



STATE SUPER
SAS Trustee Corporation

Board Charter

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Index

1.	Purpose	3
2.	Definitions	3
3.	Governance Roles	3
4.	Board Processes	8
5.	Board effectiveness	9
6.	Key stakeholders	12
7.	Governance Framework	12
8.	Review of the Board Charter	14
9.	Amendments to or replacement of the Board Charter	15

Board Charter

1. Purpose

- (a) This Charter sets out the roles and responsibilities of the Members of the Board of State Super (**Board**) and should be read in conjunction with the *Superannuation Administration Act 1996* (NSW) (**SA Act**).
- (b) The Board has ultimate responsibility for the management and control of the STC schemes (as defined in the SA Act) in accordance with their respective scheme legislation and other relevant laws. The primary role of the Board is to provide effective governance of State Super's business to ensure the prudent management of the STC schemes.

2. Definitions

2.1 In this Charter:

- (a) **Board Member** means a member of the Board.
- (b) **Delegation** means the document via which the Board delegates certain authorities to management and Board committees.
- (c) **Pooled Fund** means the STC funds, as amalgamated pursuant to the *Superannuation Administration Act 1991* (NSW) and continued to be amalgamated pursuant to the SA Act.

3. Governance Roles

3.1 Authority of the Board

The Board derives its authority from:

- (a) the SA Act;
- (b) the *Government Sector Finance Act 2018* (NSW);
- (c) the *Trustee Act 1925* (NSW);
- (d) the *Superannuation Act 1916* (NSW);
- (e) the *Police Regulation (Superannuation) Act 1906* (NSW);
- (f) the *State Authorities Superannuation Act 1987* (NSW); and
- (g) the *State Authorities Non-contributory Superannuation Act 1987* (NSW); and
- (h) other relevant laws.

3.2 Board Composition

- (a) The SA Act requires the Board to consist of 8 part-time members and 1 full-time member, as follows:
 - (i) 1 Chair, 4 employer representatives and 4 employee representatives; and
 - (ii) of the employee representatives, 1 is to be a full-time member.

- (b) The Minister may appoint deputy (alternate) Board Members from time to time.
- (c) The SA Act and NSW Treasury's TPP17-10 'Commercial Policy Framework: Guidelines for Governing Boards of Government Business (**TPP17-10**) set out rules in relation to tenure and other related matters. These are set out in State Super's Board Renewal Policy.

3.3 Role of the Board

The Board is ultimately responsible for the sound and prudent management and control of the STC schemes. Its key roles and responsibilities are as follows:

- (a) **Member Interests** – To consider and act in the best interests of members and beneficiaries of the STC schemes.
- (b) **Act Ethically and Responsibly** – To lead by example when it comes to acting ethically and responsibly.
- (c) **Business and Strategy** – Oversee State Super's business, approve the strategic direction of State Super's business and approve State Super's annual Strategic and Business Plan. Monitor and review State Super's Strategic and Business Plan against KPIs and deliverables.
- (d) **Budget and Capital Expenditure** – Approve the annual budget and capital expenditure and monitor actual expenditure and revenue against the approved budget and approved capital expenditure.
- (e) **Corporate Governance** – Establish, implement and oversee State Super's governance framework. Ensure a system of good corporate governance and culture is maintained and monitored effectively including the adoption of a Code of Conduct and Ethics and any policies approved by the Board.
- (f) **Board Structure and Performance** – Ensure that the Board Members, and Responsible Persons of State Super, have the appropriate range of skills needed for the effective and prudent management of State Super's business. Annually assess the Board's performance (as a whole and on an individual Board Member basis).
- (g) **Investment Governance** – Approve and monitor State Super's Investment Governance Framework including approving investment strategies and objectives for the Pooled Fund and investment options, monitor the investment policies and ensure there are appropriate measures to monitor and report on investment performance.
- (h) **Risk Management** – Approve and monitor an appropriate risk management framework that covers the setting of State Super's risk appetite within which the Board expects management to operate. This covers all material risks that arise out of State Super's strategy and Corporate Plan, and all other risks that may have a material impact on State Super's business. Ensure that senior management monitors the effectiveness of the risk management framework.
- (i) **Conflict management** – Approve and maintain an appropriate conflicts management policy to ensure all actual and potential conflicts within State Super's business are adequately identified, managed and monitored.

