

# FIDUCIAN SUPERANNUATION SERVICE

## Board Renewal Policy

August 2023



## Control Sheet

<b>Policy</b>	FPSL – Board Renewal Policy
<b>Version</b>	2.8
<b>Entity</b>	Fiducian Portfolio Services Limited
<b>Date Effective</b>	August 2023
<b>Approved By</b>	Trustee
<b>Review Requirement</b>	Annual Review

## Amendment History

The following history and amendments have been made to this document:

<b>Version</b>	<b>Date / Prepared By</b>	<b>Reason for Modification</b>	<b>Approved By</b>
Version 1.0	Professional Financial Solutions 10 April 2015		
Version 2.0	OST - 27/8/15	Review by ME and OST	
Version 2.1	OST – August 2016	Annual review in accordance with Policy requirement, and review against SPS 510 Governance requirements.  Reviewed by OST & CRO	Trustee Board 30/8/16
Version 2.2	OST – August 2017	Annual review and change in Board composition	Trustee Board 25/8/17
Version 2.3	OST / RNC	Annual Review	Trustee Board 24/8/18
Version 2.4	OST / RNC	Annual Review	Trustee Board August 2019
Version 2.5	OST / RNC	Annual Review	Trustee Board August 2020
Version 2.6	OST / RNC	Annual Review	Trustee Board August 2021
Version 2.7	OST	Annual Review & Tenure Changes	Trustee Board June 2022
Version 2.8	OST	Annual Review	Trustee Board August 2023



# 1. The Board

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## 1.1 Background

1.1.1 This document sets out the procedures relating to the appointment, renewal, training, removal and succession planning for the Directors of Fiducian Portfolio Services Limited (**the Trustee**), the trustee of the Fiducian Superannuation Service, Pearl Superannuation Service, Auxilium Superannuation Service, AMFG Superannuation Service, Loyalty Wealth Superannuation, Investlink – Superannuation and any other sub-fund established under Division 1 of the Trust Deed of the Fiducian Superannuation Service (FSS, **the Fund**). In addition, this document records the Trustee's approach to ensuring that the Trustee meets the requirements relating to the appointment, renewal, training and removal of Directors as set out in:

- a. *The Superannuation Industry (Supervision) Act 1993 (the SIS Act) and Regulations (as amended).*
- b. *APRA Prudential Standard SPS 510 – Governance (July 2013) (SPS 510).*
- c. *APRA Prudential Practice Guide SPG 510 – Governance (July 2013) (SPG 510).*
- d. *Corporations Law*

1.1.1 This document should be read in conjunction with the **Trust Deed** and the **Constitution**, as well as the Trustee's **Governance Policy, Fit and Proper Policy, Remuneration Policy, Diversity Policy, Remuneration and Nominations Committee Charter, Risk Management Strategy and Risk Appetite Statement.**

## 1.2 Scope

1.1.2 This Policy covers the appointment, renewal, training, removal and succession planning for independent Directors and Directors affiliated with the Fiducian Group.

## 1.3 Composition

1.3.1 The Board must have at least five Directors at all times (not counting Alternate Directors). Notwithstanding the minimum number of Directors, at any time the Board must have a simple majority of the number of Directors as ordinarily resident in Australia. The Board may be comprised of independent Directors and Directors affiliated with the Fiducian Group.

1.3.2 The number of independent Directors must be equal to or greater than the number of Directors affiliated with the Fiducian Group.

1.3.3 The Trustee may by resolution determine the maximum number of Directors

1.3.4 The Chairperson of the Board must be an independent Director not affiliated with the Fiducian Group.

## 1.4 Power to Appoint and Remove

1.4.1 The Trustee is empowered to appoint and remove Directors pursuant to Article 6.1 of the Constitution subject to clause 2.3.2.

## 1.5 Remuneration and Nominations Committee

- 1.5.1 The Board has constituted a Remuneration and Nominations Committee, to whom it has delegated authority to act on its behalf in respect to fulfilling certain obligations associated with these Procedures.
- 1.5.2 The role, responsibilities and objectives of the Remuneration and Nominations Committee are set out in detail in the **Remuneration and Nominations Committee Charter**.

## 2. Appointment and Term

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### 2.1 Qualification

2.1.1 In order to be considered for nomination or election to the Board, an individual must:

- a. Be Tertiary qualified; and/or
- b. Show a minimum level of expertise in a field relevant to superannuation such as governance, investment, administration, consulting, senior management, financial planning, legal, accounting or other professions as follows:
  - a. Senior management, Governance, Investment, Legal, – 4 years
  - b. Administration, Consulting, Financial planning, Accounting – 6 years
- c. Display tangible behavioural characteristics such as good character, diligence, judgement, honesty and integrity.

2.1.2 An individual's tertiary qualification is required to be relevant to one or more of the competency categories detailed in the Skills Matrix contained in the Fit and Proper Policy.

