

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

Investment Committee Charter

March 2021

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1. Introduction

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

2. Purpose

The purpose of the Committee is to review, monitor, make delegated decisions and make recommendations to the Board on the investment activities of the Sunsuper Superannuation Fund, the Sunsuper Pooled Superannuation Trust (PST) and Sunsuper Holdings Pty Ltd, which are collectively referred to as Sunsuper.

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

The Board has a process for the annual evaluation of the Board and individual director performance. This is set out in the Board Assessment Procedure. Annually the Committee also evaluates the effectiveness of its performance.

3. Authority

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

It is empowered to:

- Formulate and oversee the investment governance framework (which is represented by the totality of systems, structures, policies, processes and people with regard to investments, and meets the requirements of SPS 530), recognising that particular elements of the framework are approved by the Board as set out in the Board Charter.
- Set Strategic Asset Allocations for each option, set asset class strategies and appoint, compensate, and oversee any investment consulting firm;
- Seek any information it requires from employees or contractors, all of whom are directed to cooperate with the Committee's requests;
- Be provided with full access to all books, records, facilities and personnel; and
- Meet with management, asset consultants, investment managers, the custodian or outside counsel, as necessary.

The members of the Committee must at all times have free and unfettered access to senior management, the Chief Investment Officer, Committee experts and the principal asset consultant.

4. Responsibilities

The Committee has the following responsibilities:

4.1 Investment Policy and Management

- Review, and provide recommendations to the Board on;
 - Material changes to the investment governance framework;
 - Investment philosophy (i.e. the broad overall aims for investments) and beliefs;
 - Investment objectives (i.e. the specific investment objectives for the investment options);
 - Investment strategy for the Sunsuper Superannuation Fund and each investment option (i.e. the way in which the investments for each option should be invested to meet the investment objectives);
 - Investment risk management practices; and
 - Investment-related actions outside of approved strategies/processes;
- Review the recommendations of the CIO and Investment Team and decide on the:
 - Investment governance framework, other than material changes (noting that the framework must be independently reviewed at least every 3 years);
 - Strategic asset allocation for each investment option;
 - Investment strategy for each asset class (i.e. the way in which each asset class should be invested); and
 - Investment risk management practices;
- Review and provide recommendations to the Board on the appointment and termination of the custodian;

- Review the recommendation of the CIO and Investment Team and decide on the principal asset consultant(s);
- Monitor and oversee:
 - Appointment and termination of minor asset consultants;
 - Investments for each investment option relative to the investment strategy for that investment option;
 - Investments for each asset class relative to the investment strategy for that asset class;
 - Appointment and termination of investment managers and investment service providers other than the custodian;
 - Investments in direct assets;
 - Measures of investment performance of each investment and investment option;
 - Formulation of relevant documents to ensure the documents protect the interests of Sunsuper; and
- Monitor the Investment Team, in conjunction with the Chief Executive Officer, including:
 - Their investment performance relative to key performance indicators and expectations;
 - The effectiveness of the Investment Team in meeting the expectations of the Board and members; and
 - Recommending to the Board on the appointment or termination of the Chief Investment Officer.

The Committee receives advice from the Investment Team, the Investment Operations Team and asset consultants. Appendix 1 shows the decision-making responsibilities and delegations.

4.2 Investment Operations and Compliance

- Note the *Investment Compliance Plan* at least annually;
- Review investment administration and compliance activities and reports;
- Review, assess and monitor the resolution of investment breaches; and
- Review and assess the results of internal control audit reports and derivatives risk statement audit reports received from the investment managers and the custodian.

4.3 Reporting

- Regularly report to the Board about Committee activities, issues, and related recommendations; and
- Disclose the Committee's composition, responsibilities and how they were discharged, and any other relevant information, in the Corporate Governance Statement.

4.4 Policies

- Review and if appropriate recommend to the Board, changes to significant policies of the Sunsuper group including:
 - Liquidity Policy; and
 - Valuation and Unit Pricing Policy.
- Review and approve changes to:
 - Investment Policy Statement and Investment Policy Statement (Sunsuper Pooled Superannuation Trust);
 - Appointment of Directors to an Investee Company Board Policy and Procedure;
 - Class Actions Policy;
 - Counterparty Credit Risk Policy; and
 - Environmental, Social and Governance Policy.

