

# Conflicts Management Framework

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**Fund:** The ARA Retirement Fund  
ABN 40 586 548 205  
RSE Registration Number R1001020

**Trustee:** Aracon Superannuation Pty Ltd  
ABN 13 133 547 396  
RSE Licence Number L0003384

**Date:** Adopted on 24 July 2013, with effect from 1 July 2013

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## 1. Introduction

Aracon Superannuation Pty Ltd (**Aracon** or the **Trustee**) is the Trustee of The ARA Retirement Fund (**ARARF**) and the holder of a Registered Superannuation Entity (**RSE**) licence issued by the Australian Prudential Regulation Authority (**APRA**).

As an RSE licensee, the Trustee is subject to compliance with various legislative requirements, including Prudential Standard SPS 521: Conflicts of Interest (**SPS521**).

Under SPS521, the Board of Directors of the Trustee is ultimately responsible for having a conflicts management framework that is appropriate to the size, business mix and complexity of the Trustee's business operations and which applies to the entirety of its business operations.

The key requirements of SPS521 are that the Trustee must:

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

The conflicts management framework is the totality of systems, structures, policies, processes and controls within the Trustee's business operations that identify, assess, mitigate, manage and monitor all conflicts. It must provide reasonable assurance that all conflicts are being clearly identified, avoided or prudently managed and must include:

- a conflicts management policy;
- defined roles and responsibilities; and
- up-to-date registers of relevant interests and duties.

## 2. Roles and responsibilities

### 2.1 Trustee Board

The Board of the Trustee is responsible for:

- the development and maintenance of the conflicts management framework;
- the review and agreement on managerial action for all disclosed conflicts; and
- the assessment of disclosures where it involves the the Fund Executive;

Directors must also ensure that all responsible persons and other employees of the Trustee's business operations clearly understand:

- the need to identify all potential conflicts;
- the circumstances that might give rise to a conflict;
- the content and purpose of this conflicts management framework; and
- their obligations as a responsible person of the Trustee.

## **2.2 Fund Executive**

The Fund Executive is responsible for the following items:

- assessment of disclosures for the Board;
- update and maintenance of the conflict registers;
- drafting of relevant Board minutes to include results of any conflict disclosures and action, including the distribution of draft minutes to each Director after the meeting and to include the final minutes in the subsequent agenda pack for approval at that subsequent meeting;
- seeking required disclosure information and declarations from responsible persons, including prior to a responsible persons appointment and annually thereafter;
- promoting awareness of the conflicts management framework to the responsible persons and other relevant persons involved in the Trustee's business operations;
- the annual review of the conflicts management framework to include a report to the Board; and
- if appropriate, the comprehensive review of the framework at least every three years.

## **2.3 Responsible persons and other employees**

Responsible persons and other employees of the Trustee's business operations are responsible for understanding and complying with the Trustee's various policies, including this conflicts management framework.

They are required to disclose any identified potential, actual or perceived conflict of interest or duties relating to them or any other responsible person or employee, for assessment in accordance with this policy. They are then expected to comply with any management action agreed by the Board.

## **3. Conflicts management policy**

This policy is the primary means for clearly communicating the Trustee's approach to the management of conflicts across its business operations.

The Trustee has a general policy for all responsible persons (as defined in the Fit and Proper Policy) to identify and disclose to the Board in a timely manner all potential, actual or perceived conflicts, including any relevant surrounding circumstances that may give rise to the conflict.

This is to include any gifts, hospitality or invitations offered from current or potential service providers to the Trustee, its responsible persons or other employees of the Trustee or its business operations. The Trustee acknowledges that there may be benefits obtained by having strong working relationships with service providers and the receipt of such items may assist in developing those relationships, for the ultimate benefit of beneficiaries.

All such gifts, hospitality or invitations should be disclosed or identified to enable assessment on the basis of individual or group items. Where responsible persons are in doubt as to whether an item received or offered should be disclosed, they should disclose, preferably before the event, or as soon as practicable after the event.

The same requirement to disclose is required if and when the Trustee or its responsible persons provide gifts, hospitality or invitations to current or potential service providers.

The Fund Executive will assess and the Board will make a final decision on such disclosures and will record those that are considered relevant in the appropriate compliance register, including any agreed action to manage or avoid the conflict by that person in the future.

Each responsible person of the Trustee is expected to disclose and appropriately manage any actual, perceived or potential conflicting interests or duties between their Trustee duties and responsibilities and their other individual, personal or commercial interests.

The Trustee and its responsible officers will avoid conflict where it is required by law or where it would have a material impact on the Trustee's ability to act in the best interest of its beneficiaries or would otherwise compromise the Trustee and its responsible officers in a material manner.

Conflicts are to be managed to ensure that priority is given to the duties to and the interests of the beneficiaries, in accordance with sections 52(2)(d) and 52A(2)(d) of the SIS Act.

Where it is identified that a responsible person or other employee is not complying with the Board's management action concerning a disclosure, that disclosure should be escalated to the Fund Executive and/or the Board for review and implementation of an appropriate action plan as required.

