

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

Corporate Governance Statement

April 2021

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1. About Sunsuper

Sunsuper Pty Ltd is the trustee of the Sunsuper Superannuation Fund (the Fund) and is licensed by the Australian Prudential Regulation Authority (APRA) under a Registrable Superannuation Entity (RSE) licence and holds an Australian Financial Services Licence (AFSL). The Sunsuper Superannuation Fund is a regulated superannuation fund registered by APRA as a registrable superannuation entity. It also has an APRA authorised MySuper product.

The trustee is responsible for managing the Fund, ensuring that it operates the fund in the best interests of all members and complies with all relevant legal requirements. The trustee is also responsible for:

- Managing the Sunsuper Pooled Superannuation Trust (PST) which is a separate superannuation trust of which the Sunsuper Superannuation Fund is a member; and
- A wholly owned investment vehicle, Sunsuper Infrastructure Trust 3.

The trustee, on behalf of the Sunsuper Superannuation Fund, is the sole investor in Sunsuper Financial Services Pty Ltd, which provides for the delivery of relevant, accessible and affordable financial advice to members, and Precision Administration Services Pty Ltd, which provides administration services to the Fund.

The governance practices outlined in this Corporate Governance Statement apply to the entities mentioned above which are collectively referred to as 'Sunsuper'.

2. Background

Sunsuper is a strong advocate of good corporate governance, not only within its own operations, but within those of its external service providers and the entities in which it invests its members' funds. Where appropriate, we strive to adopt the corporate governance standards that have been recognised within the Australian superannuation and financial services industries, in particular the Governance Code of the Australian Institute of Superannuation Trustees (AIST Governance Code). We have invested significant time and energy in the area of corporate governance and will continue to monitor and update our practices in accordance with industry standards and regulatory requirements.

We know that sound corporate governance practices are essential in order to protect our members' interests, achieve our business objectives, meet our legal and regulatory obligations, discharge the responsibilities of the Board of Directors and manage the growing size and complexity of our operations.

3. Principles

Sunsuper is committed to acting in members' best interests as a 'profit for members' superannuation fund. We believe good corporate governance is necessary to achieve this objective and is simply good business practice.

This Corporate Governance Statement sets out our approach to good corporate governance and supports our compliance with legal and regulatory obligations and acting in our members' best interests. This Statement aligns with the principles contained in the AIST Governance Code. In formulating these corporate governance practices, Sunsuper has referred to the standards and guidance that have been established and promulgated by various regulators, standards setting bodies and industry associations, including the ASX Corporate Governance Council, Standards Australia, the Australian Council of Super Investors (ACSI) and the Australian Institute of Superannuation Trustees.

We know corporate governance is not a "one size fits all" concept and so we use and apply policies and practices for particular circumstances.

3.1. Principle 1 - Lay Solid Foundations for Management and Oversight

It is the responsibility of the Sunsuper Board of Directors to determine the respective roles and necessary skill profile of the Board and management, and how the performance of both the Board and management will be measured.

Board Responsibilities

The Board of Sunsuper Pty Ltd is responsible for the overall governance and strategic direction of Sunsuper, with the aim of protecting and enhancing the interests of its members and their beneficiaries, considering the interests of other stakeholders including employees, suppliers and the wider community.

The Board Charter clearly establishes the relationship between the Board and management and describes their respective roles and responsibilities.

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 and appointing the Chief Executive Officer.

The Board must ensure that Sunsuper meets APRA's Fit & Proper Standard. Every Director and other Responsible Person under this standard must meet Sunsuper's requirements for fitness and propriety. The Board's Fit and Proper Policy sets out the framework for ensuring that the fitness and propriety of these key individuals is maintained at all times and what the process is to be undertaken when a person previously assessed as fit and proper may no longer meet the fit and proper standard.

Appointment of Directors

The size and composition of the Board is set out in the Constitution. Directors are employer nominated and member nominated directors and the Board has ability to appoint up to three (3) independent directors.

