



FUND GOVERNANCE POLICY

POLICY ADMINISTRATION SCHEDULE

Executive Sponsor	Wade Martin, Chief Risk Officer
Who the Policy applies to	Trustee Directors, CEO, Executive Management, and the Company Secretariat
Administration and implementation responsibility	Maxine Jacona, Head of Governance and Company Secretary
Authority to approve material changes*	The Board of UPSL
Endorsement of material changes required from*	Chief Risk Officer
Authority to approve non-material changes*	Maxine Jacona, Head of Governance and Company Secretary
Inaugural Approval Date	June 2011
Review Frequency	Annual
Next Review Date	November 2024
Persons who must be notified of changes post approval:	Persons will only be notified of amendments where there are direct impacts on their role or responsibilities e.g. Board or other responsible persons.
Is the Policy attached to a Prudential Standard?	SPS 510 Governance SPS 520 Fit and Proper
Is the Policy part of a larger framework? Eg. Risk or other	Risk Management Framework. Fund Governance Framework

* The definition of non-material and material changes is contained in the Cbus Policy Framework.

Fund Governance Policy

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VERSION CONTROL

Version	Author(s)	Reviewer(s)	Material/Non-Material	Summary of changes	Executive Sponsor	Date approved	Approval Authority
1						June 2011	Board
2						2012	Board
3						2013	Board
4						2014	Board
5						2015	Board
6						2016	Board
7						2017	Board
8						2018	Board
9						2019	Board
10	Governance team	CEO	Material	Major policy refresh	Divisional Head, Governance and Risk	24 June 2020	Board
11	Governance team	CRO and CEO Audit and Finance Committee	Material	Updating to align with Policy Framework and reflecting changes in the structure of the Board and Committees	CRO	22 October 2021	Board
12	Governance team	Head of Governance and Company Secretary	Material	Updated per review cycle	CRO	December 2022	Board
13	Governance team	Head of Governance and	Non-Material	Changes to accord to Policy	CRO	November 2023	CRO

		Company Secretary		Template and change non-material approver to Head of Governance and Company Secretary			
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1. Introduction

United Super Pty Ltd is the Trustee Company (“the Trustee”) of the Cbus superannuation fund (“the Fund”) and is licensed by the Australian Prudential Regulation Authority (APRA) under a Registrable Superannuation Entity licence and holds an Australian Financial Services Licence (AFSL).

The Trustee is responsible for the prudent management of the Fund, ensuring that it operates the Fund in the best interests of members and complies with all relevant legal requirements. The Trustee wholly owns Cbus Property Pty Limited which owns and develops property and is engaged under an investments management agreement.

The Trustee is a strong advocate of good corporate governance which is essential to protect members’ interests, achieve business objectives and meet legal and regulatory obligations. It has adopted corporate governance standards that are recognised as best practice within the superannuation and financial services industries.

2. Governance Framework and Policies

The governance framework of the Fund sets out how the Board oversees and exercises its authority in relation to business operations and encompasses the totality of systems, structures, policies, processes and people. The governance framework is supported by the Fund Governance Policy.

2.1 Related Policies

The following policies are related to, and support, the Fund Governance Policy:

- Conflicts Management Policy
- Director Appointment, Renewal and Performance Policy
- Director Training Policy
- Fit and Proper Policy
- Delegations Policy and Registers.

2.2 Role and Responsibilities for this Policy

The following table outlines the people and leadership forums that have a role or responsibility in relation to the review and approval of the Fund Governance Policy.

Role	Responsibility
Board	Approving this Policy.
Chief Risk Officer	Endorsing material changes to the Policy to the Board for approval. Oversight of the implementation of this Policy. Ensuring that the Policy is developed, reviewed, approved, implemented and monitored in accordance with the Policy Framework.
Head of Governance and Company Secretary	Responsible for the administration and implementation of the policy, including carriage of policy reviews, subject matter expertise and reporting to the Chief Risk Officer (as Executive Sponsor of the Policy). Ensuring compliance with the Policy. Approving non-material changes to Policy. Ensure an implementation and communication plan is developed in conjunction with the development or review of the Policy as appropriate. Determine training requirements and implement accordingly.

3. The Board

3.1 Role of the Board

The Trustee Board is ultimately responsible for the overall governance framework, the strategic direction of the Fund and the sound and prudent management of business operations¹.

The Board meets at least seven times a year and at other times as required. The Chief Executive Officer (CEO) and the Group Executive team attend, present and are available for questioning by the Board.

The Board periodically holds strategic planning sessions to consider its strategy.

3.2 Board Charter

The Board operates under a Charter which sets out its specific role and responsibilities, governance processes to be followed and the responsibilities of the Chair. The Charter is available on the Fund's website.