- (j) **Compliance** – Ensure that State Super complies with all applicable legislative, regulatory, prudential or other requirements including all Trustee policies.
- (k) **Delegations** – Delegate appropriate matters to the State Super CEO and Board Committees and oversee the exercise of those Delegations.
- (l) **Staff and Human Resources**– Appoint and where necessary replace the CEO and approve and review the terms and conditions of his/her employment (including training and development) and the performance of the CEO. Approve and monitor the organisational structure of the Trustee and the culture within the Trustee Office.
- (m) **Financial and other reporting** – Approve and monitor the financial statements and position and other financial reporting for State Super. Ensure there are rigorous processes to independently verify and safeguard the integrity of State Super’s corporate reporting and oversee the integrity of State Super’s accounting and corporate reporting systems including internal and external audit.
- (n) **Disclosure to the Minister** - Make timely disclosure of any matters as required or requested by the Minister and provide NSW Treasury with appropriate information to allow them to exercise their rights and powers with respect to State Super. Ensure there are processes in place to facilitate timely disclosure of all material information related to the performance of the STC schemes and on matters which could raise community concerns to all relevant stakeholders and oversee such processes.
- (o) **Auditor and Actuary access** - The Board must provide State Super's auditor and actuary, as the case may be, with the opportunity to raise matters directly with the Board. Currently, the internal and external auditors attend in camera sessions with the Board, Risk, Audit and Compliance Committee. The external auditor has an equivalent session (in consultation with the Board Chair) at the Board meeting to approve the annual financial statements. The actuary can contact the Chair of the Board Investment Committee or the Board Risk, Audit and Compliance Committee to arrange an opportunity to raise any matter directly with the Board.

3.4 Role of Board Members

- (a) Each Board Member must exercise the degree of care and diligence that a reasonable person in the position of the Board Member would exercise in State Super’s circumstances for the purposes of ensuring that State Super carries out the following duties:
 - (i) to act honestly in all matters relating to its functions relating to the STC schemes;
 - (ii) to exercise, in relation to all matters affecting the STC schemes, the same degree of care, skill and diligence as an ordinary prudent person would exercise in dealing with property of another for whom the person felt morally bound to provide;
 - (iii) to ensure that its functions relating to the STC schemes are exercised in the best interests of the beneficiaries of the STC schemes; and

- (iv) to not enter into any contract or arrangement, or do anything else, that would prevent State Super from, or hinder State Super in, properly exercising its functions as a trustee.
- (b) Each Board Member also has a duty:
 - (i) to act with reasonable care, skill and diligence in performing their functions on behalf of State Super;
 - (ii) to act in good faith for the benefit of State Super;
 - (iii) to avoid fettering discretions;
 - (iv) to exercise powers only for a proper purpose; and
 - (v) to manage conflicts of interest and duties.
- (c) Each Board Member must manage conflicts of interests and conflicts of duties in accordance with State Super's conflict management framework.
- (d) All Board Members must conduct themselves in such a way that ensures that they comply with the spirit as well as the principles of State Super's Code of Conduct and Ethics.
- (e) The Board may determine additional functions to be performed by the person holding the office of full-time employee representative Board Member. The full-time employee representative Board Member is to report to the Board in respect of the performance of the additional functions.
- (f) A majority of Board Members must be ordinarily resident in Australia (i.e. likely to be in Australia for a majority of days in any 12-month period).