### **3.1 Processes to apply**

All responsible persons are required to complete a "Conflicts of Interest and Duties Declaration" form:

- upon appointment;
- at least annually; and
- when their relevant circumstances change and the person involves identifies a potential, actual or perceived conflict of interest or duties.

Each Board meeting shall include an agenda item:

- that includes a copy of the most recent conflicts register for consideration and assessment of any updated conflicts as being relevant;
- for those in attendance at the meeting to declare any potential, actual or perceived conflicts concerning the agenda items for that meeting and/or any other matter; and
- to ensure that agreed management action concerning any relevant conflict is being adhered to.

It is expected that all responsible persons would bring to the attention of any other responsible person, and if necessary the Board, any identified potential, actual or perceived conflict that may have been overlooked, not disclosed or not considered by another responsible person.

Where there is doubt about the conflict, the responsible person should either seek advice from the Chair and/or the Fund Executive to clarify their obligations, with a general policy of openness to disclose items where any doubt or uncertainty remains.

The Fund Executive shall assess each disclosure to determine how the conflict should be managed. This may include:

- if the disclosure constitutes adequate management;
- what further disclosure (if any) would constitute adequate management; and
- whether or not disclosure can adequately manage the conflict and whether that responsible person is required to avoid or refrain from certain actions and/or decisions required in their role and for those actions and/or decisions to be reassigned to another responsible person.

Once the Fund Executive has assessed the Board shall decide the relevance of the disclosed conflict and agree any appropriate management action. The Fund Executive shall then be authorised to update the conflicts register for these details, which would then be included as an attachment to the next Board agenda.

The minutes of the Board meeting are to include the relevant details of each conflict identified and the action taken to avoid or manage the conflict.

Where the conflict involves a disclosure by the Fund Executive, the Chair or the Board would generally assess the disclosure.

#### **4. Relevant duties and interests**

A “relevant duty” refers to any duty owed by the Trustee or a responsible person of the Trustee, to beneficiaries or any other person, that the Trustee considers is relevant.

A “relevant interest” of the Trustee, an associate of the Trustee or a responsible person of the Trustee refers to any interest, gift, emolument or benefit, whether pecuniary (monetary) or non-pecuniary (non-monetary), directly or indirectly held by the Trustee, the associate or responsible person, that the Trustee has considered to be relevant.

The Trustee will assess these as being relevant if it might reasonably be considered to have the potential to have a significant impact on the capacity of the Trustee, the associate of the Trustee or the responsible person, to act in a manner that is consistent with the best interests of the beneficiaries of the Trustee.

Examples of relevant duties and relevant interests may include where a responsible person of the Trustee:

- is also a director, officer, employee or shareholder of a service provider to the Trustee;
- provides services to other RSE licensees where there is a relevant duty to those beneficiaries; or
- receives gifts, benefits or hospitality from a service provider or potential service provider to the Trustee or its business operations;

Conflicts may occur when a person has:

- duties owed to beneficiaries of Aracon in addition to any other duties they may have to other beneficiaries or entities; or
- interests in other entities which also have interests or duties related to the beneficiaries of Aracon.

## **5. Review Process**

### **5.1 Comprehensive Review**

The Trustee must ensure that the appropriateness, effectiveness and adequacy of this conflicts management framework is subject to a comprehensive review by operationally independent, appropriately trained and competent persons at least every three years.

The scope of the comprehensive review must have regard to the size, business mix and complexity of the Trustee's business operations, the extent of any change in those operations and any changes to the external environment in which the Trustee operates.

The comprehensive review must also consider:

- whether all relevant duties and relevant interests have been identified and are being addressed in accordance with this conflicts management framework;
- the level of compliance with the conflicts management policy, including reporting on the registers of relevant duties and relevant interests; and
- any non-compliance with the conflicts management policy, including steps taken to return to, and improve, ongoing compliance.

### **5.2 Annual Review**

The Trustee must review this conflicts management framework and report the results of this review to the Board at least annually.

**Appendix 1 – Conflict of Interest and Duties Declaration form**

**Aracon Superannuation Pty Ltd (ABN 13 133 547 396)  
Conflict of Interest and Duties Declaration form**

Full name:

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Address:

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Date of Birth:

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I have read and understood the Conflicts Management Framework of Aracon Superannuation Pty Ltd.

I confirm the following conflicts of interest and duties that are specific to my prospective or appointed role as a responsible person or employee of Aracon Superannuation Pty Ltd and/or its business operations.

Identified conflict	Proposed management of conflict

Signed:

Date:

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## **Appendix 2 – Conflict of Interest and Duties Register**

### **Aracon Superannuation Pty Ltd (ABN 13 133 547 396) Conflict of Interest and Duties Declaration Register**

The conflicts of interest and duties register is to record the following details:

- Responsible person category (eg. Director, Fund Executive, Auditor, etc..)
- Type of interest
- Other entity (eg. service provider, related party, competing entity, etc...)

The working register shall further include the following details:

- Name of responsible person
- Date of disclosure
- Date tabled at Board meeting
- Assessed as relevant – Yes/No
- Details of agreed management action
- Date last reviewed for compliance