

## **Sunsuper Pty Ltd**

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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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# **Investment Committee Charter**

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**June 2019**

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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.

Annually, the Board will evaluate the Committee's and individual members' performance.

## 3. Authority

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

It is empowered to:

- Appoint, compensate, and oversee any consulting firm, custodian or investment manager employed by Sunsuper;
- 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.

## 4. Responsibilities

The Committee has the following responsibilities:

### a. Investment Policy and Management

1. Review the recommendations of the CIO and Investment Team and decide on the investment strategy for each asset class (i.e. the way in which each asset class should be invested);
2. Review, and provide recommendations to the Board on the:
  - Governance structure for investments including the decision-making structure, delegations and conflicts of interests;
  - 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 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;
3. Review, and provide recommendations to the Board on the appointment and termination of the custodian;
4. Review the recommendation of the CIO and Investment Team and decide on the principal asset consultants;
5. Monitor and oversee the:
  - 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 direct investments; and

- Formulation of relevant documents to ensure the documents protect the interests of Sunsuper; and
- 6. 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 reporting structure of the Investment Team and the Investment Operations Team. Appendix 2 shows the decision-making responsibilities and delegations.

b. Investment Operations and Compliance

- Review, approve and monitor the *Investment Compliance Plan*;
- 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.

c. 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.

d. 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 of a Director as a Committee member 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 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

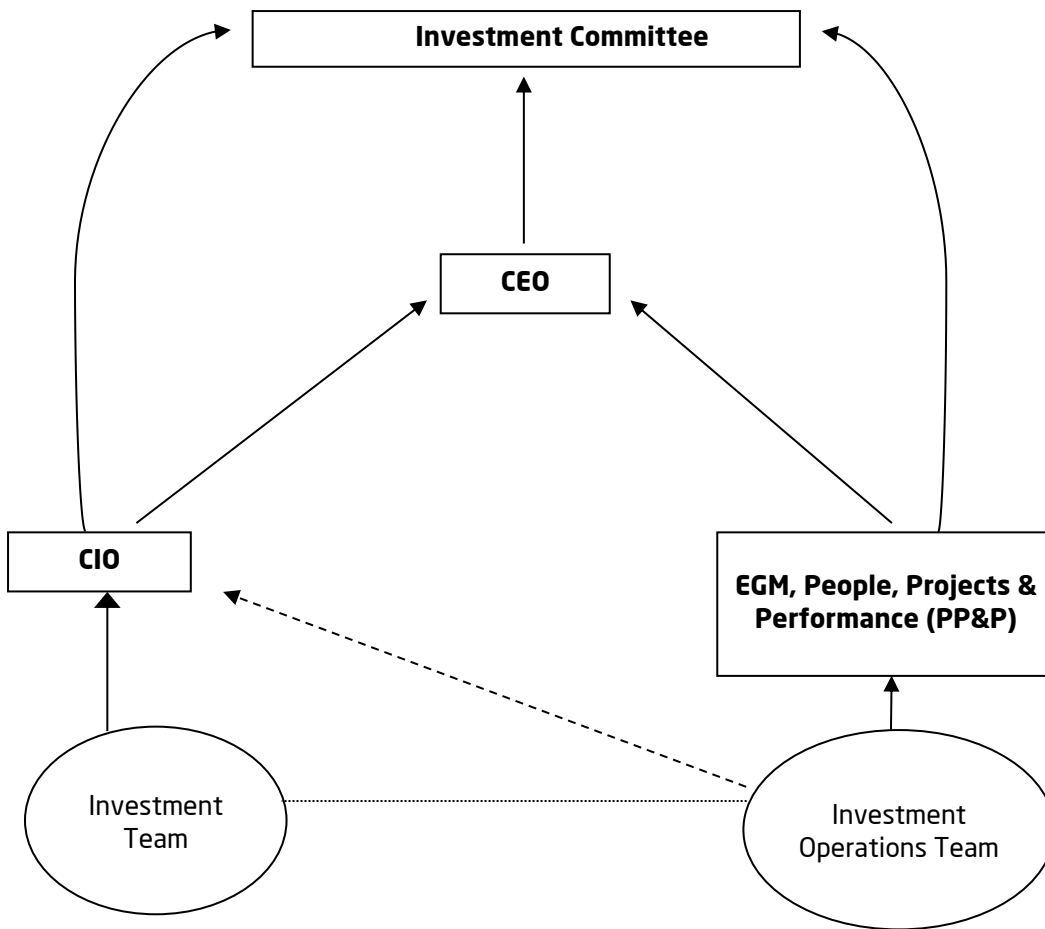
The presence of three members at the time of any meeting shall constitute a quorum for the transaction of business. A resolution of the Committee is passed if at least three members of the

Committee vote in favour of the resolution and this represents a majority of votes taken. Members may not vote or participate by proxy. The Committee may act by unanimous written consent of all members. All Trustee decisions, in terms of the SIS Act, must be approved by the Board.

