

## **Sunsuper Pty Ltd**

ABN: 88 010 720 840

AFSL No: 228975

RSE Licence No: L0000291

RSE Registration No: R1000337

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

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## **Fit and Proper Policy**

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**June 2019**

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## 1. Overview

This Fit and Proper Policy is designed to ensure that the Board has a fit and proper policy that meets the requirements of APRA Superannuation Prudential Standard 520 – Fit and Proper (“SPS 520”).

## 2. Purpose

To meet the requirements of SPS 520 this Fit and Proper Policy:

- Defines the minimum requirements in determining the fitness and propriety of individuals to hold Responsible Person positions in respect of the Funds;
- Documents in the Skills Matrix contained in *Appendix A*, the skills required by Responsible Persons to meet the fitness criteria in SPS 520 (Fit and Proper);
- Describes the framework for the determination process;
- Confirms when the determination process should be undertaken;
- Encourages the collection and provision of all relevant information;
- Establishes the link between fitness, induction and ongoing training for Responsible Persons;
- Describes the process to be undertaken when a person previously assessed as Fit and Proper may no longer meet the Fit and Proper Standard; and
- Describes the link between the Fit and Proper Standard and membership of the Board’s Committees.

## 3. Responsibility

### 3.1 Responsibility for Policy Content and Review

The Board is ultimately responsible for ensuring the fitness and propriety of both itself as the RSE Licensee and Sunsuper’s Responsible Persons through the development, maintenance and enforcement of the Sunsuper Fit and Proper Policy and framework.

The Policy and framework are reviewed annually by the Nominations and Remuneration Committee.

### 3.2 Responsibility for Policy Implementation

Subject to the direction of the Board, the Chair of the Board (in consultation with Chair of Nominations and Remuneration Committee as appropriate) and the Company Secretary with assistance from People & Culture and Risk, Legal & Compliance, are responsible for facilitating the routine fit and proper assessment activities and for undertaking any other associated activities.

The Board is responsible for making any substantial decisions such as the action to be taken if a person is assessed as not being Fit and Proper.

## 4. Scope

This Fit and Proper Policy applies collectively to the Board as the corporate trustee and RSE Licensee of the Sunsuper Superannuation Fund and the Sunsuper Pooled Superannuation Trust and individually to each of Sunsuper’s Responsible Persons.

The Trustee recognises it must prudently manage the risk that persons acting in Responsible Person positions who are not Fit and Proper pose to the interests, or reasonable expectations, of beneficiaries of the Funds, the financial position of the Trustee, or in relation to any other relevant prudential matter.

This Fit and Proper Policy forms part of the Trustee’s risk management framework.

## 5. Definitions

### *Disqualified Person*

An individual is a disqualified person if:

- At any time:
  - The individual was convicted of an offence against or arising out of a law of the Commonwealth, a State, a Territory or a foreign country, being an offence in respect of dishonest conduct\*; or
  - A Civil Penalty Order was made in relation to the person\*.
- The person is an insolvent under administration; and
- APRA has disqualified the individual under section 120A of the SIS Act.

\* *Note: the law on spent convictions does not apply.*

A body corporate is a disqualified person if the following applies:

- The body corporate knows, or has reasonable grounds to suspect, that a person who is, or is acting as, a responsible officer of the body corporate is a disqualified person;
- A receiver, or a receiver and manager, has been appointed in respect of property beneficially owned by the body;
- An official manager, deputy official manager or administrator has been appointed in respect of the body;
- A provisional liquidator has been appointed in respect of the body; or
- The body has begun to be wound up.

A reference to a person who has been convicted of an offence includes a reference to a person in respect of whom an order has been made under section 19B of the *Crimes Act 1914*, or under a corresponding provision of a law of a State, a Territory or a foreign country, in relation to the offence.

*Executive Management* - person who is concerned, or takes part in, the management of the Trustee (e.g. Chief Executive Officer, Chief Financial Officer and other holders of senior manager positions reporting directly to the CEO).

*Executive Officer* - person who is concerned, or takes part in, the management of the Trustee (e.g. Chief Executive Officer, Chief Financial Officer and other holders of senior manager positions reporting directly to the CEO).

*Fit and Proper* - has the meaning given to that term in the Trustee's Constitution.

*Fit and Proper Standard* - APRA Prudential Standard SPS 520 - Fit and Proper and Superannuation Prudential Practice Guide SPG 520 - Fit and Proper.

*Fund* - means the Sunsuper Superannuation Fund RSE R1000337 or the Sunsuper Pooled Superannuation Trust RSE R1067569 as the case may require and Funds means both of them.

*Group or Sunsuper Group* - includes the Trustee, the Sunsuper Superannuation Fund, the Sunsuper Pooled Superannuation Trust and all companies and entities owned and controlled by the Trustee.

*Independent Director* - has the meaning given to that term in section 10(1) of the SIS Act.

*Member or Sunsuper Member* - A member of the Sunsuper Superannuation Fund.

*Responsible Persons* - as defined at paragraph 11 in SPS 520 and comprising the following positions on an RSE Licensee:

- A director of the Trustee;
- A secretary of the Trustee;
- A senior manager of the Trustee;
- An RSE auditor appointed to conduct any audit of an RSE for which an RSE licensee is trustee, or any connected entity of the RSE licensee;
- An RSE actuary appointed to perform an actuarial function under RSE licensee law; and
- A person who performs material activities for a connected entity of the RSE where those activities could materially affect the whole, or a substantial part, of the RSE licensee's business operations, or its financial standing, either directly or indirectly.

A person need not be an employee of an RSE licensee to be a Responsible Person if they are within one of the paragraphs in the definition. In some circumstances a consultant, contractor or employee of another entity may be a Responsible Person.

APRA can also determine that a person is a Responsible Person if APRA is satisfied that the person plays a significant role in the management or control of the RSE licensee, or that the person's activities may materially impact on the interests, or reasonable expectations, of beneficiaries, or the financial position of the RSE licensee, any of its RSEs or connected entities, or any other relevant prudential matter.

The converse applies and APRA can determine that a person is not a Responsible Person in relation to a particular position, responsibility or activity if APRA is satisfied that the person does not play a significant role in the management or control of the RSE Licensee or that the person's activities may not materially impact on the interests, or reasonable expectations, of beneficiaries, or the financial position of the RSE Licensee, any of its RSEs or connected entities, or any other relevant prudential matter.

*RSE* - Registrable Superannuation Entity Includes Public Offer Superannuation Funds, other APRA regulated superannuation entities, Multi-Member Approved Deposit Funds, Pooled Superannuation Trusts and Eligible Rollover Funds.

*RSE Actuary* - a person appointed as an actuary of an RSE.

*RSE Auditor* - a person appointed as an auditor of an RSE.

*RSE Licence* - Registrable Superannuation Entity licence, which is granted under section 29D of the SIS Act.

*Senior Manager* - as defined at paragraph 16 in SPS 520.

*Skills Matrix* - A matrix developed by the Board which outlines the three (3) tiers of experience required at each tier by Sunsuper's Responsible Persons across a core group of skill sets and knowledge in relation to the Fund ("Skill Sets").

*SIS Act* - Superannuation Industry (Supervision) Act 1993.

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

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

*Trustee Director or Director* - a director of the Trustee.

## 6. **Fitness and Propriety Overview**

When combined with the 'Disqualified Persons' rules the Fit and Proper Standard effectively means that:

- The 'fitness' or 'competency' limb of the standard is applied at two levels. A minimum requirement applies to each Trustee Director or other Responsible Person and a more comprehensive requirement applies to the Trustee collectively. New Trustee Directors are provided with an opportunity to undertake relevant learning and development experiences after appointment subject to meeting the minimum requirements;
- On the other hand, the 'propriety' limb of the standard must be met by each Responsible Person of a corporate trustee;
- 'Disqualified Persons' automatically do not meet the standard; and
- Persons prohibited from being a director of a body corporate under the *Corporations Act 2001* or similar overseas legislation will automatically be ineligible for appointment as a Trustee Director. Similarly, an individual found under other APRA administered legislation to be a disqualified person or otherwise not a fit and proper person would be unlikely to meet the standard as it is intended to apply to applicants for an RSE Licence or to RSE Licensees.

### 6.1 Appointment as a Trustee Director

An appointment as a Director of the Trustee means being a director of the company which acts as the trustee of the Sunsuper Superannuation Fund and the Sunsuper Pooled Superannuation Trust. Notwithstanding that a Director may, from time to time, be referred to as a "trustee", they are in fact a director of a corporate trustee.

Each Director of the Trustee is required to meet the provisions of the SIS Act, Regulations and Prudential Standards, the Corporations Act 2001 and other financial services laws. Furthermore, the Trustee holds an AFS Licence (issued by ASIC) and holds an RSE Licence (issued by APRA).

Each Director is appointed pursuant to the Constitution of Sunsuper. Unless appointed by a class A, B, C, D, E or F shareholder, a Director must qualify as an Independent Director. Each Director is required to execute their duties as a director of a corporate trustee, as a director of the holder of an AFS Licence, and as a director of a corporate entity acting as a trustee of an RSE.

#### 6.2 Appointment to Other Responsible Person Positions

The Chief Executive Officer (CEO), who will also be considered as a Responsible Person, is appointed by the Board.

Persons in other Senior Manager positions which are considered Responsible Person positions are appointed by the CEO.

The Company Secretary is also a Responsible Person by definition and is appointed to that position by the Board.

Both RSE auditors and RSE actuaries are also appointed by the Board.

All of the above as Responsible Persons are required to meet the Fit and Proper Standard prior to appointment.

#### 6.3 Fit and Proper Policy

APRA requires that the Trustee has policies and procedures in place and approved by the Board to ensure that the requirements of the Fit and Proper Standard are met at all times. This means that regardless of whether the Trustee is considering a nominated Director or a candidate for a role in executive management, the Trustee must ensure that the fitness and propriety of the person is of paramount importance when considering the appropriateness of that person for the position.

This Policy sets out the policies and procedures Sunsuper has in place to ensure it meets the Fit and Proper Standard and includes:

- The minimum Trustee and Responsible Person requirements (individually and collectively);
- Assessment of the Trustee and Responsible Persons (initially and ongoing);
- Equal representation considerations;
- Training (induction and ongoing);
- Conflicts of interest;
- Whistleblowing and other provisions for providing information to APRA;
- Reporting requirements to APRA;
- Removal of Trustee Directors and Responsible Persons; and
- Regular review.

