

Board Renewal Policy

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26 October 2022

Revision history

Version	Reasons for amendment	Date approved	Approving Committee/Board
1	New Policy	December 2012	FTC Board
2	Revision	July 2014	FTC Board
3	Revision	September 2015	FTC Board
4	Revisions to comply with revised SPS 510 and SPG 510	7 December 2016	FTC Board
5	Revision	4 December 2019	FTC Board
6	Revision	12 May 2021	Aware Board
7	Revision	26 October 2022	Aware Board

1 Introduction

Aware Super Pty Ltd (Aware) is the Trustee for Aware Super (the Fund).

Aware is the Registrable Superannuation Entity licensee (RSE licensee) for the Fund.

By this Policy, the Trustee acknowledges its obligation to ensure the Aware Board of Directors maintains an appropriate balance of independent thinking, knowledge, skills and experience.

This Policy has been approved by the Aware Board of Directors.

2 Purpose

This Policy has been developed to ensure that Aware maintains high standards of corporate governance and meets the requirements of APRA's Prudential Standard SPS 510 – Governance.

This Policy aims to assist the Aware Board:

- in obtaining fresh insights from its Directors and achieving general reinvigoration of the Board; and
- in ensuring that the Board has the necessary expertise to fulfil its role and functions, whilst ensuring the ongoing effective oversight and understanding of Aware's business.

3 Legislation and Regulation

This Policy is made by the Aware Board reflecting:

1. The APRA Prudential Standard SPS 510 – Governance;
2. Relevant provisions of the Corporations Act 2001;
3. The Superannuation Industry (Supervision) Act 1993 generally; and
4. any other applicable legislation.

4 Policy

4.1 Director Appointment

In accordance with the Aware Constitution, and in recognition of the equal representation rules for employer sponsored funds, Aware Directors are appointed by Fund Member Entities and Fund Employer Entities (the **Nominating Entities**) (See Attachment 1 for the list of current Nominating Entities). The Independent Director is appointed by the Directors (in accordance with the SIS requirement that this decision be made by at least a two-thirds majority of those Directors eligible to vote).

4.2 Terms of Appointment

In order to ensure that the Board remains open to new ideas and independent thinking while retaining an appropriate level of Fund knowledge, skills and expertise, the Board has adopted this Board Renewal Policy.

In accordance with the terms of the Aware Constitution, Directors, including any Independent Director, are appointed for three year terms. Directors can generally serve no more than three full three year terms (ie 9 years). However, where a Director's nine year anniversary (or later) occurs before the completion of a third term the Aware Chair, with the approval of the Board of Directors, may request that the Director complete the term. The Board of Directors may resolve to extend the final term of a Director by no more than 3 years if they consider that such an extension is in the best interest of Fund beneficiaries.

Where possible, the terms of appointment of the directors will be appropriately staggered to support continuity and the appropriate transfer of knowledge and skills to new Directors.

4.3 Determining Date of Initial Appointment

A Director's appointment will be dated from the earlier of:

1. the date the Director joined the Aware Board; or

2. the date the Director initially joined the Board of any fund with which the Fund has merged.

4.4 Eligibility for Appointment and Reappointment

A Director will only be eligible for appointment or reappointment where:

1. The Director is reasonably likely to be able to act in an unfettered manner in the best interests of Fund beneficiaries; and
2. The Director has met or will meet all the requirements of applicable Aware policies, including the standards contained in the Aware Fit and Proper Policy and the Aware Conflict of Interests Policy.

In addition to the above, Nominating Entities will be encouraged to take into account the following factors when considering the appointment or re-appointment of a Director, and such factors will be taken into account by the Board when considering the appointment or re-appointment of the Chair:

- professional skills and experience of the director and the skills and experience required by the Board and its Committees;
- ethical standards;
- Aware's business and strategic goals;
- other personal attributes;
- current and past associations, including other directorships held;
- availability for Board and committee activities;
- performance during their office as Director (if applicable), having regard to the historical results of relevant annual Board and Director performance reviews;
- the total tenure on the Board of the Director (or on the Board of any predecessor entity) and whether the period of re-appointment could reasonably be perceived to materially interfere with their ability to act in the best interests of Fund members; and
- any other additional factor which is considered appropriate.

