



# Governance Statement

Suncorp Portfolio Services Limited  
ABN 61 063 427 958  
AFSL 237905  
RSE Licence No. L0002059

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Current as at 15 September 2016

# Board Governance Statement

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# Board Governance Statement

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## 1. Introduction

The main elements of Suncorp Portfolio Services Limited's (**SPSL**) governance framework are described in this Governance Statement (**Statement**).

SPSL complies with Superannuation Prudential Standard 510 - Governance (**SPS 510**), issued by APRA in November 2012.

## 2. Board of Directors

### 2.1 Role of the Board

SPSL has a Board of Directors (**Board** or **Trustee**) that is required to act in the best interests of members and to ensure that each of the funds under its trusteeship are administered according to the relevant Trust Deed, other governing rules and superannuation legislation. The Board has adopted a charter that sets out its role and responsibilities which include:

- Acting in the best interest of members and beneficiaries of the funds for which it is trustee
- Approving the strategic direction of the trustee's business operations
- Ensuring that a system of good corporate governance is maintained
- Ensuring that each director has the full range of skills required for the effective and prudent management of the trustee's business operations
- Approving and overseeing the trustee's investment governance framework
- Approving and overseeing the trustee's insurance management framework
- Maintaining and monitoring an appropriate risk management framework
- Approving and maintaining an appropriate conflicts management framework
- Ensuring that the trustee complies with all legislative, regulatory, prudential or other requirements
- Delegating appropriate matters to management and committees in accordance with its Deed of Delegation
- Approving the financial statements for the funds and the company
- Ensuring that financial resources are maintained at an adequate level to achieve the trustee's business objectives
- Ensuring that adequate human resources are maintained to support the trustee's business operations
- Ensuring that adequate technical resources are maintained to support the trustee's business operations
- Ensuring that sufficient monitoring processes are in place to manage the outsourcing of material business activities; and that there is appropriate engagement and communication with the relevant regulator.

The make-up and proceedings of the Board are governed by SPSL's Constitution.

The Board has established the following Board Committees to assist it in its functions:

- Investment Committee
- Audit Committee

The Trustee utilises the Suncorp Group Remuneration Committee to comply with its obligation in respect to maintaining a remuneration committee under SPS 510 Governance.

In addition, the following management committees have been established to assist the Trustee discharge its obligations:

- Claims Review Committee
- Unit Pricing Committee
- Product Disclosure Statement Verification Committee

Each Committee is governed by a charter setting out its responsibilities and the extent of its delegation from the Board.

## 2.2 Board Size and Composition

At the date of preparation of this Statement, SPSL had 7 directors who are listed below:

Name	Position	Date Appointed
James Evans	Chair, Independent, Non-Executive Director	13 July 2009
Jan Swinhoe	Independent, Non-Executive Director	16 August 2013
Kathleen Grigg	Independent, Non-Executive Director	27 July 2015
Henry Capra	Independent, Non- Executive Director	5 March 2016
David Carter	Executive Director	1 April 2016
Kevin Potter	Executive Director	1 April 2016
Michelle Bagnall	Executive Director	1 July 2016

The following directors ceased to hold office during the 12 months prior to the issue of this statement:

- Geoff Summerhayes (Resigned 30 September 2015)
- Garry Dransfield (Resigned 2 November 2015)
- Kate Spargo (Resigned 5 March 2016)
- Tony Wessling (Resigned 1 April 2016)
- Jeremy Robson (Resigned 1 July 2016)

The Board has formed the view that the collective skills, experience and industry expertise of its directors is such that the Board is able to effectively fulfil its role and responsibilities. A synopsis of each Director's experience is set out in the Director Biography section of SPSL's website.

### 2.3 Board Meetings

The table below details the attendance of the directors at Board meetings since their date of appointment.

