

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 Plans' Committee Charter

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1. Introduction

This charter outlines the purpose, authority, responsibilities, composition, and meetings, of the Corporate Plans' Committee ("the Committee") established by the Sunsuper Pty Ltd and its Board of Directors ("the Board").

2. Purpose

The purpose of the Committee is to review, monitor, make delegated decisions and make recommendations to the Board on matters relating to:

- Successor fund transfers for corporate plans; and
- Actuarial matters for defined benefit corporate plans.

This charter reflects the requirements of :

- APRA Superannuation Prudential Practice Guide *SPG 227 Successor Fund Transfers and Wind Ups*, as well as other legislative and regulatory requirements, and
- APRA Superannuation Prudential Standard and Practice Guide 160 Defined Benefit Matters.

As deemed appropriate, the Board may delegate some decisions to the Committee or to Management. The Committee may make decisions on behalf of the Board where such delegation is specified, and acts in an advisory capacity to the Board in relation to other decisions.

The Committee does not replace or replicate established management responsibilities, delegations or reporting lines.

3. Authority

The Committee has authority to review any matters within its scope of responsibility.

In addition to approval authority, the Committee has authority to conduct or authorise investigations into any matters within its scope of responsibility. It is empowered to:

- Make decisions regarding disputed terms of the transfer;
- Retain independent counsel, accountants, tax advisors or others to advise the Committee, or to assist in the conduct of an investigation;
- Seek all information necessary for the performance of its functions from employees, contractors or any other party, all of whom are directed to cooperate with the Committee's requests;
- Be provided with full access to all books, records, facilities and personnel; and
- Meet with company officers, external auditors, assurance and risk management providers, compliance officers and legal counsel, as necessary.

The members of the Committee must, at all times, have free and unfettered access to senior management including, the Head of Transitions, Head of Product, General Counsel, Head of Actuarial, and vice versa.

4. Responsibilities

The Committee has the responsibilities set out in sections 4.1, 4.2, 4.3 and 4.4.

4.1 Successor Fund Transfers for Corporate Plans

A successor fund transfer (SFT) occurs where member's benefits are transferred (without member consent) from one superannuation fund ("the transferring fund") to another ("the receiving fund") in satisfaction of the following conditions:

- The successor fund confers on the member equivalent rights to the rights that the member had under the original fund in respect of the benefits; and
- Before the transfer, the successor fund trustee has agreed with the trustee of the original fund that the fund will confer on the member equivalent rights to the rights that the member had under the original fund in respect of the benefits.

To satisfy the requirement for equivalent rights, the member's position and rights in Sunsuper must be effectively the same as those in the other fund so as not to disadvantage the member. That is, the member's rights (in respect of benefits) in Sunsuper should be equivalent in value,

measure, force and effect to their rights (in respect of benefits) in the other fund. Although special consideration should be given to significant rights, any judgement of whether rights are equivalent should not be assessed solely on an individual change to a specific right but on the equivalency of the bundle of rights (which includes rights to contingent benefits).

See Appendix 1 for a detailed list of the considerations to which members of the Committee should turn their minds in considering a SFT in or out of Sunsuper. Sunsuper's Corporate and Institutional Framework is relevant to the Committee in the execution of its functions. The framework sets out the approach management, the Committee and the board is to take in considering and assessing SFTs and Member Consent Transfers. It includes Sunsuper's tender philosophy, pricing and offer principles and approach to transition and windup costs.

The responsibilities of the Committee is to provide an objective non-executive approval mechanism for Corporate Plan SFTs to and from Sunsuper. It shall also provide oversight of the effectiveness of internal controls for monitoring compliance with established Sunsuper processes, the agreed terms of the transfer and all relevant laws and regulatory guidance relating to SFTs.

With the exception of the transfer types listed below, the Committee will formally make decisions on behalf of the Board in relation to the approval of Corporate Plan SFTs to and from Sunsuper. In particular, the Committee will determine in undertaking an SFT whether:

- The relevant members have equivalent rights to the rights that the members had in their original fund in respect of benefits ['equivalent rights'];
- Sunsuper can agree with the trustee of the other fund that the successor fund will confer on the proposed member equivalent rights that the member had under the transferring fund in respect of benefits; and
- It is in best interests of the members of Sunsuper as a whole that the proposed transfer occurs.

The Committee will also formally make decisions on behalf of the Board in relation to any matters concerning the "transition in" of members and assets of approved SFTs to Sunsuper.

The Committee may on behalf of the Board, approve non-material changes to the Trust Deed of Sunsuper, necessary to "transition in" members and assets of approved SFTs.