### **7. Application**

This Policy applies to all of the Responsible Persons of the Trustee as RSE Licensee. The Trustee has determined having regard to the definition of Responsible Person in this Policy that the following officers are Responsible Persons of the Trustee:

- Trustee Directors;
- Company Secretary/ies;
- Chief Executive Officer;
- Chief Investment Officer;
- Executive General Manager, Member Growth and Marketing;
- Executive General Manager, Corporate and Regional Growth;
- Executive General Manager, Customer and Technology;
- Executive General Manager, People and Culture;
- Executive General Manager, Customer Engagement;
- Executive General Manager, Enterprise Change;
- Chief Risk Officer;
- Chief Financial Officer;
- All RSE actuaries; and
- All RSE auditors.

**8. Consistency of Approach**

To ensure consistency in the Fit and Proper assessment process, a standard procedure will be adopted by the Board and followed by the party responsible for the assessment.

**9. Criteria to Determine if a Responsible Person is Fit and Proper**

SPS 520 requires that the Trustee clearly define and document the competencies required for each Responsible Person position.

For the purposes of the SIS Act and for determining whether a person is Fit and Proper to hold a Responsible Person position at Sunsuper, the relevant criteria are whether:

- It would be prudent for the Trustee to conclude that the person possesses the competence, character, diligence, experience, honesty, integrity and judgment to perform properly the duties of the Responsible Person position;
- It would be prudent for the Trustee to conclude that the person possesses the education or technical qualifications, knowledge and skills relevant to the duties and responsibilities of an RSE Licensee;
- The person is not disqualified under the SIS Act from holding the position; and
- The person either:
  - Has no conflict in performing the duties of the Responsible Person position; or
  - If the person has a conflict, it would be prudent for the Trustee to conclude that the conflict will not create a material risk that the person will fail to perform properly the duties of the position.

To assist the Board in determining whether a person has the relevant knowledge and skills the Board has developed a Skills Matrix which outlines the three tiers of experience required at each tier by Sunsuper's Responsible Persons across a core group of Skill Sets and knowledge in relation to the Fund. This Skills Matrix is set out at Appendix A.

The Skill Sets have been determined taking into account the particular nature of the Sunsuper Fund and best interests of Sunsuper's members. The Board believes that these Skill Sets are required for the Board and the Board Committees to function appropriately and deliver optimal outcomes for members.

**10. Disqualified Persons**

Disqualifications may prevent an individual from holding a Responsible Person position. The Trustee must take reasonable steps to satisfy itself that a person holding, or proposed to hold, a Responsible Person position is not a Disqualified Person. The Trustee must satisfy itself therefore that the relevant person has not been convicted of any offence of dishonesty in any jurisdiction, whether in Australia or overseas.

**11. Ambit of Fitness and Propriety Assessment**

Sunsuper's Responsible Persons must collectively satisfy criteria of both fitness and propriety. The Fit and Proper Standard requires that each person satisfies the requirements of propriety, including character, honesty, integrity, diligence and judgment.

Each Director is not generally expected to have all the competencies that the Board collectively needs if other Directors have those competencies or they are obtained from external consultants or experts and the Board does not unquestionably rely on their advice. However, each individual should however be expected to make a contribution to the Trustee satisfying the requirements of fitness at a collective level.

**12. Information Gathering and Disclosure**

Where a Fit and Proper assessment is conducted, either at the initial appointment of a Responsible Person or at the annual review, the Trustee has an obligation to take all reasonable steps to obtain information - including sensitive information, as defined in the Privacy Act 1988, if relevant - which it believes may be relevant to the assessment.

Likewise, where a Responsible Person has previously been assessed as Fit and Proper and the Trustee becomes aware of information that may result in the person being assessed as not Fit and Proper, the Trustee must take all reasonable steps, including collecting sensitive information, as defined in the Privacy Act 1988, if relevant, to ensure that it can prudently conclude that no material Fit and Proper concern exists. Where a concern does exist, a full Fit and Proper assessment must be conducted.

**13. When is Fit and Proper Assessment to be Undertaken?**

The Trustee must complete a Fit and Proper assessment for each Responsible Person prior to the person becoming a holder of the position.

An interim appointment of a Director nominee or a candidate for a Responsible Person position may be made without a full Fit and Proper assessment for a period of up to 90 days (or longer with APRA's written agreement) including any prior period of interim appointment, following which a full assessment is to be conducted prior to permanent appointment. For an interim assessment the Trustee is to take reasonable steps to assess the fitness and propriety of the person.

**14. How will the Trustee Assess whether a Person is Fit and Proper?**

The Trustee will consider the matters outlined below when assessing the fitness and propriety of a proposed Responsible Person. The Trustee may consider such other matters as it deems necessary to ensure that it meets the Fit and Proper Standard and this Policy.

The nominated person must disclose information that may be relevant to a Fit and Proper assessment.

The Trustee will make all reasonable enquiries to obtain information, including sensitive information as defined in the Privacy Act 1988, that it believes may be relevant to an assessment of whether the person is fit and proper to hold a Responsible Person position.

The Trustee will also take into account any matters that it believes are relevant to its size, business and complexity when assessing the fitness and propriety of a person, including conflicts of interest.

The Trustee will consider the appointment of Responsible Persons following their review and assessment of the appointment and due diligence process.

**15. How will the Trustee Assess whether a Person is Fit and Proper? - 'Fitness'**

The 'fitness' limb of the Fit and Proper Standard focuses on an individual's competencies, knowledge and skills. Each Director needs to make a contribution to the Trustee satisfying the requirements of fitness at a collective level.

For other Responsible Persons who are not Trustee Directors (e.g. Senior Managers, Chief Risk Officer, RSE Auditors and RSE Actuaries) the standard of 'fitness' is applied at a singular level. Each of these Responsible Persons must meet the 'fitness' criteria in respect of the competencies for the position occupied after consideration of their relevant competence and experience, educational or technical qualifications, knowledge and skills.

In respect of 'fitness', APRA does not set specific educational or technical qualifications, levels of knowledge, skills and experience to be demonstrated by RSE licensees. APRA expects the Fitness Policy to specifically address the skills, knowledge and expertise requirements of being a Trustee Director or other Responsible Person. The Board has developed the Skills Matrix specifically for this purpose.

Additionally, all Responsible Persons should have no conflicts in performing the duties or a particular position (or the conflict will not create a material risk of failing to perform duties properly) otherwise it may be necessary to conclude the person is specifically unfit for that position.

RSE actuaries and RSE auditors also have additional and specific criteria detailed in SPS 520 that must be met prior to appointment. These requirements are set out in Appendix C.

**15.1 Minimum Trustee Director and Senior Manager Requirements**

**15.1.1 *Minimum Individual Trustee Director Competencies***

Sunsuper requires that existing Directors and new Trustee Directors have undertaken or undertake learning and development experiences which address the core group of Skill Sets and knowledge outlined in the Skills Matrix contained in Appendix A.

Upon appointment each new Trustee Director will have regard to the Skills Matrix and with the assistance of the Company Secretary, develop an initial Annual Director Learning and

Development Plan which focuses on the skills identified as requiring development in the short term.

The Trustee considers that as matter of best practice, Trustee Directors should develop their initial Annual Director Learning and Development Plan within the first three months of their appointment.

The Company Secretary will facilitate the Director undertaking learning and development experiences identified as appropriate in the Director's initial Annual Director Learning and Development Plan.

#### *15.1.2 Collective Blend of Qualities, Skills, Knowledge and Experience*

Sunsuper recognises that each Trustee Director brings something unique and valuable to the Trustee as a whole. It embraces the framework outlined in AIST's *Governance Code* when considering the collective blend of qualities, skills, knowledge and experience relevant to the management of the Fund.

The specific set of skills required by Sunsuper is based on the nature, scale and complexity of the Funds of which it is a trustee, as well as the internal management structure which supports the Trustee. The Trustee recognises that it needs to be aware of areas where additional technical, professional or expert advice should be sought.

Annually the Trustee will formally assess whether the Trustee Directors collectively and individually possess the mix of skills and experience required as set out in Appendix A. The assessment will be conducted by the Company Secretary on behalf of the Trustee and may involve Trustee Directors completing a self-assessment against the Skill Sets in the Skills Matrix. The results of this assessment will be confidential to the Board, and Company Secretary.

Where there are potential gaps in the skills and experience of the Trustee the following options will be considered:

- Additional training of individual Trustee Directors;
- Relying on the skills and experience within the management structure of the funds; and
- Acquiring the skills and experience through an external service provider.

#### *15.1.3 Minimum Individual Executive Officer Requirements*

Sunsuper requires its Executive Officers to have the appropriate knowledge and skills to competently perform their tasks and functions of their specific position.

Each Executive Officer has a position description which specifies the minimum requirements for the role.

The annual assessment of fitness may be conducted in conjunction with annual performance review as described in the Sunsuper Remuneration Policy.

### 15.2 Candidate Selection - Trustee Directors

As part of the procedures to be complied with under the Constitution when a Trustee Director is to be appointed, Sunsuper, via the Company Secretary, will provide each Sponsor (where relevant) and prospective candidates with a copy of this Fit and Proper Policy. A summary of the duties and responsibilities of the Trustee and the Directors as per s.52 and 52A covenants of SIS will also be included (refer Appendix B).

Sunsuper will require prospective candidates to:

- Confirm they have received, read and understood this Policy;
- Confirm their readiness to complete an Annual Director Learning and Development Plan and undertake relevant learning and development experiences after appointment;
- Declare, to the best of their knowledge, they possess relevant attributes of fitness and propriety set out in this Policy;

- Provide their consent enabling the Trustee to disclose any relevant information to APRA;
- Declare any known conflicts of interest;
- Confirm they are ordinarily resident of Australia (such that the majority of directors are ordinarily resident); and
- Confirm they are aware of the Trustee's policy in relation to ongoing performance evaluation.

Independent Director candidates will also be asked to confirm that they qualify to be Independent Directors.

The candidate will be required to complete a self-evaluation of their skills against the criteria set out in the Skills Set and Skills Matrix.

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

In the circumstances where the individual has satisfied all of the requirements for appointment with the exception of achieving the required skills level for the role, the individual has six to twelve months to satisfy the requirement.

### 15.3 Candidate Selection - Other Responsible Persons

The Trustee will satisfy itself that each other Responsible Person meets the requirements for skills, knowledge and experience set out in the Position Description for candidates for that position. This will be done by considering the person's character, qualifications and experience, resume, business references, and obtaining evidence of the person's qualifications (or requiring the person to hold or obtain within a reasonable period after appointment a relevant qualification).