The employer and member nominated directors are nominated by the employer and union sponsoring bodies of Sunsuper and appointed 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 of the Board.

No financial benefit accrues to the nominating employer or union sponsoring bodies, other than the recovery of a proportion of the salary costs they pay to an appointed director or for agreed services.

The Board seeks to achieve gender, geographical, age and other diversity in its membership. Further information on the Board's commitment to diversity is contained in the Board Diversity Policy.

The Board Appointment and Renewal Policy contains further detail in relation to the nomination and appointment process for directors. The Policy also describes the process to be applied to ensure the Board will renew itself in order to remain open to new ideas and independent thinking, while retaining adequate expertise.

The Chief Executive Officer and the members of the senior management team shall not be members of the Board. The Chief Executive Officer may not be the Company Secretary for the Board of Directors.

Meetings of the Board

The Board meets at least seven times a year, and at other times as required. Senior management attend and make presentations at Board meetings as appropriate and are available for questioning by the Directors.

Periodically, the Board holds strategic planning sessions with management at which time Sunsuper’s strategic plans are considered.

The Board Charter and Code of Conduct include the Board’s expectations in relation to the attendance by directors and conduct at Board meetings.

Board Performance

The Board has implemented a process for the annual review and evaluation of its performance and the performance of its committees, individual directors and key executives. The Board will obtain external evaluation as required and at least every three (3) years in respect of the Board. The process is described in more detail in the Board Appointment and Renewal Policy. The process must ensure that the fitness and propriety of the directors and other key executives are assessed annually.

Monitoring and Oversight

Sunsuper is committed to ensuring that there are performance standards for its subsidiary companies and to this end the Board has executed service agreements with its key subsidiary companies, Sunsuper Financial Services Pty Ltd and Precision Administration Services Pty Ltd. Reporting from these entities is provided to the Sunsuper Board.

3.2. Principle 2 - Structure the Board to Add Value

Sunsuper’s Board of Directors reflects its commitment to highly competent and committed directors, equal representation of member and employer interests and having an appropriate Board size that suits our organisation’s needs.

Board Structure

The Board is comprised of not more than 9 non-executive directors, including the Chair.

As at the date of this statement, the names of the Directors, the year of their initial appointment and the year of expiry of their current terms are set out below. Sunsuper’s website contains up to date information on all Directors.

Name	Initial Year of Appointment	Current Term Ends
Elizabeth Hallett	2014	2021*
Jennifer Mack	2015	2021*
Andrew Fraser (Chair)	2015	2023*
Michael Traill	2015	2024*
Michael Clifford (Deputy Chair)	2016	2022*
Professor Mark Harvey	2016	2022*
Georgina Williams	2018	2021*
Catherine Wood	2019	2022*
Mark Goodey	2020	2022*

* Eligible for reappointment at conclusion of current term as a Director.

In accordance with the target arrangement set out in the rules in the Constitution, 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.

Directors are usually appointed for terms of three years and can serve, unless otherwise determined by the Board, up to four terms.

The Chair and Deputy Chair of the Board are appointed by the Board, after consultation with the Directors, and on the recommendation of all of the employer nominated and member nominated directors of the Board.

Director 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 must be independent of management and all members must be non-executives. The independence of each director is considered by the Board.

For the purposes of this Corporate Governance Statement, a director is independent if the director is a director who 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 judgement. A relationship is "material" if, in the judgment of the Board, it would interfere with the director's independent judgment.

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

The Board annually reviews the position and associations of each of the Directors to determine their independence and discloses such determinations in its annual report.

Directors Skills

Sunsuper's Fit and Proper Policy sets out areas of skills and experience that the Sunsuper Board considers are essential to the ability of the Board of Directors to discharge its responsibilities and prudently manage the Fund. These areas include skills and experience in:

- The role of the company directors;
- Risk licensee governance;
- Risk management;
- Advice;
- Insurance;
- Financial and Audit;
- People and Remuneration;
- Member experience;
- Product;
- Successor fund transfers and strategic growth;
- Investment; and
- Technology.

