



FY2020 REPORT: AIST GOVERNANCE CODE

Fund name:

First Super

Date of report:

21/09/2020

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Scheduled Date of approval by the Board:

08/12/2020

Date of submission to AIST:

15/12/2020

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Requirement	Compliance level Please select one:	Explanation & evidence (pls copy in links and/or supply documents)	List changes made in FY2020	Planned improvement activities
<p>1.1 A profit-to-member superannuation Board must:</p> <ul style="list-style-type: none"> conduct all appropriate enquiries to ensure that nominees have the appropriate skills and experience before appointing a person as a trustee director; for the appointment of representative directors in particular, this includes engagement with sponsoring organisations. 	<input checked="" type="checkbox"/> Full <input type="checkbox"/> Partial <input type="checkbox"/> Does not/cannot comply	<p>First Super has a defined policy that outlines the process for director selection, appointment, duration of appointment and re-appointment. The Fit and Proper Policy also outlines key legislative and regulatory obligations of directors. When a vacancy on the board occurs for employer sponsored or employee representative positions, relevant shareholders are engaged to provide nominees.</p> <p>Prior to re-appointment of directors relevant shareholder views are sought on whether re-appointment should take place.</p> <p>Attachment: 114 - Board Renewal Policy V1 December 2019</p>	<p>Adoption of Board Renewal Policy</p>	
<p>1.2 A profit-to-member superannuation fund must have a written agreement with each trustee director and senior executive setting out the terms of their appointment.</p>	<input checked="" type="checkbox"/> Full <input type="checkbox"/> Partial <input type="checkbox"/> Does not/cannot comply	<p>Each employee of the Fund has a written position description which outlines the terms of engagement.</p> <p>Directors are provided with a letter of appointment setting out terms and conditions of appointment to which they must consent.</p> <p>Attachment: 111 Governance Charter V8 December 2019</p>	<p>Director Manual updated</p>	

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<p>1.3 The fund’s company secretary is accountable directly to the Board, through the Chair, on all matters concerning effective Board operations and must provide every assistance to the Board to fulfil their obligations in acting in the best interests of members. The Chief Executive Officer must not be the company secretary.</p>	<p><input checked="" type="checkbox"/> Full <input type="checkbox"/> Partial <input type="checkbox"/> Does not/cannot comply</p>	<p>The Fund's Executive Manager - Governance is Company Secretary and has reporting lines to both the CEO and Co-Chairs. There is no impediment for the Company Secretary to approach the Co-Chairs on any Board related matter.</p> <p>Attachment: Position Description - EM Governance Attachment: 111 Governance Charter December 2019</p>	<p>EM Governance Position description updated</p>	<p>None</p>

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<p>1.4 Profit-to-member superannuation funds must have a written diversity policy, appropriate to the circumstances of the fund, which sets out clear and measurable objectives and provides for annual reporting to the Board and members. This policy must establish objectives concerning gender balance as a minimum, with other forms of diversity considered by the fund as appropriate. Objectives must relate to processes, which may, but do not necessarily, include targets for participation at Board and management levels, to ensure that the fund taps the broadest talent pool and is responsive to the needs of all its members.</p>	<p><input checked="" type="checkbox"/> Full <input type="checkbox"/> Partial <input type="checkbox"/> Does not/cannot comply</p>	<p>The Fund has an active Diversity and Inclusion policy which was last updated in June 2020. The Governance Charter outlines Board Structure and consideration of diversity, skills, culture and background. The Fund is a member of the 30% Club and the Board currently has a 50/50 split of women directors. The board considers diversity an important aspect and is pleased to have one of Victoria’s Indigenous leaders as an independent director who was appointed in September 2017.</p> <p>We feel our diversity and inclusion policy is appropriate for the size of the fund. Attachment: 308 Diversity and Inclusion Policy V2 June 2020 Attachment 111 - Governance Charter</p>	<p>Policy updated in 2020, change to periodicity of review to annual, change supporting policy cross referencing</p>	<p>Remote Working Policy under review</p>