3.5 Role of the Chair

- (a) The SA Act sets out the relevant criteria for the Minister in appointing the Chair of the Board
- (b) The performance of the Chair is critical to the effective operation of the Board. The key role and responsibilities of the Chair consist of:
 - (i) providing leadership to the Board;
 - (ii) ensuring the effective organisation and conduct of the Board's functions and that the Board satisfactorily fulfils its functions;
 - (iii) managing meetings of the Board to ensure that all necessary decisions are made, and to facilitate the effective contributions of all Board members;
 - (iv) promoting productive and respectful relations between Board Members and between the Board and management;
 - (v) liaising between the Board and the Chief Executive Officer;
 - (vi) keeping Board Members fully informed;
 - (vii) guiding the development of individual Board Members and the Board as a whole;
 - (viii) regularly reviewing the time commitment required of the Board;

- (ix) ensuring that the Board regularly evaluates its own performance;
 - (x) maintaining relations with key stakeholders;
 - (xi) ensuring processes are in place to facilitate effective communication with the NSW Treasury, recognising the role NSW Treasury plays as a key stakeholder in State Super's business; and
 - (xii) making public statements for and on behalf of State Super.
- (c) The performance of the Chair is included in the Board performance review, as detailed in section 5.2 below.

3.6 Role of the Company Secretary

- (a) The Company Secretary is responsible for ensuring that Board policies and procedures are followed, and for the co-ordination of all Board business, including agendas, board papers, minutes, communication with Ministers and all statutory and other filings.
- (b) The Board will appoint at least one Company Secretary. Appointment and removal of a Company Secretary will be subject to Board approval.
- (c) All Board Members must have direct access to the Company Secretary.
- (d) The Company Secretary is directly accountable to the Board, through the Chair, on all governance matters and on all matters relating to the proper functioning of the Board.

3.7 Role of the Chief Executive Officer

- (a) The Chief Executive Officer (**CEO**) has the function of exercising the day-to-day management of State Super and has such other functions as may be conferred or imposed by or under the SA Act or any other Act.
- (b) The CEO is subject to the control and direction of the State Super Board.
- (c) The Board appoints the CEO. However, the Chair of the Board may, subject to any direction of the Board, appoint a person as acting chief executive officer during the illness or absence of the CEO (or during a vacancy in the office of chief executive officer).

3.8 Role of senior management

- (a) Senior management within the Trustee Office have responsibility for the day-to-day management of State Super's business, including the implementation and monitoring of systems, structures, policies, processes, information used in managing State Super.
- (b) The CEO will ensure that senior management of State Super are:
 - (i) ordinarily resident in Australia (i.e. likely to be in Australia for a majority of days in any 12-month period); and
 - (ii) available to meet with any regulatory authority on request.

4. Board Processes

4.1 Meetings

- (a) The SA Act provides that the quorum for a meeting of the Board is 6 members, of whom at least one must be an employer representative and at least one must be an employee representative.
- (b) The procedure for the calling of meetings of the Board and for the conduct of business at those meetings is, subject to the SA Act, to be as determined by the Board.
- (c) The Chair may call a meeting outside of the regular meeting schedule, if the Chair determines such a meeting is required, or if a Board member requests for such a meeting.
- (d) The Board shall meet as often as necessary to fulfil its duties and responsibilities as Board Members and as dictated by the needs of the business.
- (e) A meeting of the Board is to be presided over by:
 - (i) the Chair of the Board; or
 - (ii) in the absence of the Chair, a member elected by the Board Members present at the meeting.
- (f) A decision supported by two-thirds of the members of the Board present at a meeting is the decision of the Board. The presiding member has a deliberative vote only.
- (g) Further, the Board may, if it thinks fit, transact any of its business by the circulation of papers through emails or the electronic board management software among all the members who would be present for a meeting at any given time. A resolution approved in writing, by return email or through the electronic board management software by all those members is taken to be a decision of the Board.
- (h) Any member of the Board may participate in a meeting of the Board, and meetings of the Board may be conducted, by telephone conferencing, video conferencing, internet or similar communications equipment (or any other technology consented to by the Board) provided all persons participating in the meeting can hear each other. Participating in this way will be deemed to constitute the presence of a Board member at the meeting and a meeting conducted by way of that technology will constitute a properly held meeting of the Board.