The Chair or Company Secretary is responsible for reviewing the resume, verifying the legitimacy of any relevant educational qualifications and contacting the independent referees to verify any material statements of claim. The Company Secretary is to maintain records of the verification.

Additionally, it is a requirement of Prudential Standard SPS 510 - Governance that all Senior Managers are ordinarily a resident of Australia.

### 15.4 Not Fit and Proper

SPS 520 requires the Trustee to assess whether Responsible Persons meet certain requirements.

If insufficient information is available to enable the Trustee to prudently conclude that the fit and proper requirements are met, the requirements would normally be regarded as not met.

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

- Further evidence and investigation are required; or
- The Sponsor will nominate another individual.

Where a Fit and Proper assessment is conducted and a person is found not to be Fit and Proper, they will not be appointed to the Responsible Person position in question.

### 15.5 Induction

Directors and other Responsible Persons have an obligation to develop a broad understanding of each Fund's structure and operations as well as the context in which they operate.

Directors and Responsible Persons must be able to quickly acquire sufficient knowledge regarding the duties and responsibilities of the Trustee in order to be able to make informed decisions.

The Trustee considers that as a matter of best practice, an induction shall be provided to each Director, and other Responsible Persons prior to their first Trustee meeting and in any event within the first six months of their appointment.

*15.5.1 Director Induction Program*

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

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

*15.5.2 On Appointment to the Trustee Board*

Each new director is provided with a "Trustee Kit" on appointment to Board. See Appendix D for details.

**15.6 Ongoing Learning and Development**

Sunsuper is committed to ensuring that the ongoing competency of its Trustee Directors and other Responsible Persons is maintained.

*15.6.1 Ongoing Director Learning and Development*

The required Skill Sets for Directors are set out in the Skills Matrix in Appendix A.

Each Director is required to have an Annual Director Learning and Development Plan with the relevant learning and development experience to be undertaken in accordance with the Plan by 30 November each year.

Consistent with this, Directors are required to:

- Complete the AIST Trustee Director Course Level 1 or another approved external minimum qualification within 6 to 12 months (based on course availability) of appointment if they do not already satisfy the Board's requirements.

There may be circumstances where an individual requests an exemption from this requirement due to their range of experience and prior skills. This exemption would be subject to the discretion of both the Board Chair and the Chair of the Nominations and Remuneration Committee.

- Undertake at least 60 hours of professional development over a rolling 2-year cycle including attendance at one major industry conference every 2 years. (It is noted that completion of director training as outlined in the Skills Matrix will provide hours of professional development that can be used to meet this 60 hour training requirement).

The 60 hour minimum training requirement each rolling 2-year cycle can generally be achieved as follows:

Learning Activity	Description	Allocation
Structured	Highly organised and specifically targeted courses, conference and events that may incorporate an assessment component.	40 Hours
Unstructured	Readings, relevant meetings and industry involvement.	20 Hours

Central to these requirements is the expectation that a Director must be able to quickly acquire sufficient knowledge regarding the duties and responsibilities of the trustee of a regulated superannuation fund in order that they are capable of making informed decisions having regard to the advice of technical experts.

All Directors become members of AIST on appointment. AIST designs and present training for superannuation trustees. Details of AIST training courses/seminars are provided to Directors.

Sunsuper is a member of the Association of Superannuation Funds of Australia (ASFA). This organisation has a very active training program comprised mainly of seminars and luncheon meetings. It also publishes best practice papers on particular topics. Details of all ASFA training activities and conferences are provided to Directors.

Investment Managers conduct regular briefing sessions to which Directors are invited. The Centre for Investor Education provides annual investment-related seminars to which Directors may be invited.

Directors are invited to attend Australian Institute of Company Directors (AICD) education programs, some of which are specifically aimed at training directors in directorship duties and responsibilities.

The Company Secretary or their delegate will attend Board meetings to provide advice and training to Directors on a needs basis, and the Trustee's external legal advisers are invited to attend certain meetings as the need arises for further training and advice.

The Trustee also seeks to ensure that its Responsible Persons maintain adequate skills by regular performance reviews and information seminars.

Sunsuper is conscious that some Directors may serve with other organisations. To minimise duplication of learning and development experiences, where appropriate Sunsuper will review the learning and development undertaken by Directors, in their capacity as directors of other organisations.

In determining the ongoing requirements, consideration will be given to relevant non-superannuation related learning and development.

The Company Secretary will liaise with Directors concerning appropriate learning and development experiences to assist Directors in the development of their Annual Director Learning and Development Plan to assist Directors in attainment of the Skill Sets contained in the Skills Matrix.

Professional development to be undertaken should:

- Be relevant to development of skills set out in Skills Matrix at Appendix A; and
- Meet professional development needs of individual directors and/or Board as a collective as identified from annual assessment of Trustee Skill Sets.

The Board will agree an annual budget for Director professional development. Overseas travel by directors for any purpose is at discretion of the Sunsuper Board Chair and must be approved in advance by the Sunsuper Board Chair.

The Company Secretary shall review and document the training undertaken by the Directors and report to the Board quarterly. Sunsuper maintains a Training Register for Directors which is kept up to date by the Company Secretary.

Each Director's compliance with this Policy in relation to continuing education will be formally reviewed by the Board and training may be considered as part of the annual assessment of that Director's performance and the annual assessment of that Director's continuing fitness and propriety.

Should a Director not meet the ongoing minimum training requirement action may be taken in line with this Policy.

#### *15.6.2 Ongoing Training for Other Responsible Persons*

Ongoing individual training plans will be developed for each Responsible Person (excluding Directors) on an annual basis. The training plans will address the following steps:

- Assessing training needs;

- Identify the gaps or weaknesses in the preceding year and the areas where training will be focused;
- Set objectives to be met;
- Decide the structure of the continuing training program;
- Assess whether the objectives of the training program have been met; and
- Provide feedback sessions about performance.

The individual training plans will consider the Skills Matrix in Appendix A and specific requirements for each individual role and the collective team.

## 16. How will the Trustee Assess whether a Person is Fit and Proper? - 'Propriety'

The 'propriety' limb of the Fit and Proper Standard must be met at all times by each Trustee Director and other Responsible Persons of the Trustee on an individual basis.

In respect of 'propriety', APRA expects the policy to outline the Trustee's standards relating to individual character, competence, diligence and soundness of judgment.

The Propriety Policy detailed in this section articulates the Trustee's expectations.

### 16.1 Initial Appointment Criteria

A number of procedures have been established to assist Sunsuper in reaching a judgment about whether any particular individual is fit and proper to act as a Director or other Responsible Person, these include:

- Satisfying essential criteria;
- Provision of this Fit and Proper Policy which to be read and understood;
- Good Fame and Character Declaration;
- Identity check;
- External agency checks; and
- Assessment of credentials and statements of claim.

Each of the above requirements must be successfully met in order for the prospective Director or other Responsible Person to be appointed to their position.

#### 16.1.1 *Essential Criteria*

Prior to their appointment the prospective Responsible Person should demonstrate their competence, character, diligence, honesty, integrity and soundness of judgment. The Chair or Company Secretary must document how these requirements have been assessed and report to the Trustee accordingly.

The Trustee will ensure that no Disqualified Person is appointed as a Responsible Person and that a person is not appointed as a Responsible Person if they are prohibited from being appointed as a director under the law or similar overseas legislation.

In determining the "propriety" of a person to be appointed as a Responsible Person, the factors that APRA expects to be considered are listed below. They are whether the person:

- Has demonstrated a lack of willingness to comply with legal obligations, regulatory requirements or professional standards, or been obstructive, misleading or untruthful in dealing with regulatory bodies or a court;
- Has breached a fiduciary obligation;
- Has perpetrated or participated in negligent, deceitful, or otherwise discreditable business or professional practices;
- Has been reprimanded, or disqualified, or removed, by a professional or regulatory body in relation to matters relating to the person's honesty, integrity or business conduct;
- Has seriously or persistently failed to manage personal debts or financial affairs satisfactorily in circumstances where such failure caused loss to others;
- Has been substantially involved in the management of a business or company which has failed, where that failure has been occasioned in part by deficiencies in that management;

- Is of bad repute in any business or financial community or any market; and/or
- Was the subject of civil or criminal proceedings or enforcement action, in relation to the management of an entity, or commercial or professional activities, which were determined adversely to the person (including by the person consenting to an order or direction, or giving an undertaking, not to engage in unlawful or improper conduct) and which reflected adversely on the person's competence, diligence, judgment, honesty or integrity.

The above list is not exhaustive and demonstration of one or more criteria need not necessarily preclude a person from being a Responsible Person. The criteria are however example of factors that would lead the Trustee to further consideration of the person's status or suitability for the position.

#### *16.1.2 Good Fame and Character Declaration*

Prior to their appointment the prospective Director and other Responsible Persons are required to sign a Fit and Proper and Other Matters Statutory Declaration.

The Company Secretary is responsible for ensuring the Fit and Proper and Other Matters Statutory Declaration is completed and maintained on file.

Furthermore, any Director who becomes aware that another Director has become a 'Disqualified Person' is required to notify the Chair or Company Secretary immediately.

#### *16.1.3 Identity Check*

The prospective Director or other Responsible Person will need to provide sufficient evidence of their identity prior to their appointment. Although it is not directly relevant to the Trustee, the AUSTRAC requirements in relation to opening a bank account will be adopted.

The Company Secretary is responsible for ensuring the identity of the prospective Director or other Responsible Person is confirmed. Copies of the relevant identity documents sighted by the Company Secretary must be maintained in a confidential file available to the Board.

#### *16.1.4 External Agency Searches*

Prior to their appointment, the following external agency searches will be undertaken on the prospective Director or other Responsible Person:

- APRA Disqualified Register search;
- ASIC Disqualified Persons, Banned Securities Representatives, Banned Futures representatives and AFS Banned/Disqualified Persons searches;
- AFP (Australian Federal Police) Criminal History check - APRA specific; and
- AU Bankruptcy & National Personal Insolvency check.

Where a Director has resided overseas for more than 12 months after the age of 18 years, consideration will also be given as to whether to obtain criminal record checks from the country or countries of residence, similar to that required by the Department of Immigration for a visa application.

The Company Secretary is responsible for undertaking all external searches checks and maintaining such evidence on file.

Any matter identified as part of the above searches does not automatically disqualify the prospective Director or other Responsible Person from being appointed (except where they are a Disqualified Person). Where matters are identified, the Chair or Company Secretary will undertake further enquiries and will report to the Trustee accordingly.