2.1.3 All nominees are also required to meet the fit and proper requirements as set out in the *Corporations Act 2001*, the *Superannuation Industry (Supervision) Act 1993*, *APRA Prudential Standard SPS 520 – Fit and Proper*, and articulated in the Trustee's **Fit and Proper Policy**, prior to appointment.

2.1.4 The requirements of paragraph 2.1.1 and 2.1.2 apply equally to the appointment of independent Directors and Directors affiliated with the Fiducian Group.

### 2.2 Board Composition and Diversity

2.2.1 In its consideration of an individual for appointment as a Director the Board will consider the objectives that it has set in its Board Diversity Policy.

2.2.2 The Board will review and consider the overall collective competencies, experience, qualifications and expertise of the Board, including the identification of any deficiencies, to provide guidance in the Board's succession plan and training requirements. This review will be conducted by the General Counsel as part of the annual review of the Board's skills and competencies matrix. The results of the review will be provided to Chief Risk Officer as input into the analysis of both individual and collective Director training requirements.

### 2.3 Nomination

2.3.1 An individual will be eligible for nomination as an independent Director so long as they do not meet one or more of the criteria outlined in Section 2.2.2 below.

2.3.2 An individual will not be eligible for nomination as an independent Director if they are:

- a. Employed by a service provider or otherwise associated directly or indirectly with a service provider.
- b. Consultants and advisors (including their employees) of the Fund or any other fund or perceived competitor (includes tax advisors and auditors).
- c. Employed by the Fund or any associated company or body thereof.

- d. A former employee of the Fund or any associated company or body (for a period of three (3) years after ceasing such employment).
- e. A Director of another fund or of a direct competitor in the marketplace.
- f. An individual who has completed in aggregate, including through different periods, twelve (12) or more years as a Director of the Fund and/or
- g. Otherwise the holder of a conflict of interest deemed to be so by the Chairman at the time of the nomination process. If the Chair concludes that the conflict will not create a material risk that the person will fail to perform properly the duties of a Trustee then the person may be eligible for nomination.

## 2.4 Term of Office

- 2.4.1 A period of appointment for each Director is for a period not exceeding 3 years following their most recent appointment.
- 2.4.2 Subject to Section 2.3.3 below, Directors may serve a maximum of four (4) terms of office. The Trustee is confident that a maximum term of twelve (12) years will not, and will not be reasonably perceived to, materially interfere with a Director's ability to act in the best interests of beneficiaries.<sup>1</sup>
- 2.4.3 It is the Directors intention that one third of Directors will retire on a three year rolling basis, with the basis to be determined by the Directors. The Directors will have regard to maintaining an appropriate mix of skill and experience in their initial determination of the order of retirement.
- 2.4.4 At the cessation of each Director's term of office, and should the Director be seeking reappointment (other than the cessation of the Director's maximum term of office) the Trustee, in addition to meeting the requirements of clauses 2.1 and 2.2, will review the appointed Director's conformity with, and ability to continue to conform with, the propriety and competency requirements outlined in the Trustee's **Fit and Proper Policy** and consider whether it is appropriate that the individual stand for re-election.
- 2.4.5 If the Director is not seeking reappointment, the remaining Directors shall seek nominations from persons satisfying the requirements of clauses 2.1 and 2.2, and within the time frame specified in clause 3.1.4.
- 2.4.6 The Trustee is confident that this renewal policy, with its staggered terms of tenure, ensures that the Board remains open to new ideas and independent thinking, whilst supporting continuity and the appropriate transfer of knowledge and skills.

## 2.5 FPSL Board Chairman

- 2.5.1 The FPSL Chairman is to be an independent Director not affiliated with the Fiducian Group.

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<sup>1</sup> See **APRA Prudential Standard SPS 510 – Governance (Paragraph 20)**.

### 3. Vacation, Retirement or Removal of Directors

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- 3.1.1 A Director shall be removed if the person is or becomes a disqualified person under section 120 of the *Superannuation Industry (Supervision) Act 1993* or Part 2D.6 of the *Corporations Act 2001*.
- 3.1.2 The Office of an independent Director immediately becomes vacant:
- a. If a Director's circumstances change during their term of office so that they now meet one or more of the criteria outlined in Section 2.2.2 above.
  - b. As detailed in Article 6.2 of the Constitution.
  - c. If a Director fails a condition of appointment as outlined in the Trustee's **Fit and Proper Policy**.
  - d. If a Director fails to maintain the propriety and/or competency requirements as outlined in the Trustee's **Fit and Proper Policy**.
  - e. On the expiration of the Director's term of office.
- 3.1.3 A Director must retire from office on the completion of a 3 year term and may be reappointed for a term or terms not exceeding 3 years up to the maximum term detailed in Section 2.3 above.
- 3.1.4 Any vacancy must be filled within sixty (60) days (or such other period prescribed by the Superannuation Law) of the vacancy occurring.