The Board's role includes providing leadership, setting strategy, establishing company and management performance objectives, overseeing risk management, appointing the Chief Executive Officer and always making decisions which are in the best interests of the members of the Fund.

The Board, in fulfilling its functions, delegates authority to Management to act on its behalf with respect to certain matters relating to the operational management of the Fund.

3.3 Structure of the Board

The Board is comprised of 14 Directors (noting the Board reduced in size from 16 to 14 Directors on 31 August 2021), in accordance with the Company's Articles of Association.

The Board is comprised of an equal number of member and employer representative Directors - six Directors are nominated by member associations and six Directors are nominated by employer associations. These member and employer associations are shareholders (or sponsoring organisations) of the Fund as outlined below.

There are also two independent Directors who are appointed by the Board. One of the independent Directors is the Chair of the Fund. The test as to whether a Director can qualify as independent is determined under the *Superannuation Industry (Supervision) Act 1993* and the APRA Prudential Standards and as reflected in the Trustee's Articles of Association.

It is noted that all Directors are independent of Management and must be non-executives.

The Board discusses its optimal size and composition annually, with the aim of ensuring that it remains fit for purpose and that it continues to make decisions which are in the best interests of members.

Shareholders and Sponsoring Organisations

The shareholders or sponsoring organisations of the Fund are:

Australian Council of Trade Unions (ACTU) holds two shares; however, the ACTU does not have a Director position. This is because the ACTU relinquished its right to appoint a Director to facilitate the reduction in the Board's size effective 31 August 2021. However, the ACTU has nominated observers to certain Committees, effective 1 September 2021, thereby ensuring continued shareholder representation.

Construction Forest Maritime Mining Energy Union (CFMMEU) holds three shares which enables them to have three Director positions.

The following unions hold one share each, which enables them to have one Director position:

- **Automotive, Food, Metals, Engineering, Printing and Kindred Industries Union** known as the **Australian Manufacturing Workers Union (AMWU)**

¹ SPS 510 Governance - para 8

- **Communications Electrical Electronics Energy Information Postal Plumbing and Allied Services Union of Australia** known as **Communications Electrical Plumbing Union (CEPU)**
- **Australian Workers Union (AWU)**

Master Builders Association (MBA) holds seven shares. The number of Directors appointed by the MBA reduced from seven to six effective 31 August 2021 (which facilitated the reduction in the Board's size).

Cbus is a profit-for members fund which means that no dividends are paid to shareholders.

3.4 Role of Chair

The Chair is appointed by the Board. The Chair provides leadership to the Board and manages meetings and ensures that the Board effectively discharges its role and responsibilities. Outside of the Independent Triennial Review Cycle, the Chair annually facilitates the collective and individual performance assessment of the Board and individual Directors.

3.5 Company Secretariat

The Company Secretariat within the Governance Team supports the effectiveness of the Board by being responsible for all matters relating to the proper functioning of the Board and its Committees. The Secretariat coordinates the completion and dispatch of Board agendas and papers. It also assists the Board in meeting compliance and governance obligations by overseeing adherence to Board policies and procedures and supporting the maintenance of Director competencies and facilitating ongoing training.

The Company Secretary reports directly to the Board.

3.6 Independent judgement

The same individual does not exercise the roles of the Fund Chair and CEO.

Directors are expected to bring independent views and judgements to Board discussions. Directors must exercise their powers and discharge their duties in good faith and must always act in the best interests of members in effectively discharging their responsibilities.

All Directors and Board Committees have the right, in connection with their duties and responsibilities and with the prior approval of the Chair, to seek independent professional advice at the expense of the Trustee. Approval to obtain independent advice will not be unreasonably withheld.

3.7 Tenure and succession planning

To ensure that the Board is open to new ideas and independent thinking while retaining adequate expertise, Cbus has a Director Appointment, Renewal and Performance Policy that sets out the terms and maximum tenure period for any Director position. All Directors are appointed for a three-year term (and are eligible for reappointment at the conclusion of their term) with a maximum tenure period of 12 years. Where the Board believes that it is appropriate for a Director to remain beyond the maximum tenure for a limited and pre-determined period, the Policy allows for this provided the circumstances are justified and documented by the Board in strict accordance with the Director Appointment, Renewal and Performance Policy. In all instances, a Director's ability to continue acting in the best interest of beneficiaries will be paramount.

4. Qualifications, skills and training

4.1 Fit and Proper

The Trustee has a Fit and Proper Policy which applies to all Responsible Persons. The Responsible Persons of Cbus include the Directors, Company Secretaries, the auditor, the actuary, the CEO and the Group Executive team. All Responsible Persons must be of good fame and character and be suitably qualified to perform their duties to a high standard. They must also be free of any interests, business or other relationship which could, or be perceived to, materially interfere with their ability to act in the best interests of members.

