

CFS Board Appointment, Renewal and Performance Policy

1. Purpose and scope

This Policy sets the requirements and procedures for the appointment, renewal, evaluation and removal of Directors to ensure those appointments are appropriate and that the Regulated Entity Boards can efficiently discharge their responsibilities.

The CFS Group includes a number of entities held by HoldCo, including Avanteos Investments Limited (**AIL**) and Colonial First State Investments Limited (**CFSIL**). CFSIL and AIL are both Australian Financial Services Licensees (**AFSL**). AIL is also a Registrable Superannuation Entity (**RSE**) Licensee.

In addition to the requirements set out in the Corporations Act, AIL are also subject to SPS 510, which sets out the minimum governance requirements that a RSE Licensee must satisfy in the interests of promoting strong and effective governance.

Accordingly, this Policy addresses the requirement of SPS 510 that an RSE Licensee must:

- have a written policy which sets out requirements relating to the nomination, appointment and removal of directors of an RSE Licensee and that supports appropriate composition of the RSE Licensee’s board and renewal on an ongoing basis;
- have procedures for assessing, at least annually, the RSE Licensee board's performance relative to its objectives and the performance of individual directors; and
- have in place a formal policy on board renewal.

2. Policy statement

The nomination, appointment and removal of Directors must occur in accordance with the requirements of this Policy. Performance assessments of the Regulated Entity Boards and Regulated Entity Directors must also occur in accordance with the requirements of this Policy.

3. Role and Responsibilities

HoldCo

HoldCo will have ultimate responsibility for the appointment of directors to the Regulated Entity Boards. The appointment of Regulated Entity Directors will occur following consultation with the relevant Regulated Entity Boards and subject to the Regulated Entity Boards being able to comply with their regulatory obligations, including its fit and proper obligations.

The Board of HoldCo has reserved to itself any decision to appoint, or terminate, the Chair of each Regulated Entity Board.

The Regulated Entity Boards have delegated authority to the CFS PRN Committee to fulfil its responsibilities as set out in the CFS PRN Committee Charter. In appointing directors to each Regulated Entity, HoldCo must take into account the Regulated Entity’s needs and relevant policies, including the skills matrix and board renewal and succession.

CFS People, Remuneration and Nominations Committee (CFS PRN Committee)

The objective of the CFS PRN Committee is to identify and recommend both nominees for appointment and reappointment to a Board and the Chair of the Boards as to ensure that they have:

- an appropriate composition, size, diversity, expertise and commitment to adequately discharge their responsibilities and duties having regard to the law and aspiring to excellence in governance standards; and
- in respect of the Regulated Entities, the ability to meet the requirements of SPS 510.

The CFS PRN Committee has responsibilities as set out in the CFS PRN Committee Charter.

CFS Executive Chairman

The CFS Executive Chairman is the approving authority for the appointment of all Executive Directors to a Regulated Entity Board, except for the Chief Executive Officer of Superannuation (CEO of Superannuation) (in which case the approving authority is AIL).

The AIL Board will consult with the CFS Executive Chairman in relation the appointment of the CEO of Superannuation. All requests for the appointment of an Executive Director to a Regulated Entity Board will be managed via the CFS Company Secretariat Team and a record maintained of all approvals.

4. Minimum Appointment Requirements for all Directors

Requirements for all Directors

The Constitution of each CFS Group Company sets out the appointment process for Directors and nominee directors and the minimum requirements for all Directors is set out in the Corporations Act. A Director needs to be considered fit and proper within the meaning of Australian legislation or any other regulatory requirement or standard made in accordance with such legislation applicable to a CFS Group Company.

Requirements specific for AFSL holders.

The Corporations Act also sets out ASIC's requirement for all Australian Financial Services Licence (AFSL) holders and applicants' officers, controllers of holders or applicants, and where relevant, the officers and senior management of the controllers, to satisfactorily pass initial, and thereafter annual, fitness and propriety assessments.

The CFS Fit and Proper Policy, and the ASIC License Management Policy and Procedure, are to be read in conjunction with this Policy when considering the appointment of a Director to a CFS Group Company who holds as AFSL.

