

Report on AIST Governance Code

as at 1 July 2018

AIST Recommendation	Does UniSuper meet the recommendation?	Comments
<p>1. Principle 1 Lay solid foundations for management and oversight A profit-to-member superannuation fund must determine the respective roles and necessary skill profile of the Board and management and set these out in writing. They must also determine how the respective performance of the Board and management will be measured and evaluated</p>		
<p>1.1 A profit-to-member superannuation Board must conduct all appropriate enquiries to ensure that nominees have the appropriate skills and experience before appointing a person as a trustee director. For the appointment of representative directors in particular, this includes engagement with sponsoring organisations.</p>	<p>Yes</p>	<p>The assessment of fitness and propriety takes place before the appointment of a new Director in accordance with SPS520 Fit and Proper. Part of this assessment considers skills and experience. Should any training be required in order for the skills component of the assessment to be met, this training is provided within a period of 90 days after the appointment.</p> <p>Each new Director attends a full-day induction provided by each member of the Executive Leadership Team which covers a synopsis of each area of the business, as well as director responsibilities and fiduciary duties. In addition, new Directors attend a new trustee director course run by an industry body.</p> <p>The Board also has a Director Capability Statement which all nominating bodies receive prior to elections/nominations taking place which sets out minimum attributes and personal attributes regarded as essential for each Director to have personally, and corporate and industry specific attributes which are essential for the Board to have collectively.</p> <p>Prior to the commencement of the election cycle each year, a whole of Board assessment is undertaken to identify any skills gaps or any other criteria or attributes which the Board considers desirable in a nominated representative Director. Recommendations may be made by the Board to nominating bodies to address any identified gaps.</p>

AIST Recommendation	Does UniSuper meet the recommendation?	Comments
1.2 A profit-to-member superannuation fund must have a written agreement with each trustee director and senior executive setting out the terms of their appointment.	Yes	None
1.3 The fund's company secretary is accountable directly to the Board, through the Chair, on all matters concerning effective Board operations and must provide every assistance to the Board to fulfil their obligations in acting in the best interests of members. The Chief Executive Officer must not be the company secretary.	Yes	None
1.4 Profit-to-member superannuation funds must have a written diversity policy, appropriate to the circumstances of the fund, which sets out clear and measurable objectives and provides for annual reporting to the Board and members. This policy must establish objectives concerning gender balance as a minimum, with other forms of diversity considered by the fund as appropriate. Objectives must relate to processes, which may, but do not necessarily, include targets for participation at Board and management levels, to ensure that the fund taps the broadest talent pool and is responsive to the needs of all its members.	Yes	None
1.5 In accordance with SPS 510, profit-to-member superannuation funds must have procedures to evaluate the performance of the Board and individual trustee directors at least annually. The fund must disclose a summary of those procedures and confirm annually that the performance evaluations were undertaken during the reporting period.	Yes	None
1.6 The Board of a profit-to-member superannuation fund must have a documented process for evaluating the performance of the senior management. The fund should disclose whether such a performance evaluation was undertaken during the reporting period.	Yes	None

AIST Recommendation	Does UniSuper meet the recommendation?	Comments
<p>2. PRINCIPLE 2: Structure the Board to add value A profit-to-member superannuation fund must have a diverse Board composed of highly competent and committed directors. Representation of member and employer interests must be ensured, and the Board should be of an appropriate size, composition and have the skills to be able to discharge their duties effectively.</p>		
<p>2.1 The Board of a profit-to-member superannuation fund must have a committee responsible for Board renewal that has at least three members. The committee must have a charter that is disclosed and it should meet at least annually. For each reporting period the fund must disclose the members of the Board renewal committee and attendance records for any meetings during that period.</p>	Yes	When there is an independent Director vacancy on the Board, the Board forms a limited-life sub-committee to oversee the recruitment process. The sub-committee does not have a formal charter but follows a Board-approved process (which sets out its role and remit) prior to the renewal of each independent Director term.
<p>2.2 A profit-to-member superannuation fund must maintain a matrix showing the skills, relevant experience and diversity the Board currently has and acknowledge gaps it is looking to fill in order to effectively fulfil its strategic plan. It must disclose annually a representation of the existing collective skills, experience and diversity of the Board.</p>	Yes	None
<p>2.3 In disclosing the names of its directors, a profit-to-member superannuation fund must identify for each director whether they are a member representative, an employer representative or a non-representative member. In each instance, the name of the nominating body must also be disclosed.</p>	Yes	None
<p>2.4 The voting rights of all trustee directors on the Board must be equal, regardless of their status as a member or employer representative director, or non-representative director. The voting majority for any Board decision should be no less than two-thirds of all trustee directors</p>	Yes	None
<p>2.5 The Chair of a profit-to-member superannuation fund Board must be appointed by the Board, and must satisfy all the requirements of skill and experience identified in the fund's skills matrix for the role of Chair.</p>	Yes	None

