

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 Assessment Procedure

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1. Overview

This procedure describes the approach that will be used to assess the effective performance and functioning of the Board of Directors of Sunsuper Pty Ltd ("the Board"), and to assess the performance of individual Directors.

This procedure is designed to ensure compliance with APRA Prudential Standard SPS 510 Governance.

2. Purpose

The purpose of the Sunsuper Pty Ltd ("Sunsuper") Board Assessment Procedure is to outline the objectives, procedure and frequency for undertaking an assessment of the Board performance, and an assessment of individual Directors.

The Board Assessment Procedure is intended to improve Board performance, enhance overall governance and ensure that the interests of Sunsuper members are protected.

3. Responsibility

Effective implementation of this procedure is the responsibility of the Chair of the Board.

Amendments to the policy require approval of the Board.

4. Scope

The Board Assessment Procedures apply to the Board of Directors of Sunsuper Pty Ltd (as trustee of the Sunsuper Superannuation Fund and the Sunsuper Pooled Superannuation Trust).

5. Definitions

N/A.

6. Procedure

6.1 Annual Assessment of Board Performance

A formal assessment of the Board's performance compared to performance objectives (Appendix 1) will be conducted annually. A formal appraisal encourages all Directors to reflect on what the board has accomplished, as well as on what it should be doing and how it works. This assessment can result in improving the effectiveness of the Board and requires the commitment of all Directors to the Board's priorities and to improving board effectiveness.

The Board will seek external advice and assistance to perform the annual Board performance assessment at least once every three years.

An effective assessment of Board performance is dependent upon the commitment of each Board member to the process and their agreement about the way the assessment will be conducted.

The key steps are:

1. *Plan the Process and Review Performance Objectives or Criteria*

The planning process will be led by the Chair, who will determine, in consultation with the rest of the Board, how the information will be collected, who will review the data and provide feedback to the Board.

A written plan that outlines the process for data gathering and feedback with timeframes will be prepared and circulated to the Board members for approval.

The plan will confirm who will be responsible for collating the information, and who will have access to the information that is gathered through the assessment process, including the nature and detail provided at the feedback session.

The Board objectives are derived from the Board Charter and are set out in Appendix 1. Prior to the annual assessment, the Board will review these objectives and consider any additional objectives or criteria for review in the current assessment cycle. Appendix 1 also includes a list of assessment criteria relating to governance.

2. *Gather the Information*

The methodology for conducting the assessment will be agreed with the Board, and may include:

- Board self-assessment using a survey instrument;
- Individual interviews;
- A facilitated group assessment; and
- A combination of any of these methods.

3. *Discuss and Interpret the Information*

The assessment data and information will be collated, analysed and presented to Directors for review. This is the most important part of the process and provides an opportunity for the Board to reflect on and assess its areas of strength and improvement areas.

4. *Develop a Plan of Follow-up; Identify Areas for Change and Set Goals*

The review of the assessment information will identify the areas of strength and improvement opportunities. The Board will identify specific actions to address areas of improvement and confirm a date for the next review.

6.2 Annual Assessment of Individual Directors

The assessment of individual directors will be conducted annually. The formal assessment of individual director's performances is an opportunity to reflect on the contributions, and strengths of individual Directors and to identify potential areas for improvement.

The process for assessing the performance of individual Directors may include the use of external advice and assistance.

The individual Directors assessment will be conducted at a time agreed by the Board.

The key steps are:

1. *Plan the Process and Review Criteria for Directors as Individuals*

The planning process will be led by the Chair, who will determine, in consultation with the rest of the Board, how the information will be collected, who will review and have access to the information, and provide feedback to the individual Director.

A written plan that outlines the process for data gathering and feedback with timeframes will be prepared and circulated to the Board members for approval.

The plan will confirm who will be responsible for collating the information, and who will have access to the information that is gathered through the assessment process, including the nature and detail provided at the feedback session.

The criteria for assessing Directors will be determined prior to the commencement of information gathering. An example of the performance criteria is set out in Appendix 2.

The criteria will be set acknowledging that the Board shall collectively) have a diverse set of experiences, competencies, skills and judgement, with particular emphasis on the operation of an effective organisation and Board, as well as in the areas of corporate governance, superannuation, business and finance, investment, risk management, internal control and compliance.

2. *Gather the Information*

An external adviser may be enlisted to conduct the assessment, feedback and action planning process.

The methodology for conducting the assessment will be agreed with the Board and may include:

- Individual self-assessment using a survey instrument; and
- Individual interviews.

3. *Interpret the Information*

The information will be collated and presented for each individual Director to review their assessment. This is the most important part of the process and provides an opportunity for the individual Director to reflect on and assess their areas of strength and contribution, and potential improvement areas.

4. *Develop a Plan of Follow up; Identify Areas for Change and Set Goals*

The review of the assessment information will identify the areas of strength and improvement opportunities. Specific actions to address areas of improvement may be identified.

The Board, at its sole discretion, may communicate selected findings to the Chief Executive and Executive Management, and will, where appropriate communicate to this group any opportunities identified by the Board for improvement and change in the way in which the Trustee or the Fund is governed or managed.

