

1. ABOUT THIS POLICY

This Policy describes our approach to remunerating employed advisers who provide advice under our AFS licence. It applies to all advisers who provide personal advice to retail clients and other employees who are involved in the advice process (e.g. paraplanners).

It also sets out the benefits that we and our employed advisers may accept from product providers.

The purpose of this Policy is to establish benchmarks which reward advisers for excellent client service and promote a robust compliance culture and ethical advice practices. The Policy is designed to provide structure and controls to prevent the payment and receipt of 'conflicted remuneration' in breach of section 963J of the Corporations Act.

The Policy is supported by and has been endorsed by the <insert title(s) of senior management who have endorsed the Policy> who <is/are> personally committed to ensuring that it is followed.

2. BACKGROUND TO THIS POLICY

Conflicted Remuneration

Remuneration such as salaries, commissions and sharing of fees are conflicted if they are paid or received in circumstances where they can reasonably influence the personal advice given or products recommended to retail clients. Benefits based on the volume, number or value of financial products sold are presumed to be conflicted.

Performance benefits such as incentives and bonuses can influence employees unless they are structured in a way to promote quality of advice, excellent client relationships and compliance with the law (including the best interests duty). We must be able to explain why performance benefits are not conflicted and what measures are used to assess the performance of our employees in a balanced way.

Non-monetary benefits can also be conflicted if they can reasonably influence the personal advice provided or products recommended to a retail client.

What is not conflicted?

A base salary is not conflicted if it is within reasonable market rates and is not determined by reference to the volume, number or value of financial products recommended to retail clients. A share of the advice fees paid by a client can be passed on to employees, provided the client clearly consents to the share of fees being passed on.

Other benefits which are not 'conflicted' include:

- Information technology* software or support that is related to the provision of advice on products issued or sold by the benefit provider.
- Educational or training* provided by product providers, provided the product provider does not pay for travel, accommodation or any entertainment/functions, and the training/education makes up at least 75% of the time spent by the attendee, or 6 hours per day (whichever is less).
- Benefits* which are of small value (e.g. under \$300) and which are not given on a frequent or regular basis.
- Business support* provided to us in certain circumstances.
- Life insurance commissions that comply with the Life Insurance Framework reforms.
- General insurance commissions.

*These do not need to be disclosed in our FSG or SOAs.

Penalties

Severe penalties and fines can be imposed on licensees and advisers who breach the ban on conflicted remuneration, including fines of up to \$200,000 for individuals and up to \$1,000,000 for bodies corporate.