At each Board and Committee meeting, Responsible Persons are required to advise of any matter which may bring into question their compliance with the Fit and Proper Policy. Annually there is a review of fit and proper for each Responsible Person and prior to the re- appointment of a Director.

To ensure the Board collectively has the full range of skills needed for the effective and prudent operation of the Fund, a Board Skills Matrix is maintained which reflects the collective skillset of the Board and this is reported in the Integrated Annual Report and on the Fund's website.

The Trustee's Articles of Association includes a skills gateway for proposed new Director appointments. This requires the relevant sponsoring organisation to consider the existing skills and experience needs of the Board (as reflected in the Board Skills Matrix) in making their Director nomination.

Under the Board Skills Matrix, the Chair, Deputy Chair and Committee Chairs are expected to be experts in the skills of Trustee Director Duties, Values, Leadership and Corporate Governance within a year of appointment.

It is expected that Directors individually must possess 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. The Board may supplement its skills and knowledge by engaging external consultants and experts.²

4.2 Communication of appointment formalities

The Company Secretariat communicates the appointment process to potential nominees or appointees. Nominees are provided the detailed information on the responsibilities of a Trustee Director and the Board.

4.3 Appointment formalities

All Director appointments are documented. Prior to appointment, director candidates are provided with a copy of the Fit and Proper Policy and details of the fit and proper assessment procedures.

A Nomination and Appointment Process ensures that skills and experience (and performance in the case of reappointment) is evaluated and the Trustee has the necessary diversity of skills, experience and expertise to meet the Fund's needs.

4.4 Induction and training

Induction and ongoing training are provided to enable Directors to meet their responsibilities. The induction program provides new Directors with information on their responsibilities, the Fund Governance Policy and other relevant policies. Director Induction Training is mandatory for all new directors (refer Director Training Policy).

Directors attend induction briefings with Group Executives and key members of Management to gain insights into the Fund's structure and operations. Each Director is provided with access to information, policies, licences and other documents relevant to the Fund.

The Board is committed to continuous education to ensure that the skills and knowledge of Directors remains current and relevant and each Director undertakes a minimum of 30 hours of professional development per year. Ongoing training is provided, including briefings on legislative and regulatory change and its impact. Directors are encouraged to attend industry forums, briefings and external training events as relevant.

5. Conflicts Management

The Conflicts Management Policy sets out the process for identification and management of actual, potential and perceived conflicts of duties and interests. The Policy is part of the Conflicts Management Framework which comprises systems, structures, policies, processes and controls to identify, assess and effectively manage any conflict.

² SPS510 Governance – para 10

Directors must advise the Company Secretariat of all positions held.

At each Board and Committee meeting, Directors (and other Responsible Persons) are required to declare whether they hold an interest or duty that could influence or be said to influence their individual decision making at the meeting. Responsible Persons are expected to absent themselves from a Board or Committee discussion if they have a conflict or material personal interest in the matter being considered. The Board Chair will manage this process in accordance with the Conflicts Management Policy and Directors may have their access restricted to papers or other documentation.

Appointment procedures require the disclosure of all relevant interests and duties prior to the Director taking up a role on the Board. Any conflict of interest or duty is considered as part of the fitness and propriety assessment. Directors are also required to continuously disclose conflicts as they arise throughout their tenure.

There are rules and disclosures in place around the acceptance of gifts, hospitality or entertainment and monetary gifts may not be accepted. The Board retains oversight of gifts through reporting to the Risk Committee.

A Conflicts of Interest Workshop is conducted biennially by an independent training provider.

6. Board performance, evaluation and assessment

The Chair facilitates an annual review of the performance of the Board, the Board Committees and individual Directors and Committee members. The Boards and Committees are assessed both collectively and individually as against the objectives of their respective Charters. The performance of the Fund Chair and each Committee Chair is also assessed.

An independent Board performance assessment is undertaken every three years. Any issues identified through the performance assessment are managed according to the Fit and Proper Policy and immediate steps are taken to remove a Director who is no longer fit and proper. Failure relating to the fitness limb of the fit and proper test may not necessitate removal if the issue can be rectified through training.

7. Delegations, monitoring and reporting

The Board, in fulfilling its functions may delegate authority to Management to act on behalf of the Board with respect to certain matters, as decided by the Board. Delegations of authority are clearly documented, and are only given to appropriate positions within the organisation. The Board retains oversight of the matters which it delegates through reporting and is cognisant that it cannot abrogate its responsibility for functions delegated to Management.³

Members of the Group Executive and Fund Auditors provide assurance to the Trustee that financial reports present a true and fair view and have been prepared in accordance with accounting standards. The CEO, Chief Risk Officer (CRO) and the Chief Operating Officer provide assurance in relation to the financial statements, business operations, risk management and regulatory compliance.