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<p>1.5 In accordance with SPS510, profit-to-member superannuation funds must have:</p> <ul style="list-style-type: none"> • annual procedures to evaluate the performance of the Board; • annual procedures to evaluate individual trustee directors. <p>The fund must:</p> <ul style="list-style-type: none"> • disclose a summary of those procedures and; • confirm annually that the performance evaluations were undertaken during the reporting period. 	<p><input checked="" type="checkbox"/> Full</p> <p><input type="checkbox"/> Partial</p> <p><input type="checkbox"/> Does not/cannot comply</p>	<p>The Fund's Governance Charter outlines how SPS510 will be met regarding reviews of Director and Board Performance. The Board reviews its own performance in managing its powers, duties and obligations using the processes set out in its Fit and Proper Policy. These include annual consideration of Board performance, Board Committee performance and assessment of Directors and Officers against pre-set criteria for evaluating fitness and propriety. The purpose of this review is to ensure that the directors and senior management:</p> <ul style="list-style-type: none"> • collectively, have the full range of skills needed for the effective and prudent operation of the Trustee's business operations; • possess skills that allow them to make an effective contribution to the Trustee's business operations; and • are operating efficiently and effectively. <p>When reviewing the Board and committees, emphasis is placed on operational performance, including the efficacy with which the Board and committees operate and whether:</p> <ul style="list-style-type: none"> • the Board is operating effectively against reasonable expectations for a competent board of the same type in similar circumstances; • individual Directors conscientiously attend meetings as required; • each committee has attended to the business allocated to it; and • each committee has access to the skills and expertise required to meet its core obligations. <p>The Trustee monitors Operational Performance:</p> <ul style="list-style-type: none"> • Annually by examining attendance of Individual Directors at board and committee meetings as part of the Fit & Proper Review • Annually by considering, to the extent it is reasonably possible to do so, whether committees have effectively attended to the business allocated to them as part of the Fit & Proper Review 	<p>Governance Charter Update</p>	<p>Governance Charter Update</p>
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		<ul style="list-style-type: none"> • Annually by considering whether each Committee has the particular skills and expertise needed to operate effectively as part of the Fit & Proper Review. • Annually by considering the conduct of the Board against key principles as part of the Fit & Proper Review • Every two years by commissioning an external review of Board Performance. Attachment: 111 Governance Charter Policy V8 December 2019		
1.6 The Board of a profit-to-member superannuation fund must have a documented process for evaluating the performance of the senior management. The fund should disclose whether such a performance evaluation was undertaken during the reporting period.	<input checked="" type="checkbox"/> Full <input type="checkbox"/> Partial <input type="checkbox"/> Does not/cannot comply	<ul style="list-style-type: none"> • All of our employees, including those in senior management roles participate in a process during which individual performance is managed and assessed. Measurable goals and objectives are set and agreed to with their respective manager. • As a part of this process, evaluation of employee strengths and any areas for improvement are identified; and planning for ongoing training and support occurs. In between formal mid and end of year performance reviews, there are ongoing conversations about performance and training with managers. • Annual reviews are documented for senior management to occur annually. 		

