

# FIDUCIAN SUPERANNUATION SERVICE

## Board Renewal Policy

August 2018



## Control Sheet

<b>Policy</b>	FPSL – Board Renewal Policy
<b>Version</b>	2.3
<b>Entity</b>	Fiducian Portfolio Services Limited
<b>Date Effective</b>	August 2018
<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	Cameron Webb 27/8/15	Review by ME and OST	
Version 2.1	Cameron Webb – 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

# 1. The Board

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## 1.1 Background

1.1.1 This document sets out the procedures relating to the appointment, renewal and removal of the Directors of Fiducian Portfolio Services Limited (**the Trustee**), the trustee of the Fiducian Superannuation Service (**the Fund**), and records its approach to ensuring that the Trustee meets the requirements relating to the appointment, renewal 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, Remuneration and Nominations Committee Charter, Risk Management Strategy and Risk Appetite Statement**.

## 1.2 Scope

1.1.2 This Policy covers the appointment, renewal and removal of 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 expertise in a field relevant to superannuation such as governance, investment, administration, consulting, management, financial planning, legal, accounting or other professions.

2.1.2 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.

2.1.3 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 Nomination

2.2.1 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.

2.2.2 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, fifteen (15) 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.

### 2.3 Term of Office

2.3.1 A period of appointment for each Director is for a period not exceeding 3 years following their most recent appointment.

2.3.2 Subject to Section 2.3.3 below, Directors may serve a maximum of five (5) terms of office. The Trustee is confident that a maximum term of fifteen (15) 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>

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

- 2.3.3 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.
- 2.3.4 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.
- 2.3.5 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.
- 2.3.6 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.

## **2.4 FPSL Board Chairman**

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

### 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. Policy Review Process**

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### **4.1 Annual Review**

- 4.1.1 The Directors will ensure that a review of the appropriateness, effectiveness and adequacy of the Board Renewal Policy is undertaken on an annual basis.
- 4.1.2 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.
- 4.1.3 The results of the review will be reported to the Directors as part of the next scheduled meeting following completion of the review.