

Governance Report as at 1 July 2023



Australian Retirement Trust's Governance

The Australian Retirement Trust (ART) Board is committed to high standards of corporate governance, and this is driven by the desire of the Board to act in the best interests of members and their beneficiaries. The Board is also committed to a strong risk culture, complying with its legal and regulatory obligations as well as fulfilling its fiduciary responsibilities. This report aims to provide links to the various documents and policies that constitute ART's Governance Framework.

The ART Board

The Board oversees the activities of ART and is comprised of 13 Directors, including six Member Representative Directors, five Employer Representative Directors and two Independent Directors. The Directors' names and their biographies can be found by clicking here: [ART Board](#)

The standard term of appointment for an ART Director is three years and a Director is generally eligible for re-appointment provided their total terms of appointment do not exceed 12 years. Director appointments are carried out in accordance with:

- the Australian Retirement Trust Pty Limited Constitution [Constitution](#)
- the ART Board Nomination, Appointment, Removal and Renewal Policy [NARR Policy](#)
- the ART Fit & Proper Policy [Fit & Proper](#)

The role and objectives of the ART Board are articulated in the ART Board Charter: [Board Charter](#)

Directors' attendance at Board meetings for the last several years: [Board Meetings](#)

Committee meeting attendance in the last financial year: [Committee Meetings](#)

ART's Register of Relevant Interests and Duties of its Responsible Persons: [Conflicts Register](#)

Director Remuneration

To ensure that appropriately skilled and qualified people are attracted and retained as Board members, and to fairly compensate them for their time, effort and the legal liability which they take on, ART has developed a Board Remuneration Policy: [Remuneration Policy](#)

The ART Director & Executive Remuneration Report is also available: [Remuneration Report](#)

Board Skills, Professional Development and Diversity

As documented in the ART Fit & Proper Policy, the ART Board has developed 14 Fitness Competencies which describe the skills, knowledge and experience considered necessary to prudently oversee the Fund. The ART Board undertakes a review at least annually (and when the Board composition changes), of the collective capability of the ART Directors against the 14 Fitness Competencies. The Board's collective capability against the Fitness Competencies as at 1 July 2023, is shown in Attachment 1 of this document.

As a leading superannuation fund, ART is committed to the continued development of both its Directors and other ART Responsible Persons. ART provides in-coming Trustees with a comprehensive induction program including briefings by ART Management and appropriate training courses provided by leading industry associations. This aims to elevate the existing knowledge and skills a new Trustee may have, and this then leads into an on-going professional development requirement to ensure Directors and other ART Responsible Persons maintain or enhance their understanding of superannuation and continue to augment their industry experience.

ART is also a strong advocate for diversity and inclusion and the ART Board believes that harnessing a broad range of experiences, backgrounds, work styles and points of view makes the Fund more reflective of its membership, and ultimately delivers better decisions that are in members' interests. The ART Board has established a Diversity Policy for Boards that advocates enhancing diversity without compromising on the calibre of its Directors. [Diversity Policy](#)

ART's Committee Structure

The ART Board has established several Committees to assist it with the oversight of the Fund. Each of these Committees is governed by a Board approved Charter and some Committees are supported by specialist Committee Advisers who provide additional expert skills, knowledge, and experience. Links to the Committee Charters and Committee Advisers biographies are included below:

- Audit & Risk Committee [ARC Charter](#) [Advisers](#)
- Finance Committee [FC Charter](#) [Advisers](#)
- Investment Committee [IC Charter](#) [Advisers](#)
- Legal & Governance Committee [LGC Charter](#)
- Member Outcomes Committee [MOC Charter](#)
- People & Nominations Committee [PNC Charter](#)
- Valuation Oversight Committee [VOC Charter](#)

ART Key Information

Other key ART information / documents include:

- the Australian Retirement Trust – Trust Deed [Deed](#)
- the ART Conflict Management Framework [Conflict Policy](#)
- the ART Annual Report [Annual Reports](#)
- Product Disclosure Statements [PDS](#)
- Financial Services Guides [FSG](#)
- ART Board and Committee Meeting Procedures [Meeting Procedures](#)
- Summary of ART's Code of Conduct [Conduct](#)
- Modern Slavery Statement [Modern Slavery](#)
- Significant Event Notices [SEN](#)
- ART Executive biographies [Executives](#)
- Financials Statements [Financials](#)
- ART's Proxy Voting [Proxy Voting](#)
- ART Material Outsourced Providers [Providers](#)
- Whistleblower Policy [Whistleblower Policy](#)
- ART's Sustainable Investment Policy [Sustainable Investment](#)

