

# Board Renewal Policy

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**Position Title:** Group Executive, Legal and Company Secretary

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## Revision history

Version	Reasons for amendment	Date approved	Approving Committee/Board
1	New Policy	December 2012	Aware Super Board
2	Revision	July 2014	Aware Super Board
3	Revision	September 2015	Aware Super Board
4	Revisions to comply with revised SPS 510 and SPG 510	7 December 2016	Aware Super Board
5	Revision	4 December 2019	Aware Super Board
6	Updated into Aware Super brand – no material changes	23 September 2020	Aware Super Board

# 1 Introduction

1. Aware Super Pty Ltd (the Trustee) is the Trustee for Aware Super (the Fund).
2. The Trustee is the Registrable Superannuation Entity licensee (RSE licensee) for the Fund.
3. By this Policy, the Trustee acknowledges its obligation to ensure the Trustee Board of Directors maintains an appropriate balance of independent thinking, knowledge, skills and experience.
4. This Policy has been approved by the Trustee Board of Directors.

# 2 Purpose

1. This Policy has been developed to ensure that the Trustee maintains high standards of corporate governance and meets the requirements of APRA's Prudential Standard SPS 510 - Governance.
2. This Policy aims to assist the Trustee Board:

- in obtaining fresh insights from its Directors and achieving general reinvigoration of the Board; and
- in ensuring that the Board has the necessary expertise to fulfil its role and functions,

whilst ensuring the ongoing effective oversight and understanding of the Trustee's business.

## 3 Legislation and Regulation

1. This Policy is made by the Trustee Board reflecting:
  - a. The APRA Prudential Standard SPS 510 – Governance;
  - b. Relevant provisions of the Corporations Act 2001;
  - c. The Superannuation Industry (Supervision) Act 1993 generally; and
  - d. any other applicable legislation.

## 4 Policy

### 4.1 Director Appointment

1. In accordance with the Trustee's Constitution, and in recognition of the equal representation rules for employer sponsored funds, the Trustee's Directors are appointed by Fund Member Entities and Fund Employer Entities (the **Nominating Entities**) (See Attachment 1 for the list of current Nominating Entities). The Independent Director is appointed by the Directors (in accordance with the SIS requirement that this decision be made by at least a two-thirds majority of those Directors eligible to vote).

### 4.2 Terms of Appointment

1. In order to ensure that the Board remains open to new ideas and independent thinking while retaining an appropriate level of Fund knowledge, skills and expertise, the Board has adopted this Board Renewal Policy.
2. In accordance with the terms of the Trustee's Constitution, Directors, including any Independent Director, are appointed for three year terms. Directors can generally serve no more than three full three year terms (ie 9 years). However, where a Director's nine year anniversary (or later) occurs before the completion of a third term the Trustee Chair, with the approval of the Board of Directors, may request that the Director complete the term. The Board of Directors may resolve to extend the final term of a director by no more than 3 years if they consider that such an extension is in the best interest of Fund beneficiaries.
3. Any Director who has served more than 9 years when this Policy is initially approved will be, with the approval of the Board of Directors, requested by the Chair to complete their current term.
4. Where possible, the terms of appointment of the directors will be appropriately staggered to support continuity and the appropriate transfer of knowledge and skills to new directors.

### 4.3 Determining Date of Initial Appointment

1. A Director's appointment will be dated from the earlier of:
  - a. the date the Director joined the Trustee Board; or
  - b. the date the Director initially joined the Board of any fund with which the Fund has merged.

### 4.4 Eligibility for Appointment and Reappointment

1. A Director will only be eligible for appointment or reappointment where:
  - a. The Director is reasonably likely to be able to act in an unfettered manner in the best interests of Fund beneficiaries; and

- b. The Director has met or will meet all the requirements of applicable Trustee policies, including the standards contained in the Fit and Proper Policy and the Conflict of Interests Policy.

2. In addition to the above, Nominating Entities will be encouraged to take into account the following factors when considering the appointment or re-appointment of a director, and such factors will be taken into account by the Board when considering the appointment or re-appointment of the Chair:

- professional skills and experience of the director and the skills and experience required by the Board and its Committees;
- ethical standards;
- the Trustee's business and strategic goals;
- other personal attributes;
- current and past associations, including other directorships held;
- availability for Board and committee activities;
- performance during their office as director (if applicable), having regard to the historical results of relevant annual board and director performance reviews;
- the total tenure on the Board of the director (or on the Board of any predecessor entity) and whether the period of re-appointment could reasonably be perceived to materially interfere with their ability to act in the best interests of Fund members; and
- any other additional factor which is considered appropriate.