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<p>2.1 The Board of a profit-to-member superannuation fund must:</p> <ul style="list-style-type: none"> • Have a committee responsible for Board renewal that has at least three members; • The committee must have a charter that is publicly disclosed and; • It should meet at least annually. <p>For each reporting period the fund must:</p> <ul style="list-style-type: none"> • disclose the members of the Board renewal committee and; • attendance records for any meetings during that period. 	<p><input checked="" type="checkbox"/> Full <input type="checkbox"/> Partial <input type="checkbox"/> Does not/cannot comply</p>	<p>A sub-committee of the Board is the Nominations Committee which is governed by the Board Renewal Policy and the Nominations Committee Charter V12 June 2020.</p> <p>The Trustee Board ('Board') considers that an effective board is one that facilitates the efficient discharge of duties by directors and adds value in the context of the trustee's and fund's circumstances. This requires that the board be structured in such a way that it:</p> <ul style="list-style-type: none"> • has a proper understanding of, and competence to deal with, the current and emerging issues facing the fund, and • can effectively review, monitor and challenge the performance of management whilst exercising independent judgement. <p>A policy to achieve this is establishment of board committees to review and analyses policies and strategies which are within their terms of reference.</p> <p>They examine proposals and, where appropriate, make recommendations to the Board. Committees do not take action or make decisions on behalf of the board unless mandated by prior board authority to do so.</p> <p>Committees do not remove from the board any of its responsibilities and obligations. Rather, they are working parties established to assist the Board in the conduct of its responsibilities and reporting back to the Board on all material matters and issues requiring decisions.</p> <p>The Nominations Committee ("Committee") is a committee established by the Board.</p> <p>Attachment: 153 Nominations Committee Charter V12 June 2020 Attachment: 114 Board Renewal Policy V1 December 2019</p>	<p>Board Renewal Policy</p>	<p>Update Policy</p>
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		<p>The Nominations Committee met as follows:</p> <p>November 2019 April 2020 July 2020 September 2020 Next scheduled meeting: November 2020</p> <p>The Nominations Committee consists of the following Directors:</p> <table border="0"> <tr> <td>Candy Broad</td> <td>Chairperson</td> </tr> <tr> <td>Michael O'Connor</td> <td>Director</td> </tr> <tr> <td>Lisa Marty</td> <td>Director</td> </tr> <tr> <td>Mike Radda</td> <td>Director</td> </tr> <tr> <td>Frank Vari</td> <td>Director</td> </tr> </table> <p>The Committee's Charter is publicly accessible on the First Super website: https://www.firstsuper.com.au/about-us/fund-governance/ Attendance records are also published: https://www.firstsuper.com.au/about-us/fund-disclosure/</p>	Candy Broad	Chairperson	Michael O'Connor	Director	Lisa Marty	Director	Mike Radda	Director	Frank Vari	Director		
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<p>2.2 A profit-to-member superannuation fund must:</p> <ul style="list-style-type: none"> Maintain a matrix showing the skills, relevant experience and diversity the Board currently has and acknowledge gaps it is looking to fill in order to effectively fulfil its strategic plan. It must disclose annually a representation of the existing collective skills, experience and diversity of the Board. 	<p><input checked="" type="checkbox"/> Full <input type="checkbox"/> Partial <input type="checkbox"/> Does not/cannot comply</p>	<p>The Fund maintains a publicly accessible record of Director Skills and Register of Relevant Duties. These are publicly available on the First Super Website: https://www.firstsuper.com.au/about-us/fund-disclosure/</p> <p>Director Skill Matrices are located: https://www.firstsuper.com.au/about-us/fund-governance/</p>	<p>Updated Skills Matrix</p>	<p>Update Skills Matrix</p>
<p>2.3 In disclosing the names of its directors, a profit-to-member superannuation fund must identify for each director whether they are a member representative, an employer representative or a non-representative member. In each instance, the name of the nominating body must also be publicly disclosed.</p>	<p><input checked="" type="checkbox"/> Full <input type="checkbox"/> Partial <input type="checkbox"/> Does not/cannot comply</p>	<p>The Fund publicly discloses the Board Directors associations at: https://www.firstsuper.com.au/about-us/board-of-directors/</p>	<p>Update Board Member listing</p>	<p>None</p>

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<p>2.4 The voting rights of all trustee directors on the Board must:</p> <ul style="list-style-type: none"> Be equal, regardless of their status as a member or employer representative director, or non-representative director. The voting majority for any Board decision should be no less than two-thirds of all trustee directors. 	<input checked="" type="checkbox"/> Full <input type="checkbox"/> Partial <input type="checkbox"/> Does not/cannot comply	<p>The voting rights of the Trustee Directors is governed by the First Super Constitution which can be found at: https://www.firstsuper.com.au/wp-content/uploads/2016/06/First-Super-Constitution-2012.pdf</p> <p>Section 19.3 outlines: Notwithstanding any other clause in this Constitution to the contrary, subject to the Relevant Requirements, a decision of the Directors must be taken not to have been made, or to be of no effect, if fewer than two-thirds of the total number of Directors eligible to vote, voted for it.</p> <p>Section 20.3 outlines: Each member of a board/committee shall have one vote and subject to the Relevant Requirements, all business arising at any meeting of a committee shall be determined by Ordinary Resolution of those persons present.</p>	None	None
<p>2.5 The Chair of a profit-to-member superannuation fund Board must:</p> <ul style="list-style-type: none"> Be appointed by the Board, and Must satisfy all the requirements of skill and experience identified in the fund's skills matrix for the role of Chair. 	<input checked="" type="checkbox"/> Full <input type="checkbox"/> Partial <input type="checkbox"/> Does not/cannot comply	<p>Appointment of Board Chairs is governed by the First Super Constitution (see URL Reference in 2.4 above) and section 18 states: The Directors may elect one of their number as Chairperson or elect two of their number as Co-Chairpersons of the Company as they see fit who shall be Chairperson or Co-Chairperson as the case may be of their meetings and such appointment shall be for a period of one year unless otherwise determined by the Directors.</p>	Co-Chair Director Radda appointed by Board	None

