

NGS SUPER STATEMENT OF GOVERNANCE PRACTICE

21 SEPTEMBER 2021

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NGS Super Pty Limited ABN 46 003 491 487 AFSL No 233 154 the trustee of NGS Super ABN 73 549 180 515.

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1 Background

NGS Super Pty Limited (the Trustee) is the trustee of the NGS Super Fund (the Fund).

The Trustee is committed to ensuring that the Fund has sound and effective systems of governance and that it conducts its affairs with a high degree of integrity, ensuring that business operations are competently and prudently managed.

The governance framework includes the oversight of systems, structures, policies, processes and people that underpin accountability within the business operations of NGS Super.

The Board endorsed the AIST Governance Code on 19 September 2017.

2 The NGS Super Board

The principal objective of the Board is to ensure that the Fund acts in the best interests of its members, with regard to the management of their superannuation savings. The Board maintains a Governance policy which details the role and responsibilities of the Board which include:

- approving and monitoring the Fund's strategic direction, business plan and performance measures
- ensuring that the Fund has appropriate resources and processes to implement its strategy
- approving the annual budget and reviewing progress against it
- reviewing and approving the audited annual accounts
- determining appropriate delegations for Fund committees, management and outsourced providers
- selection and appointment of the Chief Executive Officer
- approving and monitoring systems and the control frameworks associated with risk management, compliance and disclosure to ensure compliance with legislative requirements
- monitoring the performance of Fund committees, management and outsourced providers
- developing and maintaining an appropriate insurance strategy
- overseeing the process to regularly identify the required skills, experience, qualifications and attributes required by the Board to ensure the delivery of its strategy
- maintaining effective relationships with any bodies entitled to nominate Directors to the Board and ensuring appropriate communication with those bodies in relation to the skills, experience, qualifications and attributes required by the Board in the delivery of its strategy
- approving the appointment of the auditor and actuary
- approving Fund policies.

3 Directors

The composition of the Board is determined by the constitution of the Trustee which outlines the power of the shareholders and appointing entities to appoint Directors to the Board.

The shareholders are:

- Association of Independent Schools of NSW – three directors
- Association of Independent Schools of SA – one director
- Trustees for the Roman Catholic Province of Sydney – one director
- The South Australian Commission for Catholic Schools Inc – one director
- NSW/ACT Independent Education Union – three directors
- Independent Education Union (South Australia) – two directors
- Victorian Independent Education Union – one director.

The appointing entities are:

- Australian Community Services Employers' Association, Union of Employers- one director
- Queensland Independent Education Union of Employees, otherwise known as Community Management Solutions- one director.

Information with respect to each Director of NGS Super is available on the Fund's website at <https://www.ngssuper.com.au/About-Us>

3.1 Appointment process

The Board works closely with shareholders and appointing entities in the appointment of new Directors. This includes regularly communicating the skills, experience, and qualifications (competencies) and attributes that the Board requires in order to execute its strategy and deliver sound member outcomes. The process for identifying the required competencies is covered in more detail in section seven below.

Appointments made by shareholders and appointing entities are subject to the completion of probity assessments which include an assessment of fitness and propriety in accordance with the Fund's Fit and Proper Policy. The Human Resources, Remuneration and Governance Committee oversees the completion of this process for new Directors. The Fund's ongoing engagement with the shareholders and appointing entities, strongly contributes to appointments which are consistent with the needs identified by the Board.

All Directors are provided with a letter setting out the terms of their appointment.

4 Committees

The Board has established a number of Committees to assist it in the discharge of its obligations. Each Committee has a Charter outlining its powers and responsibilities including their reporting obligations to the Board.

The Committees are:

- Investment Committee
- Human Resources, Remuneration and Governance Committee
- Risk, Audit and Compliance Committee
- Claims Review and Insurance Committee
- Strategy and Marketing Committee
- QIEC Super Marketing Committee.

5 Role of the Chair

The Chair is elected by the Directors and is responsible for a number of different functions including:

- managing the Board meetings to ensure that all necessary decisions are made, and to facilitate the effective contributions of all Directors
- ensuring that there are a sufficient number of Board meetings and time allowed at each meeting to facilitate effective decision making
- ensuring that the Board is provided with adequate information
- providing leadership to the Board to monitor the management of the fund, assessing the fund's financial position and performance
- encouraging a culture that allows all Directors to openly discuss risks or any material adverse developments
- ensuring that the Board satisfactorily fulfils its functions
- managing the relationship between Directors
- keeping Board members fully informed
- ensuring that the Board regularly evaluates its own performance.

