



CONFLICTS OF INTEREST POLICY 2020

Policy Category: Board

ESSSuper
EMERGENCY SERVICES SUPERANNUATION BOARD

CONFLICTS OF INTEREST POLICY 2020

Effective Date: 21 February 2020

POLICY DETAILS

Policy Name	Conflicts Of Interest Policy 2020
Responsible Person	Board Secretary
Accountable Person	Board Secretary
Effective Date	21 February 2020
Review Date	21 February 2021
Approved By	Board

VERSION HISTORY *(if relevant)*

No.	
v1	

Policy Name	Conflicts of Interest Policy 2020	Effective Date	21 February 2020
--------------------	-----------------------------------	-----------------------	------------------

1. PURPOSE

- 1.1 The Policy states ESSSuper's position on conflicts of interest, including the requirement of Employees that conflicts of interest are:
 - Identified and declared;
 - Actively managed; and
 - Avoided (where possible).
- 1.2 Employees will encounter conflicts of interest and ESSSuper acknowledges that conflicts cannot always be avoided. They must however be identified and appropriately managed to ensure we earn and maintain the highest levels of integrity and public trust in ESSSuper and broader public sector.
- 1.3 ESSSuper has issued this Policy to support behaviour consistent with the Code of Conduct for Victorian Public Sector Employees and Code of Conduct for Victorian Public Sector Employees of Special Bodies (the Code). All employees are required under clause 1.2 of the Code to comply with this Policy.
- 1.4 This Policy forms part of the Conflicts Management Framework in accordance with the requirements of the Victorian Government Prudential Superannuation Standard for Victorian Government Superannuation Agencies issued on 30 October 2014. In addition, to ensure that it represents industry best practice, other regulatory guidance (e.g., ASIC RG.181, APRA Prudential Standard, SPS 521, VPSC Model Conflict of Interest Policy) and other similar policies have also been reviewed and considered in the formulation of this Policy.
- 1.5 The APRA Prudential Standards will be adhered to, having regard to the nature of the Fund and its exempt public sector superannuation scheme status.

2. SCOPE

- 2.1 This Policy applies to all Employees, as defined in this Policy.
- 2.2 This Policy operates in conjunction with the ESSSuper Risk Management Framework, the Gifts, Benefits and Hospitality Policy, the Declaration of Private Interests Form and the Fit and Proper Policy. Further detail regarding the operation of this Policy is included in the ESSSuper Conflicts of Interest Procedure.

3. POLICY TYPE AND PRINCIPLES

- 3.1 ESSSuper is committed to and will uphold the following principles in applying this Policy:
 - **Public interest:** all Employees have a duty to place the public interest above their private interests when carrying out their official functions. One way they do this is by applying the public sector values to their actions and decision-making (set out at section 7 in the Public Administration Act 2004).
 - **Accountability:** all Employees are accountable for avoiding wherever possible or identifying, declaring and managing any actual, potential or perceived conflict of interest that applies to them. Employees with direct reports are accountable for overseeing management of their direct reports' conflict of interest, modelling good practice and promoting awareness of conflict of interest policies and processes.
 - **Risk-based approach:** ESSSuper will take a proactive approach to assessing and managing conflict of interest risks. Employees with direct reports will ensure they are aware of the conflicts inherent in their team's work and functions and monitor the risks to which their direct reports are exposed.

Policy Name	Conflicts of Interest Policy 2020	Effective Date	21 February 2020
--------------------	-----------------------------------	-----------------------	------------------

4. DEFINITIONS

4.1 Conflict of Interest

A conflict of interest is where an Employee has private interests that could improperly influence, or be seen to influence, their decisions or actions in the performance of their employment and public duties. A duty is an obligation or responsibility in relation to a person's job or as a member of the public service.

Conflicts may be actual, potential or perceived:

- **Actual conflict of interest:** there is a real conflict between an Employee's public duties and private interests.
- **Potential conflict of interest:** an Employee has private interests that could conflict with their public duties. This refers to circumstances where it is foreseeable that a conflict may arise in future and steps should be taken now to mitigate that future risk.
- **Perceived conflict of interest:** the public or a third party could form the view that an Employee's private interests could improperly influence their decisions or actions, now or in the future.

