

## **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

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## **Board Charter**

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## 1. Introduction

This Charter outlines the role, responsibilities, objectives, composition, committees, meetings, and compensation of the Board of Directors of Sunsuper Pty Ltd (Company).

The Company is the parent company of the Sunsuper Group and the trustee and licensee of the Sunsuper Superannuation Fund and the Sunsuper Pooled Superannuation Trust (the Funds).

The Board oversees the investments by Sunsuper, including in its wholly owned trading subsidiaries, Sunsuper Financial Services Pty Ltd and Precision Administration Services Pty Ltd.

The Charter seeks to ensure that:

- The role, responsibilities and objectives of the Board are clear and understood by all relevant stakeholders;
- The operation of the Board and the relationship between the Board and management are clearly defined; and
- All Directors have a clear understanding of the manner in which the Board shall conduct itself, and of the Trustee's expectations of them as directors.

This Charter has been prepared having regard, in particular to the requirements of APRA Superannuation Prudential Standard 510 - Governance (SPS 510).

## 2. Role

The Board is responsible for the overall governance and strategic direction of Sunsuper, with the objective of protecting and enhancing the interests of its members as a "profit for members' superannuation fund", and taking into account the interests of members, employees, employers, other stakeholders, suppliers and the wider community.

The Board is responsible for setting corporate strategy, providing leadership, establishing organisational and management's performance objectives and monitoring their achievement, monitoring capital management, ratifying systems of risk management and internal control, reviewing and approving member benefit claims, and appointing the Chief Executive Officer.

The Board's role does not involve the day-to-day management of Sunsuper which has been delegated to the Chief Executive Officer.

Directors are expected to understand and abide by the relevant laws governing the operations of Sunsuper, maintain confidentiality, prudently use Sunsuper's assets, information and facilities, respect and maintain professionalism, avoid conflicts of interest, perform their duties and exercise their powers in the best interests of members, contribute to Sunsuper's reputation as a good corporate citizen, and act with honesty, integrity, decency and responsibility at all times.

All Directors shall have unrestricted access to all employees of Sunsuper and, subject to the law, access to all company and Fund records and information held by Sunsuper employees, external advisers and auditors.

## 3. Responsibilities

The specific responsibilities of the Board are:

a. Chief Executive Officer

- Select a well-qualified and ethical Chief Executive Officer;
- Provide advice, coaching and direction to the Chief Executive Officer (through the Chair);
- Approve or develop the performance criteria and corporate objectives which the Chief Executive Officer is responsible for meeting;
- Monitor and evaluate the performance of the Chief Executive Officer;
- Test and challenge the Chief Executive Officer's representations and assertions;
- Approve the remuneration plan for the Chief Executive Officer;
- Remove the Chief Executive Officer where necessary; and
- Ensure succession plans are in place for the Chief Executive Officer.

- b. Management
  - Oversee the appointment and retention of senior management (i.e. members of management who report directly to the Chief Executive Officer);
  - Ensure the senior management team is sound, focused and capable of managing the Company and the Funds;
  - Set the broad parameters within which the management team operates;
  - Define the limits to management's responsibilities and authorities;
  - Test and challenge management's representations and assertions;
  - Approve the remuneration plans for senior management; and
  - Ensure succession plans are in place for critical management and staff positions.
  
- c. Committees
  - Establish the Committees of the Board;
  - Review and approve the charters of the Committees;
  - Appoint and remove members to/from the Committees; and
  - Monitor the activities and performance of the Committees.
  
- d. Strategic Planning
  - Contribute to the development of a strategic plan;
  - Review and approve the strategic plan and major strategic decisions; and
  - Review, with management, the strategic environment, the emergence of new opportunities and risks, and the implications for the strategic direction of the company and the fund.
  
- e. Operations
  - Review and approve annual operating plans and budgets;
  - Monitor financial, operational and investment performance;
  - Assess the adequacy of financial reports and information;
  - Ensure adequate policies and controls are in place with respect to the timely and accurate calculation and application of investment valuations, unit prices and performance results;
  - Approve delegations of authority;
  - Monitor capital adequacy and the capital management programme; and
  - Monitor member benefit claims, and review and approve member benefit claims upon referral from the Board Claims Committee.
  
