



RETIREMENT BENEFITS FUND BOARD

POLICY SUMMARY

**DIRECT CONTACT BY SERVICE PROVIDERS WITH
BOARD MEMBERS**

**Version 2.0
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Direct Contact by Service Providers with Board Members

Approved: Retirement Benefits Fund Board, 13 September 2006.

RBF uses a wide variety of external service providers to assist in its operations.

When engaged, some of these consultants may report directly to the Board, but in most cases deal with RBF management or staff. Some operate in industries more competitive than others, and it is possible that direct contact with Board Members may be sought for a number of reasons, including marketing or promotion.

Board Members may be open to accusations of conflict if discussions are held without sufficient notice or scrutiny. The Board has a conflict of interest policy that requires Board Members to consider whether a reasonable person might consider that their decisions could be affected by their personal circumstances or interests. If enough Board Members considered that their decisions may be seen as compromised, it might not be possible to attain a quorum to vote on whether the provider should be investigated further, appointed or dismissed.

Discussions with individual Board Members are considered a less efficient use of Members' time. Decisions of the Board are usually taken as a group, such that it would invariably be more efficient for any presentations and discussions to take place once, in the group setting. Some minor, low-value services are contracted directly by management, signed under the Chief Executive Officer's Power of Attorney and ratified by the Governance Committee. To have these types of services reviewed in detail by the Board due to the providers directly approaching Board Members could adversely impact on time available for more significant issues (e.g. strategic planning).

The Board relies on RBF officers to provide professional input as to the need for certain services, comparisons with other providers that may be available in the marketplace and to administer the overall network of RBF service providers and contracts. If management is not completely 'in the loop' with respect to service providers, it may adversely impact the overall effectiveness of outsourced services.

Similar reasoning would generally militate against the advisability of direct, unsolicited contact between current service providers and Board Members. However, it is important to distinguish the exceptions that should be made for 'whistle-blowing' or dispute resolution purposes.

In the case of some service providers there is an expectation that they will access Board Members directly in certain circumstances involving possible non-compliance or fraud. Further, it is suggested the Board has a responsibility to ensure that persons are not prevented from making the Board aware of any significant issues of concern.

The Board has a separate 'whistleblowers policy', entitled "Public Interest Disclosures Procedures", which is available on the RBF website.

As Corporate Trustee, the Board is the ultimate entity with which service providers contract, and instances may arise where the providers are in dispute with RBF management. In such cases, discussions should still be held in an official format but the provider may feel that they need to contact a Board Member directly in order to ensure that they are provided with the opportunity for a hearing.

Approved Policies: -

- Prospective service providers who may contact Board Members should be referred to the Chief Executive Officer to arrange any necessary preliminary evaluation and presentation to the full Board; and
- Existing service providers should deal with the Board only via correspondence or by arrangement through the Chief Executive Officer, unless the contact is for bona fide 'whistle-blowing' or dispute resolution purposes.