A person disqualified by APRA cannot be a Director or other Responsible Person. A person banned from acting as a company director under the Corporations Act 2001 or similar overseas legislation is also ineligible for appointment as a Responsible Trustee.

*16.1.5 Assessment of Credentials and Statements of Claim*

As part of the initial appointment process, the prospective Director or other Responsible Person must provide a copy of their resume and relevant educational qualifications.

The Company Secretary will co-ordinate verification of resume and relevant educational qualifications and maintain records of the verification.

*16.1.6 Other Matters Statutory Declaration*

Prior to appointment, Directors and other Responsible Persons are required to sign a Fit and Proper and Other Matters Statutory Declaration (including that they are not disqualified persons, and in the case of Directors they consent to act).

*16.1.7 Code of Conduct*

Each Director is expected to abide by the Code of Conduct and Ethics adopted by the Trustee.

The Code of Conduct and Ethics adopted by the Trustee addresses confidentiality, decision making, loyalty, right to question management, right to obtain independent advice, attendance at meetings, prior preparation by directors, director's benefits, and the responsibility of directors to act in the best interests of Sunsuper's members.

In particular, the provisions in respect of decision-making address the process in place to manage the potential event of dominant directors.

**16.2 Ongoing Appointment Criteria**

Directors and other Responsible Persons will be required to:

- Participate in an annual (or as close to annual as is practicable) fit and proper assessment that is required for each Responsible Person including the Directors (for Senior Managers, this may be the annual performance review);
- Annually read the Fit and Proper Policy;
- Annually complete the Fit and Proper and Other Matters Statutory Declaration; and
- Every 3 years' consent to the external agency searches.

In addition, each Director or other Responsible Person is required to notify the Chair or Company Secretary (and, in the case of Directors, if relevant their respective Sponsor) immediately if they become a Disqualified Person. In all other circumstances, the Director or other Responsible Person is required to notify the Chair or the Company Secretary (and, in the case of Employer Representative and Member Representative Directors, their respective Sponsor) as soon as is reasonably practicable and in any event by or at the next Trustee meeting of any matter or circumstance which may cause the Director or other Responsible Person to have amended their declaration had it been signed having regard to that matter or circumstance.

The Chair or Company Secretary will consider the disclosure made by the Director or other Responsible Person and will report to the Trustee accordingly. The Chair or Company Secretary must also ensure that the appropriate regulatory reporting requirements are met. For example, if a Director or other Responsible Person of superannuation entity is or becomes a Disqualified Person, the Trustee must notify APRA in writing within 14 days.

At each Trustee meeting, confirmation will be sought and recorded in the minutes that there are no such circumstances requiring disclosure and that the Director or other Responsible Person is not a Disqualified Person.

**16.3 Whistleblowing**

Following legislative change effective 1 July 2019, Sunsuper's Ethicsline brochure has been replaced with a Whistleblower Policy effective 1 July 2019.

All Sunsuper Responsible Persons and other employees and other persons must disclose information that may be relevant to a Fit and Proper assessment to the Trustee through Ethics Line or to APRA.

A person may become aware of information the Trustee is required to provide to APRA under SPS 520.

The Trustee and its connected entities consent to:

- A person who has information that a Responsible Person does not meet the Trustee's Fit and Proper criteria providing that information to the person responsible for conducting Fit and Proper assessments or APRA;
- A person who has information that the Trustee has not complied with SPS 520 providing that information to APRA; and
- A person who held a Responsible Person position disclosing information or providing documents to APRA relating to their reasons for resignation, retirement or removal.

The Trustee will take all reasonable steps to ensure that any person making such disclosures in good faith is subject will not be subject to, or threatened with, a detriment because of any notification in purported compliance with the requirements of this Fit and Proper Policy.

The Trustee will ensure that all provisions of this Policy including the role of Ethics line and encouraging whistleblowing are adequately explained to Directors and employees of the Trustee who are likely to have information relevant to their Fit and Proper assessments.

#### **17. Where Person is not Fit and Proper**

The Board Appointment and Renewal Policy summarises the circumstances in which a Director's office will become vacant under the Trustee Constitution. This section sets out the procedure that applies where a Responsible Person has previously been assessed as Fit and Proper but is subsequently found not to be Fit and Proper. This procedure may be modified or dispensed with as is appropriate by the Board.

##### Directors

- The Chair and the Deputy Chair (where the Chair determines the involvement of Deputy Chair is appropriate at any stage in the process) will meet with the Director in question and address the issues which are of concern to the Board and seek a commitment that the Director will improve their performance or behaviours to address the issues raised.
- The performance of the Director will be under review for three (3) months after the commitment is given. If there has been little or no improvement the Chair will hold a further discussion with the Director and may agree an action plan to correct the breach within a reasonable timetable. This plan will be monitored periodically.
- If the Chair decides that the performance or behaviour has not improved sufficiently and/or there is a failure to agree an action plan, a breach will be reported to the Board. The Board may seek guidance from APRA or a relevant consultant or seek legal advice. The Chair will decide whether the Director in question should be present at all or part of the meeting where the issue is being considered and will notify the Director of that decision. The Director will be excluded from any vote pertaining to the breach.
- If the Board decides that the Director is not a Fit and Proper person and in breach of their obligations to the Trustee, then the Responsible Person will be removed from office as soon as practicable in accordance with the Trustee's Constitution and the Trustee must notify APRA within 14 days of the assessment that the Responsible Person is not Fit and Proper. If the person remains in the Responsible Person position, the notification must state the reason and the action that is being taken.

##### Other Responsible Person (Not a Director)

If the CEO or the Board has reason to believe that a Responsible Person (other than a Director) who has previously been assessed as Fit and Proper may otherwise no longer meet the Fit and Proper Standard, the procedure set out above will apply except that the person with the responsibility of progressing the matter will be the CEO with the assistance of the Company Secretary. A decision will be made by the CEO after consultation with the Chair.

**18. Provision of Fit and Proper Policy**

Any person nominated for a Responsible Person position must be provided with a copy of this Policy as soon as possible after the person is nominated. Any other person must be provided with a copy of this Policy before an assessment of their fitness and propriety is conducted.

All Responsible Persons are to be given a copy of the revised Policy following amendments to the Policy.

Responsible Persons are expected to read this Policy and ensure that they comply with the obligations imposed under the Policy.

The Trustee must take all reasonable steps to ensure that each Responsible Person is aware of, and understands, the provisions of this Fit and Proper Policy.

**19. Information Retention**

The Trustee must retain for at least ten (10) years sufficient documentation for each Fit and Proper assessment to demonstrate the fitness and propriety of each Responsible Person, both current and past.

**20. Related Policies and Guidelines**

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

**21. Technical**

The Trustee is committed to ensuring that the fit and proper requirements are met, complied with on an ongoing basis, and regularly reviewed.

**21.1 Timing of a Review**

A review of the Fit and Proper Policy must be reviewed annually (or as close to annually as possible) and a review must also take place on the occurrence of the following trigger events:

- The occurrence of an event which has a material impact on the operation of this Fit and Proper Policy;
- A material change in the Funds' structure or the Sunsuper Group;
- A significant change in the strategic direction of the Funds which may require additional skills and experience;
- Legislative changes which potentially impact on the requirements of the Fit and Proper Policy;
- The removal of a Director with specialist skills; or
- The appointment of, or removal of, a key Senior Manager.

In addition, the training requirements of Responsible Persons will be reviewed annually by conducting a training needs analysis, the results of which will be reflected in individual training plans.

If any of the following events occur a review of training requirements will also take place:

- Changes in legislation which materially impact on the business operations of the Trustee;
- The collective skill requirements change depending on the internal and external environment (e.g. the strategic objectives of the funds and regulatory changes);
- A Trustee Director is replaced; or
- If particular skills reside with any individual Trustee Director.

**21.2 Conduct of a Review**

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

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

The Committee will analyse and evaluate the report and recommend changes. The revised Policy will be submitted to the Board for its consideration and subsequent adoption. No amendment to this Policy can be made without the consent of all of the Trustee Directors, unless otherwise required by law.

The Company Secretary will provide a copy of the revised Policy to the Sponsors.

### 21.3 Criteria of a Review

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 *Fit and Proper Policy*;
- Changes to the Constitution, Committee arrangements or Board Policies which touch on Sunsuper's Fit and Proper arrangements;
- Changes to the provisions of SIS Act and Regulations or the APRA Prudential Standards or Prudential Practice Guides; and
- Changes to SPS 520.

## 22. **List of Appendices**

- Appendix A: Sunsuper Skills Matrix.
- Appendix B: SIS Act Section 52 Covenants.
- Appendix C: Specific Fit and Proper Criteria applying to RSE Auditor and RSE Actuaries.
- Appendix D: Details of Trustee Kit.

**Appendix A - Skills Matrix**

**1. Purpose of Skills Matrix**

The primary purpose of this Skills Matrix is to document the skills and experience required to meet the fitness criteria in SPS 520 (Fit and Proper) by:

- Individual directors, and
- The Board collectively.

It also documents the requirements of SPS 510 (Governance) i.e. that the Directors and Senior Management of the Fund collectively have the full range of skills and experience needed to effectively and prudently manage the operations of the Fund and that each Director has the skills that allow them to make an effective contribution.

**IMPORTANT:** The capabilities/learning opportunities set out in this Matrix to meet the skills are a guide only. Additional training that is not currently set out in Matrix may be identified that will enable a Responsible Person to meet the skills for each tier as set out in this Matrix.

**2. Trustee Skill Sets**

The Skill Sets that the Trustee has determined are required for the successful operation of Sunsuper take into account the following factors:

1. The sole purpose of superannuation generally is to provide retirement benefits to members or for beneficiaries if a member dies;
2. The Trustee acts in the best Interests of its members;
3. The importance of the member experience (and other customers);
4. Sunsuper is a nationally focused, multi industry superannuation fund;
5. The size, complexity and benefit design of Sunsuper;
6. The composition of the Sunsuper board: equal representation model with three independent Directors;
7. The Trustee is authorised to offer a MySuper product;
8. Sunsuper’s regulatory obligations;
9. Investment choice is offered;
10. The investment strategies of the Fund;
11. Australian Financial Service licensee-authorized to provide Financial Product Advice;
12. “In-sourcing” of the administration of Sunsuper by its wholly owned subsidiary Precision Administration Services Pty Ltd;
13. Provision of Advice to members and employers of Sunsuper; and
14. Business planning and strategic plan of Sunsuper.

