

# CBH SUPERANNUATION HOLDINGS PTY LTD AS TRUSTEE FOR CBH SUPERANNUATION FUND

## GOVERNANCE POLICY

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This policy complies with version F2016L01707 of Prudential Standard SPS 510 – Governance which commences on 1 July 2017. This policy has been developed taking into account the size, business mix and complexity of the Trustee’s business operations.

This policy forms part of the Trustee’s risk management framework and should be read in conjunction with the Trustee’s *Risk Management Policy*, *Fit and Proper Policy*, *Conflicts Management Policy*, *Insurance in Superannuation Policy*, *Operational Risk Financial Requirement Policy* and *Investment Governance Policy*.

This policy operates in conjunction with the Trustee’s *Outsourcing Policy*.

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## PURPOSE

The Australian Prudential Regulation Authority (APRA) *Prudential Standard SPS 510 - Governance* sets out minimum foundations for the good governance of an RSE licensee.

This policy aims to ensure that the CBH Superannuation Holdings Pty Ltd as trustee for the CBH Superannuation Fund's operations are managed soundly and prudently by a competent Board, which can make reasonable and impartial business judgements in the best interest of beneficiaries and which duly considers the impact of its decisions on beneficiaries.

## DEFINITIONS

The **SIS Act** is *Superannuation Industry (Supervision) Act 1993*

**APRA** is the Australian Prudential Regulation Authority

**The Trustee** is CBH Superannuation Holdings Pty Ltd

**The Fund** is CBH Superannuation Fund

**The Board** is the board of directors of the Trustee of CBH Superannuation Holdings Pty Ltd

**RSE Licensee** is CBH Superannuation Holdings Pty Ltd - RSE Licence No L0001625

**RSE Auditor** means an auditor that an RSE licensee must appoint under RSE licensee law as per section 10(1) of the *SIS Act*

**RSE Actuary** means an actuary that an RSE licensee must appoint under RSE licensee law as per section 10(1) of the *SIS Act*

**CEO** is the Chief Executive Officer of CBH Superannuation Fund

**CIO** is the Chief Investment Officer of CBH Superannuation Fund

**RCM** is the Risk and Compliance Manager of CBH Superannuation Fund

## GOVERNANCE FRAMEWORK

The Trustee will at all times have a governance framework that sets out how the Board oversees and exercises its authority in relation to the business operations of the Trustee. The governance framework will encompass the totality of systems, structures, policies, processes and people within the Trustee's business operations. The Board is ultimately responsible for the establishment, implementation and oversight of the Trustee's governance framework.

The governance framework includes:

- (a) a Board Charter that sets out the roles, responsibilities and objectives of the Board (see Appendix A);
- (b) the Board's policy in relation to voting rights and procedures for the decisions of the Board (see point 9 of the Board Charter);
- (c) the Board's policies on:
  - (i) the size and composition of the Board and any Board committees (see point 3 of the Board Charter);
  - (ii) Board renewal (see Appendix D);
  - (iii) the nomination, appointment and removal of directors, including defined director terms in office and maximum tenure periods (see points 4-11 of Appendix D);
- (d) the Trustee's policies and processes:
  - (i) to manage risks relating to fitness and propriety of responsible persons (see the Trustee's Fit and Proper Policy); and
  - (ii) relating to the management of conflicts (see the Trustee's Conflicts Management Policy); and
- (e) a review process to ensure the governance framework remains effective (see page 6).

## THE BOARD

The Board is responsible for the sound and prudent management of the Trustee's business operations. The Board has a charter that sets out the roles and responsibilities of the Board to assist it to meet its obligation to soundly and prudently manage the Fund. See Appendix A for the Board Charter.

### Board performance assessment

The Board has established procedures for assessing its performance relative to its objectives as documented in Appendix B.

It also has a procedure for assessing the performance of individual directors as documented in Appendix C.

### Board renewal

The Board has a policy which details how the Board intends to renew itself in order to ensure it remains open to new ideas and independent thinking, while retaining adequate expertise.

The policy gives consideration to whether an individual director has served on the Board for a period that could, or could reasonably be perceived to, materially interfere with their ability to act in the best interests of beneficiaries.

The policy includes the process for nominating, appointing and removing directors, including the factors that will determine when an existing director will be reappointed.

See Appendix D for the Board Renewal Policy.

## REMUNERATION

### Remuneration Policy

The Trustee has established and approved a Remuneration Policy that outlines the remuneration objectives and the structure of the remuneration arrangements, including performance based components.

See Appendix E for the Remuneration Policy.

### Board Remuneration Committee

The Trustee has formed a Board Remuneration Committee to ensure compliance with the Trustee's Remuneration Policy and the requirements of *Prudential Standard 510 – Governance* in relation to remuneration.

The Board Remuneration Committee has a charter and terms of reference that outlines the Committee's role, responsibilities and terms of operations and has the powers necessary to perform its functions.

See Appendix F for the Board Remuneration Committee Charter.

## AUDIT

### Board Audit Committee

The Trustee has formed a Board Audit Committee (BAC) to assist the Board by providing an objective non-executive review of the effectiveness of the Trustee's financial reporting and risk management framework.

The Board Audit Committee has a charter that outlines its responsibilities and has the powers necessary to enable it to obtain all information necessary for the performance of its functions.

See Appendix H for the Board Audit Committee Charter.

## **Internal Audit**

For each financial year, the Board will appoint an independent and adequately resourced internal auditor as an outsourced service provider. In doing so, the Trustee will ensure that the outsourcing agreement meets the requirements of APRA's *Prudential Standard SPS 231 – Outsourcing*.

The objectives of the internal audit function are the evaluation of the adequacy and effectiveness of the financial and risk management framework of the Trustee.

To fulfil its functions, the internal auditor has unfettered access to the Directors of the Board, the CEO, RCM and the Board Audit Committee.

## **Auditor Independence**

The Board Audit Committee will ensure the Trustee meets the requirements in the *Corporations Act* and *Prudential Standard 510 – Governance* in to help ensure the independence of an auditor engaged to perform work of a prudential nature in relation to RSE licensee law.

The Board Audit Committee will, to the extent practical, undertake steps to satisfy itself that the auditor, who undertakes work for the Trustee in relation to RSE licensee law, is independent of the Trustee and the Fund, and that there is no conflict of interest situation that could compromise, or be seen to compromise, the independence of the auditor.

As part of the process of ascertaining the independence of the auditor, the Board Audit Committee will obtain a declaration from the auditor to the effect that:

- (a) the auditor is independent, both in appearance and in fact;
- (b) the auditor has no conflict of interest situation; and
- (c) there is nothing to the auditor's knowledge (either in relation to the individual auditor or any audit firm or audit company of which the auditor is a member or director) that could compromise that independence.

