

**MAPLE-BROWN ABBOTT LIMITED**

ABN 73 001 208 564

RSE Licence No. L0000130

**CONFLICTS MANAGEMENT POLICY**

**Last reviewed 26 May 2020**

## 1. Purpose

The purpose of this Conflicts Management Policy (Policy) is to provide a concise summary of Maple-Brown Abbott Limited's (MBA or the Company) conflicts management framework. As such it sets out the process for the identification, avoidance and management of conflicts of duty and interest. The Policy also sets out the process for establishing and maintaining the registers of relevant duties and relevant interests.

MBA is RSE Licensee for one RSE:

- Maple-Brown Abbott Pooled Superannuation Trust (ABN 89 672 954 462) (PST).

This document was developed in accordance with the Australian Prudential Regulation Authority's (APRA) Superannuation Prudential Standard (SPS) SPS 521 Conflicts of Interest.

## 2. Relevant Duties and Relevant Interests

Per SPS 521:

- a '**relevant duty**' refers to any duty owed by MBA, or a responsible person of MBA (RP) , to beneficiaries or to any other person; and
- a '**relevant interest**' of MBA, an associate of MBA or a RP refers to any interest, gift, emolument or benefit, whether pecuniary or non-pecuniary, directly or indirectly held by MBA, the associate or the RP

that MBA has determined to be relevant, in that it might reasonably be considered to have the potential to have a significant impact on the capacity of MBA, the associate of MBA or the RP with the relevant duty or holding the relevant interest, to act in a manner that is consistent with the best interests of beneficiaries.

Per MBA's Fit and Proper Policy, MBA's RPs are:

- all directors of MBA;
- the Company Secretary;
- the auditor of the PST (the RSE auditor).

## 3. Conflicts

Per SPS 521, a conflict is a reference to a conflict:

- between the duties owed by MBA or a RP to beneficiaries and the duties owed by them to any other person;
- between the interests of beneficiaries and the duties owed by MBA or a RP to any other person;
- between an interest of MBA, an associate of MBA or a RP or an employee of MBA, and MBA's duties to beneficiaries; and
- between an interest of MBA, an associate of MBA or a RP or an employee of MBA and the interests of beneficiaries.

#### **4. Awareness of the Policy**

This Policy has been provided to all RPs. To ensure that all new RPs are also made aware of the Policy, there is a step in the New Director Checklist and the New Employee Checklist addressing the provision of the Policy. The Policy will also be provided upon any change in RSE auditor.

The Head of Regulatory Compliance and Risk (HORCR) discusses the key aspects of this policy with all new employees as part of the New Employee Checklist.

The New Director Checklist and the New Employee Checklist also addresses the requirement for incoming RPs to disclose all relevant duties and interests prior to taking the appointment.

In accordance with s.29QB9(1) of the Superannuation Industry (Supervision) Act 1993 and Reg. 2.38(2)(m) of the Superannuation Industry (Supervision) Regulations 1994, this Policy is on MBA's web-site.

#### **5. Potential Conflicts**

Potential conflicts that have been identified by MBA are listed in Attachment A.

#### **6. Oversight of Conflicts Management**

The Board has the ultimate responsibility for oversight of conflicts management, evidenced via, inter alia:

- Approval of this Policy.
- Declaration of conflicts at the commencement of every Board meeting.
- Review of minutes of Committee meetings.

The HORCR is responsible for ensuring this Policy is up-to-date and accurate.

## 7. Registers of Relevant Duties and Relevant Interests

The Board as at the date of this Policy has not identified any **relevant duties**. MBA's organisational structure, described in the 'Arrangements' column of Attachment A for ref. 1, means MBA is less likely to be subject to influences which may divert it from acting in the best interests of beneficiaries.

The Board has considered the potential conflicts of interests identified in Attachment A and as at the date of this Policy one of these potential conflicts represents a **relevant interest**. This is recorded in the Register of Relevant Interests at Attachment B.

If and when an entry is made in the Register of Relevant Duties, it will be placed on MBA's web-site together with the Register of Relevant Interests, in accordance with s.29QB9(1) of the *Superannuation Industry (Supervision) Act 1993*.