- f. Risk Management
  - Approve the Risk Management Strategy and determine the Board's risk appetite and tolerances;
  - Advise management on significant issues, opportunities and threats; and
  - Ensure management has appropriate processes for risk assessment, management, internal control and compliance, including an effective business continuity management plan.
  
- g. Investment
  - Approve the Investment Management Framework;
  - Approve the Investment Strategy; and
  - Monitor investment performance.
  
- h. Insurance
  - Approve the Insurance Management Framework.
  
- i. Communications
  - Approve communications policy, including public disclosures and media relations and Board Communication Plan.
  
- j. Corporate Governance
  - Ensure effective corporate governance frameworks and practices are in place;

- Measure and assess the performance and effectiveness of the Board, Board Committees, and of individual Directors;
- Assess the independence (within the meaning of this Board Charter - refer to section 4(e)) of each Director on an annual and/or on-going basis;
- Review the adequacy and form of the compensation of Directors to ensure it realistically reflects the responsibilities and risks involved in being an effective director, and its structure is consistent with generally accepted practice;
- Monitor any changes in each Directors' external circumstances or responsibilities that may impact their independence (within the meaning of this Board Charter - refer to section 4(e)) and capacity with respect to continuing Board service;
- Monitor compliance with the Constitution;
- Conduct an annual review of the governance framework and policies as required by law (including APRA Superannuation Prudential Standards and Guides); and
- Review of Board delegations to management.

k. Director Competencies

- Determine Director skill sets for inclusion in the Skills Matrix which forms part of the Fit and Proper Policy, which are to be reviewed on an annual basis;
- Provide learning and development experiences for Directors to enable them to attain and maintain an appropriate level of skill sets in relation to the Funds; and
- Monitor the individual and collective adequacy of the experiences, competencies and skills of the Directors including by conducting an annual review of the learning and development experiences undertaken by each Director in accordance with their Annual Director Learning and Development Plan, to result in amongst other things an annual review of the tier of skill sets attained by Directors pursuant to the Skills Matrix in the Fit and Proper Policy.

l. Conduct and Ethics

- Approve the Conflicts Management Framework;
- Approve, and monitor compliance with, the Code of Conduct and Ethics; and
- Approve and monitor compliance with the Conflicts Management Policy and the Fit and Proper Policy.

#### 4. **Composition**

a. Definitions

*Employer Nominated Director* - Has the meaning given in the Constitution.

*Independent Director* - Has the meaning given in the Constitution.

*Member Nominated Director* - Has the meaning given in the Constitution.

*Sponsor* - An Employer Organisation or Member Organisation as defined under the Constitution. The current Sponsors are Queensland Chamber of Commerce and Industry (Queensland), Queensland Council of Unions and The Australian Workers' Union of Employees, Qld.

b. Size

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 Employer Nominated and Member Nominated Directors and the ability to appoint up to three (3) Independent Directors.

The Chief Executive Officer and the members of the senior management team shall not be members of the Board.

The Board is currently comprised of nine (9) Directors made up of:

- Three (3) Employer Nominated Directors;
- Three (3) Member Nominated Directors; and
- Three (3) Independent Directors.

c. Appointment of Directors

The terms governing the appointment, voting rights, meetings, powers and remuneration of Directors are detailed in the Constitution.

The Employer and Member Nominated Directors, are nominated by the Sponsors. Replacement Nominee Directors shall be nominated by the same employer or union body Sponsor to ensure there is always equal representation of contributing/sponsoring employers and members. Appointment of Employer and Member Nominated Directors is by the Board.

The Independent Directors are appointed by the Board, after consultation with the Directors and on the recommendation of all of the Employer Nominated and Member Nominated Directors.

The Chief Executive Officer and the members of the senior management team shall not be members of the Board.

d. Knowledge

The Board shall individually and collectively have a diverse set of experiences, competencies, skills and judgment, with particular emphasis on the operation of an effective organisation and Board, as well as in the areas of corporate governance, superannuation, administration, investment, business and finance, risk management, internal control and compliance. Director skill sets are documented in the Skills Matrix which forms part of the *Fit and Proper Policy* and reviewed by the Board annually.

Where the Board has determined that it does not collectively possess the necessary experiences, competencies, skills and judgment, then it shall obtain these attributes through appropriate means.