4.2 Board meeting agenda

- (a) The agenda for Board meetings will be determined by the Chair in consultation with the Company Secretary.
- (b) Individual Board Members are afforded the opportunity to have issues of significance included in the agenda. Where a Board Member wishes a particular matter to be discussed, the Chair, the CEO and the Company

Secretary are to be advised with sufficient time for a background briefing paper to be prepared and included in the Board papers.

- (c) The Board may create an annual calendar for recurring agenda items, which are required to come before the Board in any one year.

4.3 Board Papers

- (a) Board Members should ordinarily receive board papers and related material from the Company Secretary not later than 5 days prior to the meeting.
- (b) Board papers should be concise. The Chair, the CEO or the Company Secretary will regularly discuss whether the flow of information to the Board is of the right balance and detail.
- (c) It is the Board's policy that additional papers should not be tabled at Board meetings, except in special circumstances.
- (d) The Company Secretary maintains a complete set of board papers for the use of Board Members.

4.4 Committees

- (a) The Board may establish committees to assist it to carry out its responsibilities. The following board committees are maintained:
 - (i) Risk, Audit and Compliance Committee;
 - (ii) Human Resources & Nominations Committee;
 - (iii) Member Services Committee; and
 - (iv) Investments Committee.
- (b) Each Committee has a Charter setting out its roles, responsibilities, objectives, tenure and the extent of its delegation from the Board, consistent with the SA Act. Each such Charter will be regularly reviewed. Each Committee will report regularly to the Board, as set out in the Charter for the Committee.
- (c) Further, the Police Superannuation Advisory Committee was established pursuant to section 2H of the *Police (Regulation) Superannuation Act 1906* (NSW) to advise State Super and the Police Commissioner on certain matters. State Super may delegate to the Police Superannuation Advisory Committee any of its functions under that Act.
- (d) The Board may review the composition of each Committee at any time.
- (e) State Super must ensure that only a Board Director holds the position of chairperson on a board committee.

5. Board effectiveness

5.1 Board Member Protection

- (a) The SA Act provides that a matter or thing done or omitted to be done by a Board Member does not, if the matter or thing was done or omitted in good faith for the purpose of executing the SA Act or any other Act, subject the Board Member to any action, liability, claim or demand.

- (b) Further, each Board Member is entitled to an access and indemnity deed which will include provisions relating to protecting the Board Member from liability for properly acting in that role and to facilitate access to State Super documentation.

5.2 Board Performance

- (a) The Board believes that a robust and successful assessment process will give the Board a balanced view of its performance, identifying the positive aspects of the Board's operation and areas for improvement. It also provides a benchmark against which the Board can assess its collective and individual progress and performance over time as well as a basis to establish agreed performance objectives for the Board.
- (b) The Board assesses, at least annually, relative to objectives and Key Performance Indicators (**KPIs**):
 - (i) the Board;
 - (ii) Board Committees;
 - (iii) the Chair of the Board and the Chairs of each Board Committee; and
 - (iv) individual Board Members.
- (c) All performance assessments are overseen by the Chair.
- (d) The performance of the Board may be assessed against:
 - (i) the KPI's that the Board has set for itself and State Super; and
 - (ii) the following targets and objectives:
 - (A) to establish the overall strategy for State Super, and to monitor compliance with the strategy through regular reporting;
 - (B) alignment of State Super's strategic directions with any objectives set by the Government of New South Wales;
 - (C) to assess operating and financial conditions against forecasts;
 - (D) short-term and long-term financial results of the STC schemes;
 - (E) management of senior executives;
 - (F) to ensure senior management's performance is regularly assessed against appropriate criteria;
 - (G) achievement of non-financial objectives such as reform milestones and service delivery levels;
 - (H) adherence to government policies and corporate governance standards including promoting and adhering to this Charter and State Super's Code of Conduct and Ethics;
 - (I) management of risk and compliance issues;
 - (J) for State Super to have effective risk controls; and
 - (K) to make key decisions in relation to State Super and the STC schemes in a timely manner.

