

# Cbus Charter

## Investment Committee Charter



### 1 Purpose of Charter

1.1 This Charter sets out the role, responsibilities, composition and operation of the Investment Committee ('**the Committee**') of United Super Pty Ltd ('**the Trustee**'), in its capacity as trustee for the Cbus Superannuation Fund ('**the Fund**').

### 2. Authority

- 2.1 The Committee is appointed and authorised by each of:
- the Fund's Trust Deed;
  - the Trustee's Articles of Association;
  - the Trustee Board Charter; and
  - any other Board delegations, resolutions and approvals granted to it from time to time.
- 2.2 The Committee is appointed to assist the Trustee's Board of Directors ('**the Board**') to fulfil its statutory, fiduciary, governance and regulatory responsibilities.

### 3. Composition

- 3.1 The Board determines the Committee's composition, which includes seven (7) Trustee Directors and the Fund Chair.
- 3.2 Alternate Directors are permitted to be committee members.
- 3.3 A representative of the Cbus Property Board attends as a non-voting observer.
- 3.4 The Committee Chair is appointed by the Board.
- 3.5 Should the Committee Chair be absent for all or part of a meeting, or be unwilling to act, the Committee members present shall elect one of their number in attendance to chair the meeting.

3.6 The Board must ensure that members of the Committee collectively have the skills and experience needed to carry out the Committee's function.

### 4. Role and Responsibilities

4.1 The overall role of the Committee is to assist the Board in its implementation of the Fund's Investment Governance Framework, including developing, selecting, managing and monitoring the Fund's investments and investment strategies.

### 5. Scope of Authority

#### General Authority

- 5.1 The Committee has the power to engage independent counsel and other advisors as it determines necessary in order that it can carry out its duties.
- 5.2 All Committee decisions must comply with the Fund's Investment Governance Framework, as determined by the Board and outlined in the Investment Governance Framework Policy.
- 5.3 It is the Committee's responsibility to ensure that this provision is not breached.
- 5.4 In the event that a decision, which has the Committee's support, would breach the Investment Governance Framework that decision must be referred to the Board.
- 5.5 Other than the matters where the Committee makes recommendations to the Board, the Committee has the decision making authority and responsibility to manage the Fund's investments.

#### Date of this Policy:

6 July 2018

Cbus' Trustee: United Super Pty Ltd  
ABN 46 006 261 623 AFSL 233792  
Cbus ABN 75 493 363 262  
MySuper authorisation  
75 493 363 262 473  
07/18

## Specific Authority

5.6 The remainder of this section sets out the specific authority of the Committee. The Committee can further delegate these authorities, or the resulting implementation, to the Chief Investment Officer (CIO). Delegations are documented in the Investments Delegation Matrix.

## Investment Governance Framework

5.7 The Committee makes recommendations to the Board on:

- Material <sup>(1)</sup> changes to this Charter, the Investment Governance Framework Policy (including the investment approach, philosophy and/or beliefs) Liquidity Policy (including Liquidity Management Plan), and Asset Valuation Policy;
- Changes to the Investment Delegations Matrix for Board and Investment Committee reserved authority; and
- Selection, appointment and removal, including any material changes to related agreements, of the Fund's Custodian and Asset Consultant.

5.8 The Committee has authority and responsibility to:

- Review the people, processes and systems available to the Fund to ensure it has adequate resources aligned to the size and complexity of the Fund;
- Ensure that a triennial comprehensive review of the Investment Governance Framework is conducted by operationally independent, appropriately trained and competent persons;
- Oversee the investment related risks to ensure that exposure to these risks remains within the Trustee's Risk Appetite;
- Make minor <sup>(1)</sup> changes to this Charter, the Investment Governance Framework Policy, Liquidity Management Plan, Asset Valuation Policy and the Investment Delegations Framework for Investment Committee;
- Approve the Fund's other investment related policies;

- Make minor <sup>(1)</sup> changes to the Investment Delegations Framework for Investment Committee delegations; and
- Monitor and review the relationship with and performance of the Fund's Asset Consultant.

Note 1. The definition of minor and material changes is contained in the Cbus policy framework.

## Setting Investment Objectives and Strategy

5.9 The Committee makes recommendations to the Board on:

- Appropriate range of investment options offered to members (including the Cbus Self Managed option);
- The investment objectives, Long Term Strategic Asset Allocations and ranges for each investment option;
- Return Target for the MySuper investment option);
- The annual determination of scale for the Growth (Cbus MySuper) option; and
- Investment objectives and investment strategy for the Operational Risk Financial Requirement, General Reserve Account and Group Life Account.

5.10 The Committee has authority and responsibility to:

- Approve material changes to the Target Portfolios for each investment option (including the foreign currency target for the Growth Accumulation Option) and determine the size of changes to the Target Portfolios, foreign currency exposure targets and equity options exposure that are delegated to management;
- Set the liquidity threshold within investment options;
- Review stress and scenario testing conducted for each investment option;
- Approve Active Ownership (Engagement & Voting) Guidelines;

- Approve the asset class strategies and objectives; and
- Approve the investment parameters for Direct Investments.

## Implementing Investing Strategy

5.11 The Committee makes recommendations to the Board on:

- Cbus Property Business Plan;
- Material changes to the Fund's Strategic Holdings; and
- The appointment of Cbus nominees onto external boards, boards of related parties, and external advisory boards or committees that have authority to direct the fund manager in relation in investment decisions (except where such Related Bodies form part of Cbus' internal direct investment program).