7. Access to Information

Any reports, data or other material collected in connection with this policy will be retained on a confidential basis by the Company Secretary. Only Directors will have access to this information.

8. Related Policies and Guidelines

- Board Appointment and Renewal Policy;
- Board Charter; and
- Corporate Governance Statement.

9. Technical

The Board Assessment Procedure will be reviewed annually. The Chairman is responsible for the review.

Amendments to the Procedure must be approved by the Board.

Appendix 1 - Board Objectives and Assessment Criteria

Objective area: Assess compliance with Board Charter	Objectives
CEO and Management Team	<ul style="list-style-type: none"> • Develop and approve the corporate objectives and performance criteria for which the CEO is responsible; and • Develop and review a succession plan for critical management and staff positions.
Committees	<ul style="list-style-type: none"> • Review and approve the Charters of the Board Committees.
Strategic Planning	<ul style="list-style-type: none"> • Understand the vision, mission and objectives of Sunsuper; • Contribute to the development of the Strategic Plan; and • Review, approve and monitor the implementation of the Strategic Plan.
Operations	<ul style="list-style-type: none"> • Review and approve annual operating plans and budgets; • Monitor financial, operational and investment performance; • Assess the adequacy of financial reports and information; and • Monitor capital adequacy and the capital management programme.
Risk Management	<ul style="list-style-type: none"> • Review and approve processes for risk assessment, management, internal control and compliance, including the business continuity plan; and • Regularly assess strategic and operating risks and takes appropriate action as required.
Investment	<ul style="list-style-type: none"> • Approve the Investment Management Framework and Investment Strategy; and • Monitor investment performance.
Insurance	<ul style="list-style-type: none"> • Approve the Insurance Management Framework.
Communication	<ul style="list-style-type: none"> • Review and approve the communications policy, including public disclosures and media relations; and • The Board is made aware of Sunsuper's communications with key stakeholders; i.e. members, media, government.
Director Skill Sets	<ul style="list-style-type: none"> • Review and approve the Skills Matrix for inclusion in the <i>Fit and Proper Policy</i>.
Corporate Governance	<ul style="list-style-type: none"> • Measure and assess the performance and effectiveness of the Board and of individual Directors at least annually; • Assess the independence of each Director at least annually; and • Understand the legal requirements and obligations under which they act as a Board; i.e., RSE, legislative requirements.
Conduct and Ethics	<ul style="list-style-type: none"> • Review and approve the Code of Conduct and Ethics, Conflicts of Interest, and the Fit and Proper policies.

Objective Area Assess General Governance Standards	Objective
Meetings	<ul style="list-style-type: none"> • Frequency of Meetings. • Content and Agendas of Meetings. • Length and Management of Meetings. • Effectiveness of Decision-Making Processes. • Open Interaction and Debate. • Follow-up of Previous Minutes and Action Items.
Relationships	<ul style="list-style-type: none"> • Relationships with Sponsoring Shareholders. • Relationship with the Chief Executive Officer. • Relationships Between Directors. • Relationships with External Networks and Industry. • Compliance with Code of Conduct and Ethics.
Ethics	<ul style="list-style-type: none"> • Support for Ethical Decisions. • Compliance with Laws and Regulations. • Independence. • Management of Conflicts of Interest. • Collective Knowledge, Skills and Capabilities of the Board.
Knowledge	<ul style="list-style-type: none"> • Director Induction and On-Going Training Process. • Compliance with the Board Charter.
Roles and Responsibilities	<ul style="list-style-type: none"> • Adoption of Good Governance Practices. • Effectiveness of the Strategic Planning Process. • Value-Added and Impact of the Board. • Evaluation and Selection of the Chief Executive Officer. • Delineation of Responsibilities and Productive Relationship Between the Board and the CEO. • Efficient Use and Oversight of Organisational Resources. • Ability to Effectively Manage an Organisational Crisis. • Remuneration of Directors vs. Responsibilities. • Structure of the Board and Committees.
Structure	<ul style="list-style-type: none"> • Composition of the Board and Committees.

Appendix 2 - Individual Director Assessment Criteria

Directors - Collective Skills: Whilst individual Directors should be assessed against the collective skills criteria, no single individual director need be skilled in all criteria; rather the assessment should be used to assist Directors to identify opportunities for improving their individual skills. The criteria are set out in Appendix A- Skills Matrix of the Fit and Proper Policy.

Directors - Core Skills and Competencies: Core skills requested of individual Directors
Understands the vision, mission and objectives of Sunsuper.
Has developed an Annual Director Learning and Development Plan and undertaken learning and development experiences as appropriate to attain and maintain approved Director Skill Sets.
Shows a willingness to articulate and challenge points of view with management and fellow directors.
Is respectful of others and displays a collegial approach with a willingness to step up to share expertise and lead as appropriate.
Has regularly attended Board meetings and was present for the duration of the meeting.
Has regularly attended Committee meetings and was present for the duration of the meeting.
Has adequately prepared for Board and Committee meetings, including reviewing written papers in advance of each meeting.
Has participated constructively in meeting discussion.
Meets the minimum skill set requirements set in the Board Appointment and Renewal Policy.