The Board Audit Committee will ensure that an individual who has played a significant role in the audit of the Fund (that is, they were an individual auditor or the lead or review auditor where the audit work is performed by an audit firm) in relation to RSE licensee law, for five successive years, or for more than five years out of seven successive years, cannot continue to play a significant role in the audit until at least a further two years have passed. The exception is where the Trustee has received an exemption in writing from APRA due to there being no other registered company auditors available to provide satisfactory services for the Trustee.

The Board Audit Committee will ensure that the auditor and actuary are not employed by the same body corporate or related bodies corporate, or by the same firm or related firms.

## **NO CONSTRAINT IN PROVIDING INFORMATION TO APRA**

No prospective, current, or former officer, employee or contractor (including professional service provider) of the Trustee will be constrained or impeded, whether by confidentiality clauses or other means, from:

- disclosing information to APRA;
- discussing issues with APRA of relevance to the management and prudential supervision of the RSE licensee; or
- providing documents under their control to APRA, that may be relevant in the context of the management or prudential supervision of the Trustee.

Such persons are not to be constrained or impeded from providing information to, as applicable, auditors, actuaries and others, who have statutory responsibilities in relation to the Trustee.

The Trustee will ensure that its internal policy and contractual arrangements do not explicitly or implicitly restrict or discourage auditors or other parties from communicating with APRA.

## **REVIEW OF GOVERNANCE FRAMEWORK**

The Board will ensure the internal auditor reviews the Trustee's governance framework as part of the annual audit to ensure that the framework remains effective.

## **MONITORING COMPLIANCE WITH THIS POLICY**

The RCM will monitor adherence to this policy. Internal and external auditors may also monitor compliance with this policy.

### **Instances of Non-Compliance**

Any incidences of non-compliance will be reported to the Board immediately. Where an incident of non-compliance occurs, the Board will:

- make enquiries as to how the non-compliance occurred;
- if possible, take appropriate action to rectify the situation; and
- assess whether further training and/or supervision is required to avoid a recurrence of the non-compliance.

Where the incident of non-compliance may have a material adverse effect on the Fund or a member, the Board will consider whether further measures are required, including reporting the incident to APRA.

Where appropriate, the Board may consult a specialist external consultant.

## Appendix A

## BOARD CHARTER

### 1. ROLE

The role of the Board is to soundly and prudently manage the Fund in the interests of its members and their beneficiaries, to help provide the best possible retirement for members. This includes setting the strategic direction of the Fund and ensuring that it operates in accordance with the terms of the Trust Deed and Constitution and requirements of relevant legislation, regulatory obligations and licence conditions.

The Board's role does not involve the day-to-day management of the Fund. This has been delegated to management and the CEO is responsible to the Board for the day-to-day management.

### 2. RESPONSIBILITIES

In addition to meeting obligations and responsibilities prescribed in law, the Board of CBH Superannuation Holdings Pty Ltd ('the Trustee') is also responsible for:

- setting the strategic direction, policies and objectives of the Trustee and the CBH Superannuation Fund;
- ensuring appropriate resources are available to achieve the objectives set;
- monitoring the implementation of those strategies, policies and the achievement of those objectives;
- the appointment and performance review of the Fund's Chief Executive Officer (CEO);
- the investment of Fund assets;
- ensuring appropriate policies are held with an external insurer to provide members with insured benefits and approving member benefit claims;
- the appointment of key service providers and ensuring written agreements are in place with each provider;
- ensuring there are systems in place for identifying, assessing, managing, mitigating and monitoring material risks that may affect its ability to meet its obligations to beneficiaries; and
- reporting to members on the performance and state of the Fund.

In meeting the responsibilities set out above, the Trustee and all Directors of the Board agree:

- to act honestly in all matters;
- to exercise 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;
- to ensure duties and powers are performed and exercised in the best interest of the beneficiaries;
- 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; and
  - (ii) to ensure that the duties to the beneficiaries are met despite the conflict; and
  - (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;

- to act fairly in dealing with classes of beneficiaries within the entity;
- to act fairly in dealing with beneficiaries within a class;
- to keep the money and other assets of the Fund separate from any money and assets, respectively:
  - (i) that are held by the Trustee or a Director 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 Fund;
- 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;
- to formulate, regularly review and give effect to an investment strategy for the whole of the Fund, and for each investment option offered by the Trustee in the Fund (as described in the Trustee's Investment Governance Policy);
- to formulate, regularly review and give effect to a strategy for the prudential management of reserves of the Fund, consistent with the Trustee's investment strategies and its capacity to discharge its liabilities (whether actual or contingent) as and when they fall due (as described in the Trustee's Investment Governance Policy);
- to allow a beneficiary access to any prescribed information or any prescribed documents;
- to formulate, review regularly and give effect to an insurance strategy for the benefit of beneficiaries of the Fund (as described in the Trustee's Insurance in Superannuation Policy);
- to formulate, review regularly and give effect to a risk management strategy (as described in the Trustee's Risk Management Policy) 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 Fund; and
  - (ii) the risks that arise in operating the Fund;
- to maintain and manage, in accordance with the prudential standards, financial resources (whether capital of the Trustee, a reserve of the Fund or both) to cover the operational risk that relates to operating the Fund (as described in the Trustee's Operational Risk Financial Requirement Policy);
- to ensure that directors, the CEO, CIO, RCM and any other senior manager who may be appointed are available to meet with APRA on request;
- to provide the auditor and the actuary with the opportunity to raise matters directly with the Board; and
- to adhere to all Trustee policies and relevant governing legislation.

### **3. COMPOSITION**

The Board consists of six directors. Two of these are appointed by the sponsoring employer, Co-operative Bulk Handling Ltd (CBH Group), two are elected by the members of the Fund and two Independent Directors have been appointed by the Board. Going forward, the Trustee will appoint at least the number of Independent Directors as required under the SIS Act.

The Board must appoint one of its directors to the role of Chair and determine the period for which that director shall hold that office.

The majority of directors will be ordinarily resident in Australia. The Board will ensure that the CEO, CIO, RCM and any other senior manager who may be appointed are ordinarily resident in Australia.



The Trustee understands that a person who was:

- a member of an audit firm; or
- a director of an audit company; or
- an employee of an audit company, other than a director of that company, and who acted as the lead auditor or review auditor; and

served in a professional capacity in the audit of the Fund or the Trustee in relation to RSE licensee law, cannot be appointed to the role of director or senior manager of the Fund until at least two years have passed since they acted as the lead auditor, review auditor or served in that professional capacity.

All directors are required to meet the requirements of the Trustee's Fit and Proper Policy.