Approval of the full Board will be required where the superannuation plan being transferred:

- Has assets in excess of \$500 million;
- In the case of a "transition in" requires the creation of new investment option(s);
- In the case of a "transition in" requires the application for a tailored MySuper licence; or
- Contains other material non-standard features, for example, material Deferred Tax Assets.

For each proposed Corporate Plan SFT, the Committee shall review, provide input on and ensure appropriate processes have been followed in relation to, but not limited to, any:

- Agreements entered into with the other Trustee;
- Agreements entered into with the Principal Employer of the plan;
- Supportive advice provided to the other Trustee and Employer;
- Supportive legal advice to the Sunsuper Trustee;
- Completion of an SFT Analysis by Sunsuper in conjunction with the other Trustee to satisfy both parties equivalent rights and benefits have been provided;
- Clearly documented reasons for deciding to undertake the SFT, including the basis for concluding that the decision is in the best interests of the beneficiaries of Sunsuper as a whole, with consideration specifically being given to:
 - (i) The period within which transition costs incurred by Sunsuper in relation to the transfer will be recovered from net revenue arising from the transfer; and
 - (ii) Risks (if any) inherent in the transfer; and
- Specific agreements for the transition of assets or insurance policies.

Additionally the Committee shall ensure tailored member communications for each plan have passed internal sign-off procedures including approval by the Due Diligence Committee where relevant. The Head of Transitions will provide the Committee with a closure paper for each SFT, which amongst other things, will confirm the relevant internal sign-off of the member communications undertaken in support of the SFT.

Upon satisfaction that all appropriate processes have been followed, the Committee is responsible for approving SFTs in accordance with this Charter.

In addition, the Committee shall:

- Annually review proposed SFT opportunities that have not proceeded as management has determined that it was not expected the transfer would be in the best interests of the members of Sunsuper; and
- Review each SFT approved by the Committee or Board, after an appropriate period of time, to consider whether the expected benefits of the transfer (in particular member numbers, funds under management) have been realised.

From time to time, the Board may delegate to the Committee the power to review and approve a non-corporate plan SFTs.

4.2 Actuarial Matters for Defined Benefit Corporate Plans

The Sunsuper Fund includes corporate plans that include defined benefits and/or self-insurance. Under Prudential Standard SPS 160, there are specific actuarial requirements that must be followed in relation to defined benefit plans, any self-insurance arrangements and other related matters.

The responsibilities of the Committee is to provide oversight of actuarial related matters related to corporate plans and provide approvals for any relevant matters, consistent with Board delegations to the Committee.

The Committee responsibilities include:

- Recommend to the Sunsuper Board for approval of the Defined Benefit Policy;
- Approve the Self Insurance Policy;
- Approve the appointment of a corporate plan actuary;
- Approve the actuarial investigations reports and interim actuarial investigations reports of a defined benefit corporate plan;
- Recommend to Sunsuper Board for approval of a restoration plan of a defined benefit corporate plan;
- Recommend to Sunsuper Board for approval the shortfall limit of a defined benefit corporate plan;
- Approve the annual self-insurance attestation;
- Approve the closure of a defined benefit corporate plan or the closure of the defined benefits for a participating employer within a defined benefit corporate plan;
- Approve 'deemed' defined benefit funds;
- Approve member benefit augmentations;
- Approve a change in investment strategy for defined benefit assets above \$100 million; and
- Note the half yearly reporting on actuarial matters for the defined benefit corporate plans.

The Committee notes other defined benefit obligations that are the responsibility of the Head of Actuarial (or delegate), in respect of the defined benefit corporate plans ,as per Appendix 2.

4.3 Other Responsibilities

- Annually review and assess the adequacy of the Committee Charter, requesting Board approval for any proposed changes, and ensure appropriate disclosure as may be required by law or regulation;
- Annually confirm that all responsibilities in the Charter have been carried out;

- Evaluate the Committee's performance on a regular basis, and report the results to the Board;
- Monitor management's implementation of agreed actions;
- Instigate and oversee special investigations as needed; and
- Perform other activities related to this Charter as requested by the Board.

4.4 Reporting Responsibilities

Provide to the Board as soon as possible after each meeting of the Committee the minutes of the Committee meeting and any recommendations to the Board.

5. **Composition**

Size and Membership

The Committee shall consist of at least three members as appointed by the Sunsuper Pty Ltd Board from time to time. All members of the Committee shall be current Directors of the Sunsuper Pty Ltd Board.

The Chair of the Committee shall be appointed by the Board, after consultation with all Directors and on recommendation of all of the employer nominated directors and member nominated directors of the Board, and shall not be the Chair of Sunsuper Pty Ltd.

