

Summary conflicts management framework & policy

About Commonwealth Bank Group Super

Commonwealth Bank Group Super (the fund) (ABN 24 248 426 878) is an employer sponsored super fund established by the Commonwealth Bank of Australia (the Bank) (ABN 48 123 123 124) as the principal employer to provide super benefits for current, former and future employees of the Bank and associated employers (CBA Group) and their spouses. It is not a public offer fund and operates on a profit-to-members model.

The fund is a hybrid fund that provides defined benefit (DB) and defined contribution (DC) benefits for fund members. The fund consists of 14 DB divisions and one DC division (comprising of an accumulation and allocated pension product), each with their own benefit structure.

The corporate trustee of the fund is Commonwealth Bank Officers Superannuation Corporation Pty Limited (the trustee) (ABN 76 074 519 798). The Bank is the sole shareholder of the trustee. The trustee holds a Registrable Superannuation Entity Licence (RSEL L0003087) and an Australian Financial Services Licence (AFSL 246418).

The trustee does not conduct any other business than the trusteeship of the fund. The trustee does not employ any staff directly and outsources all material business activities of the fund to appropriately qualified and resourced providers. The arrangements are fully documented in accordance with *APRA Prudential Standard Outsourcing SPS 231*. The trustee also maintains a list of material service providers on the fund's website, oursuperfund.com.au/fundinfo.

Commercial agreements on arms-length terms are in place and include service level standards to objectively monitor all services provided. The trustee may also use independent consultants to benchmark the appropriateness of its service providers.

The Bank has an agreement in place with the trustee to provide trustee services, which includes executive management of the fund and secretariat support to the trustee board and committees.

The trustee maintains an appropriate governance framework that lays a solid foundation for trustee board oversight. This framework includes clearly documenting accountabilities and authorities, decision-making processes (including dealing with conflicts), monitoring trustee obligations, measuring performance, monitoring outsourced functions and ensuring that appropriate skills are available and applied to discharge its trustee duties.

As part of its governance structure, the trustee board has established the following five committees:

- Investment Committee
- Risk & Audit Committee
- Member Services & Claims Committee, including the insurance management framework
- Governance Committee
- Remuneration Committee (delegated function to the Bank's People & Remuneration Committee).

Each committee comprises directors and may also include members who are appointed to a committee by the board but who are not directors, excluding the Risk & Audit Committee and Remuneration Committee. Each committee operates under a charter that is approved by the board and reviewed annually. A report from each committee, as a record of its meetings, is provided at each board meeting.

The trustee ensures compliance with the requirements of its AFSL and RSEL, relevant legislation, prudential standards, industry code and its governing rules by maintaining a robust risk management and compliance framework. The framework assists the trustee to identify, assess, monitor and manage its risks effectively and meet its obligations.

The governance, risk management and assurance frameworks are consistent with meeting the best interests of members and beneficiaries of the fund.

The trustee has an established *Conflicts Management Framework and Policy*, which forms part of the trustee's governance, risk management and assurance framework.



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In establishing the *Conflicts Management Framework and Policy*, the trustee has been guided by superannuation and corporations law, prudential guidance issued by regulators, CBA Group policies and principles outlined by other organisations.

This statement sets out a summary of the *Conflicts Management Framework and Policy*.

Conflicts management framework and policy

Conflicts may arise where the interests of the trustee or its representatives¹ (including Responsible Persons² (RPs), Trustee Services and other service providers undertaking responsibilities for the trustee and fund), or the Bank as employer sponsor, diverge from those of the beneficiaries of the fund.

A conflict may also arise between different capacities that the trustee performs, and between the duties owed in those different capacities. In addition, a conflict of interest may arise in the trustee or RP's relationship with a potential service provider or the ongoing relationship with existing service providers and within the service provider.

The trustee has articulated and established a *Conflicts Management Framework* that includes a *Conflicts Management Policy*, based on the requirement that it must:

- act in the best interests of the beneficiaries of the fund
- act impartially between members and beneficiaries of the fund
- act honestly, with integrity and in good faith.

Conflicts covered by the *Conflicts Management Policy* may be actual, apparent or potential conflicts of interest or duty.

The *Conflicts Management Framework and Policy* applies to the trustee and its representatives, including RPs, Trustee Services and all other service providers to the fund.

The conflicts arising from service providers must be managed in accordance with the trustee's *Outsourcing Policy* and disclosed in the conflicts register.

All RPs of the trustee must declare all relevant interests³ and relevant duties⁴ that give rise to an apparent or actual conflict prior to and for the duration of their appointment.

