

FY2021 COMPLIANCE REPORT: AIST GOVERNANCE CODE

Fund name:

First Super

Date of report:

30/04/2021

Document owner:

Executive Manager Governance

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Date of approval by the Board:

29/06/2021

Date of submission to AIST:

30 September 2021

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Requirement	Compliance level Please select one:	Explanation & evidence (pls copy in links and/or supply documents)	List changes made in FY2021	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. 	<p><input checked="" type="checkbox"/> Full</p> <p><input type="checkbox"/> Partial</p> <p><input type="checkbox"/> Does not/cannot comply</p>	<p>First Super has a defined policy that outlines the process for director selection, appointment, duration of appointment and re-appointment. Enquiries are made prior to the appointment to ensure that Directors have appropriate skills and experience. Skill requirements are a part of First Super's Fit and Proper Policy.</p> <p>The Fit and Proper Policy outlines key legislative and regulatory obligations of Directors. All of First Super's appointments made during the financial year ending 30 June 2020 complied with the requirements of the Fit and Proper Policy. Assessments were made in respect of educational qualifications, training or knowledge obtained through employment or from experience on other Boards, Committees or organisations.</p> <p>First Super engages with its shareholders when a vacancy occurs on the Board and also prior to the re-appointment of Directors. This process enables shareholders to put forward a candidate who may be able to fill any skill or experience gaps.</p> <p>First Super actively continued this process of engagement during 2020 prior to any nominee being considered by the Nominations Committee.</p> <p>Attachment: First Super Board Renewal Policy</p>		

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<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 First Super has a written position description which outlines the terms of engagement. Directors are provided with a letter of appointment setting out terms and conditions of appointment to which they must consent.</p> <p>Attachments: Directors' Manual First Super Governance Charter</p>		<p>Governance Charter reviewed in June 2021.</p>
<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>	<input checked="" type="checkbox"/> Full <input type="checkbox"/> Partial <input type="checkbox"/> Does not/cannot comply	<p>The Fund's Executive Manager Governance is Company Secretary and has reporting lines to both the Chief Executive and Co-Chairs. There is no impediment for the Company Secretary to approach the Co-Chairs on any Board related matter. The Company Secretary reports to the Board on Board operations and assists the Board to fulfil its obligations.</p> <p>Attachments: Position Description Executive Manager Governance First Super Governance Charter</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>First Super has an active Diversity and Inclusion Policy. Its Governance Charter outlines Board structure and considerations of diversity, skills, culture and background. First Super has always strongly supported representation of women on the Board and until recently had a 50/50 split of women directors. We are a member of the 30% Club. The Board has continued its support of women and young people with its appointment of an Associate Director. This Associate Directorship is designed to equip her with the skills, training and experience necessary for a future Board appointment. First Super has two Independent Directors, with a 50/50 split between male and female Directors. The Board considers diversity important and has one of Victoria's Indigenous leaders as an independent Director. We promote flexible working throughout the organisation and have adopted a remote working policy. We believe that our Diversity and Inclusion Policy is appropriate for our needs.</p> <p>Attachments: First Super Diversity and Inclusion Policy First Super Governance Charter First Super Working From Home Policy</p>	<p>Adoption of a working from home policy</p>	

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1.5 In accordance with SPS510, profit-to-member superannuation funds must have:

- annual procedures to evaluate the performance of the Board;
- annual procedures to evaluate individual trustee directors.

The fund must:

- disclose a summary of those procedures and;
- confirm annually that the performance evaluations were undertaken during the reporting period.

- Full
 Partial
 Does not/cannot comply

First Super's Governance Charter outlines how SPS 510 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 as 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 evaluation of fitness and propriety.

The purpose of this review is to ensure that the Directors and senior management:

- collectively have the full range of skills needed for the effective and prudent operation of First Super's business operations;
- possess skills that allow them to make an effective contribution to First Super's business operations; and
- are operating efficiently and effectively.

When reviewing the Board and Committees, emphasis is placed on operational performance, including the efficacy with which the Board and Committees operate and whether:

- 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.

First Super monitors Operational Performance:

- Annually by examining attendance of individual Directors at Board and Committee meetings as part of the Fit and Proper Review;
- Annually by considering whether Committees have effectively attended to the business allocated to them as part of the Fit and Proper Review;

Governance Charter reviewed in June 2021.

