

## LUCRF Conflicts Management Summary

### Introduction

L.U.C.R.F Pty Ltd as Trustee for the Labour Union Co-Operative Superannuation Fund (“the Fund”) has developed a Conflicts Management Framework and is responsible for this framework.

The objective of the Conflicts Management policy is to ensure that LUCRF Super avoids actual, potential and perceived conflicts of interest and provides highest level of integrity to our members and when dealing with service providers. LUCRF Super also acknowledges that conflicts of interest do occur and especially when we rely on outsourcing some of our tasks. LUCRF Super has maintained a Board-approved Conflicts Management Policy that describes the key elements of the Conflicts Management Framework. Prompt and full disclosure is a significant part of LUCRF Super’s conflicts management framework. LUCRF Super acknowledges that strong conflicts management culture is essential for the effective management of conflicts throughout the business operation.

### Legislative Requirements

Section 52(2)(d) of the Superannuation Industry (Supervision) Act (‘SIS’ Act) provides that where there is a conflict between the duties of the trustee to the beneficiaries, or the interests of the beneficiaries, and the duties of the trustee to any other person or the interests of the trustee or an associate of the trustee:

- (i) To give priority to the duties to and interests of the beneficiaries over the duties to and interests of others persons;
- (ii) To ensure that the duties to the beneficiaries are met despite the conflict; and
- (iii) To ensure that the interests of the beneficiaries are not adversely affected by the conflict; and
- (iv) To comply with the prudential standards in relation to conflicts.

Section 52A (2)(d) of the SIS Act provides that where there is a conflict between the duties of the director to the beneficiaries, or the interests of the beneficiaries, and the duties of the director to any other person or the interests of the trustee or an associate of the trustee:

- (i) To give priority to the duties to and interests of the beneficiaries over the duties to and interests of others persons;
- (ii) To ensure that the duties to the beneficiaries are met despite the conflict; and
- (iii) To ensure that the interests of the beneficiaries are not adversely affected by the conflict; and
- (iv) To comply with the prudential standards in relation to conflicts.

LUCRF Super's Conflicts Management Framework has been established with reference to the following guidance:

- Prudential Standard SPS 521 - Conflicts of Interest;
- Prudential Practice Guide SPG 521 - Conflicts of Interest;

These standards identify the requirements for the identification, avoidance and management of conflicts of duty and interest.

### Conflicts Management Culture

A strong conflicts management culture, as part of LUCRF Super's risk culture, is essential for the effective management of conflicts.

LUCRF Super's conflicts management culture is demonstrated through:

- Encouraging an environment of openness and disclosure of relevant duties and interests and managing fairly and effectively;
- Annual refresher training to all staff and induction program on the Conflicts Management Framework and conflicts management culture;
- Whistleblower policy in place

### Conflicts Management Framework

The Trustee has developed a conflicts management framework and is responsible for the framework and has the ultimate responsibility for the framework. This framework consists of the structures, policies, clearly defined roles and responsibilities, processes and resources that are in place to identify, avoid and manage conflicts of duty and interest. In particular, the Framework includes:

- The Conflicts Management Policy
- The Master Conflicts Register
- The Register of Relevant Duties and Interests
- The Gift & Hospitality Policy
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- Annual declarations and declarations as required
- Whistleblower policy
- HR Policies

### Roles, Responsibilities and Reporting

The Board has the ultimate responsibility for developing and maintaining the Conflicts Management Framework. The Board delegates certain responsibilities of the Conflicts Management Policy to the Compliance, Risk and Audit Committee. The Compliance, Risk and Audit Committee is responsible for the regular review of this Policy and the recommendation of any changes to the Trustee. All compliance breaches/incidents and any rectification actions are reported to the Committee.

The Chief Risk and Compliance Officer will maintain the Register of Relevant Duties and Interests and the Master Conflicts Register. To ensure it is kept up-to date, the Register of Relevant Duties

Register will be tabled at each Board and Committee meeting. The Master Conflicts Register will be tabled at the Compliance, Risk and Audit Committee Meetings on an annual basis.

Responsible persons and staff of the Trustee are required to:

- declare all interests and duties promptly and honestly
- Complete the conflicts declaration
- Disclose all actual, perceived or potential conflicts of interest or duties

### Gifts and Hospitality

For the purposes of this policy, relevance relating to gifts and hospitality are dependent on the type of interest and has been set on a cumulative per annum basis. Limits have been set to assist in assessing relevance and are based on one-off events as well cumulative amounts arising from several events. As hospitality is typically a one off event and is subject to a separate approval process with pre-set limits in place, it will typically not appear on the Register of Relevant Duties and Interests. However, should there be an ongoing hospitality event accepted that is outside the limits, this will be assessed for relevance by the Chief Risk & Compliance Officer to determine its relevance.

Directors and staff should not accept gifts (excluding promotional gifts of immaterial value). Additionally there are obligations under LUCRF Super's Gifts & Hospitality Policy on receiving of gifts and hospitality for Directors and staff, including the required authorisation requirements.

### Communication

The Compliance & Risk department will provide annual refresher training to all staff and induction program on the Conflicts Management Framework and conflicts management culture at LUCRF Super to ensure staffs at all levels are aware of their responsibilities.

### Review

On a triennial basis, a comprehensive review of the conflicts management framework will be undertaken by an operationally independent, competent and appropriately trained person. This review will comply with the requirements of Prudential Standard SPS 521.

On each year which a comprehensive review does not take place, a review of the conflicts management framework will take place and the results will be reported to the Board.

The Chief Risk and Compliance Officer is responsible for reviewing this policy:

- at least biennially on the review date, or
- as soon as is reasonably practicable if there is a significant change to LUCRF Super's operating environment, or
- as soon as is reasonably practicable if there is a material change to SPS 521.