

Sunsuper Pty Ltd

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Sunsuper Pty Ltd
Sunsuper Superannuation Fund
Sunsuper Financial Services Pty Ltd
Sunsuper Pooled Superannuation Trust
Precision Administration Services Pty Ltd

Board Appointment and Renewal Policy

July 2019

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1. Overview

This Board Appointment and Renewal Policy is designed to ensure that the Board has a renewal policy that meets the requirements of APRA Superannuation Prudential Standard 510 - Governance ("SPS 510").

2. Purpose

To meet the requirements of SPS 510 this Policy:

- Sets out details of how the Board will renew itself in order to ensure it remains open to new ideas and independent thinking, while retaining adequate expertise;
- Includes the process for appointing and removing Directors, including the factors that will determine when an existing Director will be appointed; and
- Gives consideration to whether Directors have served on the Board for a period that could, or could reasonably be perceived to, materially interfere with their ability to act in the best interests of beneficiaries.

3. Scope

It is the responsibility of the Directors, under the guidance of the Chair, to ensure this Policy is observed.

This Policy applies to the Directors of the Trustee.

4. Circumstances of the Trustee

The composition of the Board, and the Trustee's arrangements for Board renewal and succession planning, must be appropriate to the Trustee's circumstances and in particular to its size, business mix, strategic objectives and complexity.

When considering the appropriate skills set to match these circumstances and considering Board renewal, the Board refers to, and considers, the Fit and Proper Policy and the Board Charter adopted by the Board.

5. Definitions

Employer Representative Director referred to as Employer Nominated Director

Has the meaning given to that term in the Trustee Constitution.

Fit and Proper

Has the meaning given to that term in the Fit and Proper Policy.

Member Representative Director referred to as Member Nominated Director

Has the meaning given to that term in the Trustee Constitution.

Independent Director

Has the meaning given to that term in the Trustee Constitution.

Skills Matrix

A matrix developed by the Board which outlines:

- The three (3) levels of experience required at each tier by the Directors across a core group of skill sets and knowledge in relation to the Fund ("Skill Sets"); and
- The expected number of Directors who will be able at any point in time to demonstrate the experience required at each tier.

Sponsor

An Employer Organisation or a Member Organisation as defined under the Trustee Constitution. The current Sponsors are Queensland Chamber of Commerce and Industry Limited, Queensland Council of Unions, and The Australian Workers' Union of Employees, Qld.

Trustee

Sunsuper Pty Ltd, the parent company of the Sunsuper Group and the Trustee and RSE Licensee for the Sunsuper Superannuation Fund and the Sunsuper Pooled Superannuation Trust.

6. Policy

i. Size and Composition of the Board

The size and composition of the Board is determined by the application of the rules in the Constitution in relation to the required number of Member Nominated and Employer Nominated Directors and the ability to appoint Independent Directors.

The Constitution reflects the determination of the Board and the Sponsors in relation to the target size of the Board.

The rules in the Constitution in relation to the composition of the Board allow for no more than 9 non-executive directors, including the Chair and up to three (3) Independent Directors. The manner for the appointment and removal of Directors as set out in the Constitution prevails to the extent of any inconsistency in this Policy.

When determining the overall composition of the Board, the Board's business and strategic plans and the skills and capabilities required to effectively oversee the implementation of that strategy are taken into account.

In the appointment of Independent Directors, the Trustee also seeks to achieve gender, geographical, age and other diversity in the composition of the Board and to address other skills gaps.

The Nominations and Remuneration Committee is responsible for board renewal and composition, and will review this policy annually.

ii. Link to Fit and Proper

The attributes the Board seeks in Directors and nominees for directorships are set out in the Fit and Proper Policy.

Under the Fit and Proper Policy, a person cannot become a Director or continue as a Director unless they are determined as Fit and Proper under the *Fit and Proper Policy*.

iii. Member and Employer Organisations

The Sponsors support and promote Sunsuper and are entitled to nominate representative Directors to the Board following consultation with the Board.