**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: Reporting Structure



**Appendix 2: 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													Freq.	Month
		Board	Investment Committee	NRC	CEO	Executive Team	CIO / Investment Team	EGM, PP&P / Investment Operations Team	Product Team	Consultant*	Custodian	Investment managers	Rebalancing Manager	Transition manager		
Investment Policy and Management	Governance structure	O	O/D				A/R	A/R							3 yrs #	Jun
	Investment philosophy and beliefs	O/D	O/R		R	R	A/R			A					3 yrs #	Feb
	Investment return and risk objectives	O/D	O/R		R	R	R			R	A				3 yrs #	Feb
	Strategy for lifecycle option	O/D	O/R				A			R	A				3 yrs #	Jun
	Investment strategy for each asset class	O	O/D				R				A				Y	Apr, Jun, Aug Nov
	Investment strategy for each option	O/D	O/R				R			R	A				Y	Jun/Nov
	Reference portfolio / Performance Benchmarks	O/D	O/R				R				A				Y	Aug
	SAA	O	O/D				A/R				A				Y	Nov
	Key Performance Indicators		O/R	O/D	R		A								Y	Apr/ 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/D	O/R				A/R								Y	Apr/ Jun



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	Appoint principal asset consultants	O	O/D				A/R								3 yrs #	Nov
	Liquidity and Stress Testing	O/D	O/R				A/R	A/R							Y	Nov
	External Directorships of Investee Companies	O	O/D				D/A/R								As req	
	Appoint custodian	O/D	O/R				A/R	A/R							3 Yrs #	Feb
	Review of Investment Team	O/D	A/R							A					Y	Nov

Area	Task	Responsibilities													Freq	Month
		Board	Investment Committee	NRC	CEO	Executive Team	CO / Investment Team	EGM, PP&P / Investment Operations Team	Product Team	Consultant*	Custodian	Investment managers	Rebalancing Manager	Transition manager		
<b>Implement according to agreed strategies and fee budgets</b>	Appoint minor consultants		O				A/D								As req	
	Asset allocation strategies implementation		O				D			A/R					Ongoing	
	Asset class strategies implementation		O				D			A/R					Ongoing	
	Appoint / terminate managers		O				D			A/R					As req	
	Direct investments		O				D			A/R		A/R			As req	
	Select securities						O	O				A/D			As req	
<b>Operate</b>	Direct transitions / cash flow							O						A/D	As req	
	Manage exposures						O					A/D		Ongoing		
	Documentation	O	O				D			A/R				As req		
	Settlement						O	O		O	D	A		As req		
<b>Review with cycle back to top level</b>	Investment performance calculation	O	O				O	D		A/R	A		A	Qtly		
	Assessment of investment performance	O	O				D			R			R	Qtly		
	Compliance monitoring	O	O				R	D		A	A			Ongoing		

\* The consultant designated will vary according to the specific task and for some tasks may include non-investment areas (e.g. legal, finance, tax).

# An informal review is undertaken each year and a formal review is undertaken every 3 years.

EGM, PP&P Executive General Manager, People, Projects & Performance

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:

<b>Task</b>	<b>Description</b>
Governance structure	The decision making structure for investments, including delegations, rules for separation of duties, managing conflicts of interest.
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 lifecycle option	The way in which the investments should be invested to meet the lifestyle option objectives.
Investment strategy for each option	The way in which the investments should be invested to meet the objectives, typically detailing the strategic asset allocation to financial assets and the roles and aims for each asset class.
Investment strategy for each asset class	The way in which each asset class should be invested.
Reference Portfolio/Performance Benchmarks	A reference portfolio can be used to help gain insight into the impact of differences in asset allocations against a range of comparators and does not necessarily have to be the same as the SAA.
SAA	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	That section of the Sunsuper Strategy Plan that relates specifically to the investment team and/or to the investment of assets. The Plan submitted by the CIO that documents the investment teams' targets, activities and organisational plans is also a part of the Investment Team Plan.
Appoint principal asset consultants	Appointment and review of principal investment consultant(s).
Liquidity and Stress Testing	Management of the fund's liquidity and stress testing scenarios and processes
External Directorships of Investee Companies	Management of external directorships for various investments held by the fund.
Appoint custodian	Appointment and review of custodian.
Review of Investment Team	A top level review of the effectiveness of the Investment Team in meeting the expectations of the Board and members
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.
Direct investments	Allocating to investments as part of agreed strategy, including term deposits
Select securities	Portfolio construction at the individual stock level.
Direct transitions / cash flow	Management of normal cash flow and special cash flows associated with manager transitions or new corporate clients.
Manage exposures	Rebalancing asset exposures to agreed strategic asset allocations.
Documentation	In conjunction with legal team, maintain and use documents that protect

	the interests of Sunsuper.
Settlement	Part of the custodian role for implementing investments.
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	Monitoring of investments with agreed strategies and investment managers with investment mandates or agreements.