

Summary of:
Sargon Group Conflicts of Interest Management Policy
As at 24 March 2020

CCSL Limited (CCSL)

ABN 51 104 967 964, AFSL 287084, RSE L0000758

1. Purpose

This document provides a summary of the Sargon Group Conflicts of Interest Management Policy (the Policy) for external distribution via the CCSL Limited RSE Licensee website.

The Sargon Group framework for managing conflicts includes the totality of systems, structures, policies, processes and controls within the Group's business operations which collectively define, identify, assess, mitigate and monitor actual, potential and perceived conflicts of interest.

The Policy has been developed in alignment with:

- APRA Prudential Standard: Conflicts of Interest (SPS 521)
- APRA Prudential Practice Guide: Conflicts of Interest (SPG 521)
- ASIC Regulatory Guide 76: Related Party Transactions
- ASIC Regulatory Guide 181: Managing Conflicts of Interest.

2. What is a Conflict?

- **Conflict** for the purpose of this Policy, means a Conflict of Interest and/or a Conflict of Duty.

In a superannuation context, a conflict is any interest or duty of an RSE Licensee or Responsible Person of the RSE, which has the potential to prevent the RSE from performing its duties by placing it in a position where it may deliberately or inadvertently prefer the interests of another person or entity, to those of a superannuation entity's beneficiaries.

- A **Conflict of Duty** arises when a person has obligations to another entity or organisation which may conflict with or reduce their ability to perform their duty to another entity. This is particularly relevant where the other entity provides, or is being considered to provide, a service or product to the RSE / AFSL, or operates in the same market.
- A **Conflict of Interest** exists whenever a person or company has competing personal, financial, professional or ownership interests that could undermine their impartiality and potentially influence their decision making. This may include Potential, Actual and Perceived Conflicts.

3. Conflicts Policy Requirements

- The Sargon Group **Boards** are ultimately responsible for the conflicts management framework and for ensuring a strong culture exists around identifying, disclosing and managing conflicts of interest. Boards of licensed entities are responsible for ensuring that Directors and Employees at all levels put the interests of clients, investors, members and shareholders ahead of their own interests and always treat them fairly.

- **Directors** must declare any direct or indirect interests in agenda items in Board and Board Committee meetings and must assess, treat, manage and monitor any identified conflict as required by the Policy
- **Employees** must identify, and report to a Senior Compliance Manager (or delegate), any potential Conflicts of Interest as soon as they become aware of them, and not put themselves in a position where their personal interests might result in a breach of the Policy.
- The Sargon **Governance Risk and Compliance Team** (GRC) is responsible for the development and implementation of the enterprise-wide governance, risk and compliance frameworks.
- The **Company Secretaries** have broad ranging responsibilities for supporting the Boards in complying with their conflicts of interest management obligations. These include:
 - Maintaining the RSE Licensee Boards' Registers of Relevant Duties
 - Ensuing that identification of any Conflicts of Interest is a standing agenda item at each Board or Board Committee meeting.
- All contractual arrangements between **Related Parties** must be at arm's length and on commercial terms.

In deciding whether to engage with a Related Party, a Board is required to assess the appropriateness of the arrangements to ensure beneficiaries' interests are not compromised and the requirements of the Sargon Group Outsourcing Policy must be followed.

- Directors and Employees are required to report **gifts and entertainment** received from an existing or potential client, supplier or vendor of a Sargon Group entity where it is deemed to be of a material value (i.e. over \$100, or where a number of items accepted over a 3-month period would exceed \$100 in aggregate).

If a gift or hospitality exceeds \$400 in estimated value, approval must first be obtained from the GRC Team. The current and potential relationship with the provider will be considered as part of the assessment as to whether acceptance is approved.

- Directors and Employees must not use their positions or **inside information** obtained through their positions to gain an advantage for themselves or someone else.

4. Conflicts Management Process

Step 1 - Identify

To determine if a material conflict exists, all actual, potential or perceived conflicts must be reported to the relevant Company Secretary (for Directors and Responsible Persons) or a Senior Compliance Manager (for other Employees including Responsible Managers) for assessment and appropriate management.

Step 2 - Evaluate & Assess

The procedure for assessment and evaluation will depend on the type of conflict.

For Directors of an AFS or RSE Licensee Board (and Responsible Persons of an RSE Licensee), the Relevant Duty or Interest will be assessed to determine whether it might have the potential to impact the ability to act in a manner consistent with the best interests of beneficiaries.

Step 3 - Manage

The three main mechanisms to manage the Conflicts of Interest are controlling, avoiding or disclosing. The Policy provides further details on each of what each of these options are and when they should be applied.

Where a conflict cannot be adequately managed by disclosure or additional controls, the conflict must be avoided.

Step 4 - Ongoing Monitoring

The Registers of Duties and Interests relevant to each entity must be reviewed by the Board and updated at least quarterly and conflicts will be called for at each Board or committee meeting.

The Conflicts of Interest register relevant to each Board will also be tabled at least quarterly and where any change has occurred.

The GRC team is responsible for monitoring adherence to this Policy and reviewing the Policy and procedures to ensure they remain adequate. This includes ensuring that annual attestations in relation to conflicts are requested from all relevant staff.

P: +61 (0)3 9097 2800

W: www.sargon.com.au

E: contact@sargon.com