Consistent with the Fund's commitment to the equal representation model, the Chair will meet twice yearly with senior representatives of the Sponsors. In addition to briefing the organisations regarding general Fund business, these meetings are intended to ensure that the Sponsors understand:

- The role of a Sunsuper Director and the time commitment and training required;
- Outcomes of the annual review of the performance of the Directors nominated by the Sponsor;
- The anticipated tenure of the Directors nominated by the Sponsor and generally; and
- The skills and attributes needed in a replacement Director in the event of an unexpected departure.

iv. Appointment Process

All appointments are subject to the Constitution. Each Director must be assessed by the Board as Fit and Proper under the Fit and Proper Policy in order to be eligible for appointment. The Chief Executive Officer and the members of the senior management team shall not be members of the Board.

With any vacancy the Board will have regard to the advice of the Nominations and Remuneration Committee as to whether there are any skills and attributes that would enhance the operation of the Board having regard to the Skills Matrix for Directors and Board review outcome.

a. *Appointment of Employer Nominated and Member Nominated Directors*

The Trustee must replace a retiring Employer Nominated or Member Nominated Director within 90 days unless an extension is sought and approved by APRA.

Where the retirement of a Director that has been nominated by a Sponsor is anticipated, the Company Secretary will write to the Sponsor inviting one or more nominations for the upcoming vacancy and describe any Board requirements.

The letter from the Company Secretary will include:

- Confirmation that a position is becoming vacant;
- Confirmation that to comply with superannuation legislation, the vacancy must be filled within 90 days of the vacancy;
- An indication of the skills and experience derived from the Skills Matrix the Board desires to complement those of the existing Directors;
- The minimum requirements for Directors in terms of attributes and qualities;
- An outline of the minimum standards expected from Directors;
- Confirmation that a Director must be independent of management and free of any business relationship or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the exercise of unfettered and independent judgment;
- Confirmation that a Director cannot be a director of another public offer, retail, corporate or industry superannuation fund;
- Confirmation of the Board's desire to achieve gender, geographical, age and other diversity in the composition of the Board;
- A request for a resume to accompany the nomination by the Sponsor and a description of how the nominee meets the required skills and knowledge in the Skills Matrix;
- A summary of the duties and responsibilities of the Trustee and the Directors in sections 52 and 52A of the *Superannuation Industry (Supervision) Act 1993*;
- Copies of the Fit and Proper Policy, Conflicts of Interest Policy and the Board Charter; and
- Confirmation of the date by which the nomination of a suitable nominee to fill the vacancy is required to be delivered to the Company Secretary.

At least fifteen (15) days before the nomination is due to be made an authorised representative of the Sponsor and the Chair must informally meet to discuss the Sponsor's proposed nominee and the suitability of the nominee under the Fit and Proper Policy having regard to the whole of the circumstances of the Fund.

The Sponsor must subsequently formally propose its nominee to the Company Secretary.

The nomination must be made by notice in writing to the Company Secretary accompanied by a Nomination Form completed in accordance with the requirements of the *Fit and Proper Policy*. The nomination must be accompanied by a self-assessment completed by the nominee against the Skill Sets in the Skills Matrix.

The Sponsor, or the nominee, as the case may be must promptly provide the Company Secretary with any additional information required by the Secretary in order that the Directors have all the relevant information in order to be able to make their Fit and Proper assessment.

In the event that a Sponsor nominates a person as a Director and there is evidence that the person may not meet the Fit and Proper standard the Company Secretary will meet with the Sponsor to discuss the issue and determine whether:

- Further evidence and investigation is required; or
- The Sponsor will nominate another person.

The Company Secretary will review all appointment documentation and checks undertaken in accordance with the Fit and Proper Policy and make a recommendation to the Chair as to whether the individual should be recommended for appointment to the Board.

In the event that the Board resolves that the nominee is not a Fit and Proper person to be appointed to fill the vacancy, the Company Secretary must advise the relevant Sponsor within two (2) business days of the decision and any reasons given and formally request the Sponsor to make a substitute nomination with such shortened timeframes as the Chair and the Sponsor agree are reasonable in the circumstances.

