

Investment Governance Framework

Version 1.4

30 August 2019

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Policy Control Information

Policy Name	Investment Governance Framework
Policy Owner	Chief Investment Officer
Current Version	Version 1.4
Approval Date	30 August 2018

Version	Prepared By	Reviewed By	Approved By
Version 1.4	STC Investment Team	BIC 26 August 2019	STC Board 30 August 2019
Version 1.3	STC Project Team	STC Board June 2015	STC Board 17 June 2015
Version 1.2	STC Investment Team	Investment Committee August 2013	STC Board September 2013

1. Introduction

State Super's Investment Governance Framework ("IGF") is the totality of systems, structures, policies, processes and people to address its responsibilities about the investments of the Pooled Fund, including generating returns to meet investment objectives while managing and monitoring all identified sources of investment risk.

The Board is ultimately responsible for having an investment governance framework in place that is appropriate to the size, business mix and complexity of its business operations, enabling it to select, manage and monitor investments to achieve its investment objectives.

2. Purpose and Objective of the Framework

This document is intended to set out the framework comprising the policies and processes that govern investment activities.

3. Policies and Processes

The table below sets out State Super's IGF in a structure consistent with the requirements of APRA Prudential Standard SPS 530.

Key elements for an investment governance framework:	State Super's Investment Governance Framework
a) investment objectives for each investment option offered	<ul style="list-style-type: none"> • These are set out in State Super's Investment Policy Statement
b) a methodology for determining investment reporting measures	<ul style="list-style-type: none"> • State Super and its service providers have regard to investment reporting standards and methodologies set out by recognized professional industry bodies • The Investments & Actuarial Team undertakes ongoing research into performance and risk reporting, through a program of industry engagement and participation, and internal research
c) the investment strategy for the whole of the Pooled Fund and each investment option	<ul style="list-style-type: none"> • These are set out in the Investment Policy Statement noting there is no separate investment strategy for the whole of the Pooled Fund from the respective investment strategy for the Defined Benefit asset sub-pool, and the Defined Contribution asset sub-pool and the Universities asset sub-pool
d) all Board policies relating to investment activities	<ul style="list-style-type: none"> • The Framework operates in conjunction with a comprehensive set of policies including the: <ul style="list-style-type: none"> ○ Investment Policy Statement ○ Liquidity Policy ○ Exposure and Counterparty Limits Policy ○ Asset Valuation Policy

	<ul style="list-style-type: none"> ○ Trading and Sensitive Information Policy ○ Business Continuity Policy ○ Responsible Investment Policy
<p>e) role statements that include the details of each role’s responsibilities and reporting structures for all roles related to investment activities</p>	<ul style="list-style-type: none"> ● The Investment Policy Statement sets out a framework for investment reporting and monitoring ● The Delegation Framework sets out the responsibilities of the Board, Board Committees and CEO, as well as the reporting requirements of the Board Committees in relation to the investments ● State Super has documented position descriptions that articulate responsibilities for all investment roles ● Responsibilities and reporting requirements are set out in the contractual arrangements with external service providers including: <ul style="list-style-type: none"> ○ The Master Investment Manager ○ The Asset Consultant ○ Underlying investment managers ○ The Custodian ○ The Appointed Actuary
<p>f) structures, policies and processes for investment performance and risk measurement, assessment and reporting</p>	<ul style="list-style-type: none"> ● Comprehensive reporting is provided by external service providers to the Executive, and is subject to ongoing review and monitoring of service providers and State Super’s evolving needs ● Comprehensive reporting is provided by the Executive to the Management Investment Committee, Board Investment Committee, Risk Audit and Compliance Committee, and Board, supported by: <ul style="list-style-type: none"> ○ Clear allocation of monitoring and reporting responsibilities set out in the Delegations Framework ○ Clearly articulated work plans and meeting schedules, meeting agendas, and reporting templates

4. Review Process

APRA Prudential Standard SPS 530 also requires a review process to ensure that the investment governance framework remains effective:

- The Board Committees support the Board's oversight and management of the Framework by reviewing and monitoring the effectiveness of the Framework
- The Company Secretariat maintains a documented policy control log for all Board Policies and Frameworks
- The Executive carries out comprehensive Compliance testing and monitoring, and results are reported to the Management Investment Committee, Board Investment Committee, and Risk Audit and Compliance Committee
- This framework will be reviewed and updated, as required, every three years