

Australian Retirement Trust Board & Committee Procedures

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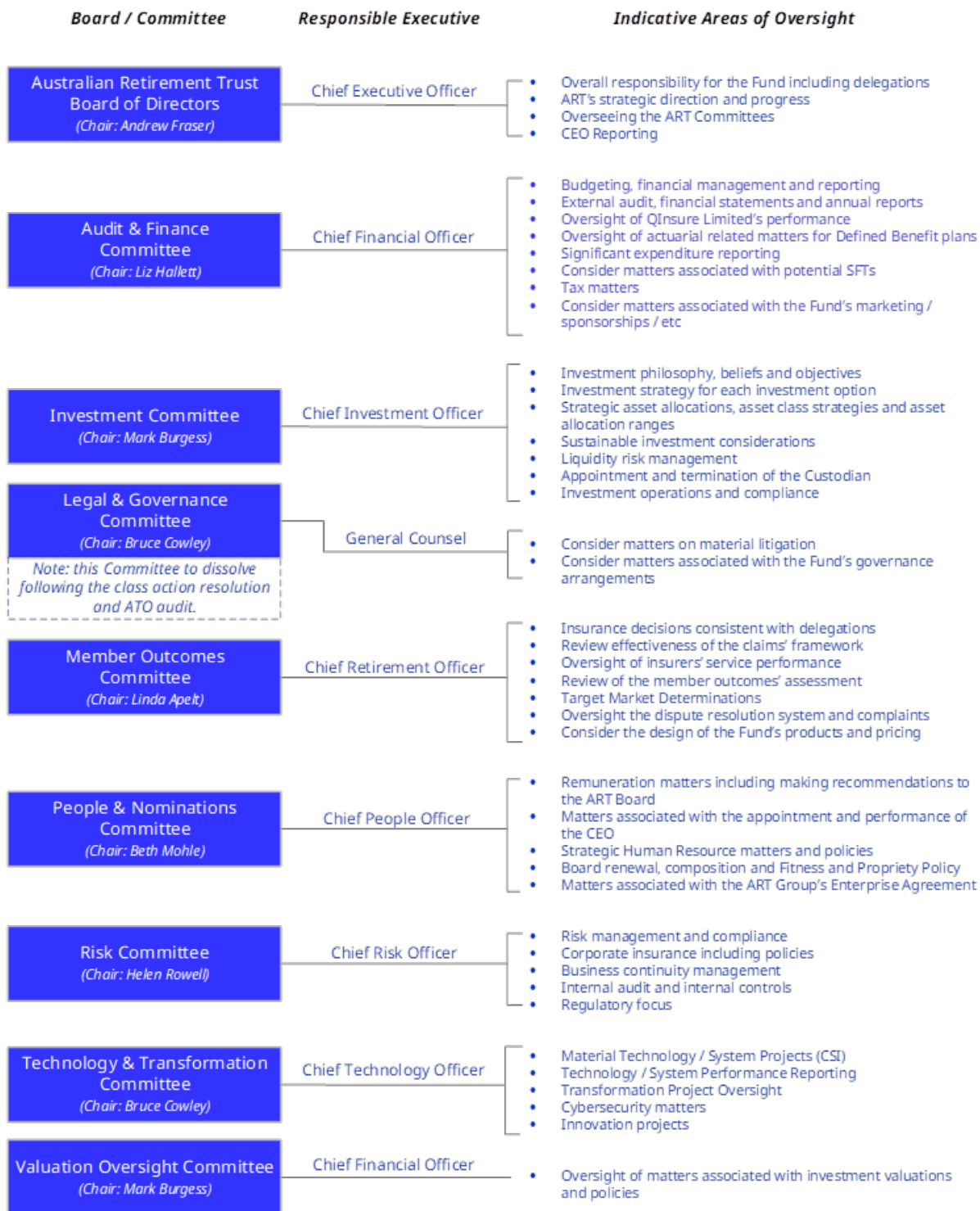
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Introduction

This Procedure supplements the suite of ART Board and Committee Charters and applies to all of these forums. This Procedure covers the administrative matters associated with convening and running a Board or Committee meeting, negating the need to replicate the content in each Charter.