The ART Board Fitness Competencies (Skills Matrix) and Capability as at 1 July 2023

The ART Board has established a Fit & Proper Policy, which includes ART's Fitness Competencies. These 14 Fitness Competencies address the required skills, knowledge and experience considered necessary to be a director of a superannuation fund the size and complexity of ART. The graph in the right-hand column shows the Board's collective capability as at 1 July 2023, for each of the Fitness Competencies using the following legend :

In-depth knowledge
 Proficient
 Competent
 Introductory

| # | Competency Area | Indicative Criteria | Capability |
|---|--|---|------------|
| 1 | Directorship skills | <ul style="list-style-type: none"> Understanding of role and responsibilities of a Director Consideration and prioritisation of member needs Experience in collective decision making Business acumen and/or Board experience Ability to analyse, problem solve, actively listen and constructively question | |
| 2 | Leadership and Values | <ul style="list-style-type: none"> Demonstrating and living the fund's values and culture Being articulate, inclusive and persuasive Able to bring a group together to make the right decision Able to drive excellence whilst working effectively with Board & Management | |
| 3 | The Superannuation Industry and how a superannuation fund operates | Understanding of: <ul style="list-style-type: none"> The superannuation industry The complex inter-relationship between the various systems in which superannuation funds operate Board's role in the administration and protection of Australia's retirement income How a superannuation fund operates | |
| 4 | RSE governance | Understanding of: <ul style="list-style-type: none"> Key indicators of a good culture Conflicts of interest (identification and management) Areas where additional technical, professional or In-depth advice should be sought The regulatory bodies and their roles in the superannuation industry Key legal obligations of SIS, APRA's prudential requirements, trust law, Workplace Health and Safety and other relevant laws Fund governance framework including best practice governance | |
| 5 | Investments | Understanding of: <ul style="list-style-type: none"> Investment concepts including the major asset classes Market and economic conditions Climate risk and ESG considerations Global socio-political, societal, and economic considerations Fund's investment strategy and objectives Fund's asset allocation / portfolio construction Investment performance monitoring Investment manager selection and monitoring process Fund's liquidity management Securities lending practices Valuations' process for unlisted assets Risks and controls relating to investment operations Custodian monitoring and relationship | |

| # | Competency Area | Indicative Criteria | Capability |
|----|--|---|------------|
| 6 | Financial, audit & actuarial reviews | <p>Understanding of:</p> <ul style="list-style-type: none"> Financial management Accounting concepts Statutory reporting requirements, relevant accounting standards and taxation requirements Internal and external audit arrangements Actuarial issues relating to the Fund | |
| 7 | Risk management | <p>Understanding of:</p> <ul style="list-style-type: none"> Risk concepts, metrics and regulatory requirements and application of them Fund's Risk Framework Risk management and compliance principles Corporate insurance program Fund's BCP/DRP arrangements Adequacy of fraud prevention, detection and controls | |
| 8 | Member experience & focus | <p>Understanding of:</p> <ul style="list-style-type: none"> Member experience and needs, engagement, outcomes and economic and social drivers impacting members Marketing, communication and/or public relations Brand, marketing strategies and channels | |
| 9 | Product | <p>Understanding of:</p> <ul style="list-style-type: none"> Products and services, how developed and purpose of Product Disclosure Statement Key product initiatives of competitors and in marketplace Understanding of purpose of due diligence process | |
| 10 | Financial planning & advice | <p>Understanding of:</p> <ul style="list-style-type: none"> Advice frameworks Regulatory and industry requirements Member experience and needs | |
| 11 | Insurance in superannuation | <p>Understanding of:</p> <ul style="list-style-type: none"> Insurance management frameworks Regulatory and industry requirements Roles of Trustee and insurer Member experience | |
| 12 | People, culture, remuneration & industrial relations | <p>Understanding of:</p> <ul style="list-style-type: none"> Human resources management The importance of the culture of effective organisations Behavioural aspects Remuneration strategies and impacts Retention and succession policies and regulatory requirements The political and social context Industrial Relations system | |
| 13 | Technology & digital | <p>Understanding of:</p> <ul style="list-style-type: none"> Key issues relating to IT systems and IT security Regulatory and industry requirements relating to technology Technology opportunities and risks and external environment relating to technology | |
| 14 | Strategy, sustainability & growth | <p>Understanding of:</p> <ul style="list-style-type: none"> Internal and external environment relevant to superannuation Trends, potential changes, and key dependencies Stakeholder relationships Strengths, weaknesses, threats and opportunities Regulatory requirements relating to Successor Fund Transfers | |