A Director will not be eligible for reappointment where the Director has already served the equivalent of 3 full terms. For the avoidance of doubt, this clause does not prevent the Board from resolving to extend the final term of a Director by no more than three years if they consider that such an extension is in the best interests of Fund beneficiaries as set out in clause 4.2.2.

4.5 Board Size

1. The target size for the Board and the Nominating Entities for the Directors are to be determined in accordance with the Aware Constitution.
2. From 1 July 2022, the target size of the Board is 11 Directors (including one Independent Director as Chair).
3. The number of Directors which each Nominating Entity can currently appoint is shown in **Attachment 1**.

4. The Board intends to maintain the target number of Directors by the appointment of Directors in accordance with this policy through:
- a. timely communications with Nominating Entities, or
 - b. in the case of the need to appoint a new Independent Director and/or Chair, through the Governance & Nominations Committee conducting a search for a replacement Independent Director and/or Chair sufficiently prior to the resignation of the incumbent Independent Director and/or Chair, to help ensure that appointments and reappointments take place in an orderly and timely manner.

4.6 Resolution of Disputes

If for any reason a dispute arises concerning the nomination, appointment, re-appointment or removal of a Director, the matter will be referred to the Governance & Nominations Committee for consideration. The Governance & Nominations Committee will recommend to the Board an appropriate response or course of action, having regard to members' best interests, the Aware Constitution and any other matter the Governance & Nominations Committee considers necessary and appropriate.

4.7 Termination of Appointment

In accordance with the Aware Constitution a Director must vacate their office should the Aware Board determine that a material aspect of Aware policy, guideline or procedure has been breached by the Director, and has not been rectified within 45 days. A Director must immediately vacate their office should they become a disqualified person as defined in Section 120 of the SIS Act, are convicted of a crime of dishonesty or enter bankruptcy or insolvency.

4.8 Vacancies

Where foreseeable, the relevant Nominating Entity will be given reasonable advance notice of a forthcoming vacancy on the Board such that a Director may be appointed as soon as practicable upon the vacancy arising and in any event within 90 days after the vacancy occurred.

Similarly, where foreseeable, the Governance & Nominations Committee will conduct a search, or such other selection process, for an Independent Director in advance of the resignation of the incumbent an Independent Director, so that the replacement Independent Director will be appointed by the Board to be effective as soon as practice upon the vacancy arising and in any event within 90 days after the vacancy occurred.

The Aware Secretariat will provide the Fund Member Entities and Fund Employer Entities with Aware's criteria for appointment of Directors and communicate any relevant information concerning the appointment, reappointment or termination of appointment of a Director.

5 Roles and Responsibilities

This Policy is relevant to Aware, Secretariat and the Nominating Entities.

Position	Responsibilities
Board of Directors	To ensure that the requirements of both the Aware Constitution and the Aware Fit and Proper Policy are complied with.
Nominating Entities	To appoint or reappoint Directors who meet the standards required by Aware of Directors. To terminate the appointment of their appointed Director where the Director does not meet the standards required by Aware Directors as determined by the Aware Board.
Company Secretary	Communicate with the Nominating Entities.
Governance & Nominations Committee	To advise and assist the Board on matters relating to the appointment of the Aware Chair, and appointment of any Aware Director (including an Independent Director).

6 Review

1. This policy commences on the date of its approval by the Aware Board.
2. This policy is subject to review at any time, but in particular, where the Trustee becomes aware that:
 1. legislative changes or rulings by the Regulator require a review of the Policy;
 2. the Policy is no longer appropriate; or
 3. there are reasons to believe that this Policy has failed, or may fail, to support the compliance and/or operational obligations of the Trustee.

Attachment 1: List of Current Nominating Entities

Fund employer entities	No of directors to be appointed
(Jointly) NSW Director General of the Department of Premier and Cabinet and NSW Secretary of Treasury	3
Victorian Healthcare Association	1
Victorian Public Sector Commission jointly with Department of Education & Training Victoria	1
FUND MEMBER ENTITIES	
Australian Education Union Victoria	1
Unions NSW	3
Australian Nursing & Midwifery Federation (VIC Branch)	1