ART Board & Committees

The Board has fiduciary and statutory obligations to manage the assets of the Fund on behalf of its members, and in the members’ best financial interests. Whilst the Board retains ultimate responsibility for ART, it has established several Committees which deal with issues requiring a level of specialist knowledge and additional time to focus on the relevant matters. Below is a diagram showing the ART Board and Committees along with a summary of the areas of responsibility.



Committee Authorities

For operational efficiency and effectiveness, the Board has delegated some authority and decisions to Committees in order for the Board's focus to be appropriately strategic. Committee Delegations are outlined in their respective Charters. The Board retains responsibility for all matters including those that are the subject of delegated authority.

Committees may consider any matters that the Committee Chair considers fall within its responsibility. The Committee will consider matters in detail in order to make a recommendation to the Board or approve any matters falling within its delegation. The Committee may review and make decisions on any other matters as agreed between the ART Board (or ART Board Chair) and the Committee Chair.

The Chair must provide a report to the ART Board as soon as practicable after each meeting of the Committee including a summary of any decisions made by the Committee.

Committee Memberships

Each Committee will be comprised of at least three, and not more than six members, and all members of the Committee must be ART Directors. In addition to, and separate from these Committee members, the Board may appoint independent, specialist Committee Advisors, where this is allowable under APRA's Prudential Standards. Any ART Director, whether a Committee member or not, is welcome to attend any Committee meeting.

The Chair of the Committee will be determined and appointed by the Board. The Board Chair may be a member of any Committee but may not be appointed as Chair of any standing Committee.

Members shall have diverse, complementary backgrounds and the Committee collectively should have the appropriate skills and experience to undertake its responsibilities. All members shall have, or shall develop, adequate knowledge across the fitness competencies, as well as a satisfactory understanding of a topic (including receiving further explanation of the topic if required) in order to make informed decisions.

Independence of the Board / Committee

All Directors are to exercise independent judgement in their decision-making. Directors may access information and seek independent advice that they consider necessary to fulfil their responsibilities and to exercise independent judgement in decision-making.

Directors will be entitled to:

- Access members of Management at any time to request relevant and additional information and to seek explanations but should seek to minimise any disruption to ART's operations in doing so;
- Have access to Auditors without Management present to request additional information and seek explanations; and
- Subject to obtaining the necessary approval in accordance with the 'Independent Expert Advice' section, seek independent professional advice, which is to be at ART's expense.

The Group Chief Risk Officer, the Head of Internal Audit, the External Auditor and the Company Secretaries have unfettered access to the Board and Committees.

Independent Expert Advice

The Board, an individual Director or a Committee may engage, through the Board Chair (or Deputy Board Chair where the matter relates to the Board Chair), an independent external advisor in relation to any Board or Committee matter. Reasonable costs incurred in procuring any external independent advice will be met by ART however the Board Chair's (or Deputy Board Chair's) approval must be sought prior to any engagement and this approval will not unreasonably be withheld.

If a Board or Committee Chair requires external independent advice, approval must be sought from either the Board Chair (for Committee Chairs) or the Deputy Chair (for the Board Chair), prior to any engagement and this approval will not unreasonably be withheld. The Chair / Deputy Chair of the Board may determine that any external advice received by an individual Director or Committee be circulated to the other members of the Board.

Conduct

This section outlines agreed standards of professional conduct and behaviour for the effective, practical operation of the Board and Committees. Because of the overriding importance to members of the proper governance of ART, the Directors undertake to:

- Perform their duties and exercise their powers as directors of ART in the best financial interests of the beneficiaries of each registrable superannuation entity of which the Board is the trustee, and give priority to the duties to and interests of the beneficiaries over the duties to and interests of other persons;
- Use their best endeavours to attend all Board / Committee meetings and prepare for and participate in the proceedings;
- Be respectful of other Board/ Committee members' time by being punctual and keeping interruptions to a minimum;
- Identify and suggest agenda items periodically for Board/ Committee meetings where significant matters need to be addressed;
- Ask timely and substantive questions consistent with conscience, convictions and the Board / Committee's purpose;
- Provide support to ART where required between Board / Committee meetings;
- Keep confidential any papers or information that comes into their possession and not disclose such information to others unless compelled by law; and
- Store and dispose of confidential information in a secure manner.