#### Director

	2009 11 meetings	2010 8 meetings	2011 7 meetings	2012 9 meetings	2013 6 meetings	2014 6 meetings	2015 7 meetings	2016 7 meetings as at 15 September 2016
James Evans	5	8	7	9	6	6	5	7
Kathleen Grigg	n/a	n/a	n/a	n/a	n/a	n/a	2	7
Jan Swinhoe	n/a	n/a	n/a	n/a	3	6	5	7
Henry Capra	n/a	n/a	n/a	n/a	n/a	n/a	n/a	4
David Carter	n/a	n/a	n/a	n/a	n/a	n/a	n/a	3
Kevin Potter	n/a	n/a	n/a	n/a	n/a	n/a	n/a	3
Michelle Bagnall	n/a	n/a	n/a	n/a	n/a	n/a	n/a	2

### 2.4 Director Independence

The Board consists of a majority of independent, non-executive directors. The Board confirms that all current non-executive directors are independent. David Carter, Kevin Potter and Michelle Bagnall are not considered independent because of the executive positions they hold within the Suncorp Group.

The independence of the directors has been assessed in accordance with the Financial Services Council definition of which the key components are that an independent director:

- is not an employee of the trustee or a related entity;
- does not have a substantial shareholding in the trustee or one of its related entities and is not associated directly or indirectly with a person having a substantial shareholding in a relevant entity;
- within the last three years has not been employed in an executive capacity by a related entity or been a director of a related entity after ceasing to hold such employment;

- is not a material supplier/customer of a related entity or an officer of a material supplier/customer or otherwise associated indirectly with a material service supplier/customer;
- has no material contractual relationship with a related entity; and
- is free from any interest and business or other relationship which could, or could be perceived to materially interfere with the directors ability to act.

The Chair of the Board of SPSL is an independent, non-executive Director. The current Chair is James Evans who was appointed in the role on 5 March 2016. The role of the Chair is to facilitate effective discussion and decision-making at the Board level and to ensure that the committees under the control of the Board are fulfilling their functions and that in their respective processes relevant decisions are made in the best interests of members and beneficiaries.

## 2.5 Board Diversity

At the date of preparation of this statement SPSL has 42% of its Board positions filled by women. SPSL has adopted a Board Diversity Policy which sets an objective to achieve and maintain a 50% female composition; however the baseline quota of women on the Board will be no less than 33.33% in any given year. Board appointments will be merit based.

## 3. Remuneration Disclosure

The Group Remuneration Policy covers amongst others, all directors, both executive and non-executive, of Suncorp Group Limited and its controlled entities of which SPSL is one.

The Suncorp Group Board Remuneration Committee is made up of at least three non-executive directors and is governed by a Charter that set out its responsibilities.

On an annual basis the Remuneration Committee provides the SPSL Board with summary of changes to the remuneration framework and the subsequent decisions. The report includes the nature and date of the change.

### 3.1 Basis of Preparation

The Remuneration disclosure provided in Appendix A is for the year ended 30 June 2016. This disclosure captures the remuneration details for the executive and non-executive directors of SPSL for FY15 and FY16.

Remuneration arrangements cover all forms of remuneration and include the measures of performance, a variety of types of remuneration and the timing of eligibility to receive payments that a person receives by virtue of their role with SPSL.

A proportionality disclosure methodology has been used to determine the total amount of time that an executive director of SPSL spends on matters specifically related to SPSL so as to assess the total remuneration relating to SPSL.

### 3.2 Remuneration Disclosure Overview

This Remuneration disclosure forms part of the Superannuation Industry Supervision (**SIS**) Act, section 29QB, and is structured as follows:

- **Table 1 (see appendix A)** provides the proportional remuneration details for the executive directors of SPSL including cash salary, short-term incentives, benefits (including non-

monetary), superannuation guarantee contributions, long-term benefits and cash long-term incentives.

- **Table 2 (see appendix A)** provides the total fees, superannuation guarantee contributions and insurance benefits for the non-executive directors of SPSL.
- **Table 3 (see appendix A)** provides details of the service agreements that are in place with the executive and non-executive directors.
- The remuneration for all directors is reviewed at least annually. The Suncorp Group Limited Chief Executive Officer, in conjunction with the Suncorp Group Limited Board Remuneration Committee makes remuneration recommendations for the executive directors of SPSL which are then approved by the Suncorp Group Limited Board.
- The Suncorp Group Limited Board approves the changes to remuneration for the non-executive directors of SPSL.

## 4. Board Performance Policy

The Board evaluation process evaluates the effectiveness of the Board in carrying out the following objectives:

- satisfactorily and effectively fulfilling its key responsibilities as set out in the Board Charter;
- making key decisions in a timely manner; and
- any other matters that the Board sees fit.