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		<p>- Annually by considering whether each Committee has the particular skills and expertise needed to operate effectively as part of the Fit and proper Review;</p> <p>- Annually by considering the conduct of the Board against key principles as part of the Fit and Proper Review;</p> <p>- Every 2 years by commissioning an external review of the Board's Performance.</p> <p>Attachment: First Super Governance Charter Policy</p>		
<p>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.</p>	<p><input checked="" type="checkbox"/> Full</p> <p><input type="checkbox"/> Partial</p> <p><input type="checkbox"/> Does not/cannot comply</p>	<p>There is a documented, formal process for annual staff performance reviews, including that of senior management, evaluating their performance and setting measurable objectives and goals.</p> <p>Performance evaluations for senior management were completed for the 2020 year.</p>		

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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. 	<input checked="" type="checkbox"/> Full <input type="checkbox"/> Partial <input type="checkbox"/> Does not/cannot comply	<p>The Nominations Committee is a Committee established by the Board.</p> <p>First Super publishes Committee membership and attendance records in the Fund's Annual Report to Members. The Nominations Committee has five members and meets bi-annually and more frequently as required.</p> <p>The Annual Report to Members is available online: firstsuper.com.au/wp-content/uploads/2020/11/First-Super-Annual-Report-2020-v14A-WEB-FINAL.pdf</p> <p>The Nominations Charter is available online at: firstsuper.com.au/about-us/fund-governance/</p>		

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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</p> <p><input type="checkbox"/> Partial</p> <p><input type="checkbox"/> Does not/cannot comply</p>	<p>First Super maintains a publicly accessible record of Director Skills and Register of Relevant Duties. The Board is required to collectively possess the following skills, capabilities and competencies to be able to discharge its duties in an effective manner:</p> <ul style="list-style-type: none"> Administration (Fund) Administration (General) Business strategy & planning Communications Audit Finance Governance Legal & compliance Management Marketing Trusteeship Taxation Investments Industrial Relations Human Resources Risk Management <p>These are available on the website: firstsuper.com.au/about-us/fund-governance/</p>		

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<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>	<input checked="" type="checkbox"/> Full <input type="checkbox"/> Partial <input type="checkbox"/> Does not/cannot comply	<p>First Super publicly discloses the Board Directors' associations at: firstsuper.com.au/about-us/board-of-directors/</p> <p>Directors' biographies identify if they are a member or employer representative Director, Independent Director or Associate Director. The nominating body is also disclosed here.</p>		
<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 our Directors is governed by First Super's Constitution which can be found at: firstsuper.com.au/about-us/fund-governance/</p> <p>Section 19 of the Constitution outlines the requirement for no less than two thirds of all Directors of the Trustee. Section 20.3 outlines that the voting rights of all Directors is equal, regardless of the Director's status as an employer or a member representative Director or an Independent Director.</p>		

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2.5 The Chair of a profit-to-member superannuation fund Board must: <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>The appointment of Co-Chairs is governed by First Super's Constitution. The Co-Chair satisfies the skills referred to in the Fit and Proper Policy.</p> <p>The Fund's Constitution is online at: firstsuper.com.au/about-us/fund-governance/</p> <p>Attachment: First Super Fit and Proper Policy</p>	Updated the Fit and Proper Policy to recognise the specialised skills demanded of a Co Chair.	
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	<p>The CEO is not a Director of the Trustee and is prohibited from holding such a position pursuant to the Fit and Proper Policy.</p> <p>Attachment: First Super Fit and Proper Policy</p>		
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	<p>Contained within the Governance Charter is the Directors' and Officers' Manual which outlines key obligations for new directors. It is to be read in conjunction with all current policies, particularly the Fit and Proper Policy and Committee Charters.</p> <p>Board Members are regularly invited to attend industry conferences and other training opportunities as they arise. Minimum professional development training hours must be met each year.</p> <p>Attachment: First Super Governance Charter</p>		Governance Charter reviewed in June 2021.

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<p>3.1 A profit-to-member superannuation fund must:</p> <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. 	<p><input checked="" type="checkbox"/> Full</p> <p><input type="checkbox"/> Partial</p> <p><input type="checkbox"/> Does not/cannot comply</p>	<p>First Super's Code of Conduct for Directors is contained within the Governance Charter and is published on our website: firstsuper.com.au/about-us/fund-governance/</p> <p>The Code of Conduct expresses the expectations relating to behaviour.</p> <p>It is also separately on the website at: firstsuper.com.au/about-us/fund-disclosure/</p> <p>Acceptance of the Code of Conduct forms a part of the onboarding procedure for all new Directors and employees and is tracked via our Human Resources Information System.</p> <p>The Code of Conduct is online at: https://www.firstsuper.com.au/about-us/fund-disclosure/</p>		<p>Governance Charter reviewed in June 2021.</p>