The Breach Reporting Policy and the Incident Management Policy, and supporting procedures, ensure that the Board is aware of all breaches affecting the Fund.

7.1 Committees

The Board determines the composition of its Committees and must ensure that collectively the Committees have the skills and experience necessary to carry out its delegated functions.

There are currently seven Committees of the Board as follows:

- Investment Committee
- Audit and Finance Committee
- Risk Committee
- Member, Employer and Growth Committee
- People, Culture and Remuneration Committee

³ SPS 510 Governance – para 9

- Merger Committee
- Nominations Committee.

The Board (on the recommendation of the Nominations Committee where applicable) determines the composition of its Committees and must ensure that collectively, the Committees have the skills and experience necessary to carry out its delegated functions.

Each Committee has a publicly available Charter which are approved by the Board. The Charters outline the roles and responsibilities of each of the Committees. The Charters also outline the composition and operation requirements of each of the Committees.

A Director holds the position of Chair on each Board committee. The Chair of each Committee provides a report to the Board on the matters discussed by their Committee.

7.2 Management

The Board appoints the CEO and ensures that the CEO and all Group Executives are appointed based on a position description which outlines the functions, responsibilities, accountability, competencies and performance measures of the role. Management is responsible for the day-to-day operations of the Fund and implementation of the strategic objectives of the Fund.

7.3 CEO

The CEO reports to the Board, appoints the Group Executives and provides leadership to the Group Executives and Fund Staff. The CEO is responsible for the performance of the Board-approved Business Plan of the Fund.

7.4 Group Executives and Senior Managers

The Group Executive reports directly to the CEO and they and other Senior Management prepare reports to the Board and its Committee on all aspects of Fund Operations.

7.5 KPIs

Key performance indicators are set annually for the CEO and Group Executives. Any unsatisfactory performance or behaviour of a Group Executive is addressed and managed by the CEO, with the Chair and Board managing the CEO's performance.

8. Code of Conduct

The Trustee has developed a Code of Conduct promoting a professional, fair and ethical standard of behaviour which applies to all Directors, employees and contractors. The Code details the ethics and minimum standards of behaviour appropriate in any dealing with members, suppliers, employees, Directors or committee members. In addition to the legal duties of a Trustee Director, Cbus Directors are expected to:

- Uphold the values of the Fund
- Act honestly in all matters concerning the Fund
- Act in the best interests of all beneficiaries
- Maintain confidential information of the Fund
- Prepare thoroughly for all Board and Committee meetings
- Exercise independent judgement.

9. Diversity and inclusion

The Trustee has a Diversity and Inclusion Policy which focuses on three target areas for the Fund:

- Gender and gender related matters

- Mainstreaming workplace flexibility
- Cultural diversity

The Board is conscious of increasing its proportion of female directors and has set a target of 30%.

10. Resourcing of key governance functions

The CRO who is part of the Group Executive, has operational responsibility for risk management. Written reports confirming risk management procedures are in place and that the risk management systems are operating effectively and efficiently and provided to the Risk Committee. Reporting, including areas of concern and remedial actions, are provided to the Board.

An internal audit function, under the responsibility of the Audit and Finance Committee has been established. Internal audit reports are provided to the Audit and Finance Committee and exception-based reporting to the Board. The Fund Auditor can raise matters directly with the Board. The internal audit function evaluates the adequacy and effectiveness of the financial and risk management framework of the Trustee. The internal auditor has unfettered access to all business lines and support functions.

11. Oversight of material service providers

The Trustee engages external service providers for several material business activities which include, but are not limited to, the Fund's administration, custodial services and investment management. The Trustee remains responsible for complying with all legal and prudential requirements relating to the outsourced business activities and have Outsourcing Policy and supporting processes and reporting in place to oversee these arrangements.

12. Accountability to members

12.1 Communications

A communications strategy promotes the communication of information to stakeholders (members, employers, sponsoring organisations and fund employees) through member guides, member statements, performance reports, the annual integrated report and newsletters. All communications meet legislative requirements and the communications needs of members.

Stakeholders can have direct dialogue and ask questions to the Board Chair and Executive Team at an Annual Member Briefing. In addition, throughout the year there are many opportunities for engagement including via an active webinar program, workplace visits including by the CEO and senior Management of Cbus and engagement with members via union channels.

12.2 Disclosure of governance processes

Information is disclosed about how the Fund is governed in accordance with industry best practice. The Director appointment process is fully disclosed both on the website and in the Annual Integrated Report.

Any associations that give rise to a conflict are disclosed.

12.3 Remuneration

Details of the nature and amount of remuneration of Cbus Directors and Group Executives are disclosed on Cbus' website.

13. Review

This Fund Governance Policy is reviewed annually or sooner if there is a material change in business operations or the legislative or regulatory landscape.