If a Director has an interest in, or an association with, a particular decision beyond the scope of their responsibilities, then this interest must be declared ahead of the discussion and/or decision. The Board / Committee will then decide whether or not that person should remain included in the decision or whether they should remove themselves from the meeting for the purposes of the recommendation and/or decision. The ART Conflict Management Framework addresses issues of this nature in further detail.

Meetings

The Board meets on a regular basis and part of these meetings may be held without the presence of Management, as determined by the Board. Committees will meet as often as is reasonably required to carry out their responsibilities. The Chair will set the agenda and determine the attendees.

Directors are expected to attend all related activities in accordance with their appointment. A Director may seek leave from either Board or Committee related activities by notifying the Chair of their impending non-attendance.

Board / Committee Papers

Directors are entitled to full access to the information required to discharge their responsibilities including access to ART Executives and other staff. Reasonable notice of the business to be transacted at any meeting together with supporting materials (Board / Committee papers) will be given to each Director and this will normally be seven days prior to the relevant meeting (unless the Chair approves the late circulation of a paper). The originals are kept by Secretariat for reference purposes.

The Board / Committee recognises the importance of timely decision making and is not opposed to the tabling of submissions at meetings however this is the exception rather than the rule. Prior to a submission being tabled, the matter must be discussed with the relevant Chair. The respective forum will ultimately decide whether it is appropriate to make a decision at the meeting, or whether to defer the decision to a future meeting to enable

Directors more time to consider the submission. If accepted at the meeting, the submission will form part of the official Board / Committee papers and the outcome minuted.

It should be noted that this section refers to tabling submissions. The tabling of hand-outs during meetings which are provided to supplement the Board / Committee's understanding of an existing agenda item is accepted practice, however consideration should be given to the volume and complexity of information provided. All documents presented to meetings will be uploaded to the Board Portal following the meeting for Directors' reference.

Quorum

The ART Constitution (sect 11.16) requires that, at a meeting of Directors, unless otherwise determined by the Directors, the number of Directors whose presence in person is necessary to constitute a quorum is at least two-thirds of the total number of Directors (including those who are not present).

A quorum for a Committee meeting will require a majority of appointed Committee members to be present. Where there is an even number of Committee members, then a majority will be 'half of the number of Committee members plus one'.

Board / Committee Decisions

The Chair will determine the manner in which a meeting will be conducted. A decision of the Chair on any matter relating to the conduct of the meeting is final. If the Chair is unavailable to attend a meeting and has not nominated another Director to Chair the meeting in their place, those members present shall elect a Chair for the duration of the meeting.

The Board / Committee may hold meetings, or permit attendees to take part in meetings, by telephone, video conference, or any another form of communication that allows reasonably contemporaneous and continuous communication between the Board / Committee members taking part in the meeting. This will constitute presence in person at the meeting.

If a quorum is not present within ten minutes after the time set for a Board / Committee meeting, the meeting is adjourned and may be convened to such place and time as the Board / Committee Chair decides. The Board / Committee members will be advised of the new time and place of the meeting.

Directors will give each case a separate and genuine consideration and decisions will be made with due consideration of all of the facts and evidence available to the Board / Committee.

All Directors are collectively responsible for decisions. Directors acknowledge the right and responsibility of the Board / Committee to make decisions. All Directors will accept (and not undermine), the majority decision of the Board / Committee regardless of their personal perspective on the decision. Decisions will generally not be re-addressed solely because of a Director's absence at the time the decision was made.