Requirements specific to all Regulated Entity Directors

In addition to the above requirements, Regulated Entity Directors are required to:

- collectively (together with senior management), have the full range of skills required for the effective and prudent operation of the Regulated Entity's business operations;
- each have skills that allow them to make an effective contribution to the Regulated Entity Board's deliberations and processes;
- satisfactorily pass initial, and thereafter annual, fitness and propriety assessments, in accordance with the CFS Fit and Proper Policy;
- remain fit and proper on a continuing basis and complete annual assessments expected of a "Responsible Person of an RSE Licensee" as described in SPS 520 and the CFS Fit and Proper Policy; and
- for Independent Non-Executive Directors, satisfy the independence requirements set out in FSC No.20.

The Regulated Entity Boards must have a majority of Independent Non-Executive Directors. Should a majority of Independent Non-Executive Directors for the Responsible Entity Board not be achieved, the Responsible Entity Board must establish a Compliance Committee.

5. General Appointment Requirements

Board Composition Requirements

Subject to any applicable law or regulation, each Board must comprise at least two Directors (or more if considered prudent for good governance or required under law).

Board and Board Committee composition requirements for Regulated Entities. In addition to the requirements above, subject to any applicable law or regulation, and unless the constitution of a Regulated Entity otherwise provides, each Regulated Entity Board must have an appropriate mix of skills, experience and diversity to effectively contribute to Board deliberations and processes and ensure the effective oversight and prudent management of the Regulated Entity.

The Regulated Entity Boards will determine the composition of its Board Committees and inform the PRNC of any changes to composition, at least on an annual basis. The Board Audit and Risk Committee of the RSE Licensee must be comprised of non-executive directors only.

Review of composition requirements

The composition of the Regulated Entity Boards is to be reviewed, in circumstances where:

- a Regulated Entity is in the process of being wound-up / deregistered, in which case the minimum number of directors required to be appointed by law and under the relevant Constitution should be observed;
- where a licence is to be cancelled (e.g. an AFSL or RSE Licence), with the preferred approach for Non-Executive Directors to step down from those Regulated Entity Boards unless there is a regulatory reason for them to remain, the latter should also have regard to remediation activities; and
- for good governance at least triennially by the HoldCo Board.

Additional Board & Board Committee composition requirements for RSE Licensee Entity

An RSE Licensee Board must meet all applicable regulatory requirements in SPS 510 and the following requirements that:

- the RSE Licensee Board will comprise at a minimum four Independent Non-Executive Directors (or as otherwise required by SPS 510) and the CEO of Superannuation;
- a majority of Regulated Entity Directors must be ordinarily resident in Australia;
- a majority of RSE Licensee Board Directors must be Independent Non-Executive Directors;
- a quorum for proceedings of the RSE Licensee Board is satisfied only if the Independent Non-Executive Directors constitute a majority of Directors present and entitled to vote at those proceedings;
- the Chairperson of an RSE Licensee Board must be an Independent Non-Executive Director and may be a member of the Board Audit and Risk Committee but may not be the Chair of that Committee; and
- where a RSE Licensee Board establishes a Board Committee that has responsibility for activities that have the potential to have a material impact on the interests, or reasonable expectations, of beneficiaries, or to the long term financial soundness of the RSE Licensee Entity, any of its RSEs or connected entities, the RSE Licensee Entity must ensure that only a RSE Licensee Entity Director holds the position of Chairperson on that Board Committee.

Board diversity

The RSE Licensee Boards will implement objectives in relation to diversity for RSE Licensee Board Directors. The RSE Licensee Boards must have an appropriate mix of skills, experience and diversity to effectively contribute to Board deliberations and processes and ensure effective oversight and prudent management of the RSE Licensee Entity. The RSE Licensee Boards must regularly assess their performance in a number of areas.

The RSE Licensee Board must assess annually both the objectives and progress in achieving the gender diversity targets and disclose that information to the RSE Members.

Reporting against the RSE Licensee Board gender diversity target must also be provided to the CFS PRN Committee at least annually.

Board Leadership general criteria

The general criteria to be considered in the appointment of a Director as Chairperson of a Board includes:

- an eminent individual who would be seen as a credible leader of the relevant Board and would be capable of positively projecting CFS in dealing with external stakeholders, including government, regulators, analysts, shareholders, media and consumer groups (as relevant);
- preferably, prior CEO or equivalent experience, with broad-based business experience;
- experience on the board of another comparable company that operates in the superannuation industry;
- having led a business operating in a complex and competitive industry to achieve sustained profitability;
- outstanding leadership skills which foster a collegiate board characterised by healthy debate and contribution by all directors; and
- personality and style which will facilitate an effective working relationship with the CEO of Superannuation and management.

