

**HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS
REVIEW OF THE FOUR MAJOR BANKS AND OTHER FINANCIAL INSTITUTIONS
SUPERANNUATION SECTOR**

NULIS Nominees (Australia) Limited

NU22QW:

Several case studies in the Royal Commission highlighted that related party contracts in vertically integrated super funds (into the wealth management arms of banks) led to conflicts where the interest of the shareholder came before the super fund members.

- a) Please describe your tender process for related party contracts such as custodial services, insurance, brokerage, administration and investment management.
- b) How do you determine that these contract arrangements reflect value for money for members?
- c) Please describe the potential conflicts of interest with such arrangements and how you manage them?
- d) How do you evaluate whether your management of conflicts of interest is working?
- e) Have you prepared or commissioned any reports focussed on benchmarking the performance and cost of contracts with related-party service providers, relative to the wider market? If so, please provide these for the period covering the last five years.

Answer:

- a) Historically, related party contracts have not been tendered. Our focus has been to ensure that a robust conflicts management framework is in place, supported by ongoing performance monitoring and independent benchmarking as outlined below in b), c) and d).
- b) NULIS uses benchmarking to ensure services are in line with those provided in the market and continue to provide value for money. NULIS policy requires it to conduct external benchmarking of the performance of service providers against similar service providers at least once every three years.
- c) The potential conflicts of interest with related party contracts is, that the interests of NAB, its subsidiaries and their directors and employees could be counter to the interests of members. NULIS has a conflicts management framework to identify and manage real and perceived conflicts. The policy principles approved by the NULIS Board require:
 1. The identification of all potential and actual conflicts in NULIS' business operation in a timely manner;
 2. All reasonably practical actions be taken to ensure the conflicts are avoided or prudently managed; and
 3. That conflicts must be managed so that the interests of members are given priority over the interests of NAB, its subsidiaries and their directors and employees. If a conflict cannot be managed in a manner that gives priority to the interests of members then the conflict must be avoided.
- d) NULIS considers the outcomes of independent benchmarking reports in conjunction with our overall monitoring of member outcomes to ensure our conflicts management framework is operating effectively in the best interest of members.

- e) In line with NULIS policy, we have commissioned reports focussed on benchmarking the performance and cost of contracts with related-party service providers, relative to the wider market. Permission is required from the authors of these reports before we can provide them to third parties including the Committee. If you require us to seek this permission please let us know.