Directors may obtain independent advice to assist them in the proper exercise of their powers and discharge of duties as a director or as a member of a Board Committee in accordance with the Board agreed protocol. Sunsuper shall reimburse the Director for any reasonable expense of obtaining such advice.

e. Independence

The Board can have up to three (3) Independent Directors. In this context the test as to whether a Director can qualify as an Independent Director is determined under the *Superannuation Industry (Supervision) Act 1993* and the APRA Prudential Standards.

Separately to this, the Board requires that all members of the Board shall be independent of management and all members must be non-executives. The independence of each Director shall be considered by the Board.

For the purposes of the Board Charter, a Director is independent if the Director is 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 their unfettered and independent judgment.

A relationship is "material" if, in the judgment of the Board, it would interfere with the Director's independent judgment.

Directors shall bring independent views and judgment to the Board's deliberations and must exercise their powers and discharge their duties in good faith, in the best interests of the members.

Directors shall be considered independent if they have no relationship to any member of the Sunsuper Group, its affiliates or external service providers that might materially interfere with, or could reasonably be perceived to materially interfere with, the exercise of their independence from management and the Sunsuper Group.

Appointment as a Director, pursuant to nomination by one of Sunsuper's sponsoring shareholders will not impact the independence of the Director for the purposes of the Board Charter.

Directors are not to be directors of trustees (or trustees) of other public offer retail, corporate or industry superannuation funds.

The Board shall, on an annual basis, review the position and associations of each of the Directors to determine if Directors are 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 their unfettered and independent judgment. The Board shall affirmatively make a determination as to the independence of each Director and disclose such determinations in its annual report.

f. Chair

The Chair of the Board shall serve a term of up to three years but shall be eligible for reappointment. The Board is responsible for appointing the Chair, after consultation with all Directors, and on the recommendation of all of the Employer Nominated and Member Nominated Directors.

The Chair's role includes:

- Adopting a leadership role in the conduct of the Board's responsibilities and leading the Board in the discharge of its duties;
- Setting the agenda for the performance of the Board's responsibilities;
- Ensuring the Board meets with sufficient frequency, for a sufficient length of time and with adequate information;
- Ensuring the Board is kept properly informed of Sunsuper's financial position and performance;
- Leading the Board in the monitoring of management, assessing the financial position and performance of each entity in the Sunsuper Group, and detecting and assessing any material adverse developments;
- Representing, jointly with the CEO, the interests of Sunsuper with the media, regulators and industry associations;
- Coordinating, and confirming the accuracy of, significant public statements made on Sunsuper's behalf;
- Monitoring the performance and activities of the Board's Committees;
- Acting as a liaison between the Board and the CEO; and
- Consulting with the CEO with respect to the implementation of significant resolutions of the Board.

The Deputy Chair shall serve the same term as the Chair. The Deputy Chair shall also be eligible for reappointment. The Board is responsible for appointing the Deputy Chair, after consultation with all Directors, and on the recommendation of all of the Employer Nominated and Member Nominated Directors. The Deputy Chair's role is to support the role of the Chair.

During the Chair of the Board's absence or inability to act, or during the vacancy of the office, the Deputy Chair shall perform the duties and exercise the authority of the Chair. In the absence of both the Chair and Deputy Chair, the remaining directors shall choose one of their number to act as Chair in accordance with the Constitution.

## 5. **Committees**

The current standing Board Committees are the Investment Committee, the Audit, Compliance and Risk Management Committee, the Nominations and Remuneration Committee, the Successor Fund Transfer Committee and the Claims Committee.

All standing Committees shall have a written charter setting forth the purpose and responsibilities of the Committee. It is the Board's responsibility to review and approve the committee charters and changes to these charters.

Membership on a Committee shall be approved by the Board and shall be based on a combination of factors including the director's expertise, capacity and the needs of Sunsuper.

The Chair of a Committee shall serve a term of up to three years but shall be eligible for reappointment. The Board is responsible for appointing Committee Chairs, after consultation with all Directors, and on the recommendation of all of the Employer Nominated and Member Nominated Directors.

## **6. Meetings**

### **a. Attendance**

The Board shall meet at least seven times each year, and at other times as required. Matters pertaining to Sunsuper Financial Services Pty Ltd and Precision Administration Services Pty Ltd will be formally addressed during at least four of the meetings each year.

All Directors are expected to attend each meeting. Participation by telephone or videoconference is permitted in exigent circumstances and always with the prior permission of the Chair.