- (e) The performance of each Committee is assessed against its Charter and the activities it undertakes during the review period.
- (f) The performance of the Board and Committee Chairs and individual Board Members are assessed against the following objectives:
 - (i) demonstrating the required expertise for their role;
 - (ii) attendance and participation at Board and Committee meetings;
 - (iii) contributing to Board deliberations and the overall direction of State Super;
 - (iv) attendance at training sessions;
 - (v) willingness to question, probe and challenge senior executives as appropriate; and
- (g) The Chair may agree on additional objectives for a particular assessment.
- (h) An assessment may also consider or deal with stakeholder feedback including, where relevant, feedback from the responsible Minister.
- (i) Annual baseline assessments of:
 - (i) Board performance will be conducted by the Board;
 - (ii) a Committee's performance will be conducted by the Committee;
 - (iii) the performance of the Chair of the Board will be conducted by the Board;
 - (iv) the performance of the Chair of a Committee will be conducted by the Committee; and
 - (v) the performance of an individual Board Member will be conducted by the Chair of the Board.
- (j) However, at least once every three years, an external, independent third party will be appointed to conduct a comprehensive performance assessment.
- (k) Generally, all performance assessments are to be conducted within the first six months after the end of each financial year.
- (l) Performance assessment process and procedures will be determined by the Chair and may draw on a range of techniques, including:
 - (i) self-assessment questionnaires; and
 - (ii) one-on-one interviews with directors with the Chair.
- (m) However, all assessments must include confidential surveys to be completed by Board Members and senior executives concerning their perceptions about the Board and Board Member performance. The Board will determine the content of each survey.
- (n) The results of the performance assessment will be compiled and should normally include a quantitative and qualitative analysis. The results of Board and Committee performance assessment will be aggregated and presented without identifying individual persons.

- (o) The Board will normally discuss the outcomes of the performance assessment of the Board, the Chairs and the Committees at the Board meeting following completion of the assessment. The Chair of the Board will discuss the outcomes of the performance assessment of individual Board Members. Should the results of any assessment demonstrate poor performance, the Chair or the Board (as appropriate) will, within one month of assessment, identify up to 3 to 4 priority areas coming from the performance assessment and agree on a roadmap to implement actions for continuous improvement.
- (p) State Super will disclose to the Minister a summary of the outcomes of the performance assessments of the Board, together with any actions taken or planned as a result of the findings.

6. Key stakeholders

State Super considers the Treasurer of New South Wales, and New South Wales Treasury as key stakeholders.

The Board is responsible for ensuring that a corporate plan for the financial year is prepared and delivered to the Minister at least 3 months before the beginning of each financial year. The corporate plan must address, at a minimum, the matters set out in section 79 of the SA Act.

If the Board becomes aware of the occurrence of an event, or of a change in circumstances, having a significant adverse effect on the exercise of the functions of State Super, the Board must give written notice to the Minister, no later than the third business day after becoming aware of the event or change in circumstances, setting out particulars of the event or change in circumstances. The State Super Board must give written notice of an event if, as a result of the event, State Super will not, or may not, be able to make payments to beneficiaries as and when the obligation to make those payments arises.

7. Governance Framework

7.1 State Super Governance Framework

- (a) State Super will at all times have a governance framework (**Governance Framework**) that sets out how the Board oversees and exercises its authority in relation to the business of the State Super and which encompasses the totality of systems, structures, policies, processes and people within State Super's business.
- (b) The Governance Framework will include, at a minimum:
 - (i) the State Super Board Charter and the State Super Board Renewal Policy; and
 - (ii) the Delegations Framework; and
 - (iii) any of State Super's policies to manage risks relating to fitness and propriety of responsible persons, and the management of conflicts.
- (c) The State Super Board is ultimately responsible for the establishment, implementation and oversight of the Governance Framework.