AIST Recommendation		Does UniSuper meet the recommendation?	Comments
2.6	The CEO must not be a director of the fund.	Yes	
2.7	A profit-to-member fund must have an induction program for new trustee directors and provide appropriate ongoing professional development and training opportunities to continuously enhance their skills and knowledge.	Yes	There is a Director Training Policy which addresses ongoing professional development and training opportunities.
3.	PRINCIPLE 3: Act ethically and responsibly A profit-to-member superannuation fund must act ethically and responsibly.		
3.1	A profit-to-member superannuation fund must have a code of conduct for its Board, senior management and employees. This code, or a summary of it, must be disclosed.	Yes	None
4.	PRINCIPLE 4: Safeguard financial integrity A profit-to-member superannuation fund must have appropriate and rigorous processes for financial governance		
4.1	The Board of a profit-to-member superannuation fund must ensure the financial integrity of both the fund and the trustee entity.	Yes	None
4.2	A profit-to-member superannuation fund must ensure due process in all transactions, and ensure that any related party transactions are conducted under market conditions with full transparency and disclosure.	Yes	None
4.3	The Board of a profit-to-member superannuation fund must receive an attestation from the fund's CEO and CFO that the fund's accounts are a true and accurate reflection of the fund's financial position and that the financial records have been properly maintained, before approving the financial statements. In accordance with SPS 510 an independent auditor must be appointed. The auditor must be fit and proper pursuant to SPS 520 and must issue their opinion on the financial statements to the trustee and members of the fund.	Yes	None

5.	PRINCIPLE 5:	Respect the rights of scheme participants	A profit-to-member superannuation fund must respect the rights of stakeholders. These scheme participants must be provided with open and transparent disclosure as well as opportunities to participate in dialogue with the fund's Board and management.		None
5.1	A profit-to-member superannuation fund must develop and implement a stakeholder engagement program, for effective disclosure of relevant and material issues. The program must provide opportunities for directors and senior management to communicate directly with stakeholders and for stakeholders to ask questions of them.	Yes	None		
6.	PRINCIPLE 6:	Recognise and manage risk	In accordance with SPS 220, a profit-to-member superannuation fund must establish a robust risk management framework, monitor and regularly review the effectiveness and continuing appropriateness of that framework. The risk management framework must consider the maintenance and prioritisation of a member-first culture.	Yes	None
6.1	A profit-to-member superannuation fund must have a strong risk culture with a Board that provides robust oversight of the fund's material risks. The risk management framework must explicitly address factors that may erode the fund's members-first culture.	Yes	None		
7.	PRINCIPLE 7:	Remunerate fairly and responsibly	A profit-to-member superannuation fund must establish a remuneration policy for its trustee directors and staff in alignment with the best interests of the members of the fund that complies with SPS 510 and SPG 511.		None
7.1	A profit-to-member superannuation fund must have policies and practices in place to attract and retain highly competent people, assessed relative to the size, nature and complexity of the fund. These policies and practices must be consistent with its responsibilities for maximising members' retirement outcomes and encouraging and rewarding ethical practices and behaviour.	Yes	None		

8.	PRINCIPLE 8:	Yes	None
	Strong investment governance practices		
	A profit-to-member superannuation fund must establish an investment framework to deliver appropriate retirement outcomes for its members and continually monitor and review the effectiveness and continuing appropriateness of that framework.		
8.1	A profit-to-member superannuation fund must design and manage appropriate investment strategies having regard to member demographics and circumstances during both the accumulation and decumulation phases.	Yes	None