The Board will ensure that the directors of the Trustee and the CEO, CIO, RCM and any outsourced providers appointed, collectively, have the full range of skills needed for the effective and prudent operation of the Trustee's business operations. In addition, the Board will ensure that each director has skills that allow them to make an effective contribution to Board deliberations and processes. This includes the requirement for directors, collectively, to have the necessary skills, knowledge and experience to understand the risks of the Trustee's business operations, including its legal and prudential obligations, and to ensure that the Trustee's business operations are managed in an appropriate way taking into account these risks. This does not preclude the Board from supplementing its skills and knowledge by engaging external consultants and experts.

The Trustee's Fit and Proper Policy details the skills required for the effective and prudent operation of the Fund and the process to be followed where new directors are appointed.

#### **4. MEETINGS**

The Board meets sufficiently regularly to discharge its duties effectively and will meet at least six times annually. The Board may discharge its duties between scheduled meetings by way of Special Meetings or Circular Resolution.

#### **5. BOARD COMMITTEES**

The Trustee may establish committees to assist it in carrying out its responsibilities. For each committee, the Board will approve a charter that sets out matters relevant to the composition, responsibilities and administration of such committees, and other matters that the Trustee may consider appropriate.

The Trustee has established the following committees:

- Board Remuneration Committee; and
- Board Audit Committee.

The committees are composed of directors with the necessary skills and experience and the Chair of each committee will be a director of the Trustee.

Any director who is not a committee member will be invited to attend committee meetings. The CEO and other Fund staff members may attend committee meetings by invitation as appropriate.

Following each committee meeting, the Board is provided with a verbal report on meeting proceedings by the committee Chair, as well as the minutes of that meeting. Copies of the committee papers are available for the Board.

The Trustee may also delegate specific responsibilities to ad hoc committees from time to time.

## **6. DELEGATED AUTHORITY**

As allowed by clause 8 (1) of the Trust Deed, the Board, in fulfilling its functions, has delegated authority to Board Committees, Fund staff and external service providers to act on behalf of the Trustee in regards to certain matters.

The Board understands it cannot abrogate its responsibility for any delegated functions.

*Delegations of Authority* (Store 9933684) advises the delegated authorities and how each delegation is monitored. In addition, the delegations to the Board Remuneration Committee and the Board Audit Committee are set out in their charters which are Appendices F and G respectively to this Policy.

## **7. THE CHAIR**

The Chair is responsible for leadership of the Board and for ensuring the Board functions effectively. In performing this role, the Chair's responsibilities include:

- setting the agenda of matters to be considered by the Board;
- managing the conduct, frequency and length of Trustee meetings so as to ensure the Board members maintain an in-depth understanding of the Fund's performance and the opportunities and challenges facing the superannuation industry in general and the Fund in particular;
- facilitating open and constructive communications between Board members;
- keeping Board members informally advised as necessary, convening special Trustee meetings as required and optimising the working relationship between the Chair, directors and the CEO; and
- initiating a review of the performance of the Board as a whole and all individual directors on an annual basis.

## **8. ASSESSMENT**

The Chair is responsible for ensuring that an annual performance evaluation of the Board and individual directors is undertaken.

The evaluation will:

- assess the performance of the Board as a whole and the performance of individual directors; and
- recommend any improvements to the Board Charter, relevant to its objectives.

The performance evaluation will be conducted in such a manner as the Trustee deems appropriate.

See Board Performance Assessment Procedures and Board Member Self-Assessment Procedures in Appendices B and C of this Policy.

## **9. QUORUM AND VOTING**

- All questions arising at a meeting of the Board shall be determined by resolution and a resolution is effective if carried by at least a quorum of directors.
- A quorum of directors shall be 2/3rds of the directors in office at the time.
- A written resolution signed by a quorum of directors is as effective as a resolution passed at a meeting of the Board duly convened and held.
- Each director shall have one vote on any question and no director shall have a casting vote.

- A director may participate in a meeting of the Board by means of telephone or similar communications and such participation shall be deemed to constitute presence in person at such a meeting.

## **10. INDEMNITY**

No liability shall attach to the Board or to a member of the Board for any act or omission that occurred in good faith and in the exercise of their powers or in the discharge of their duties.

## **Appendix B BOARD PERFORMANCE ASSESSMENT PROCEDURE**

Directors should have the necessary knowledge, judgment, character, qualifications, skills, experience and diligence needed to efficiently undertake their responsibilities. The Board shall collectively possess the following competencies:

- A working knowledge of the SIS legislation and other relevant prudential requirements;
- Basic knowledge of the elements and application of RSE licensee and trust law.
- Basic investment knowledge; and
- Sound knowledge and experience in corporate governance, risk management and accounting/auditing.

The Board will annually assess its performance to ensure it has the above competency to manage the Fund in the best interest of beneficiaries. All directors who have served on the Board for three or more months will participate in the assessment process.

The assessment will start with each applicable director completing an online survey to evaluate the following:

- director competency;
- Board management;
- Board composition;
- strategic planning process;
- investment management skills and knowledge;
- risk management; and
- decision making processes.

The results of the survey will be collated by the CEO and distributed in a Board paper to provide the directors with an analysis of issues highlighted and provide a comparison to the previous year's results.

As part of the review, the Board shall assess whether the combined competencies of the directors are adequate for the management of the Fund. The Trustee has a skills matrix (Store 12340251) which shows the level of understanding of each Director in the areas of core competency above. Competency has been assessed through consideration of the individual's qualifications, experience and training relevant to the function and the result of the survey.

Opportunities for improvement will be identified and an appropriate action plan put in place which may include, but is not limited to, Board training or a change of procedures.

In addition to the annual performance assessment, the Board may appoint a suitably qualified external party to undertake a performance assessment of the Board at any time. Triggers for such an assessment would include:

- Directors indicating a need for an assessment;
- Poor feedback/ratings in the annual internal Board performance assessment; or
- Significant gap between self-assessment and peer-assessment of individual Board members.

## **Appendix C      BOARD MEMBER ASSESSMENT PROCEDURES**

Directors should have the necessary knowledge, judgment, character, qualifications, skills, experience and diligence needed to efficiently undertake their responsibilities. Whilst the Directors must collectively have the required competencies to operate a superannuation fund (ie, they do not need to be satisfied by each individual Director), each individual Director is expected to make a contribution to satisfying these collective competencies. In addition, each individual director must satisfy the propriety requirements as outlined in the Trustee's Fit and Proper Policy.

The directors of the Trustee will annually assess their performance to provide an opportunity for them to reflect upon and evaluate their performance and contribution as a director and the performance of each other director.

All directors who have served on the Board for three or more months will have their performance assessed and be asked to provide feedback on other directors.

The assessment will start with each applicable director completing a survey to evaluate their own performance and the performance of the other directors over the past year in the following areas:

- director responsibilities;
- board meetings; and
- overall performance.

The results of the survey will be collated by the CEO and distributed in a Board paper to provide the directors with an analysis of issues highlighted and provide a comparison to the previous year's result.

