



Conflicts of interest management



Commonwealth Superannuation Corporation (CSC) has implemented a conflicts management policy and framework to identify, disclose, manage, monitor and avoid conflicts of interest in accordance with regulatory obligations.

Why is the management of conflicts of interest important?

Managing conflicts of interest well protects individuals and the entities they represent or are associated with. It gives CSC's members and beneficiaries' confidence that their interests are being managed with integrity and consistently with CSC's fiduciary responsibilities.

What governing requirements apply?

CSC manages conflicts of interest in accordance with the Australian Prudential Regulation Authority's (APRA) Prudential Standard SPS 521 Conflicts of Interest, the *Corporations Act 2001*, the *Superannuation Industry (Supervision) Act 1993* (SIS Act), the *Public Governance, Performance and Accountability Act 2013* and the *Governance of Australian Government Superannuation Schemes Act 2011*. Guidance material such as *APRA Prudential Practice Guide SPG 521 – Conflicts of interest*, *Regulatory Guide 181 Licensing: managing conflicts of interest* issued by the Australian Securities and Investments Commission, and guidance material issued by the Association of Superannuation Funds of Australia Limited has also been considered.

Who does the conflicts management policy apply to?

The policy applies to all CSC directors, responsible persons and staff. Responsible persons are defined in APRA Prudential Standards as those that are responsible for the management and oversight of the superannuation funds. They include Directors, the Chief Executive Officer, the Chief Investment Officer, all General Managers, the Corporate Secretary, and appointed auditors and actuaries.

What is a conflict of interest?

A conflict of interest can arise when CSC's directors, responsible persons and staff are in a position where a separate personal interest or a duty owed to another party may interfere with CSC's ability to act in the best interests of, and comply with duties to, members and their beneficiaries.

How are conflicts of interest managed?

Need to act in the best interest of members and their beneficiaries: When managing conflicts of interest, CSC gives priority to the duties and interests of members and their beneficiaries in accordance with the SIS Act.

Conflicts management: Conflicts are managed by CSC through disclosure, using management and monitoring tools and avoidance.

For example, directors are asked to declare any conflicts prior to their appointment, to update relevant interests or duties at every board meeting and to declare and manage any relevant interests. CSC's Register of duties and interests is available on our website.

Staff obligations include declaring any conflicts of interest prior to commencing employment with CSC and on an ongoing basis, and declaring any gifts and other interests.

Principles regarding gifts and other interests: As a principle, directors, responsible persons and staff must not offer or receive gifts, interests or inducements that create or appear to create an obligation, affect impartiality, or inappropriately influence a decision involving CSC or its members and their beneficiaries. Interests include any gifts, entertainment or other benefits, whether pecuniary or non-pecuniary, direct or indirect.

Bribes, facilitation payments, inducements and commissions must not be accepted under any circumstance.

Management and monitoring tools: CSC has developed tools, including registers, policy statements and internal procedures that guide its practices, to identify, manage and monitor actual, potential or perceived conflicts of interest that might arise in the course of its business.

Avoidance of conflicts of interest: Conflicts of interest need to be avoided where required to do so. Where possible, directors, responsible persons and staff should avoid placing themselves in situations where conflicts of interest or duty may result. Such avoidance can be assisted by mechanisms such as remuneration structures that do not cause a conflict between self-interest and the interests of members.

Neither CSC nor its directors, responsible persons or staff receive any remuneration in respect of, or which is attributable to, any advice provided to members. CSC's directors are remunerated by way of allowances set by the Remuneration Tribunal. Staff of CSC are paid on a salary basis and, while they may be paid a bonus, it is not related in any way to advice provided about the schemes.

Review of the conflicts management policy

The policy and its framework are subject to review every three years by independent, competent persons to ensure they remain an appropriate tool for managing conflicts of interests. An annual internal review is also conducted. The Board considers any recommendations arising from reviews or regulatory change and is required to approve any proposed revisions before they become effective.