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2.6 The CEO must not be a director of the fund.	<input checked="" type="checkbox"/> Full <input type="checkbox"/> Partial <input type="checkbox"/> Does not/cannot comply	The CEO is not a Director of the Fund and is prohibited from holding such position as per the Fit and Proper Policy Attachment: 110 Fit Proper Policy V6 November 2018	None	Policy due for revision in 2021
2.7 A profit-to-member fund must: <ul style="list-style-type: none"> • Have an induction program for new trustee directors and • Provide appropriate ongoing professional development and training opportunities to continuously enhance their skills and knowledge. 	<input checked="" type="checkbox"/> Full <input type="checkbox"/> Partial <input type="checkbox"/> Does not/cannot comply	Contained within the Governance Charter is the Directors and Officer's Manual which outlines key obligations for new directors. It is to be read in conjunctions with all current policies, particularly Fit & Proper and Committee Charters. Board Members are regularly invited to attend industry conferences and other training opportunities as they arise. Attachment: 111 Governance Charter December 2019	None	Update to Governance Charter planned for December 2020
3.1 A profit-to-member superannuation fund must: <ul style="list-style-type: none"> • Have a code of conduct for its Board, senior management and employees. • This code, or a summary of it, must be publicly disclosed. 	<input checked="" type="checkbox"/> Full <input type="checkbox"/> Partial <input type="checkbox"/> Does not/cannot comply	The Code of Conduct for Directors, Employees and Contractors is contained inside the Governance Charter and is published on our website at: https://www.firstsuper.com.au/about-us/fund-disclosure/Acceptance-of-the-Code-of-Conduct-forms-a-part-of-the-onboarding-procedure-for-all-new-directors-and-employees-and-is-tracked-via-our-HRIS-(Human-Resources-Information-System). The Code of Conduct (Website Version) is also available at: www.firstsuper.com.au/about-us/fund-disclosure/codeofconduct	None	None

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4.1 The Board of a profit-to-member superannuation fund must ensure the financial integrity of both the fund and the trustee entity.	<input checked="" type="checkbox"/> Full <input type="checkbox"/> Partial <input type="checkbox"/> Does not/cannot comply	The Audit and Related matters Policy describes how the Trustee discharges its audit obligations - for both internal and external audit. Financial statements are audited annually prior to presentation to the Board, Annual General Member Meeting and Shareholder AGM.	Change of internal and external auditors	None
4.2 A profit-to-member superannuation fund must ensure due process in all transactions and ensure that any related party transactions are conducted under market conditions with full transparency and disclosure.	<input checked="" type="checkbox"/> Full <input type="checkbox"/> Partial <input type="checkbox"/> Does not/cannot comply	Related party disclosures are governed by the Governance Charter; Remuneration Policy; Conflicts of Interest Policy and Outsourcing Policy. Coupled with the risk controls in the Risk Management Framework this ensures the Fund undertakes due diligence and process when processing related party transactions. There are several controls in place and the risk framework is tested annually to ensure relevance.	Risk Management Framework & Controls tested and updated	Ongoing Risk Review

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<p>4.3 The Board of a profit-to-member superannuation fund must:</p> <ul style="list-style-type: none"> Receive an attestation from the fund's CEO* and CFO* that the fund's accounts are a true and accurate reflection of the fund's financial position and that the financial records have been properly maintained, before approving the financial statements. In accordance with SPS510 an independent auditor must be appointed. The auditor must be fit and proper pursuant to SPS520 and must issue their opinion on the financial statements to the trustee and members of the fund. 	<p><input checked="" type="checkbox"/> Full <input type="checkbox"/> Partial <input type="checkbox"/> Does not/cannot comply</p>	<p>The Fund does not have a CFO.</p> <p>The CEO provides representation letters attesting that the audited statements are correct.</p> <p>The Appointment of the Financial Auditor is outlined in the Audit and Related Matters Policy, including the key requirements in meeting SPS520 and Fit and Proper Policy.</p> <p>Attachments: 110 Fit and Proper Policy 118 Outsourcing Policy 103 Audit and Related Matters Policy 106 Fraud and Corruption Prevention Policy</p>	<p>None</p>	<p>None</p>

* Titles may differ – please indicate the title of relevant manager/s undertaking attestation.