On the recommendation of the members of the Committee and the approval of the Board, an external independent member may be appointed to provide expert advice to the Committee.

It is the intention of the Board that each member serve for a term of three years, subject to the need to maintain an adequate level of experience on the Committee.

The Board will confirm the appointment of all Committee members at least annually.

The Head of Transitions and Head of Actuarial (or delegate) shall report to, but not be a member of, the Committee.

As required, the Committee may invite representatives from growth, product, risk, legal, compliance, investments, administration, insurance, marketing or any other functional area to assist the Committee with a particular task.

Knowledge

The Committee shall collectively have skills and knowledge in the areas of superannuation, corporate governance, risk management, internal control, regulation and compliance.

Independence

All members of the Committee shall 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 their unfettered and independent judgement in relation to the approval of a SFT. The independence of each member shall be considered by the Board in appointing and retaining members for the Committee.

6. **Meetings**

Frequency

The Committee shall meet on a regular basis and on an as needed basis. Committee members are expected to attend each meeting in person or via teleconference or videoconference.

Attendees

The Chief Executive Officer, EGM, Enterprise Change, Chief Financial Officer, Chief Risk Officer, General Counsel, Head of Transitions, Head of Actuarial and any other persons considered appropriate shall attend meetings of the Committee by invitation, and provide pertinent information, as necessary. Any Board member may attend a meeting as an observer.

Conflicts of Interest

If a Committee member or management team member has an interest in, or an association with, a particular decision beyond the scope of their Sunsuper responsibilities, then this interest must be declared ahead of the discussion and/or decision. The Committee will then decide whether or not that person should remain included in the decision or whether they should remove themselves from the meeting for the purposes of the recommendation and or decision.

Secretarial

The Company Secretariat team shall provide secretarial support to the Committee.

The Head of Transitions and Head of Actuarial in conjunction with the Committee Chair and the Company Secretary shall draw up an agenda which shall be circulated with supporting papers at least three days prior to each meeting to the members of the Committee and other meeting attendees.

Minutes shall be prepared for each meeting, circulated to the Chair within one week of each meeting for review, and then confirmed as accurate at the following meeting.

Quorum

The quorum for the transaction of business at any meeting of the Committee will be determined as follows:

$$\left[\frac{\text{Current members of the Committee}}{2} \right] + 1, \quad \text{rounded down to the nearest whole number.}$$

Provided always that where the application of the formula would result in a number less than two, the presence of two members will be necessary to constitute a quorum.

A resolution of the Committee is passed if at least two-thirds of the members present at the Committee vote in favour of the resolution (rounded up to the nearest whole number). Members may not vote or participate by proxy. The Committee may act by unanimous written consent of all members.

7. Compensation

Members shall receive fees for services provided to the Committee, either independently or as part of their payment for acting as a Board member.

8. Appendices

Appendix 1 - Trustee Considerations Consistent with APRA Superannuation Prudential Practice Guide *SPG 227 Successor Fund Transfers and Wind Ups*.

Appendix 2 - Actuarial Delegation Framework.

Appendix 1: Trustee Considerations Consistent with APRA Superannuation Prudential Practice Guide *SPG 227 Successor Fund Transfers and Wind Ups*

Planning Phase

Do the governing rules of the transferring fund provide it with the power to transfer members' benefits to a successor fund?

Does the decision to undertake the SFT align with the strategic direction and business plan of the receiving fund?

Has a due diligence and risk assessment process been undertaken in relation to the transferring members (for the transferring fund) or receiving members (for the receiving fund)?

Key considerations in the planning phase include:

- Whether the governing rules of the transferring fund or the receiving fund require amendment to enable the SFT to occur;
- Whether conflicts of interest will arise as a result of the decision and whether the conflicts are considered to be manageable or whether they must be avoided;
- How financial resources held to meet the operational risk financial requirement (ORFR) and any reserves in the funds will be treated in a manner that is consistent with the respective policies of both funds;
- What are the outsourcing agreements for the transferring fund and what termination rights do they allow;
- Are there adequate business continuity plans in place to facilitate and manage potential disruptions to critical business activities that may arise during SFT process;
- Whether existing insured benefits and insurance policies will be transferred to the receiving fund;
- The extent to which members' insured benefits may be altered by any changes to the level of cover, premiums or terms and conditions;
- How insurance claims incurred but not finalised will be managed;
- The process for ensuring that appropriate records of insurance data will be transferred to the receiving fund, particularly where there is a change of insurer;
- That are the fees and costs associated with the SFT;
- The timing of the SFT;
- Taxation, including capital gains tax, issues;
- Any issues that may need to be resolved with other regulators, for example, the Australian Taxation Office, the Australian Securities and Investments Commission (ASIC), and regulators of other countries, where applicable;
- Whether the SFT will give rise to any portability issues as a consequence of interim blackout periods or other liquidity concerns;
- Processes for capturing and transmitting member data and assets to the receiving fund;
- Processes for completion of the auditor's report; and
- Contingency plans for dealing with unforeseen delays or events that could impede the proposed SFT, including critical dependencies and associated monitoring and reporting processes.