Conflicts are a standing agenda item for each trustee board and committee meeting, where directors and committee members are required to disclose conflicts

or potential conflicts with regard to any agenda item for consideration and notify of any changes to relevant interests or duties as recorded in the register.

The following registers are tabled at each trustee board meeting:

- Register of Relevant Duties and Interests
- Conflicts Register
- Gifts and Entertainment Register.

The trustee also provides a copy of the register of relevant duties and interests on the fund's website, oursuperfund.com.au/fundinfo..

The trustee board is ultimately responsible for the development and maintenance of the *Conflicts Management Framework and Policy*. It is the totality of systems, structures, policies, processes and controls within business operations that identify assess, mitigate, manage and monitor all conflicts.

Compliance with the *Conflicts Management Framework and Policy* is a key element of the trustee's risk management and compliance framework.

To ensure it remains effective, the *Conflicts Management Framework and Policy* is subject to:

- regular internal review
- a review by operationally independent, appropriately trained and competent persons, at least every three years.

Management of conflicts

The trustee will manage conflicts in accordance with the requirement to give priority to the interests of beneficiaries to ensure the quality, honesty and integrity of the services the fund provides to you.

The overarching approach to managing a conflict of interest is:

- **identify** – understand what a conflict is and how it may arise in relation to our day-to-day responsibilities and activities
- **manage** – act in a manner aligned with the principles in the Policy to manage identified conflicts.
- **report** – all actual and potential conflicts must be recorded in the trustee's conflicts of interest register.

Conflicts of interest may be managed by one or more of the following:

1 A representative is an employee or director of the trustee; or an employee or director of a related body corporate of the trustee; or any other person acting on behalf of the trustee.

2 Responsible Persons (RPs) include directors, executive officers, company secretary, senior managers, the RSE actuary or the RSE auditor of the trustee.

3 Any interest, gift, emolument or benefit, whether pecuniary or non-pecuniary, directly or indirectly held by the trustee, an associate of the trustee or an RP of the trustee that the trustee has determined to be 'relevant'. A 'relevant' interest is one that 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 RP to act in a manner that is consistent with the best interests of beneficiaries.

4 A relevant duty is any duty owed by the trustee, or an RP of the trustee, to beneficiaries or to any other person that is determined to be 'relevant'. A 'relevant' duty is one that 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 RP to act in a manner that is consistent with the best interests of beneficiaries.

- **control** – putting in place arrangements to ensure the impact of the conflict or potential conflicts is reduced to an acceptable level, which involves:
 - identifying conflicts of interest
 - assessing and evaluating those conflicts
 - deciding upon and implementing an appropriate response
 - ensuring that the quality of services provided is not compromised
- **disclosure** – making sure parties impacted by the conflict are aware of the conflict and its impact
- **avoidance** – where a conflict cannot be managed effectively using other means, the situation giving rise to the conflict must be avoided.

Reporting concerns

The trustee has adopted the Bank policy in relation to reporting concerns and whistleblowing, and has documented references in the trustee's *Conflicts Management Framework and Policy* and the *Fit and Proper Policy*.

The *Group Whistleblower Protection* policy established by the Bank applies to all businesses within the Group, including subsidiaries. It is applicable to the directors, employees, temporary staff, contractors, suppliers and service providers of the Bank, and applies to the trustee as a subsidiary of the Bank.

All directors, RPs, Trustee Services employees and service providers of the trustee are encouraged to disclose any concerns held in relation to activities or behaviour that may be unlawful or unethical or the fitness and propriety of individuals in relation to the fund, including non-disclosure of actual or potential conflicts.

A person can notify a concern in several ways and may do this anonymously:

- direct to the board Chair, the trustee Company Secretary, the Executive Manager Finance and Risk Management or other members of Trustee Services
- access the whistleblowing channel established by the Bank:
 - contact the SpeakUp Hotline on 1800 773 258 (a 24-hour hotline dedicated for reporting suspicions)
 - reverse charges from overseas on +61 2 9151 9156
 - email speakup@speakuphotline.com.au.

This way the person can discreetly relay their concerns about activities, behaviour or people connected with the fund, including directors and Trustee Services, or about the trustee itself, and feel confident they will not be disadvantaged by making a report.

The Bank's Investigations team is independent of the trustee, the fund's secretariat and the Bank's business unit management.

- direct to the Bank's Group Audit function, the fund's internal auditor
- direct to the fund's external auditor
- direct to the fund's appointed actuary
- direct to the Australian Prudential Regulation Authority (APRA) or the Australian Securities and Investments Commission (ASIC).



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