- (d) The State Super Board will:
 - (i) review and approve business strategies and significant policies of State Super;
 - (ii) satisfy itself that an effective system of risk management and internal control is established and maintained; and
 - (iii) satisfy itself that senior management monitors the effectiveness of the risk management framework.
- (e) The State Super Board is responsible for ensuring a process is in place to ensure that governance risks are properly and regularly evaluated and managed by the Board. Governance risks include, but are not limited to, risks associated with:
 - (i) accountability and transparency of decision-making processes;
 - (ii) delegation of roles and responsibilities;
 - (iii) remuneration arrangements;
 - (iv) fitness and propriety; and
 - (v) the management of conflicts of interest.

7.2 Support in establishment, implementation and oversight of the Governance Framework

- (a) While the State Super Board is ultimately responsible for the establishment, implementation and oversight of the Governance Framework, it is assisted and supported by the Risk, Audit and Compliance Committee, the Human Resources & Nominations Committee and senior management.
- (b) The Risk, Audit and Compliance Committee provides independent assistance to the State Super Board by reviewing and monitoring State Super's governance, risk and control frameworks, and its external accountability requirements.
- (c) The Human Resources & Nominations Committee is responsible for;
 - (i) determining any performance criteria for the CEO; and
 - (ii) reviewing, monitoring and reporting to the Board on:
 - (A) the management of the human resources governance frameworks; and
 - (B) the human resource obligations under relevant policies including the Code of Conduct and Ethics. Breaches in relation to the relevant polices are reported to this Committee.
- (d) The Investments Committee is responsible for overseeing State Super's investment governance policies, including the Investment Policy Statement, the Investment Governance Framework, Responsible Investment Policy and the Liquidity Policy.
- (e) Senior management has responsibility for day-to-day management of State Super's business (refer Section 3.8 above).

7.3 Review of the Governance Framework

- (a) The General Counsel is responsible for conducting an internal review of the Governance Framework, and the processes flowing from it, triennially to:
 - (i) maintain its currency and ensure that it is up to date as regards to State Super's business;
 - (ii) consider any changes to the environment that impact on business and should be dealt with in the Governance Framework;
 - (iii) improve existing processes; and
 - (iv) reflect changes in relevant governing legislation, APRA or ASIC standards or policies.
- (b) The General Counsel will arrange an external review of the Governance Framework every five years. Such review should:
 - (i) verify that appropriate governance systems, structures, policies, and processes are in place; and
 - (ii) consider best practice and industry standards and make recommendations to State Super as to how to align its practices accordingly.
- (c) The General Counsel must report the results of both the internal and the external review to the Board.

7.4 Audit of the Governance Framework

The Chief Audit Executive will:

- (a) arrange for an internal audit of the Governance Framework every 3 years or as may otherwise be considered necessary; and
- (b) report the findings of the audit to the Risk, Audit and Compliance Committee.

8. Review of the Board Charter

- (a) The Company Secretary will ensure that an internal review of this Charter, and the processes flowing from it, be undertaken every 3 years (or more frequently if required) are reviewed to:
 - (i) maintain its currency and that it is up to date as regards State Super's business;
 - (ii) consider any changes to business operations;
 - (iii) reflect changes in any relevant regulatory requirements.
- (b) The Company Secretary will arrange an external review of this Charter, every five years. Such review should:
 - (i) verify that appropriate governance structures and processes are in place; and
 - (ii) consider best practice and industry standards and make recommendations as to how to align practice accordingly.

- (c) The external review will be undertaken by an external party that is operationally independent and competent and experienced in reviews of this type.
- (d) The Company Secretary will ensure that the results of any reviews completed pursuant to sections 8.1 and 8.2 are reported to the Board together with any proposed amendments for their consideration.

9. Amendments to or replacement of the Board Charter

This Board Charter may be amended or replaced by a resolution of the Board.