How these skills and experience levels are met by Directors is disclosed in the Fit & Proper Matrix on the Sunsuper website, along with how diversity and Board tenure factors are achieved.

Role of the Board Chair

The role of the Board Chair is set out in the Board Charter. Key responsibilities of the Board Chair include:

- Adopting a leadership role in the conduct of the Board's responsibilities;
- Ensuring the Board is kept properly informed of Sunsuper's financial position and performance; and
- Leading the Board in the monitoring of management, assessing the financial position and performance of each entity in the Sunsuper Group.

Specific skills required for the Board Chair are highlighted in the Fit & Proper Policy.

Training and Advice

In view of the increasing complexity of the superannuation and investment management industries, it is imperative the Board maintain a good level of understanding of all relevant issues and practices.

To ensure the Directors have and maintain a level of knowledge to enable them to effectively discharge their responsibilities, an induction and on-going learning and development program has been implemented.

In addition, each director 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 subcommittee. Sunsuper will reimburse the Director for any reasonable expense of obtaining such advice in accordance with the Reimbursement of Director Professional Advice Expenses Protocol.

The Fit and Proper Policy sets out the Board's expectations in relation to ongoing training, learning and development.

Meetings and Voting

The Board of Directors meets at least seven times each year and other times as required.

All Directors are expected to attend each meeting. Meeting attendance is reported on in the Fund's Annual Report and is also disclosed on the Fund website.

Wherever possible, the Board seeks to make decisions on the basis of consensus. Resolutions of Directors at a meeting are passed if at least three quarters of total Directors at the time, that are entitled to vote on the resolution, vote in favour of the resolution. Resolutions on Director remuneration are subject to additional provisions in the Constitution.

Directors may act by resolution outside of a meeting, and such resolution must be signed by all Directors.

Committees of the Board

There are five standing Board committees that assist the Board in the discharge of its responsibilities. These committees are the Investment Committee, the Audit, Compliance and Risk Management Committee, the Nominations and Remuneration Committee, the Member Outcomes and Claims Committee and the Corporate Plans' Committee. In addition to these standing committees, the Board has formed additional committees to assist in the execution of certain functions. These committees are the Conflicts' Investigation Committee, Due Diligence Committee, the Kinetic Super Advisory Committee (which ceased on the 20 November 2020) and the Rural and Regional Advisory Committee.

All are governed by their own Charters as approved by the Board. These committees review matters on behalf of the Board and either make recommendations for consideration by the Board or make decisions as a delegate of the Board.

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 Chairs of the five standing Board committees shall be appointed by the Board, after consultation with the Directors, and on the recommendation of all of the employer nominated and member nominated directors. All Directors, with the exception of the Chair of the Board, are eligible to be appointed as a Chair of the five standing Board committees. The Chairs of the Due Diligence Committee, the Kinetic Super Advisory Committee and the Rural and Regional Advisory Committee are appointed pursuant to their individual Charters.

All Directors have a standing invitation to attend any committee meeting.

3.2.1. Investment Committee

Sunsuper has established an Investment Committee whose role is to review, monitor and make recommendations to the Board on the construction of the investment options and managers used to invest and manage the assets of the fund.

The Committee is responsible for the approval of Sunsuper representatives to investee companies in accordance with its responsibilities under its Charter.

The Investment Committee consists of six directors and the Investment Committee Expert Adviser. There is also an external adviser to the Committee. The Chief Investment Officer, Chief Executive Officer, external, independent asset consultants and independent investment experts also attend the committee meetings to provide advice and assistance in investment management decisions for the fund.

The Committee meets at least four times a year.

3.2.2. Audit, Compliance and Risk Management Committee

The Audit, Compliance and Risk Management Committee assists the Board in fulfilling its oversight responsibilities for the financial reporting process, the audit process, the system of internal control, risk management and the process for monitoring compliance with laws, regulations, the conflicts management framework and the Code of Conduct and Ethics.

The Committee has authority to conduct or authorise investigations into any matters within its scope of responsibility.

