

# HESTA Board Charter

30 July 2009



HEST Australia Ltd is the legal entity responsible for the management of HESTA Super Fund. The Board is responsible for both the Trustee Company and the Fund.

The Board will at all times act honestly, fairly, diligently and with integrity in the interests of HESTA members. The Board recognises that its overriding responsibility is the prudential investment of HESTA's assets.

The Board will seek the relevant expert advice to ensure decision making is enhanced and that all statutory and legal obligations are met.

## Purpose and Role

The Board is responsible for:

- the overall management of the Fund and delegates responsibility of the Fund to the Executive Management Team and staff who are all paid employees;
- the strategic direction of the Fund which is formulated on a three year cycle;
- endorsing the operational Action Plan and Budget on an annual basis and monitoring the performance of the plan and budget implemented by management on a quarterly basis;
- monitoring compliance with regulatory and legal requirements;
- maintaining a risk management process that identifies and regularly monitors financial, business and operational risks;
- appointing professional advisers as required to assist in decision-making;
- maintaining and enhancing the Fund's reputation;
- reviewing and assessing its performance and the performance of individual Directors;
- conducting business in an efficient and effective manner;
- appointing and reviewing the performance of the Chief Executive Officer;
- ensuring that remuneration for the Executive Management Team reflects individual and Fund performance;
- recommendations to the HEST Australia Ltd AGM on a number of matters including the appointment of an auditor and remuneration of Directors.

## Board membership

The Board comprises 7 Directors nominated by the Union ('A') Guarantors of HEST Australia Ltd and 7 Directors nominated by the Employer ('B') Guarantors. The Board will continue to assess whether this is the most appropriate structure to meet HESTA's future governance needs.

The policy document '*Expectations for HESTA Directors*' identifies the skills required to fulfil the role of Director of HESTA.

The Chair and Deputy Chair of the Board are selected on merit through a process conducted by a Nominations Committee. The term of office for these appointments is three years.

## Board Meetings

Board papers are distributed on week prior to the Board meeting except in exceptional circumstances.

Time is allocated at each Board meeting for the Directors to meet without management present.

## Role of the Chair

The principal roles of the Chair shall be:

- to facilitate co-operation and trust between the Board and the executive management team;
- to facilitate the Board's role of providing leadership and vision to the organisation;
- directing Board discussions so that there is an effective use of time and critical issues are discussed;
- guiding the ongoing development of the Board as a whole and individual Directors;
- to represent to the Chief Executive Officer the views of the Board on matters of strategy and policy.

## Board Committees

The Board has established a number of Committees to assist its decision making processes. All Board Committees are subject to the overall authority of the Board. The Terms of Reference for each Board Committee shall be reviewed by the Board in February each year.

## Executive

The Executive is responsible for:

- dealing with matters that require immediate attention between Board meetings where it is appropriate for representatives of the Board to be involved;
- assisting the CEO in appointing members of the Executive Management Team;
- conducting Executive Management Team reviews;
- determining within parameters set by the Board, the appropriate remuneration for the CEO;
- negotiating salary and conditions of employment for the CEO;
- reviewing the established Policy Guidelines for Management Positions and recommending changes as appropriate;
- examining the roles and relationships on remuneration matters between the Executive, the Board and the CEO;
- any other matters referred to it by the Board.

## Audit Committee

The Audit Committee is responsible for:

- identifying the risks of the Fund procedures and seeking to ensure that proper controls of the risks are in place;
- considering any matters relating to the financial affairs of the Fund and to the internal controls and external audit arrangements and regulatory compliance arrangements that it determines to be desirable;
- the general standard of reporting to the Board and Committees;
- reviewing the annual financial statements or any other financial information to be published before their submission to the Board for approval;
- reviewing the Fund's procedures to monitor the effectiveness of the systems of accounting and internal control and other procedures relating to risk management;
- making recommendations to the Board concerning the appointment and remuneration of external auditors, and to consider the scope and planning of the external audit and review the findings of the external auditors;
- reporting to the Board on a quarterly basis;
- any other matters referred to it by the Board.

## Board Development Committee

The Board Development Committee is responsible for:

- reviewing Directors' remuneration and providing appropriate recommendations to the Board for subsequent recommendation to the Annual General Meeting of HEST Australia Ltd;
- reviewing and determining appropriate education and training courses for Directors;

- reviewing the Board Policy "*Education and Training Requirements for HESTA Directors*" and providing recommendations for change if necessary;
- reviewing the expertise of the Board in terms of its skill mix and capacity to perform the functions required of it;
- determining and recommending processes by which the Board's performance can be reviewed and improved;
- contributing to the Board's operating processes.

## Marketing Committee

The Marketing Committee is involved with the Marketing function at a strategic level and participates in:

- the development of the Fund's Marketing Strategy;
- monitoring the performance of the Fund's Marketing Strategy;
- monitoring the Fund's product portfolio;
- other matters referred to it by the Board.

## Board Assessment

The Board is committed to regularly reviewing its own performance and to increase Board effectiveness. The Board conducts an annual Board effectiveness discussion and biannually will employ an external consultant to facilitate a thorough review. Its purpose is to increase the effectiveness of the Board.

## Board relationship with CEO and Executive Management Team

The CEO attends and participates in each Board and Committee meeting.

The CEO is the spokesperson for the Fund.

The Deputy CEO who is also the Executive Manager — Administration and Compliance attends each Board meeting and participates as appropriate.

Members of the Executive Management Team attend Board and Committee meetings as required.

All Directors have access to the Executive Management Team provided such access does not distract from the operations of the Fund.

## Directors representing the Fund

Directors may speak on behalf of the Fund only when specifically delegated by the Board.

Directors should not make any comment or represent views about matters where there is no Board policy or decision.

Where Directors represent HESTA on external Boards, they should be cognisant of HESTA policies, practices and strategy in the knowledge that their responsibilities is to the external Board when sitting in that capacity.