

# conflicts management policy summary

February 2024

### **Introduction**

The HESTA Conflicts Management Policy ('Policy') governs how the Trustee identifies and manages conflicts that may arise for H.E.S.T. Australia Ltd ('Trustee') and HESTA ('Fund').

The purpose of this document is to provide a summary of the Policy.

The Policy aims to ensure the Trustee prudently manages conflicts in a manner that meet both its legal obligations and high standards of corporate governance.

The Policy outlines the framework to identify and assess conflicts and provide a process for how they should be appropriately managed.

### **Legal Obligations**

The Trustee is obliged by various sources of law to ensure it effectively identifies and manages conflicts that arise during the management of the Fund and provision of financial services. The key legal obligations are contained in:

- Corporations Act 2001(Cth) ("Corporations Act")
- Superannuation Industry (Supervision) Act 1993 (Cth) ("SIS Act")
- Superannuation Prudential Standard SPS 521 Conflicts of Interest ("SPS 521").

Sections 52 and 52A of the SIS Act impose covenants on the Trustee and its Directors to ensure that where a conflict arises in relation to itself and the beneficiaries of the Fund, "priority to the duties to and interests of the beneficiaries" must be given over those of any other persons.

These covenants further give rise to the need for the Trustee to ensure it maintains a robust conflicts management framework.

### **Conflicts Management Framework**

The Policy outlines the conflicts management framework which consists of the "totality of systems, structures, policies, processes and controls within the Trustee's operations to identify, assess, mitigate, manage and monitor all conflicts".

The conflicts management framework is illustrated by the diagram below.

# **Board Oversight**

## **Governance and Remuneration Committee (GRC)**

# BOARD AND COMMITTEE

**Board Charter** 

GRC Terms of Reference and Delegation

### **POLICIES**

**Governance Framework** 

Risk Management Framework and Strategy

Conflicts

**Management Policy** 

**Code of Conduct** 

Fit and Proper Policy

Investment Option Switching and Personal Securities Trading Policy

Secondary Employment Approval Policy

**Outsourcing Policy** 

# PROCESSES AND PROCEDURES

Fit and Proper processes for Responsible Persons on appointment

Annual Fit and Proper declarations by Responsible Persons

Director declarations in Board and Committee meetings

Employee due diligence on appointment

Ongoing identification and monitoring of relevant duties and interests

Responsible Persons Register of Interests and Duties

Employee Interests Register

**Gift Register** 

# SENIOR MANAGEMENT

**CEO** 

**Company Secretary** 

**Executive Team** 

**Leadership Team** 

#### **BUSINESS TEAMS**

Office of the CEO

Investment Management

Operations

Finance and Corporate Services

Member

Engagement

Strategy

**Experience** 

Enterprise Risk and Regulatory Change



Implement,
monitor, and
review
facilitated by
online
Governance
Risk and
Compliance
system.

Continuously evolve and enhance.



### **Definitions**

Some of the key definitions included in the Policy include:

**conflicts** refer to both a conflict of interests and a conflict of duties, and includes actual or perceived conflicts, and those that arise in both a personal and professional context. A conflict can also arise between interests and duties – for example, the duties owed by an individual Director or Trustee staff member to another organisation may be in contradiction to the interests of HESTA beneficiaries.

**conflicts of interests** refer to circumstances where the interests of relevant persons, service providers or staff members of the Trustee are contrary to those interests of HESTA beneficiaries.

**conflicts of duties** refer to circumstances where the duties owed by relevant persons, service providers or staff members of the Trustee to HESTA beneficiaries are in contradiction to the duties owed by them to another organisation or group of persons and vice versa.

**relevant interests** refer to interests, gifts (as applicable), emoluments, or benefits of the Trustee, the Trustee's relevant persons, staff members and service providers, whether directly or indirectly held, to the extent they meet any prescribed materiality thresholds and give rise to or have the potential to give rise to a conflict.

**relevant duties** refer to duties owed by the Trustee, the Trustee's relevant persons, service providers and staff members to HESTA beneficiaries or any other organisation or person, to the extent they give rise to or have the potential to give rise to a conflict.

**gifts** refer to any goods or services (such as entertainment, hospitality, travel or accommodation), received by the Trustee's Directors or staff members in their capacity as a Trustee Director or staff member, that hold a monetary value of \$300 and above. Individual gifts that may hold a value below \$300 but are received in multiples from the same provider and cumulatively have a value of \$500 and above annually, are also captured.

### **Approach to conflict management**

The Trustee approaches conflicts management by way of applying the following measures:

- Identification
- Disclosure
- Control
- Avoidance

Not all conflicts will impact the capacity of Trustee Directors or staff members to act in the best financial interests of beneficiaries of the Fund.

# **Conflict Management Matrix**

The Conflicts Management Matrix sets out the types of conflicts identified that may arise and the appropriate measures that must be taken to deal with the particular type of conflict. The Enterprise Risk Team has primary responsibility, in consultation with the relevant Executive and Company Secretary, for applying appropriate measures to deal with identified conflicts of staff members, as per the Conflicts Management Matrix.

### **Policy review**

The Policy is reviewed by Management annually and approved periodically by the Governance and Remuneration Committee.