The Board formally assesses its performance once a year and meets to set objectives and performance criteria for the upcoming financial year. Once every three years the annual evaluation process will be conducted by an external facilitator to ensure the independence of the evaluation process.

## 5. Board Renewal Policy

The Board views its renewal and succession planning process as a central component of its core governance procedures.

### 5.1 Appointment of a Director

In determining whether to appoint a person as a director, the following factors are considered:

- The strategic direction of the Board's operation;
- The key risks related to its operation;
- The skills, knowledge and experience required by the Board to effectively and prudentially manage its operation;
- The regulatory environment; and
- Any other factors that the Board deems relevant and appropriate.

The appointment of a person to the role of director is on the provision that:

- The person has consented, in writing, to the appointment and confirmed by statutory declaration that he or she is not a Disqualified Person; and

- The person is a Fit and Proper Person.

## 5.2 Removal of a Director

Directors can be removed in accordance with SPSL's constitution.

## 5.3 Board Renewal

The Board aims to ensure that it remains open to new ideas and independent thinking whilst retaining adequate expertise. It does this through a number of methods described below.

### *Board Composition*

The composition of the Board is reviewed by the Board periodically either when a vacancy arises or if it considers the Board's existing mix of skills, knowledge and experience would benefit from the services of a new director. This process forms part of the outcomes of the Board Performance Policy described above.

### *Board Tenure*

The Board considers it important to maintain an appropriate mix between long serving directors with a good depth of knowledge of the Board's operations and corporate history and new directors who bring fresh perspectives to the role. When considering the operation of the Board, consideration is given to whether any director has served on the Board for a period that could reasonably be perceived to materially affect their ability to act in the best interests of beneficiaries.

No formal maximum tenure period has been set however, as described above, the Board performance assessment process measures the Board's performance to ensure that the presence of each director on the Board remains appropriate.

### *Succession Planning*

The Board seeks to ensure that the number of directors appointed to the Board exceeds the minimum required under Superannuation Law. This enables the Board to remain compliant with the relevant requirements should a vacancy occur whilst allowing the continued efficient operation of the Board whilst suitable candidates are assessed for the role.

To assist the Board with forming recommendations as to suitable candidates, it may engage the services of a professional recruitment agency for external candidates. The Board relies on the Suncorp Group's internal evaluation process when seeking internal candidates to assist with identifying individuals with the requisite skills, knowledge and experience.

## 6. Current Outsourced Service Providers

The table below provides the names of all current outsourced providers.

<b>Outsourced Service Providers</b>	<b>Australian Business Number</b>
Suncorp Life and Superannuation Limited	87 073 979 530
Suncorp Group Limited	66 145 290 124
Mercer (Australia) Pty Limited	32 005 315 917



Computershare Communication Services	76 007 153 184
Westpac Banking Corporation	33 007 457 141
SuperChoice Services Pty Limited	78 109 509 739
Morningstar Investment Management Australia Limited	54 071 808 501
National Australia Bank Limited	12 004 044 937
Thoughtworks Australia Pty Limited	99 088 279 761
Wipro Limited	18 093 961 936
Fuji Xerox Business Force Pty Limited	94 137 933 905
Genpact Onsite Services Inc	25 114 897 648

## 7. Conflicts Management

The Board maintains a Conflicts Management Framework to ensure that all potential and actual conflicts of interest and duty in the Board business operations can be identified and then either avoided or prudently managed, as required.

The Board must take all reasonable steps to ensure that all relevant people clearly understand:

- the need to identify all potential conflicts;
- the circumstances that might give rise to a conflict;
- the content and purpose of the Conflicts Management Framework; and
- their obligations.

The Board maintains a register of interests and duties in which all relevant conflicts are disclosed. This register is public, disclosed in the document section of SPSL's website.

## 8. Review of this Statement

The content of this Statement will be reviewed on an as required basis to check the Board's compliance with it and to ensure that the information is current.

More frequent reviews will take place to take into account of changes to the governance structure of the Board or any new and/or changes to the legislative and regulatory environments in which the Board operates.