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<p>5.1 A profit-to-member superannuation fund must develop and implement a stakeholder engagement program, for effective disclosure of relevant and material issues. The program must provide opportunities for directors and senior management to communicate directly with stakeholders and for stakeholders to ask questions of them.</p>	<p><input checked="" type="checkbox"/> Full <input type="checkbox"/> Partial <input type="checkbox"/> Does not/cannot comply</p>	<p>First Super engages with a range of stakeholders in a wide variety of ways. Shareholders receive quarterly written updates and two shareholder meetings per year. Additionally, the CEO confers with shareholders regularly by phone or face to face. Online, we engage with employers and members via the First Super Website and there is regular investor and member updates sent to our membership and employers. We held our first Annual Members Meeting in 2019 and live streamed this via the internet with a recorded copy being placed on our website. We have recently commenced a webinar series from our Financial Planners on topics raised by members.</p>	<p>Annual Member Meeting held in 2019</p>	<p>Increase number of webinars for members and employers Increase number of Financial Planning Webinars on basics of superannuation</p>

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<p>6.1 A profit-to-member superannuation fund must:</p> <ul style="list-style-type: none"> • Have a strong risk culture with a Board that provides robust oversight of the fund’s material risks. • The risk management framework must explicitly address factors that may erode the fund’s members- first culture. 	<p><input checked="" type="checkbox"/> Full <input type="checkbox"/> Partial <input type="checkbox"/> Does not/cannot comply</p>	<p>The Board adopts the revised Risk Management Framework and Risk Management strategy annually as prepared by the Fund's Risk Manager.</p> <p>Specifically, the RMF, RMS and its ensuing annual Risk Management Program documents and performs:</p> <ul style="list-style-type: none"> • Annual revisions of the RMS in response to environment, legislative, strategic, operational, and industry developments; • Annual risk identification and assessments subject to approved risk appetites documented in a Risk Appetite Statement (RAS); • A full documentation, assessment, and evaluation of key internal controls identified to mitigate and manage risks; • Identification, documentation and evaluation of any incidents identified as part of the annual Risk Management Program and Risk Management and Compliance Review (RMCR); • Continuous reporting of the review status and results culminating with a year-end certification signoff. <p>The Trustee’s minimum obligations in respect of Risk Management are specified in Superannuation Prudential Standard 220 –Risk Management (SPS 220)</p> <p>Attachments: Risk Management Framework 2021 Risk Management Strategy 2021</p>	<p>Updated Framework and Strategy</p>	<p>Annual Review</p>

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<p>7.1 A profit-to-member superannuation fund must have policies and practices in place to attract and retain highly competent people, assessed relative to the size, nature and complexity of the fund. These policies and practices must be consistent with its responsibilities for maximising members' retirement outcomes and encouraging and rewarding ethical practices and behaviour.</p>	<p><input checked="" type="checkbox"/> Full <input type="checkbox"/> Partial <input type="checkbox"/> Does not/cannot comply</p>	<p>Each role within the Fund has a defined position description and recruitment and is often managed via an outsourced service provider - i.e. recruitment agency.</p> <p>Supporting policies that are used to ensure quality candidates include:</p> <ul style="list-style-type: none"> Diversity and Inclusion Domestic and Family Violence Training and Professional Development Travel Policy Enterprise Bargaining Agreement <p>Attachments:</p> <ul style="list-style-type: none"> Diversity and Inclusion Policy Domestic and Family Violence Policy Training and Professional Development Policy Enterprise Bargaining Agreement 	<p>Updates to core policies</p>	

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<p>8.1 A profit-to-member superannuation fund must design and manage appropriate investment strategies having regard to member demographics and circumstances during both the accumulation and decumulation phases.</p>	<p><input checked="" type="checkbox"/> Full <input type="checkbox"/> Partial <input type="checkbox"/> Does not/cannot comply</p>	<p>First Super's investment beliefs and strategies are covered in the Investment and Governance Statement and Manual.</p> <p>First Super offers 5 MIC Options and has developed investment objectives for each Option along with strategies to achieve these objectives., based on the level of risk. The Fund has considered their demographic membership and elected for the default options to be more defensive in nature.</p> <p>The majority of First Super members are invested in the MySuper option.</p> <p>Attachment: 201 Investment Governance Statement and Manual</p>	<p>Review Asset Allocation for FY20/21</p>	