Taking into account the above factors the required Skill Sets and knowledge areas of the Fund are:

<b>Skill Sets</b>
Company Director
RSE Licensee Governance
Risk Management
Advice
Insurance
Financial and Audit
People and Remuneration
Member Experience
Product
Successor Fund Transfers and Strategic Growth
Investments
Technology

**3. Skills Sets Required**

**3.1. Directors**

Each skill is comprised of three tiers with increasing levels of capability from tier one to tier three. The tiers are guidelines only and it is recognised that application of the criteria is subject to the

discretion of both the Board Chair and Chair of the Nominations and Remuneration Committee. The expectations of the Board are that directors will aim to meet:

- All tier one skill sets within 6 to 12 months of appointment;
- A majority of tier two skill sets within 2 to 3 years of appointment, subject to all directors meeting tier two skill sets relating to Company Director Skills, Risk Management, RSE Licensee Governance and Investment; and
- Any changes to Skill Sets within 6-18 months of approval of changes.

It is expected that there will be a spread of all tiers of Skill Sets across the Board.

 **Tier One** - General understanding of SkillSet. All Directors to meet this within 6 to 12 months of appointment.

 **Tier Two** - Substantial skills and experience.

All directors are expected to hold a majority of tier two SkillSets within 2 to 3 years of appointment, subject to all directors meeting tier two SkillSets relating to Company Director, Risk Management, RSE Licensee Governance and Investment.

 **Tier Three** - Extensive skills and experience.

### 3.2. Board Chair

It is expected that the skills and experience required of the Board Chair should include:

- Tier 2 requirements for Company Director and RSE Licensee Governance skills and experience;
- Ability to lead others;
- Ability to engage with all stakeholders including shareholders; and
- Ability to advocate for and effectively represent Sunsuper in the public arena.

### 3.3. Committee Chairs

The Employer and Member nominated directors will give careful consideration in nominating to directors, candidates for Committee Chairs, to criteria for selection that includes experience and skills.

### 3.4. CEO

The Trustee has determined that the CEO should ideally meet all tier 2 Skill Sets. Upon appointment of the CEO, the Board will determine any other requirements.

### 3.5. Executive Managers and Other Responsible Persons employed by Sunsuper

The Trustee has determined that the Executive Management team and other Responsible Persons employed by Sunsuper must also meet a minimum Skill Set. They should ideally have at least Tier 1 experience in all SkillSets and any other skill level required by law/role. Additionally, the CEO or relevant manager will determine any other requirements for these individuals.

## 4. **Assessment**

Prior to appointment Directors are asked to complete a self-assessment against the Skills Sets, which is discussed with Company Secretary and reviewed by the Fund Chair. Other Responsible Persons employed by Sunsuper also complete a self-assessment against the skill sets set prior to appointment, which is reviewed by the CEO and/or Company Secretary.

Individual Directors skills and the collective skills of the Board are reviewed as part of the annual assessment of Board and individual Director performance.

The annual Fit and Proper Training Plan assessment and review process applies to all Responsible Persons. It is conducted on a calendar year basis for Directors and financial year basis for all other Responsible Persons. The process generally provides:

- Training completed throughout the year is reviewed;
- A needs analysis is conducted on any skill gaps;
- Recommendation of tier changes are formed;
- Recommended learning opportunities to address skill gaps are collated;
- Each Responsible Person is met with to discuss:
  - Training completed throughout the year;

- Proposed tier changes;
- Proposed learning opportunities for upcoming year; and
- Feedback sought on quality of training program.
- Draft plans are created based on information gathered and submitted for review; and
- Final training plans are provided to each Responsible Person and enacted.

**5. Consequences of Failure to Meet Requirements Relating to Skill Sets**

Failure of:

- Individual directors; The Board collectively; or
- Responsible Persons (other than directors).

To meet the SkillSets may be a breach of the Fit and Proper requirements. The Board may (and does) appoint experts to supplement SkillSets.

Should a director or Responsible Person (other than a director) not engage in activities which would assist in attainment of the Skill Sets, action may be taken in line with the Fit and Proper Policy by:

- The Board in relation to directors (refer to Section 15.7.1 of the Fit and Proper Policy), and
- The CEO in relation to Responsible Persons employed by Sunsuper who are not directors.

Section 17 of the Fit and Proper Policy outlines the process involved should a Responsible Person no longer meet the Fit and Proper Standard.

**6. Skill Sets**

6.1 Company Director

Skill Sets	
Should demonstrate understanding of company director skills including: <ul style="list-style-type: none"> <li>• The role of the Board;</li> <li>• Effective decision making;</li> <li>• Director duties and responsibilities;</li> <li>• Strategy: the Board’s role;</li> <li>• Financial literacy for Directors and driving financial performance;</li> <li>• The legal environment and risk issues; and</li> <li>• Board effectiveness.</li> </ul>	
Capability	
<b>Tier One</b>	1. Completion of AIST Trustee Director Course Level 1 (or higher) <b>or</b> similar course <b>or</b> relevant industry work experience <b>and/or</b> qualifications; 2. Can interpret key areas of Sunsuper Board Charter; <b>and</b> 3. Induction session with Chief Risk Officer and Company Secretary.
<b>Tier Two</b>	1. Substantial experience as a Company Director; <b>or</b> 2. Australian Institute of Company Directors’ “Company Directors Course”.
<b>Tier Three</b>	1. Multiple directorships of companies; <b>or</b> 2. Extensive experience as a Company Director; <b>or</b> 3. Fellow of AICD, AIST or ASFA.

6.2 RSE Licensee Governance

Skill Sets	
Should demonstrate understanding of responsibilities of an RSE Licensee including: <ul style="list-style-type: none"> <li>• Key obligations of the SIS Act, SIS Regulations, Prudential Standards, trust law; and</li> <li>• Fund Governance Framework.</li> </ul>	
Capability	
<b>Tier One</b>	1. Completion of AIST Trustee Director Course Level 1 (or higher) <b>or</b> similar course <b>or</b> relevant industry work experience <b>and/or</b> qualifications; 2. Can interpret key areas of the Sunsuper Governance Framework; <b>and</b> 3. Induction session with Chief Risk Officer and Company Secretary.
<b>Tier Two</b>	1. Can interpret and apply key areas of Sunsuper’s Governance Framework; 2. AIST course - Trustee Director Course - Level 2 <b>or</b> similar course <b>or</b> relevant industry work experience and qualifications; <b>or</b> 3. Substantial experience on the Sunsuper Board <b>and/or</b> on the Board of a comparable superannuation fund.
<b>Tier Three</b>	1. Relevant qualifications and experience; <b>or</b> 2. Relevant industry work experience in superannuation fund governance <b>or</b> in the policy and regulatory framework around superannuation fund governance; <b>or</b> 3. Extensive experience on the Sunsuper Board <b>and/or</b> on the Board of a comparable superannuation fund.

6.3 Risk Management

Skill Sets	
Should demonstrate understanding of: <ul style="list-style-type: none"> <li>• Sunsuper’s Risk Management Framework; and</li> <li>• Business Continuity Management Policy.</li> </ul>	
Capability	
<b>Tier One</b>	1. Completion of AIST Trustee Director Course Level 1 (or higher) <b>or</b> similar course or relevant industry work experience <b>and/or</b> relevant qualifications. 2. Can interpret key areas of: <ul style="list-style-type: none"> <li>• Risk Management Framework (including the Risk Management Strategy and Risk Appetite Statement); <b>and</b></li> <li>• Business Continuity Management Policy; <b>and</b></li> </ul> 3. Induction session with Chief Risk Officer.
<b>Tier Two</b>	1. Can interpret and apply key areas of: <ul style="list-style-type: none"> <li>• Risk Management Framework (including the Risk Management Strategy and Risk Appetite Statement); and</li> <li>• Business Continuity Management Policy;</li> </ul> AIST course - Trustee Director Course - Level 2 or similar course <b>or</b> relevant industry work experience and qualifications; <b>or</b> 2. Substantial experience on the Audit Compliance and Risk Management Committee of Sunsuper <b>or</b> similar experience with a comparable organisation.
<b>Tier Three</b>	1. Relevant industry work experience in risk management or in the policy and regulatory framework around risk management; or 2. Extensive experience on the Audit Compliance and Risk Management Committee of Sunsuper <b>or</b> similar experience with a comparable organisation.

6.4 Advice

Skill Sets	
Should demonstrate understanding of: <ul style="list-style-type: none"> <li>• Sunsuper Advice Framework;</li> <li>• Corporations Law; and</li> <li>• Member experience.</li> </ul>	
Capability	
<b>Tier One</b>	1. Can interpret key areas of Sunsuper’s Advice Framework; 2. Induction session with Chief Risk Officer and Manager, Compliance; <b>and</b> 3. Participate in a personal advice interaction.
<b>Tier Two</b>	1. Can interpret and apply legislation relating to advice and Sunsuper’s Advice Framework; 2. Completion of RG 146 <b>or</b> similar course <b>or</b> relevant industry work experience and qualifications; <b>or</b> 3. Substantial experience on the Sunsuper Board <b>or</b> similar experience with a comparable organisation.
<b>Tier Three</b>	1. Relevant industry work experience in the provision of financial services and advice <b>or</b> in the policy and regulatory framework around the provision of financial services and advice; <b>or</b> 2. Extensive experience on the Audit Compliance and Risk Management Committee of Sunsuper <b>or</b> similar experience with a comparable organisation.

