

Super Members Investments Limited

Board Charter

25 June 2014

Preamble

Super Members Investments Limited (**SMI**) was established and operates in accordance with its Constitution dated 21 February 2001 as amended from time to time. The purpose of SMI is to manage and oversee the **Businesses** and are described in the attachment to this Charter. These businesses are established and operated by SMI on behalf of its parent company Industry Fund Services Limited (IFS) and the IFS shareholder superannuation funds (**Shareholder Funds**).

The Board governs SMI by establishing, maintaining and monitoring sound strategies, structures and processes for the operation of SMI and meeting best practice standards and ethical conduct across all of its operations.

The Board recognises that each of its ultimate shareholders, as Trustee of a superannuation fund, carries a higher level of fiduciary responsibility to its members than does the Board of a typical private or public company. As SMI acts at all times in the best interests of its ultimate shareholders to the extent permitted by law, it is appropriate the Board actively pursue the aim of achieving and maintaining a similar level of responsibility in all of its dealings.

1. Objective

1.1 This Charter outlines and supplements the elements of the Constitution of Super Members Investments Limited (**Company**) which governs the conduct of the board of Directors (**Board**) and the regulation of meetings. The Charter sets out the Board's role and responsibilities, composition and operational matters relevant to the functioning of the Board.

1.2 The fundamental role of the Board is to:

- oversee the Company including its control and accountability systems;
- appoint and remove the General Manager (GM) and evaluate his or her performance;
- provide input into and final approval of the corporate strategy including performance objectives;
- review, ratify and monitor systems of risk management and internal control, codes of conduct, and legal and regulatory compliance;
- monitor the implementation of corporate strategy;
- approve and monitor the progress of major capital or corporate projects;
- ensure appropriate resources are available to senior executives; and
- approve and monitor financial and other external reporting.

2. Board role and responsibilities

General

2.1 Subject to the formal Delegations of Authority (as amended from time to time) and the Constitution, the Board delegates responsibility for the day to day operation and management of the Company's business to the GM. The Board's function will be limited to an oversight role and those matters the Board is expressly required by law to approve (such as approval of the annual accounts, financial reports, Regulatory returns and the appointment and removal of auditors). In addition, the Board reserves for itself the following:

- approval of any strategic plan and business plan;
- approval of annual operating and capital budgets;
- approval of new products and services;

- appointment and removal of the GM and Company Secretary;
- appointment and removal of Board Committees;
- review and approval of the Board Charters;
- approval of risk management strategies and risk management plans;
- enter into contracts with outsourced providers for material services;

approve appointment of and changes to Responsible Managers, Responsible Officers & nominees under various regulatory licences.

- 2.2 Subject to the limitations imposed by the Company's Constitution, statute and other regulations, the Board retains discretion to alter the Board's role and responsibilities. The Board's role and responsibilities includes, but is not limited to the matters set out in this section.

Governance

- 2.3 Review, approve and revise the delegations of authority from the Board to the GM and significant delegations from the GM to senior management.
- 2.4 Determine the need to establish specific Board Committees, establish charters under which the Board Committees operate, oversee and review the work of the Board Committees including receive recommendations from the Board Committees.
- 2.5 Develop and implement a process for assessing the performance of the Board including an external assessment.
- 2.6 Through representation at the IFS Director Nominations Committee, and reflecting the requirement that any new director must already hold the position of director of IFS Ltd as parent company, identify candidates for nomination as new Directors or to fill Board vacancies and establish plans for the succession of the Chair, GM and Board members.
- 2.7 Attend to matters referred by the Chair, GM, Committees or senior management.

Strategic and business planning

- 2.8 Contribute to the development of the Company's strategy and objectives and approving the Company's strategic plan.

- 2.9 Adopt the Company's business plan and budgets.
- 2.10 Approve and monitor major projects including major capital expenditure and significant initiatives or opportunities arising outside the Company's planning and budgeting process.
- 2.11 Oversee the conduct and performance of the Company and its controlled entities to ensure they are being appropriately managed.

