

**Summary:**  
**IFS Group Conflicts  
of Interest Policy**  
May 2016



## Scope and application of the Policy

This document contains a summary of the IFS Group Conflicts of Interest Policy ('the Policy') dated 24 September 2015. This Policy applies to the IFS Group<sup>i</sup> which is made up of the following entities:

- Industry Fund Services Limited (IFS), ABN 54 007 016 195, AFSL 232514;
- Industry Funds Investments Limited (IFI), ABN 17 006 883 227, AFSL 229881, RSE L000413;
  - IFI is the Trustee of Australia's Unclaimed Super Fund (AUSfund);
- Super Members Investments Limited (SMI), ABN 61 095 974 100, AFSL 231230, RSE L0001151;
  - SMI is the Trustee of the IRIS Superannuation Fund (IRIS); and
- Industry Funds Management (Nominees 2) Pty Ltd (IFMN2), ABN 27 073 931 843, AFSL 284301.

The Policy sets out how the IFS Group complies with its legal and regulatory obligations in relation to conflicts of interest and is part of the IFS Conflicts Management Framework.

## General Principles

The IFS Group aims to achieve the highest standards of governance, act in the best interests of members and beneficiaries, investors and advice clients at all times and to prioritise the interests of these persons ahead of all other interests.

Each entity in the IFS Group must take reasonable steps to ensure that other entities in the IFS Group comply with their obligations under this Policy and must not prevent another entity in the IFS Group from complying with its obligations under this Policy.

## The Policy forms part of the IFS Conflicts Management Framework

The other components that make up the IFS Conflicts Management Framework are:

- The Registers of Relevant Duties and Interests (for IFI and SMI) and the gifts registers for each IFS Group entity (the Registers).
- The Governance and Risk Committees.
- The Risk and Compliance Manual and the IFS Financial Planning Manual.

- Relevant IFS employee management policies, the IFS Group Fit and Proper Policy and the IFS Group Outsourcing Policy.
- Ongoing internal training.

## Conflicts arising from the structure of the IFS Group

The IFS Group considers that conflicts of interest are likely to arise from the structure of the IFS Group. Where this structure leads to a relevant conflict, it may be managed by ensuring that all internal arrangements and arrangements with related parties are on an arms' length basis. Steps taken to achieve this include:

- Dealing with every internal and related party on terms no more favourable than would be agreed with an independent party.
- Benchmarking service levels and fees paid to each related party against the relevant market.
- Reviewing internal arrangements and arrangements with related parties regularly.
- Prioritising the interests of members and beneficiaries, advice clients and investors.
- Clear, concise and effective disclosure.

The guidelines in this section do not constrain the Board, which remains responsible for determining how to address relevant conflicts on a case-by-case basis.

## General conflicts management processes

### How conflicts of interest are identified

IFS Group policies require the disclosure of specific conflicts such as gifts and under the Policy all IFS Group representatives must take reasonable steps to identify conflicts of interest.

Conflicts are also a standing agenda item at Board meetings and Governance and Risk Committee meetings. If a conflict of interest arises at these meetings, the non-conflicted Directors or Committee members will determine how to proceed, reflecting the guidance set out in the Policy.

### Managing conflicts

The Executive Manager, Legal, Governance and Insights must assess each reported conflict of interest and prepare a report for the Chief Executive Officer and/or the Board. Either the Board or the Chief

Executive Officer will decide how to respond to the conflict.

The IFS Group will respond to conflicts based on the circumstances of the conflict and may rely on one or more of the following measures:

- Taking steps to avoid the conflict.
- Prioritising the interests of members and beneficiaries, advice clients or investors.
- Disclosing the conflict in the relevant Register.
- Imposing a Chinese wall to achieve operational segregation.

- Re-organising reporting or management structures.
- Obtaining independent advice or representation.
- Dealing on an arms' length basis.

## Monitoring and oversight

The Policy must be independently reviewed on a regular basis and also when there is a material change to the structure of the IFS Group.

The Board and the CEO are responsible for overseeing the operation and effectiveness of the IFS Conflicts Management Framework.

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<sup>i</sup> IFS Insurance Solutions Pty Ltd and Industry Fund Financial Services Pty Ltd are also IFS Group entities but are not subject to the Policy.