3. A Director will not be eligible for reappointment where the Director has already served the equivalent of 3 full terms.

## 4.5 Board Size

1. The target size for the Board and the Nominating Entities for the directors are to be determined in accordance with the Trustee's Constitution.
2. The current target size of the Board is 13 directors (including one independent director as Chair). The number of directors which each Nominating Entity can appoint is shown in **Attachment 1**.
3. The Board intends to maintain the target number of Directors by the appointment of Directors in accordance with this policy through:
  - a. timely communications with Nominating Entities, or
  - b. in the case of the need to appoint a new Independent Director and/or Chair, through the Governance & Nominations Committee conducting a search for a replacement Independent Director and/or Chair sufficiently prior to the resignation of the incumbent Independent Director and/or Chair,

to help ensure that appointments and reappointments take place in an orderly and timely manner.

## 4.6 Resolution of Disputes

1. If for any reason a dispute arises concerning the nomination, appointment, re-appointment or removal of a director, the matter will be referred to the Governance & Nominations Committee for consideration. The Governance & Nominations Committee will recommend to the Board an appropriate response or course of action, having regard to members' best interests, the Trustee Constitution and any other matter the Governance & Nominations Committee considers necessary and appropriate.

## 4.7 Termination of Appointment

1. In accordance with the Trustee Constitution a Director must vacate their office should the Trustee Board determine that a material aspect of Trustee policy, guideline or procedure has been breached by the Director, and has not been rectified within 45 days. A Director must immediately vacate their office should they become a

disqualified person as defined in Section 120 of the SIS Act, are convicted of a crime of dishonesty or enter bankruptcy or insolvency.

## 4.8 Vacancies

1. Where foreseeable, the relevant Nominating Entity will be given reasonable advance notice of a forthcoming vacancy on the Board such that a director may be appointed as soon as practicable upon the vacancy arising and in any event within 90 days after the vacancy occurred.
2. Similarly, where foreseeable, the Governance & Nominations Committee will conduct a search, or such other selection process, for an Independent Director in advance of the resignation of the incumbent an Independent Director, so that the replacement Independent Director will be appointed by the Board to be effective as soon as practice upon the vacancy arising and in any event within 90 days after the vacancy occurred.
3. The Trustee Secretariat will provide the Fund Member Entities and Fund Employer Entities with the Trustee's criteria for appointment of Directors and communicate any relevant information concerning the appointment, reappointment or termination of appointment of a Director.

# 5 Roles and Responsibilities

This Policy is relevant to the Trustee, Secretariat and the Nominating Entities.

Position	Responsibilities
Board of Directors	To ensure that the requirements of both the Trustee Constitution and the Trustee Fit and Proper Policy are complied with.
Nominating Entities	To appoint or reappoint Directors who meet the standards required by Trustee of Directors. To terminate the appointment of their appointed Director where the Director does not meet the standards required by Trustee Directors as determined by the Trustee Board.
Company Secretary	Communicate with the Nominating Entities.
Governance & Nominations Committee	To advise and assist the Board on matters relating to the appointment of the Trustee Chair, and appointment of any Trustee director (including an independent director).

## 6 Review

1. This policy commences on the date of its approval by the Trustee Board.
2. This policy is subject to review at any time, but in particular, where the Trustee becomes aware that:
  - a. legislative changes or rulings by the Regulator require a review of the Policy;
  - b. the Policy is no longer appropriate; or
  - c. there are reasons to believe that this Policy has failed, or may fail, to support the compliance and/or operational obligations of the Trustee.

# Attachment 1: List of Current Nominating Entities

<b>FUND EMPLOYER / FUND MEMBER ENTITIES</b>	<b>NO OF DIRECTORS TO BE APPOINTED</b>
Australian Education Union Victoria	1
Australian Nursing & Midwifery Federation (VIC Branch)	1
CPSU, the Community and Public Sector Union	1
Department of Education and Training Victoria	1
Health Services Union	1
(Jointly) Director General of Premier and Cabinet and the Secretary of the New South Wales Treasury	3
LASA National	1
Unions NSW	3
Victorian Healthcare Association Limited	1
Victorian Public Sector Commission	1