Best Interest of Beneficiaries

APRA expects both a transferring fund and a receiving fund would decide to undertake an SFT where doing so is, in their assessment, in the best interests of its beneficiaries. This is an obligation imposed on the trustee by the governing rules (in light of section 52(2)(c) of SIS) as well as the general law.

There are numerous reasons for undertaking an SFT, including that it might offer members access to greater economies of scale which might facilitate a greater choice of product features, for example, more diversified investment choice, lower fees, or more favourable insurance arrangements.

Any perceived benefit/s should be considered relative to the costs of undertaking the SFT in the overall analysis of the best interests of members.

It is important to compare the features offered by each fund through an analysis of the respective governing rules. Features, which are distinguishable from rights, are those benefits which are determined, and can be

changed, at the discretion of the trustee and provide no ongoing entitlement to a member. Generally features include the amount of fees charged to a member, product features and investment options.

Features in the receiving fund and transferring fund can differ without impacting the equivalency of the members' rights in respect of their benefits; however, a comparison of features remains essential to the assessment of best interests.

'Equivalent Rights' Assessment

In undertaking the 'equivalent rights' assessment, relevant considerations include:

- What rights do members have in respect of their benefits? Are these rights legally enforceable?
- Are there groups of members with common rights in the transferring fund that can usefully be compared with equivalent groups in the receiving fund? Such groups might include default members, choice members, defined benefit members, retained members and members with pension benefits.
- Are the members transferring from and to a MySuper product? Do both the MySuper products comply with the provisions of Part 2C of the SIS Act?
- In relation to the MySuper product of the receiving fund, what are the features such as investment strategy, return target and recent investment performance? Do these features promote the financial interests of the beneficiaries of the transferring fund?

Appendix 2: Actuarial Delegation Framework

The Superannuation Industry (Supervision) (SIS) Act and Regulations provides prescribed standards applicable to the operation of defined benefit funds and sub-plans. The Australian Prudential Regulation Authority Prudential Standard SPS 160 provides further requirements in the management of the defined benefit funds and sub-plans.

The delegation framework is provided in the table below. While the list provided does not exhaustively cover every possible decision, it does seek to capture the majority of items. For each identified item, there is only one function of "Approve", denoted by a "A". This is important to ensure clear accountability. The full range of functions are: **A** - Approve; **R** - Recommend; **N** - Noting.

Description	Board	Corporate Plans' Committee	CFO	Head of Actuarial*	Company Secretariat
Defined Benefit Policy	A	R		R	N
Self-Insurance Policy		A		R	N
Appointment of a corporate plan actuary		A		R	N
Actuarial investigations and interim actuarial investigations		A		R	N
Actuarial statements under SPS 160 and restoration plans	A	R		R	N
Shortfall limits	A	R		R	N
Self-insurance attestation under SPS 160		A		R	N
Closure of a defined benefit corporate plan or the closure of the defined benefits for a participating employer within a defined benefit corporate plan		A		R	N
'Deemed' defined benefit funds		A		R	N
Member benefit augmentations		A		R	N
Change in investment strategy for defined benefit assets above \$100 million		A		R	N
Change in investment strategy for defined benefit assets up to \$100 million			A	R	N
AASB1056 calculations for defined benefit plans				A	N
Benefit Certificates				A	N
Funding and Solvency Certificates				A	N
Notional Tax Contributions Certificates				A	N
Individual member transfer from defined benefit to accumulation with member consent				A	N
Requests to APRA e.g. request to change from annual to triennial actuarial investigations				A	N
Sunsuper Pension Certificates				A	N
Notional Tax Contributions - grandfathering				A	
APRA SRF Reporting - annual				A	
APRA SRF Reporting - quarterly				A	
Lifetime pension valuation calculations/commutations/indexations				A	
Family law calculations				A	
Division 293 end benefit cap calculations				A	
Defined benefit member benefit calculations (e.g. retrenchment benefit)				A	

* Where relevant, the actuarial advice in relation to a sub plan is provided by the Corporate Plan appointed actuary.