Where a vacancy occurs because a Sponsor has given notice of the removal of a Director the process for nomination and appointment described in this Policy must be followed except where there is a need to adjust the timetable for nomination and appointment because of the circumstances of removal.

b. Appointment of Independent Directors

Any Director may notify the other Directors of a potential candidate for the position of Independent Director. The Directors will meet to discuss the suitability of the candidate for the position of Independent Director. Following this discussion the Employer Nominated Directors and the Member Nominated Directors may all agree in writing or at a meeting of them to make a recommendation to the Directors of their nomination of a candidate to the position of Independent Director. The Directors will, following receipt of a nomination from the Employer Nominated Directors and the Member Nominated Directors, consider whether to appoint that candidate as an Independent Director, provided that the person:

- (i) Is a Fit and Proper person; and
- (ii) Qualifies as an "independent director" under Superannuation Law.

In determining whether the nominated candidate for the position of Independent Director is a fit and proper person, the Board may have regard to any recommendation of the Nominations and Remuneration Committee as to the skills and experience of the nominee, derived from the Skills Matrix.

v. Tenure

The normal term of appointment for a Director is three (3) years.

Other than in exceptional circumstances, a Director is expected to complete the full term of their appointment.

At the end of a Director's term the Director will if the Director has not been previously removed from office, or vacated office, be eligible for reappointment.

Unless otherwise determined by the Board, Directors may serve up to four (4) full terms (i.e. twelve (12) years). This will provide balance between:

- Retaining corporate knowledge;
- Adequate skills and experience; and
- Remaining open to new ideas and independent thinking.

The Board will aim to have a spread of tenure of Directors. Preferably, the tenure of Directors will be spread across the tenure range (i.e. there will be a representation of Directors in their first, second, third and fourth terms). In other words, the Board's aim is to have a representation of Directors with up to three (3), up to six (6), up to nine (9) and up to twelve (12) years tenure on the Board.

The Board may, on an exception basis, decide to extend the tenure of a Director beyond four (4) terms if it believes that the interests of members of the Fund will be best served by retaining the skills, experience and expertise of the Director for a period of up to one (1) more term and

where such extension would better manage the process of Board renewal and transition. This is not however ordinary practice and the Board should only make such a decision after careful deliberation. Examples of where an extension might be appropriate include where the relevant Director has a particular skill or experience that will be required during a merger or significant new business activity or where an appropriate replacement has not been found or where some staggering of terms is required in order to ensure continuity and the appropriate transfer of knowledge and skills to new Directors.

vi. Tenure Calculations

A Director's appointment will be dated from the earlier of:

- The date the Director joined the Board; or
- The date the Director initially joined the Board or any fund with which the Fund has merged.

vii. Monitoring of Tenure

Tenure calculations must be undertaken at least annually, at the time of the annual review of this Policy. The current Directors, their terms and their nominee status are set out in the Appendix to this Policy.

As at June 2019 the Board will be composed of Directors with tenures which mean that the tenure spread which the Board aims to achieve will not be achieved in the next 12 to 24 months.

The Board will be cognisant of this when matters come before it in relation to changes in the composition of the Board and when the Chair engages with the Sponsors in relation to the position of their nominated Directors.

viii. Conducting Reviews

The composition of the Board and its renewal is a matter for regular review. The tenure trend will be calculated yearly and when a Director resigns or is removed or a new Director is appointed.

The question of tenure is also a very relevant factor when the question of whether a Director should be reappointed at the end of their term.

ix. Induction and Ongoing Training

A new Director is required to undertake an induction program which will include all the information and resources required by the Director to fulfil their responsibilities. This will include meeting with the Chief Executive Officer, each Executive General Manager and the Chief Risk Officer and the option to meet with the External Auditor.

The induction program will be designed for each new Director taking into account their Board and Committee membership and the outcome of their Skills Set assessment.