4.5 Other

- Approval of Sunsuper representatives to investee companies in accordance with the Sunsuper Appointment of Directors to an Investee Company Board Policy and Procedure;
- Perform other activities related to this Charter as requested by the Board;
- Review and monitor proxy voting by the investment managers and the Investment Team;
- Annually review and assess the adequacy of the Committee Charter,

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

5. Composition

5.1 Size

The Committee shall be appointed by the Board and shall consist of at least six members. All members shall be members of the Board, excepting that the Board may appoint "Investment Experts" as members of the Committee who can be external, non-Board members.

The Chief Executive Officer and the Chief Investment Officer shall report to, but not be members of, the Committee.

5.2 Knowledge

The Committee shall collectively have skills and knowledge in the areas of investments, financial markets, superannuation, corporate governance and compliance.

5.3 Independence

All members of the Committee shall be independent.

An independent member is a member who is independent of management and free of any business relationship or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the exercise of their unfettered and independent judgement.

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

Members shall be considered independent if they have no relationship to Sunsuper, its affiliates or external service providers that might materially interfere with the exercise of their unfettered and independent judgement.

Appointment as a Committee member or nomination as a Director by one of Sunsuper's sponsoring shareholders will not impact on the independence of the Committee member for the purposes of this section.

The Board shall, on an annual basis, review the position and associations of each of the members to determine if they are independent of management and free of any business relationship or other relationship that could materially interfere with - or could reasonably be perceived to materially interfere with - the exercise of their unfettered and independent judgement. The Committee shall affirmatively make a determination as to the independence of each member, and disclose such determinations to the Board.

5.4 Conflicts of Interest

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

5.5 Chair

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

6. Meetings

6.1 Frequency

The Committee shall meet at least four times a year, with authority to convene additional meetings as circumstances require. All Committee members are expected to attend each meeting, in person or via tele- or video-conference.

6.2 Attendees

The Chief Investment Officer, Chief Executive Officer, external asset consultants and any other persons considered appropriate shall attend meetings of the Committee by invitation, and provide pertinent information, as necessary.

6.3 Closed Door Meeting

The Committee has the option to have a closed-door meeting, without management present, where required.

6.4 Secretarial

The Chief Investment Officer, in conjunction with the Company Secretariat Team, shall provide secretarial support to the Committee. The Chief Investment Officer, in conjunction with the Chair, shall draw up an agenda which shall be circulated with supporting papers at least five days prior to each meeting to the members of the Committee and other meeting attendees. Minutes shall be prepared for each meeting, circulated to the Chair within one week of each meeting for review, and then confirmed as accurate at the following meeting.

6.5 Quorum

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

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

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

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

7. Compensation

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

Appendix 1: Decision-Making Responsibilities Matrix

The Responsibilities Matrix is provided in the table below. While the matrix does not exhaustively cover every possible decision, it does seek to capture the main areas for decisions. The descriptions of the tasks have been shortened in order to fit them into the table. For clarification, a glossary following the table describes these in more detail. For each identified task in the matrix, there is only one function of “decide”, denoted by a “D”. This is important to ensure clear accountability.

The full range of functions are: O - Oversee; D - Decide; R - Recommend; A - Analyse.