The Committee consists of at least three Board directors.

There is also an external independent expert who is an adviser to the Committee.

The Chief Executive Officer, Chief Financial Officer, Chief Risk Officer and Internal Auditor report to, but are not members of, the Committee.

The Committee meets at least five times a year, with authority to convene additional meetings as circumstances require. The Chief Executive Officer, Chief Financial Officer, Chief Risk Officer, External Auditor, Internal Auditor and any other people considered appropriate by the Committee can attend meetings of the Committee by invitation.

The Committee, the Chief Risk Officer, Internal Auditor and the External Auditor have the option to request and hold a closed-door meeting, without management present, where required and at least one such meeting must be held annually.

3.2.3. Nominations and Remuneration Committee

The Nominations and Remuneration Committee is responsible for considering and making recommendations to the Board on matters related to management succession and development, the remuneration of management and directors, Board composition and renewal and disputes in relation to the nomination, appointment, re-appointment or removal of directors.

The Committee consists of the respective Chairs of the Board of Directors and the Audit, Compliance and Risk Management Committee together with any other directors as nominated by the Board.

The Committee meets at least four times each year, with authority to convene additional meetings as circumstances require.

3.2.4. Member Outcomes and Claims Committee

The purpose of the Committee supports two key aims:

- a) to assist the Board, ensure Sunsuper's products, services and corporate strategy deliver member outcomes consistent with Trustee's duty to act in the best interests of all members and the requirements of Prudential Standard SPS 515- Strategic Planning and Member Outcomes; and
- b) to provide oversight of the Sunsuper Superannuation Fund's ("the Fund") Death, Disability and Terminal Illness claims and provide recommendations for any improvement to the effectiveness of claims management.

The Committee may refer certain difficult claims to the Board for a decision.

The Committee consists of three directors as nominated by the Board.

The Committee meets regularly, with authority to convene additional meetings as circumstances require.

3.2.5. Corporate Plans' Committee

The Corporate Plans' Committee is responsible for considering and making decisions on behalf of the Board in relation to "standard" successor fund transfers to Sunsuper. Approval of the Board is required where the superannuation plan being transferred has non-standard features including:

- Assets in excess of \$500m;
- Other material non-standard features including material Deferred Tax Assets;
- Requiring the creation of new investment options; or
- Requiring the application for a tailored MySuper licence.

The committee consists of at least three Board Directors. The committee meets as circumstances require.

3.2.6. Due Diligence Committee

The Due Diligence Committee is responsible for developing and maintaining an appropriate methodology for ensuring all disclosure statements, business documents, promotional materials and any other communications issued by the Sunsuper Group comply with the law.

The committee consists of at least four members from the Sunsuper Group management team, with at least one member from the Risk, Compliance and Legal team. The Board appoints the committee members and confirms this annually. The committee may invite representatives from other functional areas of the Sunsuper Group to assist them.

The committee meets as circumstances require.

3.2.7. Conflicts' Investigation Committee

The purpose of the Conflict Investigation Committee (CIC) is to:

- Co-ordinate a response to Ethics line disclosures pursuant to Sunsuper's Whistleblower Policy; and
- Provide guidance in relation to conflict management issues of a significant nature pursuant to Sunsuper's Conflict Management Policy.

The Committee consists of at least three members, appointed by Board, and membership may comprise Sunsuper Directors and management. The Chair of the Committee is the Chair of the ACRMC.

The committee meets as circumstances require.

3.2.8. Other Board Advisory Committee

Kinetic Super Advisory Committee

The Kinetic Super Advisory Committee was established under the successor fund transfer between Sunsuper and Kinetic Super. This committee was responsible for assisting the Board and management of Sunsuper in maximising the benefits of the merger between the two funds and providing advice on Sunsuper's presence in the recruitment and labour hire industry.

The committee included directors of Kinetic Super at the time of successor fund transfer and two directors of the Sunsuper Board.

The committee met at least four times per year and ceased operation on 20 November 2020 after its purpose was fulfilled.