Opportunities for improvement will be identified and an appropriate action plan put in place which may include, but is not limited to, training, a change of procedures or, if necessary, performance management by the Chair.

## Appendix D

## BOARD RENEWAL POLICY

### 1. PURPOSE OF THE POLICY

This policy provides details about how the Board of CBH Superannuation Holdings Pty Ltd (the Trustee) intends to renew itself in order to ensure it remains open to new ideas and independent thinking, while retaining adequate expertise.

The policy also gives consideration to whether any director has served on the Board for a period that could, or could reasonably be perceived to, materially interfere with their ability to act in the best interests of beneficiaries.

The policy includes the process for appointing and removing directors, including the factors that will determine when an existing director will be re-appointed.

The Trustee has two (2) member-elected, two (2) employer-appointed directors and two (2) Independent Directors. Going forward, the Trustee will appoint at least the number of Independent Directors as required under the SIS Act.

The Trustee aims to ensure appointment dates of the member-elected directors are staggered in order to ensure the Trustee can meet the required optimal combined competencies at any point in time.

### 2. EQUAL REPRESENTATION

The Board shall consist of an equal number of employer-appointed representatives and member-elected representatives.

The directors holding office for the time (other than any Independent Directors) may select one or more persons to hold office as an Independent Director. The Trustee will ensure it appoints at least the number of Independent Directors as required under the SIS Act.

The appointment of one or more Independent Director does not invalidate the basic equal representation rule set out in Part 9 of the *SIS Act*.

### 3. RESTRICTIONS ON WHO MAY SERVE AS A DIRECTOR

Only a current member of the Fund can hold office as a member-elected director. A 'member' is a person admitted as a member of the Fund, who has not fully withdrawn or exited from the Fund or a person in respect of whom a benefit is payable in accordance with the Fund rules.

A person to hold office as an Independent Director must meet the current definition of 'independent director' in the SIS Act, which may be amended from time to time.

A person who was:

- a member of an audit firm; or
- a director of an audit company; or
- an employee of an audit company, other than a director of that company, and who acted as the lead auditor or review auditor; and

served in a professional capacity in the audit of the Fund or the Trustee in relation to the SIS Act, Prudential Standards or Reporting Standards, cannot be appointed to the role of director or senior manager of the Fund until at least two years have passed since they acted as the lead auditor, review auditor or served in that professional capacity.

Any person who is to hold office as an Independent Director must be able to meet the requirements of the Trustee's Fit and Proper Policy and Conflicts Management Policy.

#### **4. APPOINTMENT OF MEMBER-ELECTED REPRESENTATIVES TO TRUSTEE BOARD**

The following procedures shall apply to ensure that any member-elected representative Board vacancy is filled within 90 days:

##### *Nominations*

- Nominations are invited from all members of all membership categories. Nominations for a person to be elected to the Board as a member-elected representative must:
  - state the full name of the person being nominated (noting that only persons who are members of the Fund are eligible to be nominated);
  - state the name of the member making the nomination (nothing precludes a member from nominating themselves);
  - state the name of the member seconding the nomination;
  - include the personal declaration of the person being nominated on the form which appears as Appendix E to the Trustee's Fit & Proper Policy; and
  - be signed and dated by the members making and seconding the nomination.
- The nomination period shall close after a minimum of 14 days.
- The CEO shall be the Returning Officer.
- The Board will determine which of the persons nominated are fit and proper under the Trustee's Fit & Proper Policy to serve on the Board and the nominations of each such person will be deemed to be a fit and proper nomination.
- If only one nomination is received, or only one person is deemed to be a fit and proper nomination, that person will be appointed as the member-elected Director. If two positions are vacant, and only two nominations are received, or only two people are deemed to be a fit and proper nomination, those people will be appointed as the member-elected Directors.
- If no nominations are received by the close of the nomination period or no nominee is deemed to be a fit and proper nomination, members will be advised that the nomination period has been extended for a further 14 days.

##### *Election process*

- Any necessary election shall be held as soon as possible after the close of nominations and the assessment of fitness and propriety of each nominee.
- The position of candidates on the ballot paper will be determined by a random draw which shall be overseen the Fund's RCM.
- All nominees shall be allowed to compile a profile statement detailing any relevant qualifications and experience, which will be distributed to voting members with the ballot paper.
- A ballot paper and nominee profile statements will be forwarded to all persons who are a current member of the Fund at the date nominations close (members of all membership categories shall be entitled to vote). The ballot paper shall include the names of all members who have been properly nominated and deemed as fit and proper.
- Members will be required to vote for one person only for each position available.
- All ballot papers are to be returned directly to the Returning Officer.
- The voting period will close after a minimum of 21 days after the distribution of ballot papers.

- The Returning Officer shall verify the members' eligibility to vote and will count all valid votes. The counting of votes shall be overseen by the Fund's RCM and all nominees will be invited to observe the count.
- The 'first past the post' election system will be used.
- The person with the most votes shall be declared elected by the Returning Officer. If two positions are vacant, then the two persons with the most votes shall be declared elected. In the event of a tie, the names of the tied candidates shall be placed in a 'hat' and the first name drawn from the 'hat' will be deemed to be the elected candidate.
- All nominees shall be advised of the outcome of the election as soon as practical following the declaration of the poll.

#### *Commencement and Communication of new Director*

- The elected person's (or appointed person if no election is required) appointment to the Board of the Trustee will become effective upon the lodgement with the CEO of a completed "consent to act as Director" form.
- Members and the principal employer shall be advised of the result as soon as practical, and within 30 days of appointment, by the Returning Officer.

### **5. APPOINTMENT OF EMPLOYER-APPOINTED REPRESENTATIVES**

Employer-appointed representative directors shall be nominated by the principal employer.

The employer shall provide written notice of nomination of director and that nomination shall only be accepted if accompanied by the personal declaration of the person nominated on the form which appears as Appendix E in the Trustee's Fit and Proper Policy.

The Board shall determine if the person nominated is fit and proper to serve on the Board under the Trustee's Fit & Proper Policy.

If the Board is not satisfied that the nominated person meets the fit and proper requirements, the employer shall be requested to select another representative.

The nominated person's appointment to the Board will become effective upon the lodgement with the CEO of a completed "consent to act as Director" form.

### **6. APPOINTMENT OF INDEPENDENT DIRECTOR TO THE TRUSTEE BOARD**

Independent Directors shall be recruited via public advertisement or through a specialist recruiter. When determining the selection criteria for position of Independent Director, the Board must consider the current demographics of the Board and where there is a lack of diversity, determine a suitable process to address the lack of diversity if possible.

Applicants must complete the personal declaration form which appears as Appendix E in the Trustee's Fit and Proper Policy as part of their application and must advise of any relevant interests or duties they have as required under the Trustee's Conflicts Management Policy.