Risk management, internal control and compliance

Reflecting recommendations received from the SMI Audit Risk & Compliance Committee:

- 2.12 Define the Company's risk appetite, approve and oversee the Company's enterprise wide risk management framework including monitoring its effectiveness and reviewing the management of major/significant risks.
- 2.13 Oversee, review and monitor the operation, adequacy and effectiveness of the Company's internal control framework.
- 2.14 Approve, review and monitor adherence with the Company's policies established for compliance with legislative and regulatory requirements.
- 2.15 Monitor or review any litigation or matter which may attract significant adverse public, government, regulatory or other interest.
- 2.16 Encourage the reporting of unlawful or unethical behaviour and ensure that management and employees are protected where violations are reported in good faith.

Financial reporting, audit and oversight

- 2.17 Oversee the Company's financial position
- 2.18 Declare or recommend dividends;
- 2.19 Approve the annual audited financial statements of the Company.
- 2.20 Appoint or remove the Company's external auditor based on the recommendations of the Audit, Risk and Compliance Committee.

3. Composition

- 3.1 Clause 17(b) of the Company's Constitution prescribes a minimum of four Directors and a maximum number (if any) of Directors to be determined by the Directors, and that the minimum number of Australian resident Directors must be at least a simple majority of the total number of Directors. The Board considers that the optimum number of Directors shall be between four and six directors for the purpose of efficient Board functioning. This does not preclude the Board reviewing the number of Directors on the Board in the future. The Board should comprise of non-executive Directors only.
- 3.2 Each Director's term of office is 3 years. Directors may serve successive terms of office.
- 3.3 If a Director is or becomes aware of any information, facts or circumstances which impair a Director's ability to discharge their responsibilities on the Board then the Director must immediately disclose all relevant details in writing to the Chair and Company Secretary. Each Director has an obligation to declare any change to their previously submitted position with respect to the Standing Notice of Personal Interests. Furthermore each Director should confirm at the commencement of every Board meeting, whether there is anything that could make them ineligible to remain a director or to participate in a discussion on a specified Board agenda item.
- 3.4 Where a Director has a material personal interest in a matter that relates to the affairs of SMI which could create a potential conflict of interest then:
- (a) The Director should fully disclose and give details of the nature and extent of the material personal interest that raises the potential conflict of interest with respect to a Director's duties and the relationship of the interest to the affairs of SMI at a board meeting as soon as practicable after the Director becomes aware of their interest in the matter;
 - (b) The obligation for the Director to disclose an interest is predicated on their honesty and ethics to present all relevant information to the Board so that an informed decision can be made by the Board on the matter;
 - (c) It is important that a Director must not be present at a meeting of the Board or a committee of the Board while the matter is being considered, or be present and vote on the matter unless the Directors who do not have material personal interest in the matter have resolved that the Board is satisfied that the interest specified in the resolution should not disqualify the Director from being present or being present and voting. In these circumstances, the SMI Board may proceed with

any transaction that relates to the interest and the Director may participate in the execution of any relevant document by or on behalf of SMI;

- (d) In the context of this policy material personal interest arises where a Director personal interest may be affected by a board's decision on the matter. Material personal interests are not limited to financial or pecuniary interests and can be an indirect or direct interest.
- 3.5 The Board shall comprise Directors with a range of backgrounds and experience. Persons nominated as Directors are expected to have qualifications, experience and expertise of benefit to the Company. The Board will review from time to time the qualifications and skills of the Directors on the Board and determine whether the composition remains appropriate for the Company.
- 3.6 Each director may, under clause 21 of the Constitution, appoint any person to act in his or her place for any period which the Director thinks fit. Clause 21 (b)(i) requires that an alternate director is competent to exercise all powers or duties of the Director who appointed him or her.
- 3.7 The Directors may appoint any person as a Director either to fill a casual vacancy or in addition to the existing Directors in accordance with Clause 17(e) of the Constitution provided that the person already holds the position of director of IFS Ltd. Non-executive Directors will be engaged under a letter of appointment signed by the Chair or his or her delegate. Persons nominated for appointment as Directors must satisfy all applicable legal, regulatory and Board policy requirements at the time of appointment and on an ongoing basis. The appointment of the Director is provisional until appropriate legal and compliance checks are completed. i.e. police and bankruptcy checks.
- 3.8 Appointment of directors, other than for the purpose of filling a casual vacancy, or as otherwise allowed under Clause 16.2 (b), is governed the role of the Director Nomination Committee, and the vote of shareholders of Industry Super Holdings Pty Ltd. The role of the Directors Nomination Committee and procedures for election of directors is set out under Clause 16.3 and Attachment 1 of the Constitution.
- 3.9 Non-executive members of the Board shall be entitled to receive remuneration as determined by the Board and in accordance with Clause 18 of the Constitution.

