



# Governance Statement

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

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Current as at 26 April 2018

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## Board Governance Statement

1.	Introduction	3
2.	Board of Directors	3
3.	Remuneration Disclosure	7
4.	Board Performance Policy	8
5.	Board Renewal Policy	8
6.	Current Outsourced Service Providers	9
7.	Conflicts Management	10
8.	Review of this Statement	10

	Appendix A	11
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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 on 31 October 2016.

## 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 5 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
Edward Cooley	Executive Director	5 February 2017

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

- David Carter (Resigned 26 April 2018)
- Michelle Bagnall (Resigned 28 November 2017)

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 for the last 7 years.

Director	2011 7 meetings		2012 9 meetings		2013 6 meetings		2014 7 meetings		2015 8 meetings		2016 9 meetings		2017 9 meetings		2018 1 meeting as at 26 April 2018	
	Eligible Meetings	Meetings Attended	Eligible Meetings	Meetings Attended	Eligible Meetings	Meetings Attended	Eligible Meetings	Meetings Attended	Eligible Meetings	Meetings Attended	Eligible Meetings	Meetings Attended	Eligible Meetings	Meetings Attended	Eligible Meetings	Meetings Attended
James Evans	7	7	9	9	6	6	7	7	8	8	9	9	9	9	1	1
Kathleen Grigg	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	5	4	9	9	9	8	1	1
Jan Swinhoe	n/a	n/a	n/a	n/a	3	3	7	7	8	7	9	9	9	7	1	1
Henry Capra	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	6	6	9	9	1	1
Edward Cooley	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	6	4	1	1

## 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. Edward Cooley is not considered independent because of the executive position he holds 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 director's 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 40% 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 a bi-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 2017. This disclosure captures the remuneration details for the executive and non-executive directors of SPSL for FY16 and FY17.

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 and Managing Director, 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.

A maximum tenure period of 12 years 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
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
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.

## 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						Termination Payments		Payment and Benefits - Share-based						
					Executives	Title	Year	From	To	Cash Salary	Short-term incentive	Benefits (incl. Non-monetary)	Super	Long-term benefits	Cash LTI (STI deferred plus interest)	Severance payments	Termination benefits	Equity settled shares	Equity settled rights
										\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Michelle Bagnall	EGM Customer Journeys	2017	1/07/2016	30/06/2017	26,423	13,598	1,055	1,471	525	117	-	-	-	8,156					
Alana Bailey	CFO Banking & Wealth	2017	28/11/2016	30/06/2017	17,757	8,925	1,971	736	319	128	-	-	-	4,930					
Bernard Burke	Formerly Acting CFO Banking & Wealth	2017	28/10/2016	25/11/2016	2,216	391	152	211	1,004	-	-	-	-	71					
Sean Carroll	Formerly CRO Suncorp Life	2017	-	-	-	-	-	-	-	-	-	-	-	-					
		2016	1/07/2015	29/02/2016	33,463	6,408	1,146	1,086	(1,859)	2,923	-	-	-	2,525					
David Carter	CEO Banking & Wealth <sup>1</sup>	2017	1/07/2016	30/06/2017	49,763	30,755	3,401	1,471	4,333	397	-	-	-	20,803					
		2016	1/04/2016	30/06/2016	8,404	2,842	320	357	134	1,218	-	-	-	852					
Edward Cooley	EGM Talent & Planning	2017	5/02/2017	30/06/2017	10,828	5,271	(1,184)	427	72	87	-	-	-	3,067					
Gary Dransfield	CEO Customer Platforms	2017	-	-	-	-	-	-	-	-	-	-	-	-					
		2016	1/10/2015	27/10/2015	4,791	2,426	601	107	83	1,513	-	-	-	2,179					
Andrew Jones	Acting CFO Suncorp Life	2017	-	-	-	-	-	-	-	-	-	-	-	-					
		2016	21/10/2015	29/02/2016	6,858	672	5	520	106	288	-	-	-	377					
John Nesbitt	Formerly CEO Banking & Wealth	2017	1/07/2016	30/09/2016	20,594	-	3,771	736	336	1,597	-	71,169	-	9,500					
		2016	10/06/2016	30/06/2016	4,129	2,085	304	79	48	1,287	-	-	-	2,057					
Kevin Potter	Formerly EGM Portfolio & Product, Banking & Wealth	2017	1/07/2016	22/12/2016	17,472	-	(570)	736	377	344	-	19,493	-	2,792					
		2016	1/04/2016	30/06/2016	8,375	2,827	786	173	133	1,967	-	-	-	830					
Jeremy Robson	Deputy CFO <sup>2</sup>	2017	1/07/2016	1/07/2016	128	57	2	12	-	1	-	-	-	29					
		2016	1/07/2015	30/06/2016	18,459	4,518	1,808	1,448	580	1,936	-	-	-	3,811					
Geoff Summerhayes	Formerly CEO Suncorp Life	2017	-	-	-	-	-	-	-	-	-	-	-	-					
		2016	1/07/2015	30/09/2015	16,842	6,825	2,234	534	1,095	6,958	-	-	-	5,884					
Christine Traquair	CRO Banking & Wealth	2017	1/07/2016	30/06/2017	28,110	14,753	821	1,471	566	195	-	-	-	8,139					
		2016	10/06/2016	30/06/2016	1,450	430	88	79	17	184	-	-	-	101					
Anthony Wessling	EGM Platform Optimisation	2017	-	-	-	-	-	-	-	-	-	-	-	-					
		2016	1/07/2015	1/04/2016	21,291	6,518	(379)	1,091	407	2,994	-	-	-	2,447					