6 Role of the Company Secretary

The Board may appoint one or more persons to act in the role of Company Secretary in accordance with the process set out in the constitution. The Company Secretary will also be appointed as the Fund Secretary in accordance with the Trust Deed of the Fund.

Whilst the Company Secretary will typically report to a senior management position within the Fund, the Company Secretary is accountable to the Board in the performance of his/her duties.

To meet the requirements of the AIST Governance Code the CEO is not able to be appointed as a Company Secretary.

7 Competency requirements and ongoing training

7.1 Competencies

The Board has established an annual process to identify and regularly assess the levels of skills, experience and qualifications (**competencies**) required to ensure the delivery of member outcomes. The competencies are required to be met collectively by the Directors and Fund personnel who are APRA Responsible Persons as well as any independent advisors/Committee members appointed to support the Board and/or its Committees.

The competencies are:

- investment knowledge
- human resources and investment governance skill
- industrial Relations knowledge
- marketing and communication knowledge and skill
- corporate governance knowledge and skill
- risk and compliance knowledge and skill
- RSE Licensee, SIS, Trust and other relevant law knowledge
- strategy and planning knowledge and skill
- audit and financial knowledge
- insurance knowledge
- business acumen
- negotiation skill.

In addition, the following competencies are required to be met collectively by Fund personnel who are APRA Responsible Persons:

- operational knowledge and skill (including management of outsource providers)
- information technology and data management
- product knowledge and skill.

Each Director is also required to have knowledge of the duties and responsibilities of a company director, and in particular a trustee of a superannuation fund.

Where the Board identifies that it requires a greater level of competency in a particular area, this will be addressed via one or more of the following:

- ongoing professional development of existing directors
- appointment of independent advisers with specialist skills
- liaison with shareholders and appointing entities to identify Director candidates with the required skills and experience.

The above competencies are required to be fulfilled collectively by Directors and Responsible Persons including Fund personnel and any independent advisers appointed to support the Board and its Committees. When assessed across the spectrum of all APRA Responsible Persons, the Board is comfortable that it has access to the required skills, experience and competencies to conduct the Fund's operations in accordance with its business plan. The Board's Competency Matrix is included as Appendix A.

7.2 Professional development

As noted above, in accordance with the Fund's Fit and Proper Policy, Directors are required to complete ongoing professional development and training relevant to their role as a Director. The training is based on the competency areas identified above.

The Fund has engaged the services of a third party provider to assist in:

- the development of training plans
- recording and tracking of Director of training.

The Human Resources, Remuneration and Governance Committee oversee the completion of Director Training Plans which are an important input to the competency matrix and annual Board performance assessment. These processes, along with consideration of its diversity targets enable the Board to identify whether there are any skills or experience gaps it needs to address.

8 Diversity

The Board has established a Diversity and Inclusion Policy to ensure the Fund is able to access the broadest talent pool and is responsive to the needs of all of its members both in the governance of and the day to day to day operations of the Fund.

8.1 2021 Financial Year

The diversity targets set by the Board in respect to the 2020 financial year and their outcomes are outlined below. The Board targets were designed to ensure diversity of gender, geographic location, and work status to ensure the Board has access to a wide range of views.

	Diversity Targets	Met in 2020/21
1.	Minimum of 50% female Directors	✓
2.	Minimum of two Directors appointed from the geographic areas with highest Fund membership, NSW, SA AND QLD to reflect the national coverage of the Fund	✓
3.	Minimum of 50% of the Board who work or have worked in schools and/or education administration at some time in their career to reflect that the majority of the Fund's members work in the education sector.	✓
4.	Minimum of three Directors who have retired from their substantive position.	✓
5.	Minimum of two Directors who are aged in their 40s to reflect the significant number of members in this age bracket.	Not met*

* Engagement with Shareholders and Appointing Entities with respect to this diversity objective is ongoing.

	Management Diversity Targets	Met in 2020/21
1.	Minimum of 50% female Senior Management	✓
2.	Minimum of 50% of general staff to be female	✓
3.	At least 50% of the candidate pool to be female	Substantially met**

** Recruitment practices have been revised to promote equal representation of male and female candidates, however, on occasion this is difficult to maintain due to the availability and calibre of candidates. The Fund has a commitment to ensure, whenever possible, there will be equal representation of male and female candidates in the recruitment process.