- 3.10 The Board shall implement and maintain a program to induct and train Directors. This may require members of the Board to undertake training and development to enable the Board to possess the necessary knowledge, skills and competencies to carry out its responsibilities under this Charter.

Chair of the Board

- 3.11 The Directors may under Clause 23(a) of the Company's Constitution appoint a Director to be Chair of the Board and to determine the period he or she shall hold office. The Chair shall have the authority to act for and represent the Board in between meetings including engaging with the CEO. The Chair will report to the Board as appropriate on decisions and actions taken between Board meetings.
- 3.12 The Chair is responsible for ensuring the Board functions efficiently and effectively and to chair all meetings of Directors. The Board will identify a non-executive Director to act as Chair in the event that the Chair is unable to do so for any reason. If the Chair or his or her delegate is absent for a meeting, the Directors present at the meeting shall elect a non-executive Director present to chair that particular meeting.
- 3.13 The Chair will establish the frequency of Board meetings and the agenda in consultation with the CEO. Any Director may request that an item be included in the agenda. Furthermore, the request for additional agenda items requested by a Director should proceed through the Chair or Company Secretary.

4. General Manager

- 4.1 The GM is accountable to the Board for the authority that is delegated to the GM and for the performance of the SMI Group.
- 4.2 The GM report to the Board at each meeting and report in a timely manner - any material developments and emerging issues. Information provided to the Board must be clear and concise, accurate, up-to-date and in a form that enables the Board to understand, assess, conduct inquiries and obtain assurance that the decisions and actions of the GM are consistent with corporate strategy and Instrument of Delegation. Information may be in the form of reports, briefings or presentations at Board meetings or at other times throughout the year. The Board may determine the information requirements including making direct requests for information from the GM or any employee of IFS, the external auditor or any other party.
- 4.3 The GM will ensure the attendance of senior executives at Board or Committee meetings as required to ensure regular discussion between the Board and the management group and to assist the Board to gain a sound understanding of the operations of SMI.
- 4.4 The GM will keep the Board informed of all important matters that require reporting outside of the normal reporting cycle, including any significant financial deviations and significant communication with regulators.
- 4.5 The GM will be the chief media spokesperson for the company except where the Chair elects to speak on behalf of the Company.

5. Company Secretary

- 5.1 The Company Secretary is accountable to the Board and his or her appointment and removal is a responsibility of the Board.
- 5.2 The Company Secretary shall provide advice to the Chair and the Board on governance matters and enable the efficient operation of the Board.
- 5.3 The Company Secretary shall obtain legal and other relevant advice at the request of the Board or Board Committees.

- 5.4 The Company Secretary will establish and maintain the information systems and processes required by the Board to fulfil its role.