<sup>1</sup> Mr David Carter was promoted to CEO Banking & Wealth on 26 September 2016 (formerly CFO Banking & Wealth).

<sup>2</sup> Mr Jeremy Robson was promoted to Acting CEO Suncorp Life on 28 October 2015 (formerly CFO Suncorp Life). Mr Robson was subsequently promoted to Deputy CFO on 1 March 2016.

Table 2 – Remuneration Disclosure for Non-Executive Directors

Incumbent information	Position information	Financial Year			Payment and Benefits - Annual Remuneration						Termination Payments		Payment and Benefits - Share-based	
		Year	From	To	Fees	Short-term incentive	Benefits (incl. Non-monetary)	Super	Long-term benefits	Cash LTI (STI deferred plus interest)	Severance payments	Termination benefits	Equity settled shares	Equity settled rights
					\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
James Evans	Chair	2017	1/07/2016	30/06/2017	95,609	-	419	9,083	-	-	-	-	-	-
		2016	1/07/2015	30/06/2016	65,075	-	2,107	6,182	-	-	-	-	-	-
Kathy Grigg	Non-executive Director and SPSL Audit Committee Chair	2017	1/07/2016	30/06/2017	77,345	-	-	7,348	-	-	-	-	-	-
		2016	27/07/2015	30/06/2016	54,795	-	-	5,639	-	-	-	-	-	-
Kathryn Spargo	Former Chair	2017	-	-	-	-	-	-	-	-	-	-	-	-
		2016	1/07/2015	5/03/2016	53,864	-	2,081	5,117	-	-	-	-	-	-
Jan Swinhoe	Non-executive Director and SPSL Investment Committee Chair	2017	1/07/2016	30/06/2017	77,347	-	-	7,348	-	-	-	-	-	-
		2016	1/07/2015	30/06/2016	59,497	-	-	5,652	-	-	-	-	-	-
Henry Capra	Non-executive Director	2017	1/07/2016	30/06/2017	63,857	-	-	6,066	-	-	-	-	-	-
		2016	5/03/2016	30/06/2016	18,265	-	-	2,386	-	-	-	-	-	-