Area	Task	Responsibilities									
		Board	Investment Committee	NRC	CEO	Executive Team	CIO / Investment Team	CFO/ Investment Operations Team~	CFO/ Product Team	Freq	Month
Investment Policy and Management	Review Operationally independent investment Governance Framework Assessment	O	O/D				A/R	A/R		3 yrs #	Jun [2021]
	Investment Philosophy and Beliefs	O/D	O/R		R	R	A/R			3 yrs #	Mar [2021]
	Investment Return and Risk Objectives	O/D	O/R		R	R	R		R	3 yrs #	Jun [2023]
	Strategy for MySuper Option	O/D							R	3 yrs #	Jun [2022]
	Investment Strategy for Each Asset Class (including DAA and Exposure Management)	O	O/D				R			Y	Mar, Apr, Jun, Aug Nov
	Investment Strategy for Each Option (including Reference Portfolio/Portfolio Benchmarks)	O/D	O/R				R		R	Y	Aug - Div Options/ Nov- Single Asset Class Options
	SAA (Diversified Options)	O	O/D				A/R				Nov
	Key Performance Indicators		O/R	O/D	R		A			Y	Jun
	Actions Outside Approved Option Strategies	O/D	R				A/R			As req	
	Actions Outside Approved Asset Class Strategies	O	O/D				A/R			As req	
	The Investment Team Plan	O	O		O/D		A/R			Y	Apr/ Jun

Area	Responsibilities										
	Task	Board	Investment Committee	NRC	CEO	Executive Team	CIO / Investment Team	CFI / Investment Operations Team~	CFI / Product Team	Freq	Month
	Appoint Principal Asset Consultants	O	O/D				A/R			3 yrs #	Nov [2022]
	Appoint Custodian	O/D	O/R				A	A/R		5 Yrs/ 3Yrs ~	Nov [2024]
	Investment Operations Review Report		O					A/R		Y	Jun
	Operational Due Diligence Annual Report		O					A/R		Y	Nov
	Appointment of Directors to an Investee Company Policy and Procedure		O/D				R			2 Yrs	Nov [2022]
	Class Actions Policy		O/D				R			3 Yrs	Aug [2023]
	Counterparty Credit Risk Policy		O/D				R	R		2 Yrs	Nov [2021]
	Environmental, Social and Governance Policy		O/D				R			2 Yrs	Nov [2022]
	Investment Policy Statement & Investment Policy Statement (PST)	O	D/R				A/R			Y	Apr
	Liquidity Policy	D	O/R				A/R	A/R		2 Yrs	Nov [2021]
	Valuation and Unit Pricing Policy	D	O/R					A/R		3 Yrs #	Nov [2023]
	Material Changes to Buy/Sell Spreads	D	O/R						R	As req	

Area	Responsibilities										
	Task	Board	Investment Committee	NRC	CEO	Executive Team	CIO / Investment Team	CFO/ Investment Operations Team~	CFO/Product Team	Freq	Month
Implement According to Agreed Strategies and Fee Budgets	Appoint Minor Consultants		0				A/D			As req	
	Asset Allocation Strategies implementation		0				D			Ongoing	
	Asset Class Strategies implementation		0				D			Ongoing	
	Appoint / Terminate Managers		0				D			As req	
	Appoint / Terminate Administration Service Providers		0				D	R		As req	
	Direct investments		0				D			As req	
	Select Securities						0	0			
Review with Cycle Back to Top Level	Investment Performance Calculation	0	0				0	D		Qtly	
	Assessment of investment Performance	0	0				D			Qtly	
	Compliance Monitoring Report		0				0	D		Ongoing	

An informal review is undertaken each year and a formal review is undertaken every 3 years. ~ Appointment for up to a 5 year initial term with the option of up to a further 3 year extension. An independent fee and service review to be undertaken at the end of the initial term with a formal tender review to be undertaken at the end of the 3 year extension. NRC - Nominations and Remuneration Committee.

Glossary of Tasks

In the following table we have given a broader description for the tasks summarised in the previous table:

Task	Description
Review Operationally Independent Investment Governance Framework Assessment	The SPS530 requirement for a triennial operationally independent review of totality of systems, structures, policies, processes and people to address the RSE licensee's responsibilities with regard to investments.
Investment Philosophy and Beliefs	The broad overall aims for investments, identifying the market opportunities that we trying to take advantage of or the pitfalls we are trying to avoid.
Investment Return and Risk Objectives	The specific investment objectives for the investment options that we offer to members. This can take the form of return objectives but can also bring is issues of risk.
Strategy for MySuper Option	The way in which the investments should be invested to meet the MySuper option objectives.
Investment Strategy for Each Asset Class (including DAA and Exposure Management)	The way in which each asset class should be invested, noting that the DAA investment strategy and other similar strategies facilitating return-seeking investment activities are asset class investment strategies. Exposure management incorporates and seeks to manage risk and add value through Rebalancing, Securities Lending, Balance Sheet management and Derivative Implementation.
Investment Strategy for Each Option (including Reference Portfolio/Performance Benchmarks)	The way in which the investments should be invested to meet the objectives, taking into account the investment risk constraints and risk allocations to sub-components of the strategy. For diversified options, the strategy specifies the Reference Portfolio (a zero cost, long term strategy) and the Performance Benchmark (reflecting the Board's core appetite for unlisted assets which require a fee and an illiquidity budget). For single asset class options the strategy specifies the strategic asset allocation for the option.
SAA (Diversified Options)	SAA is the strategic asset allocation for an investment option as determined from time to time.
Key Performance Indicators	The Key Performance Indicators for the Investment Team.
Actions Outside Approved Option Strategies	Investment opportunities outside approved option strategies.
Actions Outside Approved Asset Class Strategies	Investment opportunities outside approved asset class strategies.
The Investment Team Plan	The strategic and business plans, including resourcing, to give effect to the objectives and implementation of investment strategies.
Appoint Principal Asset Consultants	Appointment and review of principal investment consultant(s).
Appoint Custodian	Appointment and review of custodian.
Operational Due Diligence Annual Report	Dashboard following the annual Operational Due Diligence review.
Investment Operations Review Report	This annual report provides an overview of the key activities and projects managed by the IO team. It includes summaries for: <ul style="list-style-type: none"> Operational Due Diligence Report; Buy/Sell Spreads Policy (material changes); Switching Activity Report; and Cost of Facilitation Services provided by Balanced Option.
Appointment of Directors to an Investee Company Policy and Procedure	This policy contains the guidelines under which such appointments will be made by Sunsuper, when Sunsuper's investment activity can give rise to the right to appoint Directors to Boards of investee companies.
Class Actions Policy	This Policy articulates the custody arrangements of Sunsuper, these arrangements promote the safe and transparent custody of the assets of each Sunsuper RSE.

Task	Description
Counterparty Credit Risk Policy	This policy sets out Sunsuper's approach to managing counterparty risk.
Environmental & Social Governance Policy	This policy outlines the key elements of Sunsuper's ESG and Responsible Investment considerations and to provide transparency to members and stakeholders
Investment Policy Statement /Investment Policy Statement (PST)	The IPS is a formal statement of the policy adopted by the Board of Directors of Sunsuper Pty Ltd as Trustee for the Sunsuper Superannuation Fund for the management of the investments held by the Fund. The IPS (PST) is a formal statement of the policy adopted by the Trustee for the Sunsuper Pooled Superannuation Trust for the management of the investments held by the PST.
Liquidity Policy	This policy sets out Sunsuper's approach to managing liquidity risk.
Valuation and Unit Pricing Policy	This policy summarises the Fund's policies in the areas of asset valuations and unit prices.
Material Changes to Buy/Sell Spreads	Changes to Buy/Sell spreads in relation to any of the investment options that are deemed material.
Appoint Minor Consultants	Appointment and review of consultants for one off assignments or specific research.
Asset Allocation Strategies Implementation	The implementation of agreed strategies across asset classes within agreed ranges.
Asset Class Strategies Implementation	The implementation of agreed strategies within asset classes.
Appoint / Terminate Managers	Appointing or terminating managers within the agreed strategies.
Appoint / Terminate Administration Service Providers	Appointing or terminating any administration service providers (not including the Custodian) necessary to implement approved investment strategies, such as securities lending providers, transition managers, collateral managers and other administration service providers.
Direct Investments	Allocating to investments as part of agreed strategy, including term deposits
Select Securities	Portfolio construction at the individual stock level.
Investment Performance Calculation	Calculate the investment performance for investment options and asset classes.
Assessment of Investment Performance	Analyse the investment performance that has been achieved.
Compliance Monitoring Report	Monitoring of investments with agreed strategies and investment managers with investment mandates or agreements.