

Governance Code Monitoring Panel Terms of Reference

1. Introduction

The Australian Institute of Superannuation Trustees (AIST) Governance Code is designed to firmly position profit-to-member superannuation funds at the leading edge of international best practice.

The Code:

- Promotes continuous improvement of governance in the profit-to-member superannuation sector.
- Ensures the profit-to-members ethos is fully supported by fund governance structures.
- Improves accountability and transparency.

The Panel

The Governance Code Monitoring Panel is independent and has the responsibility of monitoring AIST member fund compliance with the AIST Governance Code.

The Panel receives secretariat support from AIST to assist in the performance of its functions.

The Panel is empowered to provide recommendations to AIST and member funds, the Panel cannot issue binding directions to individual member funds or AIST.

2. Composition

The Panel will be comprised of:

- An eminent chairperson.
- A person with significant experience in the profit-to-member superannuation sector.
- A person with significant experience in governance.

An individual with significant experience in the profit-to-member superannuation sector includes:

- A former superannuation fund director or employee.
- A current or former employee or director of a service provider.
- A former financial services regulator.

Ineligible members

Membership of the panel is not open to individuals that are:

- Employed by a responsible superannuation entity (RSE) licensee or RSE, including responsible persons, directors and executive officers.
- Responsible for the management or oversight of an RSE licensee or RSE.

Management of conflicts of interest

- Actual and perceived conflicts of interest would undermine public confidence in the Governance Code Monitoring Panel and impact its integrity.
- At the start of each panel meeting, each member must disclose any relevant actual or potential conflicts and these must be recorded.
- The Panel and each of its members are responsible for the identification and management of actual and perceived conflicts of interest. This is to ensure that members are, and are seen to be, free of any material interest that may impact on their ability to exercise independent judgment.
- Management of perceived and actual conflicts may include: avoiding potential conflicts, ensuring priority is given to the member's role on the Panel over other interests, undertaking action if a conflict is identified to ensure it does not affect decision making, and recording the conflict and its potential impact.
- Each Panel member has an ongoing duty to discharge their responsibilities and exercise their powers in such a way that is prudent and appropriate.

3. Terms of Reference

The Governance Code Monitoring Panel will have monitoring, engagement, reporting and industry development obligations.

Monitoring

- Conduct an annual assessment of whether, and to what extent, each AIST member fund meets the requirements of the Governance Code, including, where relevant, assessing the reasonableness of funds' explanations of why they have not met the requirements.

Engagement

- On a light sample basis, engage with AIST member funds to test the basis on which they have made declarations about meeting the requirements of the Code, or, where relevant, explaining why they have not fulfilled certain requirements.
- Where appropriate, engage with individual AIST member funds.

Reporting to the Board

- Provide the AIST board with a written report on an annual basis detailing:
 - The funds that met all requirements of the Code;
 - The funds that met most requirements of the Code and have provided a reasonable explanation for the requirements that have not been met;
 - The funds that did not meet a requirement of the Code and have not provided a reasonable explanation for the requirements that have not been met.

Public reporting

- Annually, prepare for publication, an overview report on the extent to which AIST member funds have satisfied the requirements of the Code, or provided reasonable explanations where they have not done so. The report will not name individual funds.

Industry development

- Provide AIST examples of best practice governance for the profit-to-member sector.
- Draw attention to relevant governance developments in Australia and overseas.
- Make recommendations to AIST and relevant member funds regarding engagement or education initiatives based on relevant findings.
- Make recommendations about adjustments to the Code for the Code three-yearly review.
- Recommend that AIST consider developing resources to assist member funds in complying with the Code.

4. Obligations of Panel members

Each Panel member will:

- Act honestly and in good faith.
- Participate in the work of the Panel.
- Maintain the confidentiality of all confidential information received in the course of Panel work.
- Inform the Panel and AIST of any material change to their circumstances that may have an impact on their ability to perform their functions as a panel member.
- Meaningfully engage with other panel members, AIST and AIST member funds as required.

5. Meetings

The Panel will meet at least four times in the first year of operation and at least twice each year thereafter.

6. Remuneration

Each Panel member will receive remuneration as compensation for, meeting attendance, preparation and travel.