6.5 Insurance

Skill Sets	
Should demonstrate understanding of: <ul style="list-style-type: none"> <li>• Insurance Management Framework, including Insurance Strategy;</li> <li>• Group life risk principles, types of cover and claims;</li> <li>• Respective roles/responsibilities of the Trustee and the Insurer; and</li> <li>• Member experience.</li> </ul>	
Capability	
<b>Tier One</b>	<ol style="list-style-type: none"> <li>1. Induction session with Executive General Manager, Customer Engagement; and Head of Product and Actuarial.</li> <li>2. Can interpret key areas of the Sunsuper Insurance Framework.</li> <li>3. Participate in a Committee meeting where insurance claims are considered or the review of an insurance claim to understand the member experience.</li> </ol>
<b>Tier Two</b>	<ol style="list-style-type: none"> <li>1. Relevant industry courses in group life insurance/ claims or relevant industry work experience; <b>and</b></li> <li>2. Substantial experience at Sunsuper Claims Committee meetings or similar experience with a comparable organisation.</li> </ol>
<b>Tier Three</b>	<ol style="list-style-type: none"> <li>1. Relevant industry courses in group life insurance/ claims or relevant industry work experience; <b>and</b></li> <li>2. Extensive experience on the Sunsuper Claims Committee <b>or</b> similar experience with a comparable organisation.</li> </ol>

6.6 Financial and Audit

Skill Sets	
<p>Should demonstrate understanding of:</p> <ul style="list-style-type: none"> <li>• Accounting and auditing processes of the Trustee and Fund;</li> <li>• Financial statements and the risks applicable to superannuation fund financial statement preparation;</li> <li>• Budgeting process including the dynamics between direct and other management costs and investment management costs;</li> <li>• Internal and external audit scopes and audit reporting; and</li> <li>• Relevant accounting standards and taxation requirements.</li> </ul>	
Capability	
<b>Tier One</b>	<ol style="list-style-type: none"> <li>1. Induction session with Head of Finance;</li> <li>2. Can interpret the constituent policies and procedures relating to finance and accounting.</li> <li>3. Completion of AIST Trustee Director Course Level 1 (or higher) <b>or</b> similar course <b>or</b> relevant industry work experience <b>and/or</b> relevant qualifications.</li> </ol>
<b>Tier Two</b>	<ol style="list-style-type: none"> <li>1. Can interpret and apply:                             <ul style="list-style-type: none"> <li>• Policies and procedures relating to finance and accounting; and</li> <li>• Sunsuper Financial Statements and External Audit Reports, through relevant experience;</li> </ul> </li> <li>2. AICD 2-day training course on understanding financial statements <b>or</b> similar course or tertiary qualifications; <b>or</b></li> <li>3. Substantial experience on the Audit Compliance and Risk Management Committee of Sunsuper <b>or</b> similar experience with a comparable organisation.</li> </ol>
<b>Tier Three</b>	<ol style="list-style-type: none"> <li>1. CPA/CP Qualified; <b>or</b></li> <li>2. Relevant industry work experience in the provision of financial services such as accounting, tax, audit/assurance; <b>or</b></li> <li>3. Extensive experience on the Audit Compliance and Risk Management Committee of Sunsuper or experience with a comparable organisation.</li> </ol>

## 6.7 People and Remuneration

Skill Sets	
Should demonstrate understanding of: <ul style="list-style-type: none"> <li>• Remuneration framework and trends within Financial Services;</li> <li>• Organisational development themes and trends;</li> <li>• Employment market and economic drivers for remuneration changes; and</li> <li>• Industry benchmarking of remuneration.</li> </ul>	
Capability	
<b>Tier One</b>	<ol style="list-style-type: none"> <li>1. Induction with Executive General Manager, People and Culture; <b>and</b></li> <li>2. Can interpret the Sunsuper Remuneration Policy.</li> </ol>
<b>Tier Two</b>	<ol style="list-style-type: none"> <li>1. Ability to interpret and apply the Sunsuper Remuneration Policy through relevant work experience;</li> <li>2. Relevant industry work experience involved in determining conditions of employment and remuneration issues; <b>or</b></li> <li>3. Substantial experience on Sunsuper Nominations and Remuneration Committee <b>or</b> similar experience with a comparable organisation.</li> </ol>
<b>Tier Three</b>	<ol style="list-style-type: none"> <li>1. Extensive experience on the Sunsuper Nominations and Remuneration Committee <b>or</b> similar experience with a comparable organisation <b>or</b> industry expert in remuneration and people.</li> </ol>

6.8 Member Experience

<b>Skill Sets</b>	
Should demonstrate understanding of: <ul style="list-style-type: none"> <li>• Member experience, engagement and outcomes (and that of other customers) and drivers;</li> <li>• Sunsuper’s brand and marketing strategies and channels; and</li> <li>• Sunsuper’s Operating Model and impact on member experience, engagement and outcomes.</li> </ul>	
<b>Capability</b>	
<b>Tier One</b>	1. Induction sessions with management including those responsible for brand, marketing, member experience, member complaints, member outcomes and Sunsuper’s Operating Model. 2. Participation in a member phone call.
<b>Tier Two</b>	1. Able to interpret and apply strategies relating to member experience, member complaints, member outcomes, marketing and brand strategy and impact of Sunsuper’s Operating Model on the member experience, through relevant experience, or 2. Substantial experience on the Sunsuper Board or similar experience with a comparable organisation.
<b>Tier Three</b>	1. Relevant experience and/or qualifications in member experience member complaints, member outcomes, marketing and brand strategy and impact of Sunsuper’s Operating Model on the member experience; or 2. Extensive experience on the Sunsuper Board or similar experience with a comparable organisation.

## 6.9 Product

Skill Sets	
Should demonstrate understanding of: <ul style="list-style-type: none"> <li>All Sunsuper's products and services;</li> <li>How superannuation products are developed and Sunsuper PDSs;</li> <li>Due Diligence Committee (DDC) process; and</li> <li>Sunsuper's member experience relating to our products.</li> </ul>	
Capability	
<b>Tier One</b>	<ol style="list-style-type: none"> <li>1. Induction session with relevant Sunsuper managers including Head of Product and Actuarial and Chair of DDC; <b>and</b></li> <li>2. Can explain key features of Sunsuper products.</li> </ol>
<b>Tier Two</b>	<ol style="list-style-type: none"> <li>1. Relevant work experience or qualification; <b>or</b></li> <li>2. Substantial experience on the Sunsuper Board</li> </ol>
<b>Tier Three</b>	<ol style="list-style-type: none"> <li>1. Actuarial or other relevant qualifications and/or experience; <b>or</b></li> <li>2. Relevant work experience; <b>or</b></li> <li>3. Extensive experience on the Sunsuper Board.</li> </ol>

## 6.10 Successor Fund Transfers and Strategic Growth

Skill Sets	
Should demonstrate understanding of: <ul style="list-style-type: none"> <li>How Sunsuper's products and services can be used to leverage growth by way of successor fund transfers in and other corporate growth for the benefit of members;</li> <li>Relevant legal requirements; and</li> <li>Sunsuper's ability to ensure sustainable growth and strategy.</li> </ul>	
Capability	
<b>Tier One</b>	<ol style="list-style-type: none"> <li>1. Induction session with CEO and Executive, Enterprise Change and EGM Corporate and Regional Growth.</li> <li>2. Can explain key features of relevant policies.</li> </ol>
<b>Tier Two</b>	<ol style="list-style-type: none"> <li>1. Can explain and analyse benefits of how Sunsuper's products and services can be used to leverage growth by way of successor fund transfers in and other corporate growth for the benefit of members through relevant work experience; <b>or</b></li> <li>2. Substantial experience on the Sunsuper Successor Fund Transfer Committee or similar experience with a comparable organisation.</li> </ol>
<b>Tier Three</b>	<ol style="list-style-type: none"> <li>1. Experience and/or qualifications in corporate superannuation plan transition; <b>or</b></li> <li>2. Extensive experience on the Sunsuper Successor Fund Transfer Committee or similar experience with a comparable organisation.</li> </ol>

6.11 Investment

Skill Sets	
<p>Should demonstrate, understanding, and ability to apply:</p> <ul style="list-style-type: none"> <li>• Members' best interests when setting investment objectives and strategy;</li> <li>• Investment principles (including risk and return, diversification, liquidity, etc);</li> <li>• The characteristics of the major asset classes;</li> <li>• The process for formulating investment beliefs, investment objectives and strategy;</li> <li>• The Trustee's Investment Governance Framework;</li> <li>• Implementation and risk management including legal, tax, fees, governance and investment structures; and</li> <li>• Economic factors and the impact on investment market.</li> </ul>	
	Capability
<b>Tier One</b>	<ol style="list-style-type: none"> <li>1. Completion of AIST Trustee Director Course Level 1 (or higher) or similar course or relevant industry work experience <b>and/or</b> qualifications;</li> <li>2. Induction session with Chief Investment Officer and Investment Team;</li> <li>3. Ability to apply Investment Governance Framework and policies and procedures including:                             <ul style="list-style-type: none"> <li>• The Investment Strategy for Fund and each investment option; and</li> <li>• Investment Policy Statement.</li> </ul> </li> </ol>
<b>Tier Two</b>	<ol style="list-style-type: none"> <li>1. Can explain and analyse benefits of the Investment Governance Framework and policies and procedures including:                             <ul style="list-style-type: none"> <li>• The Investment Strategy for Fund and each investment option;</li> <li>• Investment Policy Statement;</li> <li>• Liquidity Management Plan;</li> <li>• Due Diligence Policy and processes;</li> <li>• Asset Valuation policy; and</li> <li>• Policies for the management of derivatives and currency, through relevant work experience; <b>and</b></li> </ul> </li> <li>2. Comprehensive Trustee Investment Training Course provided by AIST or CIE or equivalent qualification <b>or</b> ideally 3 years' relevant industry work experience in a comparable organisation; <b>or</b></li> <li>3. Substantial experience on the Sunsuper Investment Committee including participation in site visits to investment managers/ consultants/direct investments <b>or</b> similar experience with a comparable organisation.</li> </ol>
<b>Tier Three</b>	<ol style="list-style-type: none"> <li>1. Relevant industry work experience in investment related or economic fields; <b>or</b></li> <li>2. Extensive experience on the Sunsuper Investment Committee <b>or</b> similar experience with a comparable organisation.</li> </ol>

## 6.12 Technology

<b>Skill Sets</b>	
Should demonstrate understanding of: <ul style="list-style-type: none"> <li>• Impact of Technology on the Member experience and engagement; and</li> <li>• Importance of Information Security and Data Governance.</li> </ul>	
<b>Capability</b>	
<b>Tier One</b>	<ol style="list-style-type: none"> <li>1. Induction session with EGM, Customer &amp; Technology and Management responsible for Technology at Sunsuper and other relevant key managers.</li> <li>2. Can interpret policies relating to technology and information security</li> </ol>
<b>Tier Two</b>	<ol style="list-style-type: none"> <li>1. Substantial experience on the Sunsuper Board or similar experience with a comparable organisation.</li> <li>2. Can interpret and apply policies relating to technology and information security.</li> </ol>
<b>Tier Three</b>	<ol style="list-style-type: none"> <li>1. Demonstrated ability to navigate complex IT systems and/or IT qualifications.</li> <li>2. Extensive experience on the Sunsuper Board or similar experience with a comparable organisation.</li> </ol>

## Appendix B - Section 52 Covenants

### Extract of Section 52 from Superannuation Industry (Supervision) Act 1993 (Cth)

The Trust Deed of a superannuation entity is taken to include the following obligations binding on the Trustee and each of its directors on account of section 52:

#### 52 Covenants to be included in Governing Rules—Registrable Superannuation Entities

##### *Governing Rules Taken to Contain Covenants*

- (1) If the governing rules of a registrable superannuation entity do not contain covenants to the effect of the covenants set out in this section, those governing rules are taken to contain covenants to that effect.

