

23 September 2016

## Conflict of Interest

mysuper Superannuation Scheme

This document describes the nature of the potential conflicts of interest that could arise for mysuper Superannuation Scheme (**mysuper**), and the steps that have been (or will be) taken to manage any conflict. It should be read in conjunction with the Product Disclosure Statement for mysuper, which is available at [mysuper.co.nz/disclose](http://mysuper.co.nz/disclose)

Interests in mysuper are issued by the Trustee of mysuper, Shamrock Superannuation Limited.

mysuper is governed by the mysuper Trust Deed and the KiwiSaver Act 2006 (**KSA**) (amongst other laws). The provisions in the mysuper Trust Deed and the KSA prevail over anything to the contrary in any other document. The provisions of the mysuper Trust Deed and the KSA may change in the future.

Some terms used in this document are defined in the mysuper Trust Deed or the KSA.

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## 1. Meaning of conflict of interest

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A conflict of interest under the Financial Markets Conduct Regulations 2014 means a financial or any other interest, a relationship, or any other association of Shamrock Superannuation Limited (**Shamrock**), Trustee of **mysuper** Superannuation Scheme (**mysuper**), of an investment manager, or of a relevant person that would, or could reasonably be expected to, materially influence the investment decisions of Shamrock or investment manager (or both) in respect of **mysuper**.

A relevant person means:

- a director of Shamrock
- a senior manager of Shamrock
- an employee of Shamrock who has a significant impact on the investment decisions that are made in respect of **mysuper**
- an associated person of Shamrock (or a director or senior manager of that associated person).

Shamrock has not contracted the investment of **mysuper** funds to any investment manager. Shamrock manages the investments of **mysuper** by investing assets directly into underlying investment funds in accordance with the investment mandates for each **mysuper** investment option as set out in the Statement of Investment Policy and Objectives (**SIPO**), available at [mysuper.co.nz/disclose](https://mysuper.co.nz/disclose)

## 2. Details and management of conflict of interest

Details of potential conflicts of interest that could arise from these key relationships and how the Shamrock has or would manage or mitigate them are outlined in the table below.

Nature of potential conflict of interest	Funds affected	When and how this could the potential conflict of interest influence investment decisions in respect of <b>mysuper</b>	Steps that have been taken, or will be taken, to manage and mitigate the potential conflicts of interest
Shamrock is not independent of Accident Compensation Corporation ( <b>ACC</b> ) because Shamrock is a wholly owned Crown entity subsidiary.	All	Decisions made by Shamrock could potentially be influenced by considerations of how ACC will react as Shamrock's holding company.	<ul style="list-style-type: none"> <li>Shamrock is committed to identifying, declaring and managing conflicts of interest.</li> <li>Shamrock has a Conflicts of Interest Policy (<b>Policy</b>) that sets out what a conflict of interest is and provides a framework for how to identify, declare and manage it.</li> </ul>
All remuneration costs of the independent licensed trustee are set by ACC's Board and are paid by ACC (but reimbursed to ACC by Shamrock)	All	Director's decisions may be influenced by ACC's wishes.	<ul style="list-style-type: none"> <li>The Policy provides that the process of managing a conflict of interest is to identify, declare, manage and monitor. Any conflict of interest is recorded in the Shamrock conflicts of interest register. conflicts of interest are a standing item on the agenda for the Shamrock.</li> </ul>
ACC employee directors of Shamrock do not receive any remuneration for their directorship and only hold office while employed by ACC.	All	Director's decisions may be influenced by ACC's wishes.	<ul style="list-style-type: none"> <li>Shamrock's lack of independence is managed through the presence of experienced respected employees of ACC on the board plus a licensed independent trustee director who is independent from ACC and has a statutory reporting duty to the Financial Markets Authority (<b>FMA</b>).</li> </ul>
Directors and employees of Shamrock may from time to time be members of <b>mysuper</b> .	All	Decisions made by affected directors and employees may be influenced by their personal interest in <b>mysuper</b> .	<ul style="list-style-type: none"> <li>Any conflict in relation to directors' remuneration is managed because the level of remuneration of Shamrock is set within the applicable range set by the Cabinet Fees Framework.<sup>1</sup> Only the licensed independent trustee receives remuneration. Shamrock directors who are also ACC employees do not currently receive remuneration for their services as directors of Shamrock.</li> <li>Shamrock is subject to legal and fiduciary obligations to members and other beneficiaries of the Scheme, retains professional advisors to assist in discharging those obligations and has statutory reporting obligations to the FMA.</li> <li>Shamrock's Constitution only gives ACC defined influence/powers and Shamrock directors are not prevented from acting in the best interests of members when acting as trustee of <b>mysuper</b>.</li> <li>ACC does not exercise any direct influence over the investment and administration of <b>mysuper</b> other than the appointment of the directors of Shamrock. Their other main powers under the <b>mysuper</b> Trust Deed relate to stopping contributions and winding-up <b>mysuper</b>. ACC leaves Shamrock to deal with the investment and administration of <b>mysuper</b>. <b>mysuper</b> is also subject to legislative and regulatory review and reporting obligations.</li> </ul>

<sup>1</sup> Shamrock is a group 3b body for the purposes of the Fees Framework. CO (12) 6 Fees framework for members appointed to bodies in which the Crown has an interest (19 December 2012).