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<p>4.1 The Board of a profit-to-member superannuation fund must ensure the financial integrity of both the fund and the trustee entity.</p>	<p><input checked="" type="checkbox"/> Full <input type="checkbox"/> Partial <input type="checkbox"/> Does not/cannot comply</p>	<p>First Super's Board has the responsibility for the preparation and the fair presentation of its audited Financial Statements in accordance with statutory requirements. These Financial Statements must not include material misstatement caused by fraud or error. Accounting estimates made in the preparation of these reports need to be reasonable.</p> <p>The Administration and Marketing Committee has the responsibility for the general oversight of the budget and annual review of the Budget having regard to its appropriateness when considered with the Fund's Strategic Plan, annual Business Plan and Member Outcomes requirements.</p> <p>The Board appoints an external auditor to undertake an annual independent audit of both the Fund and the Trustee's Financial Statements. The Audit and Related Matters Policy describes how the Trustee discharges its audit obligations - for both internal and external audit.</p> <p>Audited Financial Statements are online at: https://www.firstsuper.com.au/forms-resources/product-disclosure-statements/</p>		

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<p>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.</p>	<p><input checked="" type="checkbox"/> Full <input type="checkbox"/> Partial <input type="checkbox"/> Does not/cannot comply</p>	<p>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. The Fund's Audited Financial Statements also disclose related party transactions. All related party transactions are conducted transparently and are disclosed.</p> <p>These can be found online: firstsuper.com.au/forms-resources/product-disclosure-statements/</p>	<p>Risk Management Framework and Controls tested and updated</p>	<p>Ongoing risk review</p>

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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>First Super does not have a CFO. The CEO provides representation letters attesting that the audited statements are correct, that they are a true and accurate reflection of the Fund's financial position and that the financial records have been properly maintained..</p> <p>The requirements relating to the appointment of an independent Auditor are outlined in the Audit and Related Matters Policy, including the key requirements in meeting SPS250 and First Super's Fit and Proper Policy.</p> <p>The independent auditor provides an audit report which confirms whether in their opinion the financial statements present fairly in all material respects, the financial position of the Fund.</p> <p>Attachments: First Super Fit and Proper Policy First Super Outsourcing Policy First Super Audit and Related Matters Policy First Super Fraud and Corruption Prevention Policy</p> <p>Audited Financial Statements are online at: https://www.firstsuper.com.au/forms-resources/product-disclosure-statements/</p>		

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

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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.	<input checked="" type="checkbox"/> Full <input type="checkbox"/> Partial <input type="checkbox"/> Does not/cannot comply	First Super engages with a range of stakeholders in a wide variety of ways. Shareholders receive quarterly written updates and two shareholder meetings per annum. In addition, 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 are regular investor and member updates sent to our members and employers.	Instituted financial planning webinars	Increase the number of webinars for members and employers. Add to the topics covered by the financial planning webinars

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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</p> <p><input type="checkbox"/> Partial</p> <p><input type="checkbox"/> Does not/cannot comply</p>	<p>The Board adopts the revised Risk Management Framework (RMF) and Risk Management Strategy (RMS) annually as prepared by the Fund's Risk Manager. The RMF and RMS and the risk management program documents and performs:</p> <ul style="list-style-type: none"> - Annual revisions of the RMS in response to environment, legislative, operational, strategic and industry developments; - Annual risk identification and assessments subject to approved risk appetites documented in a Risk Appetite Statement (RAS); - Fully documented 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; - Continuous reporting of the review status and results culminating with a year-end certification sign-off. <p>The RMF refers to our members' best interests and the risk culture embodied in our documentation has a sharp focus on those risks that may detract from the Board's objectives of assisting our members to attain a dignified retirement.</p> <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: First Super Risk Management Framework 2022</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>It is recognised that recruitment of highly competent staff is fundamental to success and to that end First Super has in place defined position descriptions which are regularly reviewed and supporting policies to ensure quality candidates. Recruitment is often managed by an outsourced agency to attract candidates and to provide a transparent and consistent recruitment process.</p> <p>Attachments: First Super Diversity and Inclusion Policy First Super Training and Professional Development Policy</p>		
<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 its Investment Guide.</p> <p>5 Member Investment Choice Options have been developed, with objectives and strategies to achieve those objectives, based on the level of risk. The Fund has considered the demographics of its membership and elected for the Fund to be more defensive in nature.</p> <p>The Trustee is concerned to provide members with the ability to attain a dignified retirement and to that end the Trustee reviews strategic allocations and considers factors such as market conditions, cash flow, liquidity, demographics and investment horizons.</p> <p>Website: firstsuper.com.au/forms-resources/product-disclosure-statements/</p>		