Each Director is required to attain and maintain an appropriate Skills Set. The Fit and Proper Policy sets out the Board's requirements in relation to the ongoing training obligations of a Director.

Each Director's compliance with their ongoing training obligations will be formally reviewed by the Board and commitment to training may be considered as part of the annual assessment of that Director's performance and the annual assessment of that Director's continuing fitness.

x. Performance Assessments

The Board will undertake a formal annual assessment, including an assessment of the Board as a whole, the Board Committees and individual Directors.

The process for conducting the assessment against objectives will be agreed by the Board and the outcomes are to be treated with strict confidentiality amongst the Board, and key staff and details should not be shared unless authorised to do so.

The assessment process will likely include all Directors completing a detailed questionnaire regarding the Board's and Committees' performance and effectiveness as a whole. The process for consideration of performance of individual directors will be agreed by the Board.

The annual assessment is to be conducted as determined by the Board and the results of the review reported to the Board in accordance with agreed timeline. The Chair and the Committee Chairs will informally meet twice a year to review and discuss how the Committee is performing, their composition and other relevant issues. The outcomes of these meetings will be fed into the annual assessment process.

Any recommendations for action arising from an assessment are to be documented by the Board and timeframes agreed upon. The Company Secretary will oversee the actions that need to be completed within the agreed timeframe and no later than 12 months.

Annual Director assessments are conducted as part of the Board review process. Feedback will be provided on their individual performance as assessed by their peers, where appropriate.

The performance of the Chair will also be covered in the review process.

The Board can use external resources to assist with the process where the Board considers the assessment would be best undertaken by a party that is free from connections to the Trustee, and must do so at least once every three (3) years as part of a triennial review.

xi. Reappointment of Directors

Board renewal, composition and succession is reviewed and considered by the Nominations and Remuneration Committee.

Directors will be reassessed before the end of their term for reappointment. This process should commence at least six (6) months prior to the end of a Director's term in order to enable the relevant checks and considerations to be undertaken.

If a member of the Nominations and Remuneration Committee is the subject of a review and assessment the Director shall absent themselves from the relevant item of business and not vote on the matter. The Company Secretary shall ensure that the Director in question does not receive any Committee papers in relation to the matter.

Subject to:

- The requirements in the Constitution in relation to the size and composition of the Board and the way in which Directors are appointed to the Board; and
- The minimum requirement that a person cannot become a Director or continue as a Director unless they are determined as fit and proper under the Fit and Proper Policy, the following factors are to be taken into account by the Nominations and Remuneration Committee in making a recommendation to the Board as to whether a Director should, or should not, be reappointed at the end of the term include but are not limited to:
 - The Trustee's size, business and complexity;
 - The Trustee's business and strategic plans;
 - The Director's ability to meet the standards in the Fit and Proper Policy;
 - The Director's area of skill in the context of the Board as a whole;
 - The Director's skills and capabilities in effectively overseeing the implementation of the Trustee's business and strategic plans;
 - Anticipated future skill set required by the Board;
 - The overall aim of the Board to achieve gender, geographical, age and other diversity in its membership;
 - Feedback from prudential reviews and discussions with Regulators;

- Feedback from the annual assessment of the Board as a whole, the Board Committees and individual Directors;
- The Director's contribution to Board discussions and decision making and attendance record at meetings;
- The Director's training undertaken and wider participation in the activities of the Fund (for example working parties, nominee directorships, study tours, site visits etc);
- The Director's tenure and whether the Director has served on the Board for a period that could, or could reasonably be perceived to, materially interfere with their ability to act in the best interests of beneficiaries;
- The tenure of other Directors;
- In the case of an Employer Nominated or Member Nominated Director, the continued support of the relevant Sponsor;
- The need to ensure a smooth transition when Board changes are required; and
- The need to plan a staggered replacement process.

The Company Secretary is responsible for ensuring that the Nominations and Remuneration Committee undertakes the reviews as and when they fall due, according to the Director's appointment anniversary.