For the process and criteria to appoint a Chairperson, please refer to the sections applicable for the appointment of Executive Directors and Non-Executive Directors below.

Board Leadership specific for Regulated Entities

In addition to the above general selection and appointment criteria, the Chairperson of each Regulated Entity is required under FSC Standard No. 20 to be an Independent Non-Executive Director.

Letter of appointment

Each Director must be provided with a letter of appointment setting out the key terms of their appointment (including any indemnity arrangements). A copy of the CFS Group Company's Constitution and any other relevant information about the business activities should also where appropriate be provided to a candidate Director. This process will be managed by the CFS Company Secretariat Team.

Vacation of the office of a Regulated Entity Director

If the office of a Regulated Entity Director becomes vacant on the expiration of their term in office or due to a condition set out in clause 4.5 of the standardised Regulated Entity Constitution, or for any other reason, that vacancy must be filled as soon as practicable and by no later than within ninety (90) days (or such other period prescribed by the SIS Act) of the vacancy occurring.

6. Appointment Considerations for Executive Directors

Executive Director Selection Criteria

In addition to the minimum requirements applicable to all Directors, where an Executive Director is to be appointed to a Regulated Entity Board, they will:

- Be appointed by the CFS Executive Chairman, except for the CEO of Superannuation where the Regulated Entity Boards must be consulted;
- Possess experience working in roles across several business units (applicable to General Manager candidates only); and
- Possess relevant industry experience.

Executive Director Remuneration

Executive Directors do not receive fees for their services as Directors, as they are already remunerated as Employees and/or Contractors.

7. Appointment Considerations for Independent Non-Executive Director

Independent Non-Executive Director Selection Criteria

In addition to the minimum requirements applicable to all Directors, and those requirements applicable to Regulated Entity Directors, each Non-Executive Director must have demonstrated experience in a position of leadership preferably as a director, CEO and/or senior business executive, together with a record of success.

For Non-Executive Directors whose appointment is being considered for a Regulated Entity Board, the candidate should also have relevant industry experience.

HoldCo should, upon a recommendation of the CFS PRN Committee, evaluate the Non-Executive Director candidates having regard to the following appointment criteria:

- The size and composition of the relevant Regulated Entity Board and its legal and prudential obligations, including independence criteria where applicable;
- The collective capability of the relevant Regulated Entity Board in terms of the mix of skills, knowledge, experience and diversity, including gender diversity, and the Regulated Entities strategy, finance, business operations and risk management; and
- The relevant Regulated Entity Board's succession plans and development intentions.

Induction and continuing education programs

All newly appointed Non-Executive Directors must participate in an induction program as approved by the CFS PRN Committee from time to time (Induction Program). The CFS Executive Director, Secretariat & CFS Group Company Secretary will develop the Induction Program in consultation with the CFS Executive Chairman and will keep this Induction Program updated from time to time.

The Executive Director, Secretariat & CFS Group Company Secretary will also maintain an education program for Directors of all Regulated Entities and will report on Director induction and education to the CFS PRN Committee.

Remuneration considerations

Non-Executive Directors will receive fees for their services. The CFS PRN Committee is required to make annual recommendations to the Regulated Entity Boards on the fees payable to each Non-Executive Director.

Any changes applied to fees for Non-Executive Directors appointed to a Regulated Entity Board will be communicated to the relevant individual Director by the Executive Director, Secretariat & CFS Group Company Secretary who will also provide them with an addendum to their appointment letter.

Non-Executive Director Tenure

Total term of six years

Subject to the relevant Regulated Entity Constitution and any applicable regulatory requirements, Non-Executive Directors who are appointed to a Regulated Entity Board (including those appointed as members of any management or executive committees) are generally expected to serve a total term of six years, comprising an initial term of three years followed by a further term of three years.

Extension for further three years to total term

The term of such a Non-Executive Director (including those appointed as members of any management or executive committees) may be extended for a further three years if the CFS PRN Committee determines that the extension would benefit the CFS Group.

An extension may be less than a three year term.

Notwithstanding the general expectation of three-year terms, the CFS PRN Committee has a discretion to approve terms of less than three years.