The Chief Executive Officer and members of senior management shall attend and make presentations at Board meetings as considered appropriate and shall be available for questioning by the directors either during or outside of the meetings.

All Directors are expected to be members of at least one Board Committee, and to regularly attend Board Committee meetings in order to assist the Committees in effectively fulfil their reporting duties to the Board.

Given the significant role of the Board and the obligation to act in the best interests of the members of the Funds, Directors need to give consideration to their external workloads and commitments to ensure they have the requisite time to commit to being a director of the Company.

### **a. Quorum**

The presence of at least two-thirds of the total number of directors at the time of any meeting shall constitute a quorum for the transaction of business, provided that at least one Employer Nominated Director, one Member Nominated Director and one Independent Director are in attendance at the meeting.

### **b. Agendas**

The Chair and Chief Executive Officer shall determine the agenda for Board meetings. Directors shall be asked regularly by the Chair to evaluate the information being provided to the Board and to submit suggestions for Board agenda items.

### **c. Preparation**

Directors are expected to review and devote appropriate time to studying Board and Board Committee materials. Materials for meetings shall be delivered five business days in advance of each Board and Board Committee meeting, unless a shorter period is agreed to by the Chair. In certain cases, due to the sensitive nature of a matter, presentations shall be provided only at the Board or Committee meeting.

### **d. Secretarial**

The Company Secretary to the Board shall not be the Chief Executive Officer and shall be available at all times to directors for information, independent of the Chair and the Chief Executive Officer.

The Company Secretary is accountable to the Board, through the Chair, on all matters concerning effective Board operations and governance.



Minutes shall be prepared for each meeting, circulated to the Board for comment and signed as correct by the Chair within one month of each meeting, and the minutes will then be confirmed as accurate at the following meeting.

The meeting agenda and papers shall be made available for review by the external auditor, internal auditor and regulators.

e. Decisions

The Board or Board Committee will not proceed to a decision before all directors or committee members have had adequate opportunity to be heard and in particular to explain their opposition to a proposed course of action.

Wherever possible, the Board or Board Committee will seek to make decisions on the basis of consensus. Where consensus cannot be obtained the Chair, at his/her discretion, will proceed to a formal vote and matters will be decided in accordance with the voting rules contained in the Constitution or Committee Charter.

A resolution of directors is passed if the number of directors at the meeting provided by the Constitution vote in favour of the resolution. Directors may not vote or participate by proxy. The Board may also act by resolution in writing signed by all the Directors.

If one or more Board or Board Committee member is strongly opposed to a decision, their dissent to a particular decision may be recorded in the meeting minutes at his or her request.

Board or Board Committee members will not criticise decisions to external parties and will support majority decisions by the Board or Board Committee after having been given the opportunity to present views during the debate preceding the decision-making process.

**7. Conduct**

Directors shall:

- Perform their duties and exercise their powers as directors of Sunsuper in the best interests of the beneficiaries of each registrable superannuation entity of which Sunsuper is the trustee, and give priority to the duties to and interests of the beneficiaries over the duties to and interests of Sunsuper and other persons;
- Not utilise Sunsuper property, facilities or staff time for private purposes without approval from the Board and/or Chair;
- Keep confidential any papers or information that comes into their possession and disclose such information to others unless compelled by law; and
- Store and dispose of confidential information in a secure manner.

**8. Tenure**

Subject to the transitional arrangements agreed in relation to the terms of the Directors on the Board at 1 July 2016, the normal term for a Director will be three (3) years.

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., 12 years).

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

Other than in exceptional circumstances, Directors are expected to complete the full term of their appointment.

**9. Compensation**

Director Remuneration

Director remuneration shall generally consist of Board and Committee fees, superannuation guarantee contributions and the reimbursement of reasonable expenses. The fees shall reflect the demands on and responsibilities of those directors. Details are set out in the Director Remuneration Policy.

The level of Director remuneration shall be reviewed by the Nominations and Remuneration Committee on an annual basis and agreed by all Employer Nominated Directors and Member Nominated Directors, with notice of any changes to the level of Director remuneration being given to the appointing shareholders.

No financial benefit shall accrue to the appointing Sponsors, other than the recovery of a proportion of the salary costs they pay to an appointed director or for agreed services.