4.2 Private Interest

A private interest is anything that can influence an Employee. Private interests include:

- **direct interests**, such as an Employee's own personal, family, professional or business interests; and
- **indirect interests**, such as the personal, family, professional or business interests of individuals or groups with whom the Employee is, or was recently, closely associated.

Private interests can be:

- **pecuniary** (i.e. financial), which includes any actual, potential or perceived financial gain or loss; and
- **non-pecuniary**, which includes any tendency toward favour or prejudice resulting from personal or family relationships, such as friendships, enemies or sporting, cultural or social activities.

4.3 Consensual Personal Relationships

Consensual personal relationships include consensual sexual, intimate and/or romantic relationships between adults of any sex or gender identity. Relationships of this kind may be on a casual, periodic or regular basis and may or may not constitute a primary relationship.

A familial relationship of spouse or de facto partner also constitutes a consensual personal relationship.

4.4 Definitions

Board references include the Board and its Committees.

Employees for the purpose of this Policy, includes Responsible Persons, employees, contractors, consultants and any individuals or groups undertaking activity for or on behalf of ESSSuper. Contractors and consultants are only bound by the Code of Conduct for Victorian Public Sector Employees to the extent the Code is explicitly required to be complied with in their contract for services.

Iress means the Fund's financial software provider, Financial Synergy Holdings Pty Ltd, its agents, employees and related body corporates.

Policy Name	Conflicts of Interest Policy 2020	Effective Date	21 February 2020
--------------------	-----------------------------------	-----------------------	------------------

Key Senior Managers are as defined in the ESSSuper Fit and Proper Policy. These are managers who are central to the ongoing management of the entity and who have the ability to affect a substantial part of ESSSuper’s business operations or financial standing. All members of the Executive Management Team, Head of Investments, Head of Technical Services and Manager Claims & Insurance Administration are considered to be Key Senior Managers.

Responsible Persons are Board Members, Deputy Board Members, Key Senior Managers, the Fund auditor, the Fund actuary, Iress, and certain consultants or contractors who perform functions that could materially affect the whole, or a substantial part of, ESSSuper’s business operations or its financial standing (either directly or indirectly).

5. PROCESS

Where there is a conflict of interest, Employees must avoid wherever possible or identify, declare and manage such conflict of interest in accordance with this Policy.

5.1 Identify conflict of interest

Employees should regularly consider the relationship between their private interests and public duties in order to identify any conflict of interest (for example, in recruitment, before major projects, tender decisions, legal proceedings or Policy development).

Private relationships, including family relationships, business relationships and consensual personal relationships, carry a high risk of conflict with public duties.

Additionally, Employees with direct reports must consider the risk profile of their team and its functions and ensure direct reports are aware of any increased risks of conflict of interest in their work.

While conflict of interest may occur in any part of the organisation, some functions and activities are higher risk than others and may require increased risk mitigation measures.

The following functions are high risk within ESSSuper (not exhaustive):

- Recruitment (contract and permanent staff);
- Procurement, contract management and tendering;
- Member benefit and insurance decisions; and
- Board and Committee governance.

5.2 Declare conflict of interest

A conflict of interest **must be declared**.

Employees should discuss any conflict of interest with:

- their manager; or
- a designated disclosure officer (Legal or Compliance team); or
- a General Manager.

Employees with delegations over \$20,000 and Board Members are required to complete and submit a Declaration of Private Interest form on appointment and annually.

5.3 Register

The Board Secretariat will maintain a register of relevant Duties and Interests for all Board Members, Key Senior Managers and Employees, including Responsible Persons (the Register).

Policy Name	Conflicts of Interest Policy 2020	Effective Date	21 February 2020
--------------------	-----------------------------------	-----------------------	------------------

The Register (as applicable to Board Members) is a standing agenda item for each Board and Committee meeting. Regular reporting is made to the Governance, Risk and Compliance Committee. Refer to the Conflict of Interest Procedure for details on the management of this process.

