

Board Renewal Policy

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Revision history

Version	Reasons for amendment	Date approved	Approving Committee/Board
1	New Policy	December 2012	FTC Board
2	Revision	July 2014	FTC Board
3	Revision	September 2015	FTC Board
4	Revisions to comply with revised SPS 510 and SPG 510	7 December 2016	FTC Board

1 Introduction

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

2 Purpose

1. This Policy has been developed to ensure that FTC 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 FTC 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 FTC's business.

3 Legislation and Regulation

1. This Policy is made by the FTC Board reflecting:
 1. The APRA Prudential Standard SPS 510 - Governance;
 2. Relevant provisions of the Corporations Act 2001;
 3. The Superannuation Industry (Supervision) Act 1993 generally; and
 4. any other applicable legislation.

4 Policy

4.1 Director Appointment

1. In accordance with the FTC Constitution, and in recognition of the equal representation rules for employer sponsored funds, FTC Directors are appointed by Fund Member Entities and Fund Employer Entities (the **Nominating Entities**) (See Attachment 1 for the list of current Directors and Attachment 2 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 FTC Constitution, Directors, including any Independent Director, are appointed to 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 FTC 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:

1. the date the Director joined the FTC Board; or
2. 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:

1. The Director is reasonably likely to be able to act in an unfettered manner in the best interests of Fund beneficiaries; and
2. The Director has met or will meet all the requirements of applicable FTC policies, including the standards contained in the FTC Fit and Proper Policy and the FTC 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;
- FTC'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 the 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 FTC 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 2**.

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 Chair, through the Nomination Committee conducting a search for a replacement Chair sufficiently prior to the resignation of the incumbent 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 Nominations Committee for consideration. The Nominations Committee will recommend to the Board an appropriate response or course of action, having regard to members' best interests, the FTC Constitution and any other matter the Nominations Committee considers necessary and appropriate.

4.7 Termination of Appointment

1. In accordance with the FTC Constitution a Director must vacate their office should the FTC Board determine that a material aspect of FTC 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

- 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.
- Similarly, where foreseeable, the 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.
- The FTC Secretariat will provide the Fund Member Entities and Fund Employer Entities with FTC'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 FTC, Secretariat and the Nominating entities.

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

6 Review

- This policy commences on the date of its approval by the FTC Board.
- This policy is subject to review at any time, but in particular, where the Trustee becomes aware that:
 - legislative changes or rulings by the Regulator require a review of the Policy;

2. the Policy is no longer appropriate; or
3. 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 Directors

Name	Date of Initial Appointment	Number of full terms served	Years served	Term Expiry Date
Mr Neil Cochrane	01.03.2014		2	28.02.2017
Mr Trevor John Carr	03.12.2007	1	9	30.06.2018
Ms Sue Carter	10.04.2013	1	3	09.04.2019
Ms Lisa Fitzpatrick	01.03.2013	1	3	30.06.2018
Ms Jocelyn Furlan	10.04.15		1	09.04.2018
Mr Rod Harty	10.04.2013	1	3	09.04.2019
Mr Ralph Douglas Kelly	01.03.2011	1	5	09.04.2018
Dr Rosemary Kelly	30.08.2012		4	30.06.2018
Mr Mark Roy Robert Lennon	16.02.2010	1	6	09.04.2018
Mr Robert (Bob) John Lipscombe	10.04.2011	1	5	09.04.2018
Ms Naomi Steer	11.07.2012	1	4	09.04.2019
Ms Philippa Judith Smith, AM	01.10.2007	2	9	09.04.2019
Mr Gary Thomas	01.07.2015		1	30.06.2018

Attachment 2: List of Current Nominating Entities

FUND EMPLOYER / FUND MEMBER ENTITIES	NO OF DIRECTORS TO BE APPOINTED
Leading Age Services Victoria (LASA Victoria)	1
Australian Nursing & Midwifery Federation (VIC Branch)	1
(Jointly) NSW Director General of Premiers and Cabinet and NSW Secretary of Treasury	4
Health Services Union	1
Victorian Healthcare Association	1
Unions NSW	4