##### *General Covenants*

- (2) The covenants referred to in subsection (1) include the following covenants by each trustee of the entity:
- (a) To act honestly in all matters concerning the entity;
  - (b) To exercise, in relation to all matters affecting the entity, the same degree of care, skill and diligence as a prudent superannuation trustee would exercise in relation to an entity of which it is trustee and on behalf of the beneficiaries of which it makes investments;
  - (c) To perform the trustee's duties and exercise the trustee's powers in the best interests of the beneficiaries;
  - (d) Where there is a conflict between the duties of the trustee to the beneficiaries, or the interests of the beneficiaries, and the duties of the trustee to any other person or the interests of the trustee or an associate of the trustee:
    - (i) To give priority to the duties to and interests of the beneficiaries over the duties to and interests of other persons;
    - (ii) To ensure that the duties to the beneficiaries are met despite the conflict;
    - (iii) To ensure that the interests of the beneficiaries are not adversely affected by the conflict; and
    - (iv) To comply with the prudential standards in relation to conflicts.
  - (e) To act fairly in dealing with classes of beneficiaries within the entity;
  - (f) To act fairly in dealing with beneficiaries within a class;
  - (g) To keep the money and other assets of the entity separate from any money and assets, respectively:
    - (i) That are held by the trustee personally; or
    - (ii) That are money or assets, as the case may be, of a standard employer-sponsor, or an associate of a standard employer-sponsor, of the entity.
  - (h) Not to enter into any contract, or do anything else, that would prevent the trustee from, or hinder the trustee in, properly performing or exercising the trustee's functions and powers;
  - (i) If there are any reserves of the entity—to formulate, review regularly and give effect to a strategy for their prudential management, consistent with the entity's investment strategies and its capacity to discharge its liabilities (whether actual or contingent) as and when they fall due; and
  - (j) To allow a beneficiary of the entity access to any prescribed information or any prescribed documents.

##### *Superannuation Trustee*

- (3) In paragraph (2)(b), a superannuation trustee is a person whose profession, business or employment is or includes acting as a trustee of a superannuation entity and investing money on behalf of beneficiaries of the superannuation entity.

##### *Obligations to Beneficiaries Override Obligations under Certain other Acts*

- (4) The obligations of the trustee under paragraph (2)(d) override any conflicting obligations an executive officer or employee of the trustee has under:
- (a) Part 2D.1 of the *Corporations Act 2001*; or
  - (b) Subdivision A of Division 3 of Part 2-2 of the *Public Governance, Performance and Accountability Act 2013* (which deals with general duties of officials) or any rules made for the purposes of that Subdivision.

*Trustee not Prevented from Engaging or Authorising Persons to Act on Trustee's Behalf*

- (5) A covenant referred to in paragraph (2)(h) does not prevent the trustee from engaging or authorising persons to do acts or things on behalf of the trustee.

*Investment Covenants*

- (6) The covenants referred to in subsection (1) include the following covenants by each trustee of the entity:
- (a) To formulate, review regularly and give effect to an investment strategy for the whole of the entity, and for each investment option offered by the trustee in the entity, having regard to:
    - (i) The risk involved in making, holding and realising, and the likely return from, the investments covered by the strategy, having regard to the trustee's objectives in relation to the strategy and to the expected cash flow requirements in relation to the entity;
    - (ii) The composition of the investments covered by the strategy, including the extent to which the investments are diverse or involve the entity in being exposed to risks from inadequate diversification;
    - (iii) The liquidity of the investments covered by the strategy, having regard to the expected cash flow requirements in relation to the entity;
    - (iv) Whether reliable valuation information is available in relation to the investments covered by the strategy;
    - (v) The ability of the entity to discharge its existing and prospective liabilities; and
    - (vi) The expected tax consequences for the entity in relation to the investments covered by the strategy;
    - (vii) The costs that might be incurred by the entity in relation to the investments covered by the strategy; and
    - (viii) Any other relevant matters.
  - (b) To exercise due diligence in developing, offering and reviewing regularly each investment option; and
  - (c) To ensure the investment options offered to each beneficiary allow adequate diversification.

*Insurance Covenants*

- (7) The covenants referred to in subsection (1) include the following covenants by each trustee of the entity:
- (a) To formulate, review regularly and give effect to an insurance strategy for the benefit of beneficiaries of the entity that includes provisions addressing each of the following matters:
    - (i) The kinds of insurance that are to be offered to, or acquired for the benefit of, beneficiaries;
    - (ii) The level, or levels, of insurance cover to be offered to, or acquired for the benefit of, beneficiaries;
    - (iii) The basis for the decision to offer or acquire insurance of those kinds, with cover at that level or levels, having regard to the demographic composition of the beneficiaries of the entity; and
    - (iv) The method by which the insurer is, or the insurers are, to be determined.
  - (b) To consider the cost to all beneficiaries of offering or acquiring insurance of a particular kind, or at a particular level;
  - (c) To only offer or acquire insurance of a particular kind, or at a particular level, if the cost of the insurance does not inappropriately erode the retirement income of beneficiaries; and
  - (d) To do everything that is reasonable to pursue an insurance claim for the benefit of a beneficiary, if the claim has a reasonable prospect of success.

*Covenants Relating to Risk*

- (8) The covenants referred to in subsection (1) include the following covenants by each trustee of the entity:
- (a) To formulate, review regularly and give effect to a risk management strategy that relates to:
    - (i) The activities, or proposed activities, of the trustee, to the extent that they are relevant to the exercise of the trustee's powers, or the performance of the trustee's duties and functions, as trustee of the entity; and
    - (ii) The risks that arise in operating the entity.

- (b) To maintain and manage in accordance with the prudential standards financial resources (whether capital of the trustee, a reserve of the entity or both) to cover the operational risk that relates to the entity.

*Covenants relating to regulated superannuation funds—annual outcomes assessments*<sup>1</sup>

- (9) If the entity is a regulated superannuation fund (other than a regulated superannuation fund with fewer than 5 members), the covenants referred to in subsection (1) include the following covenants by each trustee of the entity:
  - (a) to determine, in writing, on an annual basis, for each MySuper product and choice product offered by the entity, whether the financial interests of the beneficiaries of the entity who hold the product are being promoted by the trustee, having regard to:
    - (i) if the product is a MySuper product—a comparison of the MySuper product with other MySuper products offered by other regulated superannuation funds, based on the factors mentioned in subsection (10), and a comparison of the MySuper product with any other benchmarks specified in regulations made for the purposes of this subparagraph; and
    - (ii) if the product is a choice product—a comparison of the choice product with the comparable choice products in relation to the choice product, based on factors mentioned in subsection (10A), and a comparison of the choice product with any other benchmarks specified in regulations made for the purposes of this subparagraph; and
    - (iii) the factors mentioned in subsection (11);
      - (a) to determine, in writing, on an annual basis, whether each trustee of the entity is promoting the financial interests of the beneficiaries of the fund, as assessed against benchmarks specified in regulations made for the purposes of this paragraph;
      - (b) to make the determination referred to in paragraph (a), and a summary of the assessments and comparisons on which the determination is based, publicly available on the website of the entity;
  - (c) to do so within 28 days after the determination is made;
  - (d) to keep the determination, and the summary of the assessments and comparisons on which the determination is based, on the website until a new determination is made as referred to in paragraph(a).
- (10) In comparing a MySuper product with other MySuper products, the trustees must compare each of the following:
  - (a) the fees and costs that affect the return to the beneficiaries holding the MySuper products;
  - (b) the return for the MySuper products (after the deduction of fees, costs and taxes);
  - (c) the level of investment risk for the MySuper products; and
  - (d) any other matter set out in the prudential standards.
- (10A) In comparing a choice product with the comparable choice products in relation to the choice product, the trustees must compare each of the following:
  - (a) the fees and costs that affect the return to the beneficiaries holding the choice products;
  - (b) the return for the choice products;
  - (c) the level of investment risk for the choice products; and
  - (d) any other matter specified in the prudential standards.
- (11) In determining whether the financial interests of the beneficiaries of the entity who hold a MySuper product or choice product are being promoted by the trustee, the trustee must assess each of the following:
  - (a) whether the options, benefits and facilities offered under the product are appropriate to those beneficiaries;
  - (b) whether the investment strategy for the product, including the level of investment risk and the return target, is appropriate to those beneficiaries;
  - (c) whether the insurance strategy for the product is appropriate to those beneficiaries;

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<sup>1</sup> Change made by the *Treasury Laws Amendment (Improving Accountability and Member Outcomes in Superannuation Measures No. 1) Act 2019, effective date 6 April 2019*

- (d) whether any insurance fees charged in relation to the product inappropriately erode the retirement income of those beneficiaries;
- (e) any other relevant matters, including any matters set out in the prudential standards.

*Covenants Relating to Regulated Superannuation Funds—Promoting Financial Interests of Beneficiaries*

- (12) If the entity is a regulated superannuation fund (other than a regulated superannuation fund with fewer than 5 members), the covenants referred to in subsection (1) include a covenant by each trustee of the entity to promote the financial interests of the beneficiaries of the entity who hold a MySuper product or a choice product, in particular returns to those beneficiaries (after the deduction of fees, costs and taxes).

*Covenants Relating to Regulated Superannuation Funds—MySuper Products*

- (13) If the entity is a regulated superannuation fund that offers a MySuper product, the covenants referred to in subsection (1) include the following covenants by each trustee of the entity:
- (a) to include in the investment strategy for the MySuper product the details of the trustee's determination of the matters mentioned in paragraph (9)(a);
  - (b) to include in the investment strategy for the MySuper product, and update each year:
    - (i) the investment return target over a period of 10 years for the assets of the entity that are attributed to the MySuper product; and
    - (ii) the level of risk appropriate to the investment of those assets.

**52A Covenants Relating to Directors to be Included in Governing Rules – Registrable Superannuation Entities**

*Governing Rules Taken to Contain Covenants*

- (14) If the governing rules of a registrable superannuation entity of which a trustee is a body corporate do not contain covenants to the effect of the covenants set out in subsection (2), those governing rules are taken to contain covenants to that effect.

