members are met despite the Conflict;
- (v) ensure that the interests of Members are not adversely affected by the Conflict; and
- (vi) comply with the APRA standards, including the Prudential Standard, in relation to Conflicts.

The Prudential Standard establishes requirements for the identification, avoidance and management of Conflicts.

Further, under section 52A(2)(f) of the SIS Act, a Director must exercise a reasonable degree of care and diligence for the purpose of ensuring that TASL complies with its statutory covenants.

### Corporations Act

TASL's Directors and officers are subject to various obligations to identify and manage Conflicts under Part 2D.1 and section 912A of the Corporations Act 2001.

### General Law

TASL's activities are subject to the general law obligations of trustees. At general law, a trustee has a primary duty to avoid putting itself in a position where there is an actual conflict, or a real sensible possibility of conflict, between its duty to beneficiaries and its interests or its duty to another person.