With the assistance of the Company Secretary, the Chair of the Nominations and Remuneration Committee will collect the relevant information and feedback in relation to the relevant Director. Where the Chair considers it appropriate, the Chair can seek the assistance of other members of the Nominations and Remuneration Committee in collating the information and feedback.

In the event that the Chair of the Nominations and Remuneration Committee considers it would be beneficial to seek the views of the Director in relation to their availability for re-appointment, the Chair must in the case where the Director is a Member Nominated or Employer Nominated Director consult with the relevant Sponsor before making an approach to the Director.

The Nominations and Remuneration Committee will consider the matter and may make a recommendation to the Board in relation to the question of reappointment.

The Chair of the Nominations and Remuneration Committee will provide the recommendation to the Board together with any supporting information that the Committee considers relevant.

The Chair can also draft a statement for the Board's consideration to be provided to the relevant Sponsor (where the Director is a Member Nominated Director or Employer Nominated Director) or to the Directors (where the Director is an Independent Director) ("the Statement").

The Statement should not seek to direct the Sponsor or the relevant Directors how to exercise their discretion. Instead, the Statement should only be factual.

This is an example of what a statement might look like:

- The Director has performed at a satisfactory level;
- The Director has held the positions of Chair of [Insert] and a Member of the [Insert] Committee;
- The Director is Fit and Proper within the terms of the Fit and Proper Policy;
- The Director has undertaken an appropriate amount of professional development;
- We are not [or We are of] the view that the Director has served on the Board for a period that could, or could reasonably be perceived to, materially interfere with their ability to act in the best interests of beneficiaries;
- Other Directors whose terms will finish in the next 12 months include [Insert at Date] and [Insert at Date]; and
- The Board recommends [or does not recommend] the reappointment of the Director.

The Chair of the Board, or the Chair of the Nominations and Remuneration Committee, as determined by the Board, will provide the Statement to the relevant Sponsor where the Director

being considered for reappointment is a Member Nominated Director or Employer Nominated Director or to the Member Nominated and Employer Nominated Directors (where the Director is an Independent Director).

Once the question of reappointment has been considered by the relevant Sponsor or the Directors, as the case may be, in accordance with the Constitution the Chair of the Board, or the Chair of the Nominations and Remuneration Committee as determined by the Board, will ask the Company Secretary to prepare the appropriate correspondence to be signed by the Chair of the Board. The Chair of the Board will communicate the result to the Board and other relevant personnel.

xii. Removal

A Director's office is vacated in the event that:

- The Director is disqualified at law from acting as a director;
- The Director dies or suffers physical or mental ill-health, that is material in view of Board Chair; or
- The Director is removed by the Sponsor that appointed them.

An Independent Director can also be removed by the Directors, in accordance with the Constitution.

Wherever possible, at least 90 days' notice of the removal of a Director before the completion of their current term is required where the Director is being removed at will by the Sponsor or in the case of an Independent Director by all the Directors. Notice of less than 90 days is permitted wherever 90 days is not reasonably practicable or where the relevant shareholder, having consulted with the chair, or in the chair's absence the deputy chair, about the likely impact of giving less than 90 days' notice, determines that to avoid a possible detrimental impact on Sunsuper or the Directors notice of less than 90 days is appropriate. Reasons for the removal should be given in the notice however in some circumstances may be limited to a statement about what the reason is not.

In addition to these circumstances, a Director's office will be vacated if the Director does not or ceases to meet the requirements of the Fit and Proper Policy in relation to fitness and propriety. The Fit and Proper Policy sets out the process which the Board must undertake before determining that a Director is not Fit and Proper.

7. Resolution of Disputes

The Constitution sets out the process and timeframes to be followed in relation to the nomination, appointment and removal of a Director and in particular how to deal with concerns relating to the fitness and propriety of a Director and nominees for appointment as Directors (Article 9.2).

This Board Appointment and Renewal Policy sets out in clause 6(iv) further detail around the process and timeframes to be followed where the fitness and propriety of a Director or a nominee to become a Director is concerned.