5.4 Management of conflicts of interest

Where a conflict exists between an Employee’s private interest and public interest, ESSSuper will manage and resolve the conflict in favour of the public interest. ESSSuper will manage this based on the following mitigation strategies:

- Restrict:** restrictions are placed on the Employee’s involvement in the matter.
- Recruit:** a disinterested third party is used to oversee part or all of the process that deals with the matter. In most circumstances, a subordinate would not be considered a disinterested third party.
- Remove:** the Employee removes themselves, or is removed, from the matter.
- Relinquish or Resign:** the Employee relinquishes the private interest that is creating the conflict. Where relinquishing the interest is not possible (e.g. relationship with family) and the conflict cannot be managed in the public interest using one of the other options above, the employee may consider resigning.

5.5 Managing consensual personal relationships in the Victorian Public Service

ESSSuper has a responsibility to ensure a safe and fair workplace for all employees under the *Equal Opportunity Act 2010*. Discrimination on these grounds is prohibited in the context of employment.

Consensual personal relationships between employees within the same organisation may occur. Consensual relationships are not prohibited but they may give rise to an actual, potential or perceived conflict of interest. See paragraph 11 of the ESSSuper Respect in the Workplace Policy for more details.

6. CONSULTANTS AND OUTSOURCED SERVICE PROVIDERS (including Actuaries, Auditors and Iress)

6.1 Appointment

The appointment of consultants, in particular, Iress, actuaries, auditors and investment consultants (**Outsourced Service Providers**), is subject to the requirements of the ESSSuper Outsourcing Policy. The conflicts of interest aspects of the Outsourced Service Providers will be assessed during the procurement, due diligence process and the annual reviews.

6.2 Outsourced Service Providers

Where ESSSuper has entered into arrangements with any other party to perform (i.e. Outsourced Service Providers), on a continuing basis, a business activity, the above process needs to be followed.

Outsourced Service Providers must avoid wherever possible or identify, declare and manage such conflict of interest that may arise from other interests held, or from duties owed to other entities. These conflicts may be actual, perceived or potential in nature. For avoidance of doubt, any Outsourced Service Providers or its agent/employee must comply with the disclosure standards that apply to ESSSuper’s employees, Key Senior Managers and Responsible Persons.

Outsourced Service Providers must discuss/declare any conflict of interest with:

- at first instance, their point of contact in ESSSuper; or

Policy Name	Conflicts of Interest Policy 2020	Effective Date	21 February 2020
--------------------	-----------------------------------	-----------------------	------------------

- a designated disclosure officer (Legal or Compliance team); or
- the CEO.

The Register should also include relevant Duties and Interests for all Outsourced Service Providers.

7. IMPLEMENTATION

- 7.1 This Policy is applicable from 21 February 2020.
- 7.2 Where appropriate, failure to adhere to this Policy may lead to disciplinary action under ESSSuper's Misconduct in the Workplace Policy.
- 7.3 In developing this Policy, Management have considered the *Human Rights and Responsibilities Act 2006* (the Charter) and have determined that there is no identified incompatibility with the Charter.
- 7.4 The Board is required to notify the Department of Treasury & Finance as soon as practicable after becoming aware of any significant breach of this Policy.

8. REVIEW

- 8.1 This Policy is to be reviewed and approved on an annual basis. The next Review is due in February 2021.
- 8.2 The Conflicts Management Framework will be reviewed by an operationally independent, appropriately trained and competent person at least every three years. The next such review is scheduled for 2021.

9. APPROVAL PROCESS

- 9.1 This Policy is to be approved by the Board.

10. ACCOUNTABLE OWNER

- 10.1 The owner of this Policy is the Board Secretary.

Policy Name	Conflicts of Interest Policy 2020	Effective Date	21 February 2020
--------------------	-----------------------------------	-----------------------	------------------