The Trustee will use the information provided by each applicant to ensure they meet the current definition of 'independent director' in the *S/S Act*.

The Board shall determine if the preferred candidate is fit and proper under the Trustee's Fit & Proper Policy to serve on the Board.

The successful candidate's appointment to the Board will become effective upon the lodgement with the CEO of a completed "consent to act as Director" form.



## **7. TENURE**

Due to its size and scope of business operations, the Board benefits from having a mixture of long serving directors and relatively new directors, as this supports new ideas whilst allowing continuity of knowledge of the Fund and its operations.

A person elected as a member-elected representative to the Board after 12 February 2018 shall be appointed for a term of four years. This does not prevent those representatives from being nominated for a further period. A member-elected representative to the Board may be reappointed for one further term.

Employer-appointed representatives remain in office until removed by the employer, or the other directors, or for a period no longer than 8 years, whichever comes first.

If a member-elected or employer-appointed Director is nearing the end of their maximum service and the Trustee is going through a considerable change or significant project, the Board may consider whether it would be in the best interest of beneficiaries to temporarily extend the appointment of that Director through the change or project. Any temporary extension must not extend the Director's service period beyond a total of 10 years of appointment.

A person who previously served their full tenure period as a Director on the Board can be considered for a position as Director if 5 or more years has passed since they ceased to be a Director.

An Independent Director shall be appointed for a period of up to 3 years and may be re-appointed for a further 2 terms being a total period not exceeding 9 years.

At the end of any three-year term, where the Trustee is going through a considerable change or significant project, the Board may consider whether it would be in the best interest of beneficiaries to temporarily extend the appointment of that Independent Director through the change or project. Where such an extension is made at the end of three full terms, the temporary extension may not exceed a further 12 months (ie a total maximum period of 10 years of appointment is allowed).

The Trustee does not consider that the period of any individual director's tenure as set above creates a perceived or real inability for a director to act in the best interests of beneficiaries.

## **8. CESSATION OF MEMBER-ELECTED REPRESENTATIVES OF TRUSTEE BOARD**

A member-elected representative shall cease to be a director of the Board in the event of:

- Expiry of their term of office;
- Giving written notice of retirement from such office;
- Ceasing to be a Fund member;
- Death;
- Removal by a resolution passed at a meeting of members convened in accordance with the trust deed provisions;
- Reaching the end of two consecutive terms of office, unless an extension to 10 years is considered in the best interests of beneficiaries;
- Becoming a disqualified person or disqualified by law; or
- Upon the passing of a resolution by the Board that the director does not satisfy the requirements of the Trustee's Fit & Proper Policy.

A person who ceases to be a member-elected representative due to the expiry of their term of office may, if eligible, nominate for re-election.

## **9. CESSATION OF EMPLOYER-APPOINTED REPRESENTATIVES OF TRUSTEE BOARD**

An employer representative director shall cease to be a director in the event of:

- The principal employer giving written notice of their removal from such office;
- Reaching the end of the 10 year tenure period, unless an extension to 10 years is considered in the best interests of beneficiaries;
- The director giving written notice of retirement from such office;
- Death;
- Becoming a disqualified person or disqualified by law; or
- Upon the passing of a resolution by the Board that the director does not satisfy the requirements of the Trustee's Fit & Proper Policy.

## **10. CESSATION OF INDEPENDENT DIRECTORS OF TRUSTEE BOARD**

An Independent Director shall cease to be a director in the event of:

- Reaching the end of their appointed tenure and no reappointment occurs;
- Reaching the end of the 9 year tenure period, unless an extension to 10 years is considered in the best interests of beneficiaries;
- The director giving written notice of retirement from such office;
- Death;
- Becoming a disqualified person or disqualified by law;
- The Director no longer meeting the definition of independent in the SIS Act; or
- Upon the passing of a resolution by the Board that the director does not satisfy the requirements of the Trustee's Fit & Proper Policy.

## **11. PROCEDURE FOR THE REMOVAL OF DIRECTORS WHO FAIL THE "FIT & PROPER" REQUIREMENTS**

The following process will be followed in the event that a director breaches the propriety requirements or fails to satisfy conditions relating to fitness for office:

- If the failure relates to a breach of the RSE Licensing "proper" requirements for Trustees, then the Chair will immediately notify the director that they can no longer act as a director. A meeting is to be arranged of the other Board members as soon as is practical in order to resolve that the director does not satisfy the requirements of the Trustee's Fit & Proper Policy and is removed as a director from the Board and to instruct the CEO to put in place the process as applicable to elect a new member-elected representative, request the principal employer to select a replacement or advertise for a new Independent Director.
- If the director fails to satisfy an undertaking given or requirement in respect of their fitness to hold office (such as not completing required training and skills development or failure to attend meetings) then the following process is to be put into effect:
  - The Chair shall counsel the offending director, advising the nature of the deficiency, the corrective action required, and set a realistic timeframe for completion of the corrective action.
  - Should the required corrective action not occur to the Chair's satisfaction at the conclusion of the deadline, the Chair shall again counsel the offending director, setting a new deadline for compliance.
  - The Chair is to report the second counselling at the next Board meeting. The minutes of the Board meeting are to record the name of the director, the nature of the deficiency, the corrective action required and the time it is to be completed by.

- Following the expiry of the deadline, the Board will either note the attainment of the objective sought or if not attained, review the process undertaken to ensure the Director has been given every opportunity to satisfy the fitness requirement. If the correct process had been completed, the Board will allow the Director to make their case that they should be allowed to remain as a Director if they request to do so. If this is not satisfactory, the Board will resolve to declare the position vacant and instruct the CEO to put in place the process to elect, select or appoint a replacement.
- The Board will nominate another director to undertake the role of the Chair as set out above in the event that the Chair fails to satisfy fit and proper requirements.
- Where a director is replaced, the CEO will advise APRA within the 14 day time requirement and notify ASIC as per the Corporations Act requirement.

## **12. DISPUTE RESOLUTION**

### *Member-elected directors*

Should any person have a complaint in relation to the election process or a candidate in an election for member representatives, the complaint should be submitted to the Returning Officer appointed to oversee the election or the Chair of the Board. The Returning Officer will make the Board aware of any complaints made as soon as is practicable.

Responsibility for resolving the complaint will initially reside with the Returning Officer unless the complaint is in relation to the actions of the Returning Officer. The Returning Officer is to resolve the complaint within 5 working days or if this is not possible, the matter will be escalated to the Board for resolution.

If the Returning Officer is unable to resolve the complaint, the matter will be escalated to the Board.

On escalation of a complaint, a special Board meeting will be convened. The complainant may be required to attend the meeting of the Board. The Board will take all reasonable steps to resolve the complaint within legal requirements and within 30 days of the complaint being escalated for their consideration.