5.12 The Committee has authority and responsibility to approve:

- New and changes to existing Internal Equities Strategies, including additional allocations to a strategy;
- For Unlisted Funds:
  - Investment selection, termination and redemption; and
  - Risk classification for new and existing investments in accordance with defined Risk Classifications approved by the Investment Committee.
- Infrastructure Direct and Co-Investment decisions;
  - Investment selection, termination and redemption;
  - Exceptions to Investment Committee approved investment parameters for Direct Investments; and
  - Risk classification for new investments and existing investments in accordance with defined Risk Classifications approved by the Investment Committee;

- Fund's Equities Options Programme, including setting the budget for the maximum premium spend and annual review of the Fund's options programme;
- Portfolio constraints (including Currency, Derivative overlays and Equity Options Programme);
- Creation or formation of trusts, special purpose vehicles (SPVs), companies, partnerships or any other entity, wheresoever domiciled to facilitate direct investment opportunities;
- Appoint Cbus nominees onto external boards, boards of related parties, and external advisory boards or committees that have authority to direct the fund manager in relation in investment decisions (where such Related Bodies form part of Cbus' internal direct investment program);
- Amount of capital to be allocated to Cbus Property (including the annual commitment and indicative amounts for future years); and
- Minor changes to the Fund's Strategic Holdings.

### Liquidity Risk

- 5.13 The Committee makes recommendations to the Board on when to initiate the Liquidity Action Plan.

### Performance Monitoring

- 5.14 The Committee has authority and responsibility to monitor:
- The performance of all investment managers, investment products, investment options, and all other assets of the Fund; and
  - Compliance with investment mandates.

### Crediting Rates

- 5.15 The Committee makes recommendations to the Board on:
- Policy and methodology to determine the crediting rates and Fund reserves; and
  - Fund's final Annual Crediting Rate.

### Material Outsourced Arrangements

- 5.16 The Committee has authority and responsibility to approve material or major investment related outsourcing agreements and contracts.

### Other

- 5.17 The Committee's role also encompasses:
- On a regular basis, undertaking active and probing enquiry with management as to how the Responsible Investing fundamentals of the portfolio are developed and monitored with Fund Managers;
  - Making other investment recommendations to the Board as required; and
  - Other work as directed by the Board.

### Implementation of Committee decisions

- 5.18 The Chief Investment Officer is responsible for the implementation of all investment decisions and monitoring implementation progress.

## 6. Meetings

- 6.1 The Committee will generally meet eleven times a year and more frequently if required. The meetings are held monthly, excluding January. All Committee members are expected to attend each meeting.
- 6.2 The Chief Executive Officer and Chief Investment Officer attend all meetings, unless unavailable or requested by the Committee Chair to be absent.
- 6.3 Service providers, asset consultants, specialist advisers, and other members of the Investment Team are invited on an 'as needs' basis.
- 6.4 With consent of the Committee Chair, the Committee may meet without the presence of management at any time either prior to, or during, any meeting.

## 7. Voting and Quorum

- 7.1 A quorum of the Committee (including proxies) is two thirds of members (i.e. at least six (6) members).
- 7.2 The Committee Chair will ensure that a quorum is met prior to commencing the meeting.
- 7.3 Two-thirds majority of members is required for all resolutions (six (6) votes – based on minimum quorum). Trustee Directors who are not Committee members may attend meetings but do not have a right to vote.
- 7.4 Alternate Directors attending a meeting on behalf of another permanent Committee member are not entitled to vote.
- 7.5 A Committee member may not accept appointment as a proxy at a meeting for more than one (1) Committee member. Proxy notifications shall be confirmed in writing to the Committee Chair prior to the meeting, and must specify any instructions or restrictions on any matter (if applicable).

## 8. Auditor Access

- 8.1 The Fund's external and internal auditors have full and unfettered access to the Committee, each of the Committee members, and its Chair, and can raise matters directly at any time.

## 9. Conflicts of Interest

- 9.1 All Committee members must have the ability to recognise and disclose actual, perceived and potential material conflicts and ensure they are appropriately managed or avoided to ensure that priority is given to interests of the Fund's beneficiaries.
- 9.2 Where there is a conflict the Committee must give priority to the duties to and interests of the beneficiaries of the Fund over the duties to and interests of other persons and ensure that the duties to the beneficiaries are met despite the conflict and that the interests of the beneficiaries are not adversely affected by the conflict.

- 9.3 Conflict procedures are included as a standard Committee agenda item for every meeting. The Committee Chair reminds members at the beginning of every meeting of their obligation to disclose any conflict or potential conflict with regard to any agenda item for consideration at that meeting.
- 9.4 The Committee Chair also invites all other meeting attendees to disclose any actual or potential conflicts of interest, which could reasonably be foreseen to impact any agenda item.
- 9.5 Any identified conflicts are recorded, as well as the action taken to avoid or manage the conflict, in accordance with the Trustee's Conflict Management Policy. Where a recorded conflict could reasonably be foreseen to impact an agenda item, the committee member(s) affected shall not receive the papers for that agenda item.

## 10. Committee Administration and Reporting

- 10.1 The Chief Investment Officer services this Committee and is responsible for:
- the preparation of Committee minutes; and
  - the collation and distribution of Committee Reports and Papers to members.
- 10.2 Papers are distributed to all Committee members one (1) week prior to the meeting date.
- 10.3 The Committee Chair will approve each meeting's agenda.
- 10.4 The minutes of all Committee meetings are to be distributed at the next meeting of the Board.
- 10.5 The Chair of the Committee will provide a report to the Board on matters discussed at the Committee.

## 11. Review

- 11.1 The performance of the Committee is reviewed internally on an annual basis.
- 11.2 An independent review of the Committee is performed every three (3) years.
- 11.3 This Charter will be reviewed by the Board annually for ongoing relevance and effectiveness. Any material changes to this Charter must be tabled and approved by the Board before they come into effect.