Date of review	Approved by SPSL Board	Comments	Reviewed by
4 October 2015	23 October 2015	Numerous amendments	EM, OST & Reward Specialist – Reward Strategy and Governance
10 June 2016	10 June 2016	Numerous amendments	EM OST
7 September 2016	15 September 2016	Numerous amendments	EM, OST

## Appendix A

**Table 1 – Remuneration Disclosure for Executive Directors, Chief Risk Officer and Chief Financial Officer**

Incumbent information	Position information	Financial Year			Payment and Benefits - Annual Remuneration						Payment and Benefits - Share-based	
		Year	From	To	Cash Salary	Short-term incentive	Benefits (incl. Non-monetary)	Super	Long-term benefits	Deferred Incentive	Equity settled shares	Equity settled rights
Executive Directors	Title				\$	\$	\$	\$	\$	\$	\$	\$
Geoff Summerhayes	Chief Executive Officer Suncorp Life	2016	1/07/2015	30/09/2015	16,842	6,825	2,234	534	1,095	6,958	-	5,884
		2015	1/07/2014	30/06/2015	57,616	41,633	1,514	1,409	939	24,316	-	25,320
Gary Dransfield	Chief Executive Officer Customer Platforms (Former Chief Executive Officer Suncorp Life)	2016	1/10/2015	2/11/2015	4,791	2,426	601	107	83	1,513	-	2,179
Jeremy Robson	Deputy CFO (Former CFO Suncorp Life; Former Acting CEO Suncorp Life)	2016	1/07/2015	30/06/2016	18,459	4,518	1,808	1,448	580	1,936	-	3,811
		2015	1/07/2014	30/06/2015	32,496	11,748	390	1,409	521	5,272	-	3,656
Anthony Wessling	EGM Platform Optimisation (Former EGM, Product and Portfolio Management, Suncorp Life)	2016	1/07/2015	1/04/2016	21,291	6,518	(379)	1,091	407	2,994	-	2,447
		2015	1/07/2014	30/06/2015	27,908	10,158	100	1,409	447	4,726	-	-
Kevin Potter	EGM Banking & Wealth Portfolio & Product	2016	1/04/2016	30/06/2016	8,375	2,827	786	173	133	1,967	-	830
David Carter	Chief Financial Officer Banking & Wealth	2016	1/04/2016	30/06/2016	8,404	2,842	320	357	134	1,218	-	852
John Nesbitt	Chief Executive Officer Banking & Wealth	2016	10/06/2016	30/06/2016	4,129	2,085	304	79	48	1,287	-	2,057
Sean Carroll	Chief Risk Officer Suncorp Life	2016	1/07/2015	29/02/2016	33,463	6,408	1,146	1,086	(1,859)	2,923	-	2,525
		2015	1/07/2014	30/06/2015	31,742	11,487	491	1,409	509	5,271	-	348
Andrew Jones	EM Strategy & Group Performance Management (Former Acting CFO Suncorp Life)	2016	21/10/2015	29/02/2016	6,858	672	5	520	106	288	-	377
Christine Traquair	Chief Risk Officer Banking & Wealth	2016	10/06/2016	30/06/2016	1,450	430	88	79	17	184	-	101

**Table 2 – Remuneration Disclosure for Non-Executive Directors**

Incumbent information	Position information	Financial Year			Payment and Benefits - Annual Remuneration						Payment and Benefits - Share-based	
		Year	From	To	Fees	Short-term incentive	Benefits (incl. Non-monetary)	Super	Long-term benefits	Deferred Incentive	Equity settled shares	Equity settled rights
					\$	\$	\$	\$	\$	\$	\$	\$
James Evans	Chairperson, SPSL Board	2016	1/07/2015	30/06/2016	65,075	-	2,107	6,182	-	-	-	-
		2015	1/07/2014	30/06/2015	59,497	-	2,548	5,652	-	-	-	-
Kathryn Spargo	Former Chairperson, SPSL Board	2016	1/07/2015	5/03/2016	53,864	-	2,081	5,117	-	-	-	-
		2015	1/07/2014	30/06/2015	77,099	-	3,570	7,324	-	-	-	-
Kathy Grigg	Non-Executive Director and SPSL Board Audit Committee Chair	2016	27/07/2015	30/06/2016	54,795	-	7	5,639	-	-	-	-
Jan Swinhoe	Non-Executive Director	2016	1/07/2015	30/06/2016	59,497	-	7	5,652	-	-	-	-
		2015	1/07/2014	30/06/2015	59,497	-	7	5,652	-	-	-	-
Henry Capra	Non-Executive Director	2016	5/03/2016	30/06/2016	18,265	-	7	2,386	-	-	-	-