Extension in exceptional circumstances

In exceptional circumstances, the CSF PRN Committee may further extend a Non-Executive Directors term beyond nine years provided that each further extension is for a maximum period of one year and the total term served on the Regulated Entity Board does not exceed 12 years.

The term of a Non-Executive Director who is appointed to more than one Regulated Entity Board will be calculated from the date of the first appointment to a Regulated Entity Board or Board Committee.

When seeking the CFS PRN Committee's approval for renewals of a Non-Executive Director's term, the Executive Director, Secretariat & CFS Group Company Secretary is responsible for ensuring that the renewal period complies with the relevant Regulated Entity Constitution, any applicable regulatory requirements, governance principles and practice within that jurisdiction.

8. Independence Standards

Principles

- An Independent Non-Executive Director is a Non-Executive Director who is independent of management and free of any Interests that could materially interfere (or reasonably be perceived to interfere) with the exercise of unfettered and independent judgement and ability to act in the best interests of the CFS Group Company as a whole rather than in the interests of an individual security holder or other party.
- It is recognised that Non-Executive Directors may have personal dealings with the CFS Group and that they may hold offices with other organisations which may have dealings with CFS. These circumstances are not, in themselves, sufficient to impair the independence of a Director.
- It is not possible to exhaustively list all factors that may affect independence or definitively determine factors that impact on a Director's independence. In assessing a Director's independence, the relevant Board will consider the specific criteria below, the approach and attitude of the Non-Executive Director candidate and all other relevant factors.

Independence criteria

- A Non-Executive Director candidate or Non-Executive Director will be considered independent if he or she qualifies as independent under FSC No.20.

9. Skills Matrices

Each Regulated Entity is required to have a board skills matrix, which will be reviewed annually (at a minimum) and updated as necessary following the annual performance review.

10. Annual Board Evaluation for Regulated Entity Boards and individual Regulated Entity Directors

Each Regulated Entity Board must undertake an annual performance review (including by an independent third party at least every three years) and the RSE Licensee must also undertake an annual assessment of the performance of individual Directors.

A copy of the evaluation outcomes must be provided to the CFS PRN Committee within a reasonable time frame.

The annual performance review (whether by self-assessment or by a third party) will generally consider the following matters:

- the Board's role and performance relative to its objectives, accountabilities, processes, culture, capabilities and relationship with management;
- the effectiveness of the Board committee structure, including each Board committee's performance relative to its objectives including gender diversity targets, leadership and reporting to the Board;
- whether the Board promotes a clear tone from the top in both messaging and actions;
- the adequacy of the Board's processes;
- the robustness of Director discussion and constructive challenge of management;
- the quality of Director contributions and performance of individual directors;
- the effectiveness of the Chair in leading the Board; and
- the sufficiency of management's reporting to the Board.

11. Removal of Directors

Removal of directors

Each Boards' Constitution sets out the requirements and removal processes for Directors and nominee Directors.

The CFS Fit and Proper Policy and the CFS ASIC Licence Management Policy and Procedure each set out the process, notifications and disclosures to make where there are concerns regarding the fitness and propriety of a Regulated Entity Director (as defined as a Responsible Person and a Responsible Manager for the purposes of SPS 510 and in the Corporations Act (2001) respectively).

The CFS PRN Committee, acting in its capacity as the People, Remuneration & Nominations Committee (PRN Committee) for HoldCo, may remove any Regulated Entity Director from a Regulated Entity Board, subject to any legal obligations and the Constitution of the Regulated Entity.

Escalation and resolution of disputes

Where a dispute arises in relation to the nomination, appointment, re-appointment or removal of a Regulated Entity Director, excluding cases where the fitness and propriety of such a Regulated Entity Director is in question, and those disputes cannot be determined in accordance with this Policy or the Constitution of the relevant Regulated Entity, then the following process outlined below must be followed.

- The dispute is to be documented in writing and forwarded by the complainant to the Chair of the CFS PRN Committee.

- The Chair of the CFS PRN Committee is to determine the provision of the Policy to which the complaint relates to and refer the complaint to the members of the CFS PRN Committee. The Chair may seek legal advice in relation to the nature of the dispute and call a meeting of the CFS PRN Committee
- The CFS PRN Committee will meet to review the dispute and provide its response to the dispute having regard to the members' best interests, the interests of the Regulated Entity and of CFS and any other matter the CFS PRN Committee considers necessary and appropriate.
- If the dispute remains unresolved after being considered by the CFS PRN Committee, the unresolved dispute will be referred to the Board of HoldCo.