## 4. Board Succession Plan

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4.1 The Board of FPSL currently comprises:

- 2 Directors affiliated with Fiducian Group Limited (FGL)
- 4 unaffiliated Directors

FPSL is the Trustee of the Fiducian Superannuation Service, a public offer superannuation fund platform. As such it is regulated by the Prudential Standards and other controls established by APRA.

FPSL is also the fully owned subsidiary of Fiducian Group Limited (FGL) and thus has to overlay the corporate responsibilities of FGL with its statutory obligations under APRA regulations.

It is thus apparent that FGL and FPSL have to jointly facilitate the appointment of a new or renewing Director to FPSL. In this regard, FPSL has established policies which describe the skill set of potential new or renewing Directors.

Directors serve terms of three years, subject to a maximum of four terms. At the end of each term the Board needs to review their appointment in relation to the following standards.

4.2 The Governance Policy of FPSL covers the appointment of a new Director (including the renewal of existing Directors) as follows:

*'In order to be considered for nomination or election to the Board, an individual must:*

- a. Be Tertiary qualified, and/or;*
- b. Show expertise in a field relevant to superannuation such as governance, investment, administration, consulting, management, financial planning, legal, accounting or other professions.*

*All nominees are also required to meet the fit and proper requirements as set out in the Corporations Act 2001, the Superannuation Industry (Supervision) Act 1993, APRA Prudential Standard SPS 520 – Fit and Proper, and articulated in the Trustee's **Fit and Proper Policy**, prior to appointment."*

The Governance Policy further goes on to set out the qualities of a Director that FPSL requires:

*"The Trustee abides by the following governance principles in order to underpin a sound and effective governance framework:*

- a. **Responsibility** — the Board is ultimately responsible and accountable for the decisions and actions taken by the Trustee.*
- b. **Independence** — the Board discharges its review and oversight role effectively and independent of the interests of dominant shareholders, management and competing or conflicting business interests.*
- c. **Renewal** — the Board has a policy of renewal which provides for fresh insight and general reinvigoration of the Board while also ensuring ongoing understanding of the business of the Trustee.*
- d. **Expertise** — the Board has the necessary expertise to fulfil its role and functions, and if required has access to independent expertise that can be called upon as and when required to provide advice to the Board on any particular matter.*
- e. **Diligence** — the Board discharges its duties and responsibilities carefully and conscientiously.*

- f. **Prudence** — *the Board has a clear focus on the prudent management of the Trustee’s business operations.*
- g. **Transparency** — *the Board is open and honest in its dealings on behalf of the Trustee.*
- h. **Oversight** — *the Board is able to satisfy itself that the management and operation of the Trustee conforms to its strategy, direction and policies.”*

4.3 The FPSL Fit and Proper Policy goes further into detailing the skills required of new and renewing Directors and the impact of the appointment of said Director on the overall competency rating of the Board and on the ability for the the Board to meet the strategic objectives outlined in the Business Plan. A review of these competencies would be conducted on an annual basis.

Given the skill set described above, both the industry knowledge of FGL Directors and FPSL Directors would be pooled to find potential candidates. If required external executive search firms would also be engaged to facilitate the search process.

Having established credentials of a potential new Director, the Remuneration and Nominations Committee would conduct the interview process before making a recommendation to the FPSL Board. The FPSL Board would continue the interview process with the preferred candidate and would make the appointment subject to ratification by the FGL Board.

With regard to the re-appointment of an existing Director, the Remuneration and Nominations Committee would review the credentials of the Director having regard to the requirements of the Governance Policy and Fit and Proper Policy (as outlined above). A recommendation from the Committee would be made to the FPSL Board for discussion and ratification.

## **5. Review Process**

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### **5.1 Annual Review of Policy**

- 5.1.1 The Directors will ensure that a review of the appropriateness, effectiveness and adequacy of the Board Renewal Policy is undertaken on an annual basis.
- 5.1.2 Prior to the commencement of this review, the Directors will determine whether the review will be undertaken internally, or outsourced to an appropriately qualified and experienced service provider who is operationally independent from the Board, or a combination of both.
- 5.1.3 The results of the review will be reported to the Directors as part of the next scheduled meeting following completion of the review.

### **5.2 Annual Review of Director Training Requirements**

- 5.2.1 The Board will ensure that a review of the ongoing training requirements for both the Board collectively and individual Directors is undertaken on an annual basis.
- 5.2.2 The assessment of the collective and individual ongoing training requirements will be made by the Chief Risk Officer in conjunction with the General Counsel during the annual completion of the Board's skills and competencies matrix, and will include an assessment of.
  - a. Alignment of the the Board's collective skills with its strategic business plan
  - b. Alignment of the the Board's collective skills with key risks identified in its strategic business plan
  - c. The Board's ongoing composition and diversity
  - d. Insights provided through reports provided by external providers
- 5.2.3 Following completion of the review the Chief Risk Officer will prepare for the Board a Consolidated Summary of Director Training.