Rural and Regional Advisory Committee

The Rural and Regional Advisory Committee was established under the successor fund transfer between Sunsuper and AustSafe Super. This committee is responsible for assisting the Board and management of Sunsuper in maximising the benefits of the merger between the two funds and providing advice on Sunsuper's presence in rural and regional Australia.

The committee included directors of AustSafe Super at the time of successor fund transfer and one director of the Sunsuper Board.

The committee meets at least four times per year and will operate for up to three years after the successor fund transfer takes place.

3.3. Principle 3 - Act Ethically and Responsibly

As a profit to member fund, Sunsuper must act ethically and responsibly. We have strong values and are committed to conducting our affairs with the highest standards of integrity, responsibility, openness and accountability. Our cultural foundation supports the promotion of members' interests, first and foremost.

Code of Conduct and Ethics

At Sunsuper, we share a collective responsibility to do the right thing in all business matters and we must ask of ourselves whether an action is appropriate or ethical. Our Code of Conduct and Ethics is our foundation guide for how to do business the right way. It applies to all employees (including directors), contractors, secondees and advisors. This Code seeks to ensure that Sunsuper maintains high ethical standards, corporate behaviour and accountability.

Employees and directors are expected to

- maintain high ethical standards and professionalism;
- treat others with respect and caring;
- be a careful steward of member and fund assets;
- act honestly and with high standards of personal integrity;
- avoid conflicts between personal and Sunsuper's interests and duties;
- protect confidential information and intellectual property;
- obey the law and regulations;
- foster a safe, healthy and productive workplace;
- not take advantage of the property or information of Sunsuper for personal gain; and
- recognise and manage risk.

Conflicts of Interest

The identification and management of actual, potential or perceived conflicts of duties and interest is an important responsibility that Sunsuper takes very seriously. The proper management of conflicts is important in protecting our members' interests our image and reputation. Generally, a conflict of duty or interest occurs when the personal interests or activities (financial or otherwise) of a director, officer, employee, authorised representative or service provider conflicts with their official responsibilities, interferes with the interests of Sunsuper, and potentially influences the exercise of their independent judgment in the performance of one or more duties.

Sunsuper's Conflicts Management Policy and also the Code of Conduct and Ethics requires all stakeholders, which includes directors, officers, employees, authorised representatives and service providers to identify, avoid where possible, manage and/or disclose any actual, potential or perceived conflicts of interest so that no stakeholder achieves an unfair advantage. Registers that record all conflicts of relevant duties and relevant interests by Responsible Persons of Sunsuper are also maintained.

Legal and Compliance

Sunsuper is committed to complying with all of its legal and regulatory requirements (including superannuation, corporation and trade practices laws) and applicable industry codes and standards.

We believe that compliance is vital to provide long term profit or members, underpins social trust and respect, and protects Sunsuper, its directors and staff.

We have internal legal counsel who advise on our legal obligations.

We have a compliance function who oversees the monitoring and reporting of our obligations. We have developed a comprehensive Compliance Framework, including the appointment of the Head of Compliance who has responsibility for ensuring that Sunsuper has an effective system to ensure compliance with its legal obligations and for monitoring compliance.

We maintain a strong compliance culture, though, amongst other things, appropriate education and training, incorporation of compliance performance in relevant position descriptions and Competency Measures, as part of the performance review process. Sunsuper also seeks to continually improve our ability to comply and prevent non-compliance.

Compliance is the responsibility of all staff at Sunsuper. The Board's Audit, Compliance and Risk Management Committee monitors compliance. The key contact for compliance is the Head of Compliance. Staff are required to report any compliance-related issues to the compliance team or to the Head of Compliance and may also report concerns to senior management. The Board and management undertake that 'whistle-blowers' will not be prosecuted or disadvantaged, and they will keep those reports confidential.

We require our staff to comply with our legal obligations and will take appropriate action against anyone who is knowingly or recklessly concerned in a contravention of our legal obligations and generally will not indemnify them.