**Definition of Table Items**

Item	Definition
Cash Salary	Cash salary, fees and short-term compensated absences
Fees	Fees paid to NEDs for services to the SPSL Board
Short-term incentive	Annual bonus/ cash settled variable pay for respective financial year
Benefits (incl. Non-monetary)	For Executive Directors/Executive Officers, includes insurance, other non monetary benefits and annual leave. For NEDs, includes insurance only. Amounts can be negative when benefits have been realised but not earned
Super	Superannuation - both SGC and any salary sacrificed amounts
Long-term benefits	Accumulated Long Service Leave (LSL)
Deferred Incentive	Deferred STI plus interest payment on previously deferred STI which has been released
Severance Payment	Additional payment - above notice in lieu
Termination Benefits	Value of termination benefits e.g. outplacement
Equity settled shares	Fair value of shares granted subject to performance conditions
Equity settled rights	Fair value of rights granted subject to performance conditions

No termination or sign on payments were provided to the Executive Directors and the Non-executive Directors in FY15 or FY16.

**Table 3 – Agreement Details**

Incumbent information	Service agreement information			Annual STI opportunity	LTI Plan details - Annual Grant			
	Contract Duration	Notice Period	Severance Payment		Performance target	Treatment at Termination	15 -16 Grant date	15 -16 Grant value (Maximum face value)
<b>Executive directors</b>								
Jeremy Robson	Unlimited	3 months	maximum of 52 w weeks	Target: 55% of annual fixed remuneration	Board discretion for Non - Qualifying reason	September 2015	20% of annual fixed remuneration	Performance Rights tested against Relative TSR after 3 years
Kevin Potter	Unlimited	3 months	maximum of 52 w weeks	Target: 60% of annual fixed remuneration	Board discretion for Non - Qualifying reason	September 2015	20% of annual fixed remuneration	Performance Rights tested against Relative TSR after 3 years
David Carter	Unlimited	3 months	maximum of 52 w weeks	Target: 60% of annual fixed remuneration	Board discretion for Non - Qualifying reason	September 2015	20% of annual fixed remuneration	Performance Rights tested against Relative TSR after 3 years
John Nesbitt	Unlimited	3 months	maximum of 52 w weeks	Target: 100% of annual fixed remuneration	Board discretion for Non - Qualifying reason	September 2015	100% of annual fixed remuneration	Performance Rights tested against Relative TSR after 3 years
Christine Traquair	Unlimited	3 months	maximum of 52 w weeks	Target: 50% of annual fixed remuneration	Board discretion for Non - Qualifying reason	September 2015	20% of annual fixed remuneration	Performance Rights tested against Relative TSR after 3 years

**Former SPSL Executive Officers**

Geoff Summerhayes	Cessation date: 30/09/15	Employment ceased at Suncorp Group 02/01/16 - Performance Rights pro-rated, remain on foot
Gary Dransfield	Cessation date: 02/11/15	
Anthony Wessling	Cessation date: 01/04/16	
Sean Carroll	Cessation date: 29/02/16	Employment ceased at Suncorp Group 01/03/16 - Performance Rights pro-rated, remain on foot
Andrew Jones	Cessation date: 29/02/16	

Incumbent information	Service agreement information			STI Plan	LTI Plan details
	Contract Duration	Notice Period	Severance Payment		
<b>Non-Executive directors</b>					
James Evans	Unlimited	30 days	Nil	No STI plan	No LTI plan
Jan Sw inhoe	Unlimited	30 days	Nil		
Kathy Grigg	Unlimited	30 days	Nil		
Henry Capra	Unlimited	30 days	Nil		

**Former Non-Executive Director**

Kathryn Spargo	Retirement date: 5/3/2016	
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**Definitions of Table Items**

Item	Definition
NED(s)	Non-Executive Director(s)
TSR	Total Shareholder Return