6. Board committees

- 6.1 In accordance with Clause 22(d) of the Company's Constitution, the Board may from time to time establish committees to assist it in carrying out its responsibilities in monitoring the management of SMI. The Board will adopt charters setting out matters relevant to the role, composition, responsibilities and administration of those committees. The committees will have access to adequate resources to carry out their activities effectively.
- 6.2 Each committee will be composed of Directors determined by the Board to be best suited to fulfil the Committee's Charter.
- 6.3 The Chair of each Committee will regularly report to the Board concerning the Committee's activities and will table the minutes of the Committee at the Board meeting following each Committee meeting.
- 6.4 Committees will be required to make recommendations to the Board so that the Board can proceed with and make decisions on an informed basis in the best interests of SMI.
- 6.5 The IFS Audit Risk and Compliance Committee operate under a charter adopted by the Board of Industry Fund Services Pty Ltd, the 100% shareholder of SMI. The Board of SMI has appointed the IFS Audit Risk and Compliance Committee to undertake the role as set out in the Committee's charter, and to make recommendations to the Board.

7. Access to independent professional advice

- 7.1 Each Director may, with the consent of the Chair and the assistance of the Company Secretary, obtain independent professional advice at the Company's expense on any matter connected with the proper exercise of their powers and duties as a Director. In order to obtain the consent of the Chair, the Director will scope out the reasons for seeking the independent professional advice and the projected costs of the proposed advice and will provide this to the Chair for their consideration. A copy of the independent professional advice provided to the Director will be made available to the Chair, who may distribute it to all Directors.

8. Board evaluation

- 8.1 The Board will conduct annual performance evaluations encompassing the collective Board, Committees established by the Board, the Chair, individual Directors and the governance processes that support the functions of the Board. An external review of Board performance will be undertaken on a biennial basis and on an internal basis on alternate years. The purpose of the performance evaluation is to ensure that individual directors and the Board as a whole, continually find ways to operate more effectively and strategically in the interests of SMI.

9. Board Meetings and procedural requirements

- 9.1 The Board will establish an annual program of Board and Committee meetings. The Board will meet at other times as considered necessary by the Board or the Chair. Directors will use all reasonable endeavours to attend Board meetings in person. A Director who is unable to attend a Board meeting must notify the Chair and Company Secretary as soon as practicable and provide reasons for the non-attendance. The Board at its discretion may invite any person to attend meetings of the Board.
- 9.2 A notice of each meeting confirming the date, time, venue and agenda will be forwarded to each member of the Board in the week prior to the date of the meeting. The notice will include supporting papers to enable agenda items to be discussed.
- 9.3 Clause 23 outlines the requirements in relation to proceedings of Directors meetings including the election of a chair, meeting requirements, quorums and voting provisions.
- 9.4 If considered necessary by the Chair, meetings other than in person may occur in accordance with Clause 23(d) and (e) using a circular or written resolution, conference call or other electronic communication method.
- 9.5 Minutes of Board meetings and resolutions are to be kept by the Company Secretary. The Company Secretary will distribute minutes to all Board members following preliminary review by the Chair. The draft minutes will be circulated for adoption at the next meeting of the Board.

- 9.6 To ensure Board meetings are constructive:
- (a) the Board will seek to focus on strategic/directional issues rather than day-to-day responsibilities of management;
 - (b) a list of action items will be maintained by the Company Secretary to ensure all outstanding matters are considered, such list is to be included with the Board papers as a standing agenda item;
 - (c) as a standing agenda item Directors must confirm that they are not aware of any new conflicts that they have not previously declared;
 - (d) Directors, in addition to their standing declarations, will declare any specific conflicts of interest arising from the business of a particular meeting. Any such conflicts will be recorded in the minutes of the meeting.
- 9.7 The Chairman will recommend to the Board whether any action is required in response to a Director's declaration of a specific conflict of interest. These actions may include:
- (a) the conflicted Director abstaining from voting on the matter;
 - (b) the conflicted Director being absent from the meeting when the matter is discussed;
 - (c) the conflicted Director being excluded from information about the matter;
 - (d) the Board will then determine the response and the conflicted Director will respect the Board's decision;
 - (e) each Director will use his or her range of skills, knowledge and experiences in the promotion of the best interests of the Company;
 - (f) Directors commit to a collective decision-making process in which they actively participate. Directors will debate issues openly and constructively and will be free to express their individual judgments and perspectives. Directors will respect the contributions of other Directors. Once a decision is made, all Directors are bound by the decision and will refrain from expressing any public dissent.
 - (g) Directors will maintain strict confidentiality in respect of all matters considered by the Board.
- 9.8 Consideration by the directors of situations giving rise to a conflict of interest is to be undertaken in accordance with the SMI Fit & Proper Policy