*The Covenants*

- (15) The covenants referred to in subsection (1) are the following covenants by each director of a corporate trustee of the entity:
- (a) To act honestly in all matters concerning the entity;
  - (b) To exercise, in relation to all matters affecting the entity, the same degree of care, skill and diligence as a prudent superannuation entity director would exercise in relation to an entity where he or she is a director of the trustee of the entity and that trustee makes investments on behalf of the entity's beneficiaries;
  - (c) To perform the director's duties and exercise the director's powers as director of the corporate trustee in the best interests of the beneficiaries;
  - (d) Where there is a conflict between the duties of the director to the beneficiaries, or the interests of the beneficiaries, and the duties of the director to any other person or the interests of the director, the corporate trustee or an associate of the director or corporate trustee:
    - (i) To give priority to the duties to and interests of the beneficiaries over the duties to and interests of other persons;
    - (ii) To ensure that the duties to the beneficiaries are met despite the conflict;
    - (iii) To ensure that the interests of the beneficiaries are not adversely affected by the conflict;
    - (iv) To comply with the prudential standards in relation to conflicts;
  - (e) Not to enter into any contract, or do anything else, that would:
    - (i) Prevent the director from, or hinder the director in, properly performing or exercising the director's functions and powers as director of the corporate trustee; or
    - (ii) Prevent the corporate trustee from, or hinder the corporate trustee in, properly performing or exercising the corporate trustee's functions and powers as trustee of the entity;
  - (f) To exercise a reasonable degree of care and diligence for the purposes of ensuring that the corporate trustee carries out the covenants referred to in section 52.

*Obligations to Beneficiaries Override Obligations Under Certain other Acts*

- (16) The obligations of the director under paragraph (2)(d) override any conflicting obligations the director has under:
- (a) Part 2D.1 of the *Corporations Act 2001*; or
  - (b) Subdivision A of Division 3 of Part 2-2 of the *Public Governance, Performance and Accountability Act 2013* (which deals with general duties of officials) or any rules made for the purposes of that Subdivision.

*Director not Prevented from Engaging or Authorising Persons to Act on Behalf of the Trustee*

- (17) A covenant referred to in paragraph (2)(e) does not prevent the director from engaging or authorising persons to do acts or things on behalf of the trustee.

*Using Reasonable Care and Diligence to Ensure Compliance by Corporate Trustee*

- (18) The reference in paragraph (2)(f) to a reasonable degree of care and diligence is a reference to the degree of care and diligence that a superannuation entity director would exercise in the circumstances of the corporate trustee.

*Covenants Operate as if Director Party to the Governing Rules*

- (19) A covenant referred to in subsection (2) operates as if the director were a party to the governing rules.

*Superannuation Entity Director*

- (20) A superannuation entity director is a person whose profession, business or employment is or includes acting as director of a corporate trustee of a superannuation entity and investing money on behalf of beneficiaries of the superannuation entity

**Extract of Sections 29VN, 29VO, 29VP and 29VQ from *Superannuation Industry (Supervision) Act 1993 (Cth)***

The following additional obligations are binding on the trustee and each of its directors in relation to a MySuper product:

**29VN Additional Obligations of a Trustee in Relation to a MySuper Product**

Each trustee of a regulated superannuation fund that includes a MySuper product must:

- (a) promote the financial interests of the beneficiaries of the fund who hold the MySuper product, in particular returns to those beneficiaries (after the deduction of fees, costs and taxes); and
- (b) determine on an annual basis whether the beneficiaries of the fund who hold the MySuper product are disadvantaged, in comparison to the beneficiaries of other funds who hold a MySuper product within those other funds, because the financial interests of the beneficiaries of the fund who hold the MySuper product are affected:
  - (i) because the number of beneficiaries of the fund who hold the MySuper product is insufficient; or
  - (ii) because the number of beneficiaries of the fund is insufficient; or
  - (iii) where the assets of the fund that are attributed to the MySuper product are, or are to be, pooled with other assets of the fund or assets of another entity or other entities—because that pool of assets is insufficient; or
  - (iv) in a case to which subparagraph (iii) does not apply—because the assets of the fund that are attributed to the MySuper product are insufficient; and
- (c) include in the investment strategy for the MySuper product the details of the trustee's determination of the matters mentioned in paragraph (b); and
- (d) include in the investment strategy for the MySuper product, and update each year:
  - (i) the investment return target over a period of 10 years for the assets of the fund that are attributed to the MySuper product; and
  - (ii) the level of risk appropriate to the investment of those assets.

**29VO Additional Obligations of a Director of a Corporate Trustee in Relation to a MySuper Product**

- (1) Each director of a corporate trustee of a regulated superannuation fund that includes a MySuper product must exercise a reasonable degree of care and diligence for the purposes of ensuring that the corporate trustee carries out the obligations referred to in section 29VN.

- (2) The reference in subsection (1) to a reasonable degree of care and diligence is a reference to the degree of care and diligence that a superannuation entity director would exercise in the corporate trustee's circumstances.
- (3) A ***superannuation entity director*** is a person whose profession, business or employment is or includes acting as director of a corporate trustee of a superannuation entity and investing money on behalf of beneficiaries of the superannuation entity.

#### **29VP Contravention of Section 29VN**

- (1) A person must not contravene section 29VN.
- (2) A contravention of subsection (1) is not an offence and a contravention of that subsection does not result in the invalidity of a transaction.
- (3) A person who suffers loss or damage as a result of the conduct of another person that was engaged in in contravention of subsection (1) may recover the amount of the loss or damage by action against that other person or against any person involved in the contravention.
- (4) An action under subsection (3) may be begun at any time within 6 years after the day on which the cause of action arose.

#### **29VPA Contravention of Section 29VO**

- (1) A person must not contravene section 29VO.
- (2) A contravention of subsection (1) is not an offence and a contravention of that subsection does not result in the invalidity of a transaction.
- (3) A person who suffers loss or damage as a result of the conduct of another person that was engaged in in contravention of subsection (1) may, with the leave of the court, recover the amount of the loss or damage by action against that other person or against any person involved in the contravention.
- (4) A person may, within 6 years after the day on which the cause of action arose, seek the leave of the court to bring such an action.
- (5) In deciding whether to grant leave to bring such an action, the court must take into account whether:
  - (a) The applicant is acting in good faith; and
  - (b) There is a serious question to be tried.
- (6) The court may, in granting leave to bring such an action, specify a period within which the action may be brought.

#### **29VQ Governing Rules Void to the Extent that they are Inconsistent with Obligations under Section 29VN or 29VO**

A provision of the governing rules of a regulated superannuation fund is void to the extent that it is inconsistent with:

- (a) The obligations that apply to a trustee of the fund under section 29VN; or
- (b) If the trustee of the fund is a body corporate—the obligations that apply to the directors of the body corporate under section 29VO.

## **Appendix C - Specific Fitness and Proprietary Criteria for RSE Auditor and RSE Actuary**

The specific additional criteria for the fitness and propriety of an RSE actuary or auditor contained in SPS 520 are also to apply to any Responsible Persons appointed to those positions.

In the case of the RSE auditor the additional criteria are that the auditor:

- Is registered under the Corporations Act 2001 or is the Auditor-General (or a delegate of the Auditor-General) of the Commonwealth, a State or Territory;
- Is not the Chief Executive Officer of Sunsuper or a Director of the Trustee, or of a related body corporate or connected entity;
- Has a minimum of five (5) years' relevant experience in the audit of the business operations of RSE licensees;
- Has experience relating to the business operations of RSE licensees that is sufficiently relevant and recent to provide reasonable assurance that the person is familiar with current issues in the audit of the business operations of RSE licensees;
- Is not:
  - An RSE actuary of the Trustee or of Sunsuper;
  - An employee or director of a body corporate, statutory body, partnership, trust, or commercial or professional enterprise of any kind of which the RSE actuary is an employee or director; or
  - A partner of the RSE actuary.
- Is a member of a recognised professional body; and
- Is ordinarily resident in Australia.

In addition, the RSE auditor must not be an employee of the Trustee.

There are exceptions to these criteria in SPS 520 including where, for example, the Trustee considers there are exceptional circumstances. APRA must be notified in this case and APRA must confirm it has no objection.

In the case of the RSE actuary the additional criteria are that the actuary:

- Has appropriate formal qualifications;
- Is not the Chief Executive Officer of Sunsuper or a Director of the Trustee, or of a related body corporate (except where that related body corporate is a connected entity of the Trustee);
- Is not:
  - The RSE auditor of the Trustee or of any superannuation fund within its business operations;
  - An employee or director of an entity of which the RSE auditor is an employee or director; or
  - A partner of the RSE auditor.
- Has a minimum of five (5) years' relevant experience in the provision of actuarial services to RSE licencees and RSEs or in superannuation more generally, that is sufficiently relevant and recent to provide reasonable assurance that the person is familiar with current issues in the provision of actuarial services to the business operations of RSE licensees;
- Is a Fellow or Accredited Member (however described) of the Institute of Actuaries of Australia; and
- Is ordinarily resident in Australia.

There are exceptions to these criteria in SPS 520 including where, for example, the Trustee considers there are exceptional circumstances. APRA must be notified in this case and APRA must confirm it has no objection.

Representations and attestations from the firm of which the RSE actuary or RSE auditor are a member may assist in assessing fitness and propriety. ASIC's assessment of the fitness and propriety of a company auditor may be taken into account in the assessment of the fitness and propriety of an auditor.

The Chair or Company Secretary is responsible for reviewing the resume, verifying the legitimacy of any relevant educational qualifications and contacting the independent referees to verify any material statements of claim in respect of the RSE auditor and RSE actuary. The Company Secretary is to maintain records of the verification.

## **Appendix D - Trustee Kit**

Each new director is provided with a "Trustee Kit" which includes:

- A copy of the Sunsuper Superannuation Fund Trust Deed;
- A copy of the Sunsuper Pooled Superannuation Trust Deed;
- A copy of the Constitution of Sunsuper Pty Ltd;
- A copy of this Fit and Proper Policy;
- A copy of the Board Appointment and Renewal Policy;
- A copy of the Code of Conduct and Ethics;
- A copy of the Conflicts Management Policy;
- A copy of the Restricted Security Trading Policy;
- Copies of the Board and Board Committees' Charters;
- A copy of the Corporate Governance Statement;
- A summary of the duties of the Trustee and the Directors under sections 52 and 52A of the SIS Act;
- Schedule of Board and Board Committee meeting dates;
- Contact details for fellow Directors and senior management;
- An organisational chart for Sunsuper;
- Copies of any general Board policies; and
- Investment Policy Statement.