If the situation arises where the Board / Committee is unable to operate effectively and/or reach a decision(s) by a quorum of Directors (i.e. there is a dispute), the Chair may take such actions as deemed necessary including, but not limited to:

- Allowing all parties to have the appropriate opportunity to voice their perspective and raise any questions they may have in order to ensure an open and informed environment;
- Holding private out-of-session meetings with one or more Directors in order to discuss the matter(s);
- Engaging a third-party subject matter expert to brief the Board / Committee in order to provide an external objective view;
- A Committee matter may be escalated to the Board for further consideration;
- Engaging a moderator to lead the discussion and/or facilitate a mediation session.

Voting Requirements (Excluding Circular Resolutions)

The ART Constitution (sect 11.4) and SIS Regulations both require that at least two-thirds of the total number of appointed Directors must vote in favour of a Board resolution before it is binding. The Board Chair is entitled to one vote and does not have an additional, casting vote under any circumstances.

Committee decisions require a majority of appointed Committee members to vote in favour of a resolution for it to be approved. Where there is an even number of Committee members, then a majority will be 'half of the number of Committee members plus one'. The Committee Chair is entitled to one vote and does not have an additional, casting vote under any circumstances.

Circular Resolutions

With the Chairs approval, urgent matters requiring the approval of the Board / Committee between scheduled meetings may be dealt with by way of a circulating resolution signed (or approved electronically) by all members of the Board / Committee.

The ART Constitution (sect 11.20) states that a resolution may be made by the Board, other than at a meeting, if:

- All Directors give written agreement to the resolution (i.e. the decision must be unanimous); and
- Notice of the resolution is given under procedures approved by the Board.

A resolution may be made by a Committee, other than at a meeting, if:

- A majority of appointed Committee members give written agreement to the resolution; and
- Notice of the resolution is given under procedures approved by the Board.

The resolution is taken to have been made as soon as the final Director has given written agreement to the resolution. The outcome of the circular resolution will be tabled at the subsequent meeting of Board / Committee for noting.

Minutes

Board / Committee minutes are prepared promptly following each meeting and circulated to the Chair as soon as possible thereafter for review.

A Matters Arising schedule will be maintained by Secretariat which will record any items requiring further action or to be reported back to the Board. The schedule should include the date of the meeting at which the item arose, the nature of the issue, any action taken to resolve the matter, as well as the expected date of completion or due date.

Role and Responsibilities of Chairs

The role of the Board Chair is addressed in the Board Charter and recognises the significance and additional responsibilities of this position.

The Committee Chairs will preside over their respective Committee meetings and are responsible for ensuring the Committee is well informed and effective, that the members of the Committee, individually and as a group have the opportunity to air differences, explore ideas and generate the collective views and wisdom necessary for the proper operation of the Committee and that the Committee members maintain a positive and cooperative working relationship.

Board / Committee Evaluation

The Board has determined that it will undertake an annual review of its performance relative to its objectives and it is considered that a high-quality Board assessment will help develop an appreciation of the diverse skills that are possessed by the individual Directors and, subsequently, the Board. This process will also provide valuable information when selecting new Board members and formulating Committees.

The Board has stipulated that at least once every three years, this review should be conducted by an external facilitator who has industry experience and access to comparative data for benchmarking. The Board has established a Board Performance Assessment procedure which articulates how the annual Board evaluation will be conducted.

Each Committee will also undertake a biennial review of both its performance and Charter with a report to be provided to the Board.

Professional Development

The Board is responsible for ensuring that Directors have access to continuing professional education to update and enhance their skills and knowledge to be able to discharge their duties and responsibilities. Professional development is addressed further in ART's Fit & Proper Policy.

Secretariat Function

The Chair will from time to time appoint a person to act as Secretary to the Board / Committee and this person shall be responsible for keeping minutes of meetings and circulating them to meeting attendees (as appropriate). The Secretary shall also be responsible for keeping records of the Board / Committee's decisions and recommendations.

The Chair must ensure that minutes of the meetings and records of the Board / Committee's decisions and recommendations are kept, and a copy of any of them signed by the Chair is taken to be a true record unless the contrary is proved.