## 8. Conflicts Management Process

The key elements of MBA's conflicts management process are as follows:

- Representatives are remunerated by salary and performance related bonuses and do not receive a commission for providing any financial service.
- The reporting of any conflicts of interest is a standing agenda item for the meetings of the Company's Board of Directors:
  - Directors are required to declare potential conflicts of interest at each Board meeting.
  - Assessment and evaluation of any conflicts of interest is undertaken, as required.
  - Board decides the appropriate course of action.
- The Code of Ethics (COE) contains a section on Conflicts of Interest with respect to staff, directors and the Company.
  - The COE is available on the wiki.
  - Each new staff member signs a declaration that they have understood and will comply with the COE.
  - All staff, including directors, annually attest to compliance with the COE.
- All personal dealing by employees, including directors, must be in accordance with the COE which requires them to:
  - obtain prior approval for all personal securities transactions from an executive director;
  - not deal in any stock where there is an uncompleted order in the market for any portfolio;
  - maintain a record of personal securities transactions (Register); and
  - make an annual declaration as to their personal securities transactions.
  - Compliance keeps copies of each employee's Register. The Register is reviewed annually by the Managing Director.
- Investment analysts are not permitted to trade a security on which they are preparing a new research report.
- Any breaches of the COE must be:
  - reported to a manager, the HORCR or to the COO; and

- recorded in the Company's Register of Compliance Failures, which is tabled before the A&CC every quarter and before the Board every year.
- Compliance reviews Completed Order Sheets and trade allocation reports daily after close of business. Refer also to the Dealing and Allocation of Trades policy.
- The fees that the Company can charge to, and costs it may recover from, the Trusts (including the PST) and Funds are governed by:
  - disclosure in the PDS or Information Memorandum;
  - notification requirements under the Corporations Act;
  - the provisions of the constituent documents for the Trusts and Funds; and
  - fiduciary obligations of directors and responsible managers.
- Fees and costs are monitored regularly to ensure compliance with all these obligations.
- Fees charged to Discrete Clients are negotiated with the client and reflected in the IMA.
- An independence declaration is obtained annually from the RSE auditor.

## **9. Monitoring and review of the Policy**

It is required by SPS 521 that every 3 years the appropriateness, effectiveness and adequacy of MBA's conflicts management framework is subject to a comprehensive review by operationally independent, appropriately trained and competent persons.

This independent review will be carried out by KPMG. The audit partner in charge of this review will be different to the KPMG audit partner responsible for the audit of MBA's financial statements.

The first such independent review will be carried out during the 2014/15 financial year, unless otherwise determined by the Board.

In addition, for each year during which a comprehensive review does not take place, MBA will conduct a review of the appropriateness, effectiveness and adequacy of its RMF. This review will be carried out by the HORCR.

The results from all reviews will be reported to the Board.

MBA has put in place internal audit procedures and external audit arrangements to ensure compliance with the conflicts management framework.

Where developments that materially affect MBA's business are identified outside the 3-yearly comprehensive review cycle, MBA will assess whether any amendment is required to the conflicts management framework.

## **10. Review and Approval**

This Conflicts Management Policy was first reviewed and approved by the COO on 15 August 2013, as delegated by the Board on 20 June 2013.

Last review by the Head of Regulatory Compliance and Risk on 26 May 2020.

**Attachment A  
Potential Conflicts**

Ref.	Description of identified potential conflict of interest	Arrangements for managing conflicts	Procedures for monitoring conflicts management arrangements
1.	Directors or responsible managers have another business relationship with an entity whose interests conflict with those of the Company, for example, a business relationship with a major service provider.	<p>The Company's business and corporate structure contributes to conflict of interest management in that the Company is solely engaged in funds management and the administration activities in relation to those funds. It is wholly owned by the founders and directors, or entities closely associated with them or their families. The effect of this structure is that the potential for conflict of interests is reduced. In particular, the Company:</p> <ul style="list-style-type: none"> <li>(a) has no affiliation with any broking house through which share dealing is directed;</li> <li>(b) has no affiliation with any overseas investment group through which overseas investment is channelled;</li> <li>(c) has no money market division through which clients' liquid assets are invested; and</li> <li>(d) does not act as a custodian.</li> </ul>	Directors are required to declare potential conflicts of interest at all board meetings. In addition, once each year the directors and company secretary of the Company declare their interests in writing, and acknowledge compliance with the COE, which includes a section on Conflicts of Interest and is available on the wiki.
2.	The Company's Representatives obtain an advantage, such as a commission as a result of providing a financial service to a client.	The Company is authorised to provide financial product advice to retail and wholesale clients. This authorisation was obtained principally so that our PDSs could be placed on our web-site and so that employees could invest in our Trusts and Funds. However it is the Company's practice to not give any financial product advice to either wholesale or retail clients. Staff giving presentations at which retail clients may be present undertake RG 146 training as a precaution (and will comply with other retail disclosure requirements). Representatives are remunerated by salary and performance related bonuses and do	All Company employees acknowledge compliance each year with the COE.

