

# Investment Governance Framework

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Version 1.6

7 December 2023

# Investment Governance Framework

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**Policy Control Information**

<b>Policy Name</b>	Investment Governance Framework
<b>Policy Owner</b>	Chief Investment Officer
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<b>Version</b>	<b>Prepared By</b>	<b>Reviewed By</b>	<b>Approved By</b>
Version 1.2	STC Investment Team	Investment Committee August 2013	STC Board September 2013
Version 1.3	STC Project Team	STC Board June 2015	STC Board 17 June 2015
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## 1. Introduction

State Super's Investment Governance Framework ("IGF") is the totality of systems, structures, policies, processes and people to address its responsibilities for 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 Investment Governance. The Board policy supersedes where there's a conflict.

Key elements for an investment governance framework as set out in SPS530:	State Super's Investment Governance Framework
a) investment objectives for each investment option offered	<ul style="list-style-type: none"> <li>• These are set out in State Super's Investment Policy Statement</li> </ul>
b) a methodology for determining investment reporting measures	<ul style="list-style-type: none"> <li>• State Super and its service providers have regard to investment reporting standards and methodologies set out by recognized professional industry bodies and also supports compliance with relevant reporting standards made under the <i>Financial Sector Collection of Data Act 2001</i>.</li> <li>• The Investments &amp; Actuarial Team undertakes ongoing research into performance and risk reporting, through a program of industry engagement and participation, and internal research</li> </ul>
c) the investment strategy for the whole of the Pooled Fund and each investment option	<ul style="list-style-type: none"> <li>• There is no separate investment strategy for the whole of the Pooled Fund. Investment strategies for the Defined Benefit asset sub-pool, the Defined Contribution asset sub-pool and the Universities asset sub-pool are set out in the Investment Policy Statement.</li> </ul>
d) all Board policies relating to investment activities	<ul style="list-style-type: none"> <li>• The Framework operates in conjunction with a comprehensive set of policies including the:               <ul style="list-style-type: none"> <li>○ Investment Policy Statement</li> </ul> </li> </ul>

	<ul style="list-style-type: none"> <li>○ Investment Guideline</li> <li>○ Responsible Investment Policy</li> <li>○ Risk Appetite Statement             <ul style="list-style-type: none"> <li>○ Investment Risk Appetite Statement</li> <li>○ Business Continuity Policy</li> <li>○ Trading and Sensitive Information Policy</li> </ul> </li> <li>○ Asset Valuation Policy</li> <li>○ Liquidity Policy</li> <li>○ Exposure and Counterparty Limit Policy</li> </ul>
<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"> <li>● The Investment Policy Statement sets out a framework for investment reporting and monitoring</li> <li>● 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</li> <li>● Responsibilities and reporting requirements are set out in the contractual arrangements with external service providers including:             <ul style="list-style-type: none"> <li>○ The Master Investment Manager</li> <li>○ The Asset Consultant</li> <li>○ Underlying investment managers</li> <li>○ The Custodian</li> <li>○ The Appointed Actuary</li> </ul> </li> </ul>
<p>f) structures, policies and processes relating to investment activities, including for investment performance and risk assessment and reporting to the Board and senior management</p>	<ul style="list-style-type: none"> <li>● 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</li> <li>● 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"> <li>○ Clear allocation of monitoring and reporting responsibilities set out in the Delegations Framework</li> <li>○ Clearly articulated work plans and meeting schedules, meeting agendas, and reporting templates</li> </ul> </li> </ul>
<p>g) a review process to ensure that the investment governance framework remains effective.</p>	<ul style="list-style-type: none"> <li>● See Section 4 of this Framework</li> </ul>