**Definition of Table Items**

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

Table 3 – Agreement Details

Incumbent information	Position information	Service agreement information			Annual STI opportunity <sup>1</sup>	2016-17 Equity details			
		Contract duration	Notice period	Severance payment		Performance target	Grant date	Grant value	Instrument and vesting period <sup>2</sup>
Michelle Bagnall	EGM Customer Journeys	Unlimited	3 months	maximum of 52 weeks	Target: 80% of annual fixed remuneration	September 2016	20% of annual fixed remuneration	Transitional restricted share grant vesting annually in 3 equal tranches subject to an ongoing service condition	Forfeiture of unvested equity at termination in the event of resignation or termination for cause.
Alana Bailey	CFO Banking & Wealth	Unlimited	3 months	maximum of 52 weeks	Target: 80% of annual fixed remuneration	September 2016	20% of annual fixed remuneration	Transitional restricted share grant vesting annually in 3 equal tranches subject to an ongoing service condition	Forfeiture of unvested equity at termination in the event of resignation or termination for cause.
David Carter <sup>3</sup>	Formerly CFO Banking & Wealth	Unlimited	3 months	maximum of 52 weeks	Target: 80% of annual fixed remuneration	September 2016	20% of annual fixed remuneration	Transitional restricted share grant vesting annually in 3 equal tranches subject to an ongoing service condition	Forfeiture of unvested equity at termination in the event of resignation or termination for cause.
	CEO Banking & Wealth	Unlimited	3 months	maximum of 52 weeks	Target: 100% of annual fixed remuneration	June 2017	100% of annual fixed remuneration <sup>4</sup>	Performance rights tested against Relative TSR after 3 years	Forfeiture of unvested equity at termination in the event of resignation or termination for cause.
Edward Cooley	EGM Talent & Planning	Unlimited	3 months	maximum of 52 weeks	Target: 65% of annual fixed remuneration	September 2016	20% of annual fixed remuneration	Transitional restricted share grant vesting annually in 3 equal tranches subject to an ongoing service condition	Forfeiture of unvested equity at termination in the event of resignation or termination for cause.
Christine Traquair	CRO Banking & Wealth	Unlimited	3 months	maximum of 52 weeks	Target: 70% of annual fixed remuneration	September 2016	20% of annual fixed remuneration	Transitional restricted share grant vesting annually in 3 equal tranches subject to an ongoing service condition	Forfeiture of unvested equity at termination in the event of resignation or termination for cause.

**Former SPSP Executive Officers**

Bernard Burke	Acting CFO Banking & Wealth	Cessation date: 25/11/16			
John Nesbitt	CEO Banking & Wealth	Cessation date: 30/09/16			Employment ceased at Suncorp Group 30/09/16 - Performance rights pro-rated and remain on foot.
Kevin Potter	EGM Portfolio & Product, Banking & Wealth	Cessation date: 22/12/16			Employment ceased at Suncorp Group 23/12/16 - Performance rights pro-rated and remain on foot; Restricted shares pro-rated and vested at termination.
Jeremy Robson	Deputy CFO	Cessation date: 01/07/16			

Incumbent information	Position information	Service agreement information			STI Plan	LTI Plan details	RSP Plan details
		Contract duration	Notice period	Severance payment			
Henry Capra	NED	Unlimited	30 days	Nil	No STI plan	No LTI plan	No RSP plan
James Evans	Chair	Unlimited	30 days	Nil			
Kathy Grigg	NED and SPSP Audit Committee Chair	Unlimited	30 days	Nil			
Jan Swinhoe	NED and SPSP Investment Committee Chair	Unlimited	30 days	Nil			

**Definitions of table items**

Item	Definition
LTI	Long-term incentive
NED(s)	Non-Executive director(s)
RSP	Restricted Share Plan
STI	Short-term incentive
TSR	Total shareholder return

<sup>1</sup> The SPSP Board approved a number of changes to the EGM remuneration package structure. From FY17, EGM Long Term Incentive (LTI) participation ceased with the 20% target LTI opportunity added to the annual STI opportunity and the cash STI deferral vehicle changed to rights with forfeiture provisions upon resignation introduced.

<sup>2</sup> As part of the transition from LTI to an increase in STI, for FY16 only, EGMs received an RSP grant set at 20% of fixed pay granted in September 2016.

<sup>3</sup> Mr David Carter was promoted to CEO Banking & Wealth on 26 September 2016 (formerly CFO Banking & Wealth).

<sup>4</sup> Mr David Carter received a pro-rated LTI award to supplement the RSP grant awarded in September 2016. The LTI award is made as part of the remuneration arrangements for the position of CEO Banking & Wealth.