		not receive a commission for providing any financial service.	
<b>Ref.</b>	<b>Description of identified potential conflict of interest</b>	<b>Arrangements for managing conflicts</b>	<b>Procedures for monitoring conflicts management arrangements</b>
<b>3.</b>	Directors or responsible managers hold an equity interest in the Company, which could impact on their ability to act in the best interests of beneficiaries.	<p>Any fee increases are subject to PDS notice requirements and constituent documents as well as fiduciary obligations of directors and responsible managers.</p> <p>Proposed changes to staff resources are considered by the Business Strategy and Management Committees (management committees).</p>	<p>Directors are required to declare potential conflicts of interest at all board meetings. In addition, once each year the directors and company secretary of the Company declare their interests in writing, and acknowledge compliance with the COE, which includes a section on Conflicts of Interest and is available on the wiki.</p> <p>DDC monitors, and Board approves, all changes to PDSs.</p> <p>A&amp;CC monitors adequacy of resources and risk management framework.</p> <p>Fit and Proper assessments are conducted on all Responsible Persons (which includes all directors) annually.</p>

<b>Ref.</b>	<b>Description of identified potential conflict of interest</b>	<b>Arrangements for managing conflicts</b>	<b>Procedures for monitoring conflicts management arrangements</b>
<b>4.</b>	The Company's employees engage in personal dealing which conflicts with beneficiaries or clients' interests.	All personal dealing by employees must be in accordance with the COE which requires them to obtain approval for all personal securities transactions from an executive director, not deal in any stock where there is an uncompleted order in the market for any portfolio, maintain a record of personal securities transactions and make an annual declaration as to their personal securities transactions and holdings.	Compliance keeps copies of each employee's Register of Interests in Securities. The Register is reviewed annually by the Managing Director.
<b>5.</b>	The Company increases the fees it charges to the Trusts or Funds.	Any fee increases are subject to PDS notice requirements and constituent documents as well as fiduciary obligations of directors and responsible managers.	A&CC and DDC
<b>6.</b>	The Company charges inappropriate costs to the Trusts or Funds.	Any cost recoveries are subject to PDS notice requirements and constituent documents as well as fiduciary obligations of directors and responsible managers.	A&CC and DDC
<b>7.</b>	Inappropriate or inequitable allocation of trades to benefit certain portfolios at the expense of other portfolios.	The Company maintains a Portfolio Similarity Rule and a Dealing and Allocation of Trades Policy, and portfolio performance reviews are performed.	Compliance reviews Completed Order Sheets and Allocation reports daily after close of business. Allocation queries are discussed with the Dealer and notes are recorded. The A&CC monitors compliance with the policies as part of its Programme.



Ref.	Description of identified potential conflict of interest	Arrangements for managing conflicts	Procedures for monitoring conflicts management arrangements
8.	Valuation of a suspended security, where the analyst for the security and PM for the portfolio in which the security is held, are the same person.	The Managing Director reviews all valuations of suspended securities, including all evidence obtained in determining the valuation, to determine whether or not the valuation is sustainable. If the Managing Director is the analyst and PM concerned, then the Head of Australian Equities or the Head of Asian Equities will conduct the review.	Compliance monitors all valuations of suspended securities.
9.	Directors or responsible managers receive gifts or benefits from a major (or potential) service provider, such that the engagement of that service provider might be influenced.	One of the major sections in the COE addresses Conflicts of Interest. With respect to gifts: “An employee must not receive any payment, gift or other benefit from any entity which has or is seeking to have business dealings with the Company unless, in the case of a gift or other benefit, it is of a minor nature involving, for example, food, drink or entertainment in the ordinary course of business. Refer the Appendix.” One section of the Appendix is ‘Gifts and Entertainment’ (G&E), which details how information must be entered in the G&E Register.	Access to the G&E Register is only available to the MD and the COO. The MD and COO periodically review the G&E Register to determine if any pattern of gifts or entertainment is of concern. If of sufficient concern such that it meets the definition of ‘relevant interest’, the HORCR will be informed so that the Register of Relevant Interests can be updated.

**Attachment B**  
**Register of Relevant Interests**

<b>Ref.</b>	<b>Description of Relevant Interest</b>	<b>Arrangements for managing conflicts</b>	<b>Procedures for monitoring conflicts management arrangements</b>
1.	Directors or responsible managers hold an equity interest in the Company, which could impact on their ability to act in the best interests of beneficiaries.	<p>Any fee increases are subject to PDS notice requirements and constituent documents as well as fiduciary obligations of directors and responsible managers.</p> <p>Proposed changes to staff resources are considered by the Business Strategy and Management Committees (management committees).</p>	<p>Directors are required to declare potential conflicts of interest at all board meetings. In addition, once each year the directors and company secretary of the Company declare their interests in writing, and acknowledge compliance with the COE, which includes a section on Conflicts of Interest and is available on the wiki.</p> <p>DDC monitors, and Board approves, all changes to PDSs.</p> <p>A&amp;CC monitors adequacy of resources and risk management framework.</p> <p>Fit and Proper assessments are conducted on all Responsible Persons (which includes all directors) annually.</p>