



The text 'IOOF' is rendered in large, white, outlined letters across the middle of the page. The background is a scenic coastal landscape with a blue ocean, white waves, and green vegetation in the foreground under a blue sky with light clouds.

Conflicts of Interest Policy Summary

November 2020

Introduction

The IOOF group of companies comprising of IOOF Holdings Ltd (**IHL**) and its related bodies corporate (**IOOF Group**) recognises that managing conflicts of interest and conflicts of duties is integral to its reputation and business objectives. This involves providing professional and ethical financial services and products which are in the best interests of its members, beneficiaries, clients, investors and shareholders (collectively referred to as “**Customer(s)**”).

‘**Conflict(s)**’ refers to potential, actual or perceived conflicts of interest and/or conflicts of duty throughout this document. This includes Conflicts which may be identified through the nature of each entity’s business and also any duties and/or obligations which may arise through being a part of IOOF Group.

Policy Statement

This Conflicts of Interest Policy (**Policy**) outlines the mechanisms in place for the IOOF Group to manage Conflicts under its licensing regimes, legislative, common law and fiduciary obligations.

It sets out formal processes for identifying, reporting, managing or avoiding Conflicts that arise within the IOOF Group’s business. It also outlines how to minimise the potential adverse impact of those conflicts on the interests of, and duties to, its Customers.

Scope

The Policy applies to the IOOF Group, which include Australian Prudential Regulation Authority (**APRA**) Regulated Entities (**ARE**), Responsible Entities (**RE**), Australian Financial Services (**AFS**) licensees, Service Operators, Custodians, Administrators and all business divisions (collectively referred to in the document as “IOOF”).

All IOOF employees (including casuals, temporary and contracted employees) as well as executive and non-executive directors, Responsible Persons, Responsible Managers and Officers of IOOF, any independent board committee members that are not directors and any third parties acting on behalf of IOOF are required to comply with the Policy (referred as “Employees”).

What is a Conflict of Interest or Duty?

There are various types of conflict which arise, which broadly can be categorised into conflicts of interest and conflicts of duty. A conflict can be an actual, a potential or a perceived conflict, and that may influence the organisation and individual’s response to the conflict. Conflicts can also exist between an interest and a duty.

- An **actual** conflict is one that currently exists;
- A **potential** conflict is one that could occur at some stage in the future based on existing relationships but does not currently exist; and
- A **perceived** conflict is a situation where it could be reasonably perceived, or give the appearance that, a competing interest or duty could improperly influence a decision by an Employee.

Conflict of Interest

Conflicts of interest are circumstances where the interests (any interest, gift, emolument or benefit, whether pecuniary or non-pecuniary, directly or indirectly held) of the person or entity are inconsistent with, diverge from, or compete with, the interests owed to Customers (e.g. superannuation fund Members, advice clients) or another entity.

Conflict of Duty

Conflicts of duty relate to circumstances where the duties in one capacity (e.g. platform operator) are inconsistent with and/or divergent from the duties owed in another capacity.

Identification and Reporting of Conflicts

Recognising Conflicts

Conflict situations may be straightforward in some circumstances but in others they may be difficult to detect and involve more complex situations and divergent interests.

Conflicts are not always personal or between individuals, they can exist between entities or funds or in relation to a proposed transaction. For example: RE/RSE decides to replace its cash account with an authorised deposit-taking institution structure and the bank that is proposed is also the provider to IHL. These all need to be identified and recorded.

It is essential that all IOOF Employees act in the best interests of IOOF's Customers at all times when exercising their duties and responsibilities and avoid or manage Conflict situations.

Conflicts of Interest Register

A Conflicts of Interest Register (**Register**) records identified and reported Conflicts for IOOF to ensure transparency and to manage Conflicts.

The Register records that the relevant IOOF entity has:

- Identified Conflicts relevant to the business being considered;
- Assessed and evaluated those Conflicts; and
- Decided upon and implemented an appropriate response to those Conflicts using the conflicts management mechanisms of avoiding, managing and/or disclosing.

The Register is required to be maintained for at least 7 years after an identified Conflict ceases or ceases to be managed.

Material Conflicts

While all Conflicts need to be recorded in the Register, it is important to determine whether a Conflict is material. Material conflicts need to have stringent monitoring and controls including a treatment plan.

Assessing and Evaluating Conflicts

Once a Conflict has been identified, an assessment process will be undertaken which will evaluate which of the Conflicts management mechanisms will be appropriate.

Mechanisms to Control Conflicts

IOOF applies three main mechanisms used to control Conflicts: avoiding, disclosing or managing. Actual material conflicts should be avoided wherever possible. If the Conflict is not possible to avoid, then it must be managed, which includes disclosure as a means of managing or treating a Conflict. These are not mutually exclusive and are often used in combination to control a Conflict, for example disclosure and management. These are discussed further below.

Avoiding Conflicts

In the situation where Conflicts cannot be adequately managed through disclosure or control, such that the integrity of the service is still compromised, then the Conflict must be avoided altogether.

All Employees are encouraged and expected to maintain the highest professional standards when fulfilling the duties associated with their position. They should avoid placing themselves in a position where there is a material Conflict between their own interests and those of the organisation and its Customers.

It is important to note that certain types of Conflicts are illegal and must be avoided (e.g. insider trading). Furthermore, where Conflicts involve a situation where the best interests of Customers or the fiduciary responsibilities to Customers will be compromised, then they must be managed or avoided.

Directors have additional fiduciary obligations under the Corps Act on avoiding Conflicts.

Disclosing Conflicts

Certain Conflicts can be managed through the use of clear and informative disclosure of the Conflict. Customers need to be adequately informed about any Conflicts that may affect the provision of financial services to them. The disclosure needs to be prominent and clear and provide enough detail to indicate how the Conflict might affect the service being provided to them. Adequate disclosure will assist Customers to consider the impact of a Conflict before relying on the service. Disclosure alone will often not be effective enough to fully manage a Conflict. In addition to disclosure, reasonable steps must be taken to ensure that the Customers understands the nature of the Conflict and its ramifications.

Managing Conflicts

Managing Conflicts involves identification of Conflicts relating to IOOF's business, assessing and evaluating those Conflicts and then devising an appropriate solution or response to those Conflicts. It entails introducing specific controls to mitigate or remove the impact of the Conflict. Many Conflicts can be managed by a combination of internal controls and disclosures.

Treatment Plan

A treatment plan for non-material Conflicts involves disclosing and/or managing the Conflict. Where a Conflict is considered material, it will require a formal treatment plan. The treatment plan will be recorded in the Register. All active treatment plans are required to be reviewed at least annually to not only ensure ongoing compliance, but that that plans have been effectively implemented.

Policy Statement

We explicitly recognise and assess, and then avoid or manage, Conflicts in our business. Our purpose and values guide our decision making and we always aim to put our Customers first.