Access to Information

All directors have unrestricted access to all employees of Sunsuper and, subject to the law, access to all records and information held by Sunsuper employees and external advisers. The Board also receives regular financial and operational reports from senior management to enable it to carry out its duties.

Board Policies

As part of its governance framework, Sunsuper has a number of Board Policies designed to ensure that the Board meets its obligations under the APRA Prudential Standards.

These Policies include:

- Board Appointment and Renewal Policy;
- Fit and Proper Policy;
- Conflicts Management Policy; and
- Code of Conduct and Ethics.

All Board Policies are reviewed regularly and on the occurrence of other relevant events.

Internal Audit and Assurance

Sunsuper has engaged the services of an external service provider for the provision of internal audit and assurance services to the organisation. The internal auditor reports into the Audit, Compliance and Risk Management Committee and executes the role based on Strategic and Annual Audit Plans approved by the Audit, Compliance and Risk Management Committee.

On an annual basis, the Audit, Compliance and Risk Management Committee formally reviews quality and effectiveness of the Internal Audit function.

Other Policies

Sunsuper has implemented a range of other Board and management policies which have enterprise-wide application. These policies permit business units to establish policies and procedures governing their own operations while seeking to ensure a consistent approach and minimum acceptable standards are maintained.

Resolution of Disputes

From time to time a dispute may arise in relation to the nomination, appointment, re-appointment or removal of a Director.

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 (Articles 9.2 and 9.2A).

The Board Appointment and Renewal Policy sets out 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. The role of the Nominations and Remuneration Committee in making recommendations to the Board is also included in this policy, including about whether it is appropriate for a Director to be re-appointed at the end of their term.

Where a matter is not one to be determined according to the process set out in Article 9.2 of the Constitution or the 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 the 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 nominating bodies 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 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 nominating bodies 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 nominating bodies are expected to respond expeditiously and at all time 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.

3.4. Principle 4 - Safeguard Financial Integrity

Sunsuper has put in place appropriate and rigorous processes for financial governance.

Financial Reporting

The financial statements are reviewed by management, the auditor and the Board every year and are included on Sunsuper's website.

Sunsuper's financial reporting process involves both the Chief Executive Officer and the Chief Financial Officer providing a sign-off that to the best of their knowledge and belief Sunsuper's financial report presents a true and fair view, in all material respects, of Sunsuper's financial position and operating results, and that the accounts have been prepared in accordance with generally accepted accounting principles.

In addition, the Chief Executive Officer and the Chief Financial Officer provide an annual statement to the Board in writing that the integrity of the financial statements is founded on a sound system of governance.

Auditor Independence

To safeguard the integrity of the financial reporting process, Sunsuper has implemented policies and procedures to monitor the independence and competence of its external auditors. This includes the determination by the the Audit, Compliance & Risk Management Committee that the external auditor may only be engaged for audit services, and where non-audit services such as consulting and advice are considered these will only be approved in exceptional circumstances.

The performance and independence of the external auditors is reviewed by the Chief Financial Officer and the Audit, Compliance and Risk Management Committee on an on-going basis. If it becomes necessary to replace the external auditors for performance or independence reasons, the Audit, Compliance and Risk Management Committee will formalise the procedure for the selection and appointment of new external auditors.

Sunsuper also requires its external auditors to make an annual independence declaration, addressed to the Board, declaring they have maintained their independence in accordance with the Corporations Act and the rules of the professional accounting bodies.

Sunsuper's external auditors have a policy for the rotation of the lead audit partner. This policy and its application to Sunsuper will be reviewed and applied as deemed appropriate.

The Audit, Compliance and Risk Management Committee has adopted guidelines to assist in maintaining auditor independence and monitors the level of fees paid by Sunsuper and its related entities to each auditor and the nature of the services for which those fees were paid.

Delegations

The Board is responsible for overseeing the operations of Sunsuper and for ensuring that it operates within an acceptable risk framework. The Board has delegated the day-to-day management of Sunsuper to management. Financial delegations of authority form part of the Board's commitment to safeguard the financial integrity of the Fund and are intended to facilitate clear, concise and practical operations, as well as ensuring that accountability for decisions is transparent.