### *Employer-appointed directors*

The Trustee respects the right of the Principal Employer to nominate any person they choose to be an employer-appointed director and to advise that the person is no longer their nominated representative.

So long as the nominated person meets the fitness and proprietary requirements of the Trustee's Fit and Proper Policy and has no conflict of interest or duty that would make them unable to act in the best interest of members, the Trustee will not hear any disputes in relation to the nomination of an employer-appointed director.

### *Independent directors*

The appointment of an Independent Director will be done in accordance with CBH's Recruitment and Selection Policy which covers discrimination and equal opportunity employment. Any disputes will be handled as required under relevant law.

### *Cessation of directorship*

The Trustee will not hear any dispute from a Director removed for breach of a RSE Licensing "proper" requirement for Trustees. The Trustee will not hear any dispute from a Director removed due to them failing to meet the fitness requirements, as this process allows for the Director to make their case prior to their removal.

If a complaint is received from a member of the Fund in relation to the removal of a Director, the CEO will advise the Board of the complaint and will resolve the complaint within 5 working days. If this is not possible, the matter will be escalated to the Board for resolution.

### **13. CASUAL VACANCY**

In the event that a member-elected director ceases to be a director other than on the normal expiry of term of office, the other directors may select an eligible member to fill the vacancy until a replacement is elected. The term of such an appointment can not exceed 90 days.

The Trustee understands that so long as immediately before and after the vacancy the Fund complied with the equal representative rules, if a vacancy is filled within 90 days, the Fund will be taken to have complied with the basic equal representation rules at all times during the period of the vacancy.

## Appendix E

## REMUNERATION POLICY

### 1. PURPOSE OF THE POLICY

This policy has been developed to outline remuneration objectives and the structure of remuneration arrangements, including, but not limited to, fixed salary and any performance-based remuneration components of the Trustee.

This policy forms part of the Trustee's risk management framework.

### 2. REVIEW AND APPROVAL

The Board Remuneration Committee will conduct an annual review of the Remuneration Policy and make recommendations to the Board on any changes they believe are appropriate. This will include an assessment of the Remuneration Policy's effectiveness and compliance with the requirements of Prudential Standard SPS 510 – Governance.

The Board is responsible for approval of this Remuneration Policy and may make changes other than as recommended by the Board remuneration Committee.

### 3. APPLICATION

This policy applies to:

- Directors;
- The CEO, CIO and RCM;
- a person who performs activities for a connected entity of the Trustee where those activities could materially affect the whole, or a substantial part, of the Trustee's business operations, or its financial standing, either directly or indirectly;
- all other persons for whom a significant portion of total remuneration is based on performance and whose activities, individually or collectively, may affect the interests or reasonable expectations of beneficiaries, the financial position of the Trustee, any of its connected entities, or any other relevant prudential matter.

A person would not need to be an employee of the Trustee to be covered by this policy. In some circumstances a consultant, contractor or employee of a connected entity or otherwise related company may be covered by this policy.

This policy does not apply to actuaries, auditors or responsible persons employed by Mainstream Superannuation Services Pty Ltd to deliver services under the Administration Agreement.

### 4. PRINCIPLES OF REMUNERATION

Where the Trustee is setting remuneration for responsible persons, the following principles will be followed:

- Remuneration arrangements will be aligned with the achievement of strategic objectives consistent with its stated risk appetite;
- Remuneration should be equitable and merit-based, underpinned by a transparent and consistent methodology;
- Remuneration and risk management will be aligned;
- Remuneration should be competitive within the market in which the Fund operates whilst giving appropriate consideration to the long term soundness of the Fund;
- Remuneration is to provide fair, consistent and competitive reward and/or recognition to attract, motivate and retain high calibre people; and

- Remuneration must provide the flexibility necessary to access future business opportunities and respond to business threats.

## 5. REMUNERATION STRUCTURE FOR EMPLOYEES

For the purpose of the Policy, remuneration arrangements include measures of performance, the mix of forms of remuneration (such as fixed and variable components, and cash) and the timing of eligibility to receive payments that a person receives by virtue of the role that they undertake for the Trustee. All forms of remuneration are captured by the Policy, regardless of where, or from whom, the remuneration is sourced.

The remuneration increases will be structured to ensure the independence of the CEO, CIO and RCM in carrying out risk and financial control duties for the Trustee is not compromised.

No employee will receive equity or equity-linked deferred remuneration from the Trustee.

At the present time, the Trustee operates a simple remuneration structure and this is outlined below:

### Fixed pay

All CBH employees working for the CBH Superannuation Fund receive fixed pay, which includes a cash salary and superannuation. The standard superannuation rate for all employees is the rate prescribed in the *Superannuation Guarantee (Administration) Act 1992*. Employees that reach their contributions cap in any year will have excess superannuation contributions above their cap paid to them in their base salary.

Fixed pay at CBH Super is based on a number of inputs which include the Hay Grading system and industry specific data from McGuirk Management Consultants and Fund Executive and Staff Remuneration Survey data.

In determining an employee's fixed remuneration, external benchmarking is performed to ensure that remuneration is comparable and competitive within the markets in which the Fund operates. All roles are benchmarked against the Hay Grade and other superannuation specific industry data which may consider funds under management (FUM), membership numbers, location and fund type. The average of these medians will be used as industry market median for each position. The Hay grade system is a commonly used approach to determining relevant market remuneration based on the skills, qualifications, experience, leadership and decision making requirements for a particular position but is not superannuation industry specific.

In some cases individual employees will be either above or below the benchmark set and there are a number of reasons for this. The reasons may include that:

- the employee is still developing in that role;
- year on year progression (of a long serving employee) may have moved salary away from the market; and
- the Fund may pay at a certain level above the range to secure particular skills or expertise.

An individual's performance, skills, expertise, and experience may also be used to determine where the employee's fixed remuneration should sit in comparison to the benchmark.

Salary increases outside the annual incremental increases, are currently awarded based on three methods:

1. a staff member may make application to have their salary reviewed;
2. annual external benchmarking across the industry identifies that the salary of the role is out of step with the market and an increase may be determined; or
3. the CEO or Board Remuneration Committee may undertake a review of salary in order to retain quality staff.

There is a focus on ensuring that the level of salary is correctly positioned when the job is designed, enabling the Trustee to better keep the salary of the role aligned with the determined pay position in the market through the lifetime of the job (if appropriate).

The CEO is responsible for setting the salary of employees within the guideline detailed above. The Chair of the Board will make a recommendation to the Board Remuneration Committee on the salary for the CEO on appointment. The Board Remuneration Committee is responsible for setting this salary.

### **Market Rate Reviews**

In order to maintain competitive and equitable pay, remuneration reviews for permanent full-time and part-time positions are conducted at least annually. This review takes into account prevailing market conditions and employee performance assessed through the demonstration of expected behaviours and achievement of individual objectives established through the CBH's Achievement & Development Review (ADR) system.