8.2 2022 Financial Year

With respect to the 2022 financial year, the Board has established the following diversity objectives. These are consistent with it's 2021 objectives.

Board

- A minimum of 50% female Directors to reflect the higher percentage of women members
- A minimum of two Directors appointed from the geographic areas with the highest Fund membership, NSW, SA and QLD to reflect the national coverage of the Fund
- A minimum of 50% of the Board who work or have worked in schools and/or education administration at some time in their career to reflect that the majority of the Fund's members work in the education sector
- A minimum of three Directors who have retired from the substantive positions to reflect the ageing demographic of the membership
- A minimum of two Directors who are aged in their 40s to reflect the significant number of members in this age bracket.

Management

- A minimum of 50% female management
- Minimum of 50% of general staff to be female
- Minimum of 50% female representation in a candidate pool for recruitment process.

9 Performance

9.1 Board Performance assessment

The Board undertakes an annual performance assessment relative to its strategic objectives. Performance of the Board collectively in addition to that of individual Directors is assessed. Performance is assessed via a self-assessment process and from time to time through the use of an external provider and is facilitated by the Company Secretary.

The assessment includes but is not limited to the following:

- whether the Board has fulfilled its purpose and functions
- effectiveness of the governance structures and processes in particular the identifying and managing of any conflicts of interest and duties
- effectiveness of meetings and the decision making process
- adequacy of training and resources to support the Board
- effectiveness of the relationship with and the role of Board Committees and Advisors
- assessment of Fund performance via the monitoring of the Balanced Scorecard

- whether Directors have sufficient skills, knowledge and experience to undertake their duties
- whether Directors continue to meet the requirements under the Fit and Proper policy
- the level of attendance, participation and effectiveness at Board and Committee meetings.

9.2 Committees

An assessment of each Board Committee is undertaken on an annual basis. The assessment includes but is not limited to:

- effectiveness of the Committee charter and membership
- effectiveness of the meetings
- adequacy of training and resources to support the Committee
- effectiveness of the relationship with the Board
- whether the Committee has fulfilled its purpose and is still relevant.

9.3 Executives and Staff

The Fund has processes in place to annually assess the performance of Fund executives and staff.

9.4 Outcomes of performance assessments

The Human Resources Remuneration and Governance Committee oversees the annual performance process outlined above. Where required, appropriate actions are recommended to enhance performance or address any identified underperformance.

9.5 2021 Performance

Performance assessments were carried out in accordance with the process described above in respect to the financial year ended 30 June 2021.

Appendix A: Director Competency Matrix

	DIRECTORS											
Investment knowledge	ADV	INTER	ADV	ADV	INTER	ADV	INTER	INTER	INTER	INTER	BASIC	INTER
Investment governance skill	ADV	INTER	ADV	ADV	INTER	ADV	INTER	INTER	INTER	INTER	BASIC	BASIC
Human Resources and Industrial relations knowledge	ADV	ADV	ADV	INTER	ADV	ADV	ADV	BASIC	INTER	ADV	INTER	ADV
Marketing & communication knowledge and Skill	ADV	ADV	INTER	INTER	BASIC	ADV	INTER	BASIC	INTER	INTER	INTER	INTER
Corporate governance knowledge and skill	ADV	ADV	ADV	ADV	ADV	ADV	INTER	INTER	INTER	ADV	INTER	ADV
Risk and compliance knowledge and skill	INTER	ADV	ADV	ADV	ADV	ADV	INTER	INTER	INTER	ADV	BASIC	ADV
RSE Licensee, SIS, Trust, other relevant law knowledge	INTER	BASIC	INTER	ADV	INTER	INTER	INTER	BASIC	INTER	INTER	INTER	INTER
Strategy and planning knowledge and skill	ADV	ADV	ADV	ADV	ADV	ADV	ADV	INTER	INTER	ADV	INTER	ADV
Audit and financial knowledge	INTER	INTER	INTER	ADV	ADV	INTER	INTER	INTER	INTER	INTER	INTER	ADV
Insurance knowledge	INTER	BASIC	INTER	INTER	INTER	ADV	INTER	BASIC	ADV	ADV	INTER	INTER
Business Acumen	ADV	ADV	ADV	ADV	ADV	ADV	INTER	INTER	INTER	ADV	INTER	ADV
Negotiation skill	ADV	ADV	ADV	ADV	INTER	ADV	ADV	INTER	INTER	ADV	INTER	INTER

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