The Chief Executive Officer is responsible to the Board for the day-to-day management of Sunsuper.

3.5. Principle 5 - Respect the Rights of Fund Members

Sunsuper is committed to open and transparent disclosure to our members. Sunsuper's website contains our product disclosure statements, educational information and a broad number of interactive tools that have been designed to help our members better understand their superannuation.

Member Communications

We place considerable importance on effective communication with our members and their employers. Our communications philosophy promotes the communication of information to members through member guides, member statements, performance reports, newsletters and annual reports.

We also interact with members through highly segmented, personalised multi-channel communications including education sessions, which are held throughout the year, direct marketing campaigns, and through Sunsuper's website which provides 24-hour access to information on relevant superannuation topics and investment information.

Annual Members' Meeting

Sunsuper holds an Annual Members Meeting, providing our members with the opportunity to receive updates from our Directors, executive management, the Fund auditor and the Fund actuary and to ask questions of these individuals about the Fund's management. To meet the diverse geographical needs of our membership, the meeting can usually be attended either in person or online. It is also recorded and included on Sunsuper's website, along with minutes of the meeting and the members' question and answer session.

3.6. Principle 6 - Recognise and Manage Risk

Sunsuper is required to establish a robust risk management framework and monitor and review its effectiveness and appropriateness. As a profit-to-member fund, Sunsuper prioritises our member first culture.

Risk Management

Sunsuper recognises that a continuous process of effective risk management is critical to the safety and soundness of its operation as a superannuation fund. In this regard, we have developed, implemented and maintained a sound and prudent risk management programme, which is outlined in our Risk Management Strategy and accompanying Board Risk Appetite Statement. This plan has been designed in recognition of the size, business mix and complexity of our operations, and seeks to address our material risks, both financial and non-financial, as determined by the Trustee.

The governance structure of Sunsuper is a critical component of our risk management framework and seeks to ensure the interests of members are protected. The Board, its committees, its management team and external advisors collectively have the probity, commitment and competence necessary to develop, monitor and review sound practices for managing risk. The Board recognises that it, together with its executive management team, is responsible for instilling a strong risk-aware and control-conscious culture throughout Sunsuper, so that material risks, conflicts of interest and potential problems that emerge can

be identified, managed and promptly resolved in the normal course of business operations and in the best interests of Sunsuper's beneficiaries.

The Board views risk management as a crucial aspect of its operations which will help ensure Sunsuper can more effectively meet its prudential management requirements.

Sunsuper's risk management framework is based on risk management principles, philosophies and practices that have been in place at Sunsuper for many years, and which have been formulated in consultation with members of the Board, external advisors, the executive management team and staff through workshops and discussions.

Our objectives in developing the Risk Management Strategy were to:

- Reduce the likelihood and impact of material risks to tolerable levels;
- Demonstrate Sunsuper's commitment and approach to risk management;
- Protect the interests of Sunsuper's stakeholders;
- Support the achievement of Sunsuper's strategic and operational objectives;
- Contribute towards instilling a strong risk-aware and control-conscious culture within Sunsuper; and
- Meet Sunsuper's superannuation licence requirements (including a MySuper authority) as well as other legal and regulatory requirements.

The purpose of our risk management framework is not to eliminate risks, but to manage them within tolerable levels.

Responsibility for designing, implementing and maintaining Sunsuper's risk management framework has been assigned to the Chief Risk Officer. The Chief Risk Officer reports directly to the Chief Executive Officer with a reporting line to the Audit, Compliance and Risk Management Committee. Independent Review of the risk management framework is completed at least once every three years in accordance with APRA's Prudential Standards.

3.7. Principle 7 - Remunerate Fairly and Responsibly

Sunsuper's remuneration arrangements for Directors and staff are aligned with our profit-to-member focus and are designed to ensure that the best interests of members can be met.