Data from remuneration and salary surveys are analysed annually to establish and maintain competitive pay levels. This data is used to make recommendations to the Board Remuneration Committee who make a recommendation to the Board on the annual market rate movement for salaried positions.

Market rate reviews will be completed for the following employees:

- All permanent employees in salaried positions either hired or promoted before 31 May each year; and
- Employees engaged on a fixed term contract or more than twelve (12) months' duration may be entitled to a remuneration review if stated in their contract of employment and if they are still employed during the review period.

Employees are ineligible for a market rate review increase in cases where:

- The employee commenced service or was promoted after 31 May that year;
- An employee's performance is below minimum expected levels for the role;
- The employee is employed under a fixed term contract of less than twelve (12) months;
- The employee has given notice of their intention to resign at the time the increase is payable; or
- The employee will not be employed on the date the increase is due to be paid.

The CEO will review remuneration for all employees at the end of each ADR cycle and make recommendations to the Board Remuneration Committee that remuneration be changed or that remuneration not be amended as applicable. The Chair will make a recommendation in relation to remuneration of the CEO.

The Board Remuneration Committee will review the recommendations received for each person and make a recommendation for each person to the Board. The Board is ultimately responsible for approving any change in remuneration

When all remuneration changes have been approved by the Board, each employee will be notified of any amendment to their remuneration in writing. Remuneration increases are payable in the first full pay period commencing on or after 1 September annually.

Any salary review of remuneration is designed to align with prudent risk-taking and incorporates the following hurdles:

- a) The delivery of the Trustee's business objectives as set out in the Business Plan and individual performance indicators; and
- b) The delivery of these objectives within the parameters of the Trustee's risk appetite.

The Board Remuneration Committee has free and unfettered access to “risk and financial control” personnel in the carrying out of their duties and also may engage third-party experts directly, in a manner that ensures any engagement (including the advice received) is independent.

**Performance Based Remuneration**

Employees in salaried positions prior to 1 April each year may be eligible to participate in the Trustee’s Performance Based Reward (PBR) program. Employees engaged on a fixed term or casual basis are not eligible to participate in the PBR program unless otherwise stipulated in their contract of employment.

Specific objectives for each position will be set by the CEO for staff and by the Chair of the Board for the CEO. The objectives will be designed to encourage:

- a) protecting the interests, and meeting the reasonable expectations of beneficiaries;
- b) the long term financial soundness of the Trustee, and the Fund; and
- c) the risk management framework of the Trustee.

An individual’s eligible PBR is determined by the Hay Grade for their position. The actual PBR payable in any year is determined by a combination of the individual’s behaviour, end of year performance rating in their ADR and corporate performance as outlined in the Trustee’s Business Plan. The eligible PBR for each Hay grade group is shown below:

Senior Leaders Grade 18 - 20	Managers & Professionals Grade 15 – 17	Employees Grade 10 - 14
Individual 70%	Individual 80%	Individual 90%
Corporate 30%	Corporate 20%	Corporate 10%
Target 15% of TEC	Target 10% of TEC	Target 6% of TEC

The eligible PBR is determined by the employee’s ADR outcome and corporate performance. The PBR is calculated as a percentage of Total Employment Cost (TEC) and paid as a gross lump sum payment, inclusive of superannuation. If stretch targets stipulated in the corporate plan and individual employee’s ADR are achieved, the employee can earn up to 120% of their target incentive.

The PBR target percentage is stipulated in the employee’s contract of employment. In some circumstances, the CEO or Chair as applicable may recommend an additional discretionary bonus in exceptional circumstances. Discretionary bonus payments are subject to review by the Board Remuneration Committee and approval by the Board.

The performance-based components have been designed to align remuneration with prudent risk-taking and will be adjusted to reflect:

- a) the outcomes of the Trustee’s business operations;
- b) the risks related to the Trustee’s business operations; and
- c) the time necessary for the outcome of the business operations to be reliably measured.



A PBR may not be paid in cases where:

- The Trustee does not achieve its performance objectives;
- The employee's performance result through their ADR is lower than 70%;
- The employee has one or more "unacceptable" year-end rating in relation to One CBH behaviours or Safety (as described in the ADR);
- The employee has given notice of their intention to resign at the time the PBR is payable; or
- The employee will not be employed on the date the PBR is due to be paid.

Recommendations for PBR payments are made to the Board Remuneration Committee by the CEO for staff and by the Chair of the Board for the CEO. Recommendations will:

- a) protect the interests, or meet reasonable expectations of beneficiaries, protect the financial position of the Trustee or the Fund; and
- b) respond to significant unexpected or unintended consequences that were not foreseen by the Board Remuneration Committee.

The Board Remuneration Committee will review the recommendations received for each person and make a recommendation for each person to the Board. The Board is ultimately responsible for approving any PBR payments.

The Board has the ability to adjust performance-based components of remuneration for some or all employees downwards to zero if deemed necessary to:

- a) protect the financial position of the Trustee or the Fund, or for the purposes of any other relevant prudential matter; and
- b) respond to significant unexpected or unintended consequences that were not foreseen by the Board Remuneration Committee.

PBR payments are made in the first full pay period in September annually. A PBR will be calculated on a pro-rata basis for the period the employee actually worked in their eligible position in the financial year where:

- The employee commenced after 1 July but before 1 April in that financial year;
- The employee was promoted from a non-eligible position to eligible position after 1 July but before 1 April; or
- The employee was absent on unpaid leave for a period of more than 31 days during the financial year.

## **6. BASE REMUNERATION FOR BOARD MEMBERS**

CBH Group employees (or former employees) who act as directors of the Trustee are not entitled to any remuneration or performance bonuses for duties carried out as a director of the Trustee. Any director who is a member of the Fund is entitled to receive benefits as a member of the Fund consistent with those received by other members.

Remuneration for Independent Directors will be set based on the duties involved, the level of seniority required and market expectations.

The Board Remuneration Committee, excluding any current Independent Directors who sit on the Committee, will set the remuneration for a new Independent Director at the time of their appointment and any recommend increases to the Board during their period of appointment. The Board will review and approve any recommendation made by the Board Remuneration Committee.

Where the remuneration or review relates to an Independent Director, any currently appointed Independent Directors must declare a conflict with the agenda item and vacate the meeting room until after consideration of the item has concluded.

Independent Directors are not entitled to any performance bonus for duties carried out as a director of the Trustee. If this changes in the future, the Board Remuneration Committee must be given the ability to adjust performance-based components of remuneration downwards to zero if deemed necessary to:

- a) protect the interests, or meet reasonable expectations, of beneficiaries, protect the financial position of the Trustee or the Fund, or for the purposes of any other relevant prudential matter; and
- b) respond to significant unexpected or unintended consequences that were not foreseen by the Board Remuneration Committee.