12. Definitions

In this policy, defined terms are capitalised. Those terms have the meaning given to them below or, if not defined below, in the CFS Policy Framework Glossary.

Board	The board of directors of a CFS Group Company
Board Committee	The Committees established by the Board of Regulated Entities to assist it in exercising its authority. The current standing Board Committees are: Board Audit & Risk Committee, Board Investment Committee and the Members Outcome Committee. The Board may establish other Committees from time to time
CFS or CFS Group	Superannuation & Investments HoldCo Pty Limited and its subsidiaries and a CFS Group Company means any member of the CFS Group
CFS PRN Committee	The Colonial First State Group People, Remuneration & Nominations Committee
CFS PRN Committee Charter	The charter for the CFS PRN Committee
Chair or Chairperson	The chair of a Board
Compliance Committee	A Committee of a Regulated Entity Board (required under Chapter 5C of the Corporations Act) that is responsible for overseeing compliance within the business and approving the Compliance Plans of the entity
Constitution	The company constitution of a CFS Group Company.
Contractors	External persons or companies contracted to the Regulated Entities or to Superannuation & Investments Services Pty Limited to perform services for the Regulated Entities
Corporations Act	The <i>Corporations Act 2001</i> (Cth).
Director	A director of a CFS Group Company.
Employees	Full-time, part-time and casual employees of CFS; A person who is retiring or transitioning to retirement (or other similar circumstance), or has retired from CFS
Executive Director	Director or prospective Director of a CFS Group Company who is involved in the management of CF

Fit & Proper	Follows the definitions of fit and proper provided in SPS 520 and in the Corporations Act.
FSC No.20	FSC Standard No. 20 Superannuation Governance Policy
HoldCo	Superannuation & Investments Holdco Pty Limited
Independent Non-Executive Director	A non-executive director who is free from any business or other association — including those arising out of a substantial shareholding, involvement in past management or as a supplier, customer or adviser — that could materially interfere with the exercise of their independent judgement
Interests	Includes material contracts, interests, positions, associations and relationships
Non-Executive Director	Director or prospective director of a Regulated Entity Board, who is not an Employee. Alternatively, an Employee who is a Regulated Entity Director who would meet the definition of “non-executive director” under SPS 510
Policy	The CFS Board Appointment Renewal and Performance Policy (this document)
Regulated Entity	Each of CFSIL and AIL
Regulated Entity Board	The board of directors of a Regulated Entity
Regulated Entity Director	A director of a Regulated Entity
RSE	Registrable Superannuation Entity as defined in the SIS Act
RSE Members	The members of a RSE’s Superannuation Fund(s)
RSE Licensee	An "RSE licensee" as defined in the SIS Act. The following are "RSE Licensees" at the date of this Policy: Avanteos Investments Limited (AIL); and Colonial First State Investments Limited (CFSIL), but if AIL or CFSIL ceases to hold an RSE licence, it will no longer be an RSE Licensee under this policy
SIS Act	The Superannuation Industry (Supervision) Act 1993 (Cth).
SPS 510	APRA Prudential Standard SPS 510 Governance
SPS 520	APRA Prudential Standard SPS 520 Fit and Proper

Policy governance

Approver	Holdco Board, CFSIL Board and AIL Board
Owner	Head of Secretariat & CFS Group Company Secretary
Review Cycle	Every 2 years

Relevant documents

Related internal documents	ASIC License Management Policy and Procedure CFS Constitutions CFS Conflicts Management Policy CFS Fit and Proper Policy
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External sources of obligations	APRA Prudential Standard SPS 510 Governance APRA Prudential Standard SPS 520 Fit and Proper FSC Standard No. 20 Superannuation Governance Policy Corporations Act 2001 (Cth) Superannuation Industry (Supervision) Act 1993 (Cth)
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Material revisions

Version	Approval date	Effective date	Details
1.0	18 November 2021	The date of transaction completion (i.e. change of control)	Board approved Day 1 version of Policy.
2.0	13 March 2022	Changes to reflect the Trustee Restructure	Board approved