Board Remuneration

Director remuneration consists of Board and committee fees, superannuation guarantee contributions and the reimbursement of reasonable expenses. Director fees reflect the demands on and responsibilities of directors to Sunsuper and its members.

The Board's Nominations and Remuneration Committee is responsible for reviewing Director remuneration on an annual basis. Changes must be agreed by the Employer Nominated Directors and Member Nominated Directors.

3.8. Principle 8 - Strong Investment Governance Principles

Sunsuper has established a strong investment governance framework, focused on delivering appropriate retirement outcomes for members. Sunsuper's investment team has been formed to ensure Sunsuper has the capability, experience, value and culture to safeguard and grow our members' super balances over the long term.

Investment Manager Oversight

Sunsuper contracts with external investment professionals with specialised skills to manage Sunsuper's investments. We are committed to ensuring our investment managers have appropriate internal control, risk management, compliance and corporate governance practices in place.

Consequently, Sunsuper has implemented a program that periodically seeks information and assurances from our investment managers regarding their internal control, risk management, compliance and corporate governance practices.

In addition, advice is provided to the Investment Committee by reputable, independent consultants to assist with the compliance and audit of the investment managers' processes.

Proxy Voting Policy

Sunsuper takes a strong interest in the corporate governance practices within the organisations in which it invests members' funds. In this regard, Sunsuper has developed a policy in connection with the voting of its proxies. This Proxy Voting Policy seeks to ensure all investment managers have a written policy on the exercising of proxy votes, that has been approved by their board, and formal internal procedures to ensure the Policy is applied consistently.

The authority and responsibility for exercising Sunsuper's proxy votes has been delegated to its investment managers. Sunsuper requires its investment managers to actively participate in the proxy voting process, particularly where they believe that corporate actions are being proposed that are not in the best interests of members.

While the investment managers will retain autonomy for exercising proxy votes, from time to time they may be subject to Sunsuper's influence where Sunsuper holds a significant percentage of the voting shares, or on major voting issues. The exercise of proxy votes by investment managers is monitored by Sunsuper through an electronic proxy monitoring system to ensure the manager is fulfilling its duty to Sunsuper and that Sunsuper has satisfied its fiduciary duty.

4. Annual Review

This Corporate Governance Statement forms the basis for reporting on compliance with the AIST Governance Code and must be reviewed at least annually. A review may also take place when there is a material change in business operations or a significant change in legislative or regulatory requirements impacting on the governance of Sunsuper or the Board otherwise requests a review be undertaken.

4.1. AIST Governance Code

The AIST Governance Code sets out the best practice principles for Corporate Governance for profit-to-member funds. The code operates on an 'if not, why not' basis, which allows Funds to apply best practice in the manner that is most appropriate for their individual circumstances. Sunsuper strives for compliance with all requirements of the AIST Corporate Governance Code.

Sunsuper reports annually to the AIST on how it complies with each measure set out in the Governance Code. The AIST Governance Code Compliance Report for the financial year is published, following lodgement with the AIST, on Sunsuper's website in the Corporate Governance Section.

4.2. Review Process

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 Board. The Board is responsible for approving the Corporate Governance Statement each year.

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 Corporate Governance Statement;
- Changes to the Constitution, Committee arrangements or Board Policies which impact touch on Sunsuper's governance arrangements; and
- Changes to the provisions of SIS Act and Regulations or the APRA Prudential Standards or Prudential Practice Guides, including SPS 510.

5. Related Documents

This Corporate Governance Statement refers to a number of Board policies and procedures which are published to Sunsuper's website:

- Sunsuper Board Charter;
- Fit & Proper Policy;
- Board Appointment and Renewal Policy;
- Fit & Proper Matrix;
- Investment Committee Charter;
- Audit, Compliance and Risk Management Committee Charter;
- Nominations and Remuneration Committee Charter;
- Member Outcomes and Claims Committee Charter;
- Corporate Plans' Committee Charter;
- Code of Conduct & Ethics;
- Conflicts Management Policy; and
- Sunsuper Pty Ltd Constitution.