This Board Appointment and Renewal Policy also sets out in clause 6(xi) the role of the Nominations and Remuneration Committee in making a recommendation to the Board about whether it is appropriate for a Director to be reappointed at the end of their term.

From time to time a dispute may arise in relation to the nomination, appointment, re-appointment or removal of a Director (separately to the question of fitness and propriety).

Where this is the case and the issue is not one to be determined according to the process set out in Article 9.2 of the Constitution or clauses 6(iv) or 6 (ix) of this Board Appointment and Renewal Policy, the matter will in the first instance be referred to the Chair and the Deputy Chair for consideration. The Chair and Deputy Chair will meet and make such inquiries as they determine appropriate with a view to recommending to the Board an appropriate course of action, having regard to members' best interests,

the rights of the Sponsors in the Constitution and any other matter they consider necessary and appropriate.

Where the Chair and Deputy Chair consider that the matter would best be considered by the Nominations and Remuneration Committee because, for example, the Chair or Deputy Chair are the subject of the dispute, are otherwise conflicted or not able to reach agreement on the recommendation to be made to the Board in relation to the dispute within a reasonable time having regard to the subject matter of the dispute (but in any event within fourteen business days or such longer period as the Board agrees), the matter will be referred to the Nominations and Remuneration Committee for consideration.

The Nominations and Remuneration Committee will meet and make such inquiries as it determines appropriate with a view to recommending to the Board an appropriate course of action, having regard to members' best interests, the rights of the Sponsors in the Constitution and any other matter the Committee considers necessary and appropriate. The Committee must make its recommendation within the timeframe given to it by the Chair and Deputy Chair.

The Board, each Director and the Sponsors are expected to respond expeditiously and at all times behave reasonably and responsibly in relation to matters put by them by the Chair and Deputy Chair or the Nominations and Remuneration Committee.

None of the Board, the Chair nor the Nominations and Remuneration Committee can override the terms of the Constitution including the rights of the Sponsors contained in the Constitution.

8. Related Policies and Guidelines

- Board Charter;
- Nominations and Remuneration Committee Charter;
- Board Committee Charters;
- Diversity and Inclusion Policy;
- Corporate Governance Statement; and
- Fit and Proper Policy.

9. Technical

This Board Appointment and Renewal Policy must be reviewed at least annually (or as close to annually as is practicable) by the Nominations and Remuneration Committee and a review must also take place if and when there is a material change to the size or composition of the Board, a material change to business operations or a significant change in legislative or regulatory requirements impacting on this Policy or the Board otherwise requests a review be undertaken.

The review will be conducted by the Company Secretary with the assistance where necessary of external compliance consultants.

The results of the review, including recommended changes, will be formally reported in writing to the Nominations and Remuneration Committee.

The Committee will analyse and evaluate the report and recommend changes. The revised Policy will be submitted to the Board for its consideration and subsequent adoption.

A review will consider the following issues:

- To ensure compliance with APRA (and where appropriate ASIC) requirements;
- To ensure Sunsuper is complying with the requirements of this Board Appointment and Renewal Policy;
- Changes to the provisions of SIS Act and Regulations or the APRA Prudential Standards or Prudential Practice Guides; and
- Changes to SPS 510.

Appendix 1Board of Director Terms

Name	Date of Initial Appointment	Current Term Finish	Length of Term served as at 30 June 2019	Nominee Status
Ben Swan	5 August 2013	31 December 2019	5 years 11 months	Member
Elizabeth Hallett	27 March 2014	30 June 2021	5 years 3 months	Employer
Georgina Williams	20 July 2018	19 July 2021	11 months	Employer
Jenni Mack	1 July 2015	30 June 2021	4 years	Independent
Michael Traill	16 September 2015	15 March 2021	3 years 9 months	Independent
Andrew Fraser	16 September 2015	15 September 2020	3 years 9 months	Independent
Michael Clifford	1 February 2016	31 January 2022	3 years 5 months	Member
Mark Harvey	1 July 2016	30 June 2022	3 years	Employer