## **7. TRAVEL ALLOWANCE**

Board members and staff who travel for business purposes are entitled to the following allowances as per the CBH Group travel policy.

- an economy class airfare, or if approved by the Board, a business class airfare;
- reimbursement of accommodation costs and receipted meal costs; and
- reimbursement of official receipted expenditure.

## **8. APRA REQUIREMENTS**

The Trustee understands that APRA may determine that an individual or class of individuals must be covered by the Trustee's Remuneration Policy and that APRA will notify the Trustee of such a determination in writing.

The Trustee will provide a copy of this policy to APRA on request.

## **Appendix F BOARD REMUNERATION COMMITTEE CHARTER**

### **1. MEMBERSHIP**

The Board Remuneration Committee will consist of at least three (3) members. All members of the Committee will be non-executive directors of the Trustee.

The Chair of the Board Remuneration Committee will be appointed by the Trustee. The Chair of the Trustee may sit on the Board Remuneration Committee, however they may not Chair the Board Remuneration Committee. All directors of the Trustee, if not members of the Committee, are entitled to attend meetings of the committee. However where the Committee is discussing the remuneration of an Independent Director, any currently appointed Independent Directors must declare a conflict with the agenda item and vacate the meeting room until after consideration of the item has concluded.

The Chair of the Board Remuneration Committee shall:

- be well-informed on issues of remuneration, assessment and performance measurement;
- oversee planning and conduct of Committee meetings, including approval of agendas and minutes; and
- oversee written and verbal reporting to the Board on key matters arising from the Committee.

### **2. ROLE AND RESPONSIBILITIES**

The responsibilities of the Board Remuneration Committee include:

- to conduct annual reviews of, and make recommendations to the Board on, the Remuneration Policy. This must include an assessment of the Remuneration Policy's effectiveness and compliance with the requirements of Prudential Standard SPS 510 – Governance;
- recommend to the Board the appointment and the terms and conditions of employment of Independent Directors and the CEO;
- determine remuneration for Independent Directors and CEO, based on external advice on the market position if appropriate, and on the remuneration of any person to whom the Trustee's Remuneration policy applies, including any person specified by APRA;
- make annual recommendations to the Board in relation to salary review increases and performance-based remuneration,
- ensure Trustee remuneration policies and practices fit with its strategic goals;
- make recommendations to Trustee for changes to the key remuneration policies, practices and plans; and
- review remuneration policies and practices to ensure they comply with regulatory requirements and good governance principles and practice.

### **3. MEETINGS OF THE BOARD REMUNERATION COMMITTEE**

The Board Remuneration Committee shall meet at least annually. Additional meetings may be held if requested by the Chair.

A quorum for the Board Remuneration Committee will be 2/3rds of the committee members appointed at the time.

The Chair of the Board Remuneration Committee may invite the CEO, advisors, consultants or experts to attend meetings as appropriate.

#### **4. ACCESS TO OTHER PARTIES**

The Board Remuneration Committee has free and unfettered access to risk and financial control personnel and other parties (internal and external) in carrying out its duties.

If choosing to engage third-party experts, the Board Remuneration Committee, has the power to do so in a manner that ensures that the engagement, including any advice received, is independent.

#### **5. APRA**

Members of the Board Remuneration Committee will be available to meet with APRA on request.

#### **6. REVIEW OF CHARTER**

This Charter for the Board Remuneration Committee will be reviewed by the Board at least annually. Any changes to this Charter will require the approval of the Board.

## **Appendix G BOARD AUDIT COMMITTEE CHARTER**

### **1. MEMBERSHIP**

The Board Audit Committee will consist of at least three (3) members. All members of the Committee will be non-executive directors of the Trustee.

The Chair of the Board Audit Committee will be appointed by the Trustee. The Chair of the Trustee may sit on the Board Audit Committee, however they may not Chair the Board Audit Committee. All directors of the Trustee, if not members of the Committee, are entitled to attend meetings of the committee.

### **2. ROLE AND RESPONSIBILITIES**

The Board Audit Committee is responsible for providing an objective non-executive review of the effectiveness of the Trustee's financial reporting and risk management framework.

The Committee is responsible for the oversight of:

- all APRA statutory reporting requirements;
- other financial reporting requirements;
- professional accounting requirements;
- internal and external audit;
- the appointment of both the RSE auditor and internal audit function; and
- review and recommend for Board approval the following policies or any other policies as directed by the Board:
  - Audit & Related Matters Policy; and
  - Risk Management Framework Policy.

The Board Audit Committee must:

- review the engagement of the auditor annually, including making an assessment of whether the auditor meets the Audit Independence tests set out in *APES 110 Code of Ethics for Professional Accountants* as well as the additional auditor independence requirements set out in *Prudential Standard 510 – Governance*;
- provide a recommendation to the Board in relation to the engagement of both internal and external auditors
- regularly review the internal and external audit plans, ensuring they cover all material risks and financial reporting requirements;
- review findings of audits and ensure that issues are being managed and rectified in an appropriate and timely manner;
- ensure the adequacy and independence of both the internal and external audit functions;
- establish and maintain policies and procedures for employees of the Trustee to submit, confidentially, information about accounting, internal control, compliance, audit, and other matters about which the employee has concerns. The Committee must also have a process for ensuring employees are aware of these policies and for dealing with matters raised by employees under these policies;
- provide a recommendation to the Board in relation to the signing of Financial Statements and the Annual APRA Return; and

- provide a recommendation to the Board in relation to the approval of policy amendments where listed above.

### **3. MEETINGS OF THE BOARD AUDIT COMMITTEE**

The Board Audit Committee shall meet at least twice a year. Additional meetings may be held if requested by the Chair.

A quorum for the Board Audit Committee will be 2/3rds of the committee members appointed at the time.

The Board Audit Committee must invite the internal/external auditor and the actuary, as applicable, to meetings of the Committee.

The Board Audit Committee may invite the CEO, RCM, advisors, consultants or experts to attend meetings as appropriate.

### **4. ACCESS TO OTHER PARTIES**

The Board Audit Committee has free and unfettered access to the CEO, RCM, the auditors and the actuary and other parties (internal and external) in carrying out its duties.

If choosing to engage third-party experts, the Board Audit Committee, has the power to do so in a manner that ensures that the engagement, including any advice received, is independent.

### **5. ACCESS BY OTHER PARTIES**

The internal auditor has a reporting line, and unfettered access, to the Board Audit Committee.

### **6. APRA**

Members of the Board Audit Committee will be available to meet with APRA on request.

### **7. REVIEW OF CHARTER**

This Charter for the Board Audit Committee will be reviewed by the Board at least annually. Any changes to this Charter will require the approval of the Board.