## 4. Review Process

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

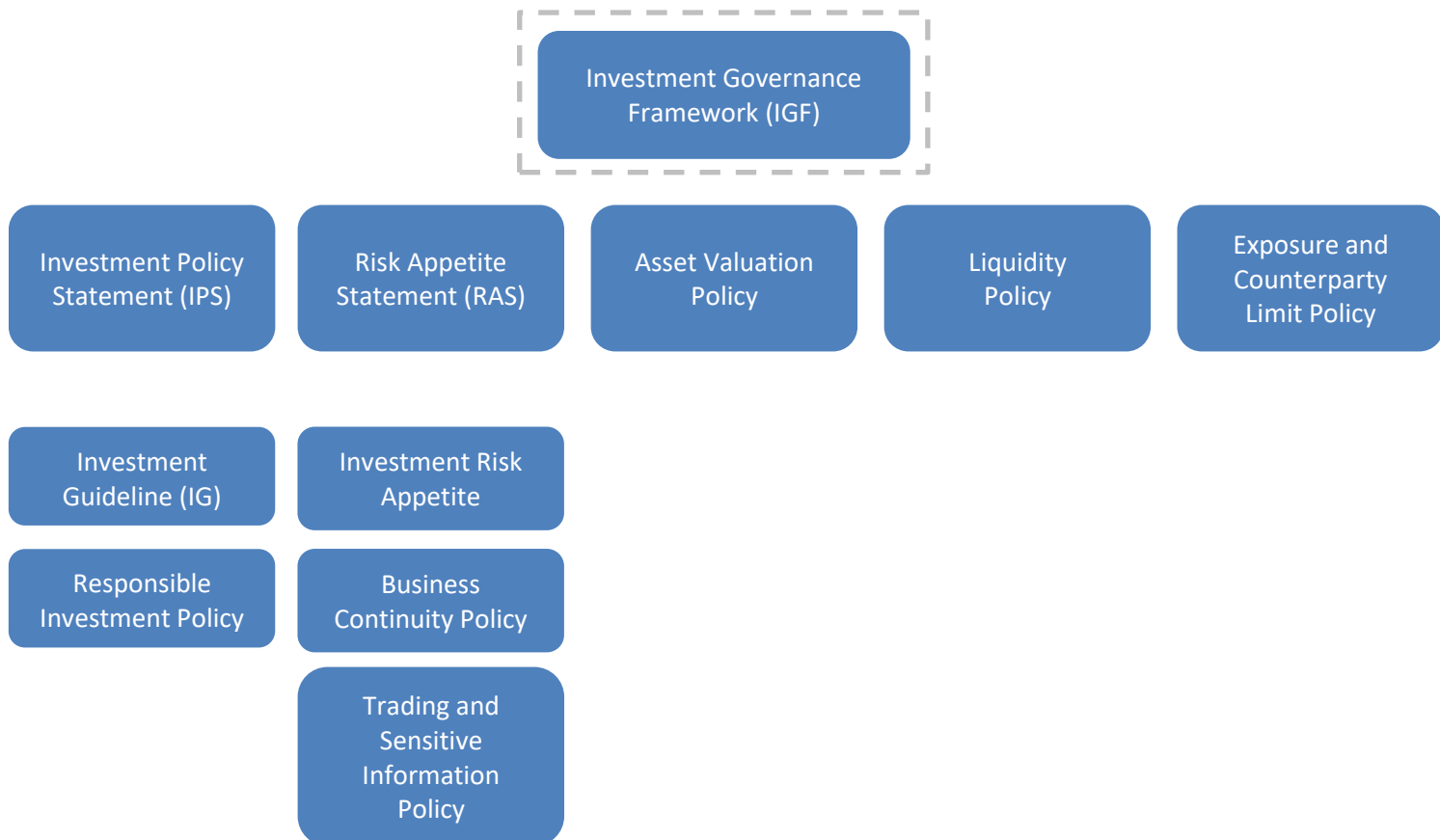
- The Board Investment and Risk, Audit and Compliance Committees support the Board's oversight and management of the Framework by reviewing and monitoring the effectiveness of the Framework
- The Company Secretariat maintains a documented policy control log for all Board Policies and Frameworks
- The Executive (Investment Control and Investment & Actuarial teams) carry out comprehensive Compliance testing and monitoring, and results are reported to the Management Investment Committee, Board Investment Committee, and Risk Audit and Compliance Committee

A comprehensive review of the IGF will be undertaken every three years by operationally independent, appropriately trained and competent persons.

The Risk Audit and Compliance Committee may require a review or an external audit of the framework at any time, but in particular if the risk profile of the organisation has changed, and where it identifies institutional, operational or other developments that materially affect the size, business mix and complexity of STC's business operations.

STC may modify, repeal and replace this framework at any time with the approval of the Board.

## 5. IGF Policy Diagram



## 6. Roles and Responsibilities

The table below summarises key investment policies and investment strategy activities and notes relevant roles and responsibilities across State Super's Board, Executive and Staff. The exercise of CEO's Delegations Framework is captured in the Investment Guideline.

	Board	Board Investment Committee (BIC)	Management Investment Committee (MIC)	Chief Investment Officer (CIO)	Investment Team	Investment Consultant	Investment Control Team
<b>Policies</b>							
Investment Governance Framework	Approve	Submit	Review	Generate	Input/Implement	Input	Implement (Facilitate)
Investment Policy Statement Investment Belief	Approve	Submit	Review	Generate	Input/Implement	Input	Implement (Facilitate)
Investment Risk Appetite Statement	Approve	Submit	Review	Generate	Input/Implement	Input	Implement (Facilitate)
Liquidity Policy	Approve	Submit	Review	Generate	Input/Implement	Input	Implement (Facilitate)
Responsible Investment Policy	Approve	Submit	Review	Generate	Input/Implement	Input	Implement (Facilitate)
<b>Investment Strategy</b>							
Return Objective	Approve	Submit		Generate	Input/Implement	Input	Implement (Facilitate)
Strategic Asset Allocation and Ranges	Approve*	Submit	Review	Generate	Input/Implement	Input	Implement (Facilitate)
Downside Overlay Budget	Approve*	Submit	Review	Generate	Input/Implement	Input	Implement (Facilitate)
CEO's Delegation (Investment)	Approve	Submit/Review		Generate	Input/Implement	Input	Implement (Facilitate)
Dynamic Asset Allocation		Approve*	Submit/Review	Generate	Input/Implement	Input	Implement (Facilitate)

\* Some approvals by the Board and the BIC may be implemented through a delegation to the CEO

### *Explanation of Terms:*

Approve: Making the decision

Submit: Approving the Submission

Implement: Implementing the decision

Input: Contributing to the report/recommendation

Generate: Reporting and preparing recommendation for decision/noting

Review: Checking the action