10. Availability and review of Charter

- 10.1 The Charter will be available to each Board member, external and internal auditors, regulators and stakeholders.
- 10.2 The Board will review this Charter and the charters of any established committees from time to time and make any required or desirable amendments to ensure they remain consistent with the Board's role, responsibilities, current applicable laws and best practice.

11. Inconsistency with Constitution

- 11.1 Proceedings and meetings of the Board are governed by the provisions of the Company's Constitution. To the extent that there is an inconsistency between this Charter and the Company's Constitution, the Constitution shall prevail.

ANNEXURE A

Attachment A – Director Nominations Committee

The role of the Director Nominations Committee

The role of the Director Nominations Committee is to:

- B1 assess all persons nominated as director candidates, including existing directors, prior to election as a director;
- B2 set a formal and transparent procedure for selecting candidates for appointment to the board as a director;
- B3 develop criteria for selection of candidates for the board in the context of the board's existing composition and structure, retaining adequate expertise while remaining open to new ideas and independent thinking;
- B4 make recommendations to the board and the Holding Company Shareholders on the appointment and removal of directors;
- B5 develop succession plans; and
- B6 ensure that proceedings of all meetings are minuted and signed by the Committee Chair and provided to the board and Holding Company Shareholders within 6 working days of each meeting.

Attachment B – Board Renewal Policy

Board Renewal Policy

1. IFI accepts that board renewal involves both changes in the composition of the Board from time to time as well as mechanisms to keep members abreast of ongoing changes in the financial sector and the community more generally.

2. The Company has a Fit and Proper Policy, which requires directors to possess appropriate qualifications and experience, together with sound judgement and integrity. The Board will both periodically review these competencies to ensure that the mix remains appropriate as the organisation grows and conditions change, as well as ensuring that there are mechanisms for the regular performance assessment of directors.

3. IFI has the capacity within its Constitution to increase the number of directors on the Board. The Board will consider this question from time to time. Through their network of contacts, or using the capabilities of professional advisers, Board members in conjunction with members of the Directors' Nomination Committee are able to identify appropriate individuals with the requisite competencies who might be considered potential Board members.

4. The Directors are rotated through the mechanisms contained in the Constitution of its parent company Industry Fund Services Ltd, which require one-third of Directors to retire each year, with a three year Rotation Period for each Director. Directors retiring by rotation may stand for re-appointment. This process will be used to periodically review and recommend changes in the composition of the Board.

5. The Company exposes its directors to new developments through the material considered in Board papers, and by encouraging attendance at forums and courses relevant to the industry. The Audit, Risk and Governance Committee is responsible for ensuring continuing education is provided to directors on emerging trends and industry and product developments.

6. The Company is a unlisted public company, with its ultimate holding company Industry Super Holdings Pty Ltd having fewer than 50 members. It accepts that changes in the composition of the Board are ultimately the prerogative of the shareholders having regard to the Board's election processes.

Document Control

Document Owner

Name	Position
A Steggall	Company Secretary

Change Record

Author	Date	Change
A Steggall	2 June 2011	Minor edits as directed by SMI Board at 1 June 2011 meeting
A Steggall & G Grant	24 January 2012	Changes to reflect role of General Manager
A Steggall & G Grant	Aug 2013	Periodic review & update
A Steggall	June 2014	Changes to comply with SPS 510

Approval

Name	Date	Evidence
SMI Board	1 June 2011	Minutes of meeting held 1 June 2011, subject to minor edits
SMI Board	14 February 2012	Minutes of meeting held 14 February 2011, subject to minor edits
SMI Board	28 Aug 2013	Minutes of meeting held 28 August 2013
SMI Board	25 June 2014	Minutes of meeting held 25 June 2014