

# Remuneration Policy

	<b>Date Actual or Expected</b>	<b>Responsible</b>
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# Table of Contents

1. Introduction.....	3
2. Principles of Remuneration.....	3
2.1. Director Principles.....	3
2.2. Employee Principles.....	4
3. Board Governance & Remuneration Committee Oversight.....	4
4. Directors Remuneration .....	5
4.1. Philosophy.....	5
4.2. Structure .....	5
4.3. Indexing and Review.....	5
4.4. Remuneration for Additional Work .....	6
5. CEO Remuneration .....	6
6. Senior Managers and Risk & Financial Control Personnel Remuneration .....	6
6.1. Coverage .....	6
6.2. Structure .....	7
6.3. Setting and Review.....	7
7. Performance-Based Remuneration.....	7
8. Service Providers.....	8
9. Disclosure of remuneration .....	8
10. Review.....	9
Document History .....	10
Relevant Documents .....	10
Appendix A –Remuneration Levels (1 July 2018).....	11

# 1. Introduction

The Trustee believes that all staff are created *'Imago Dei'* (in the image of God) and deserving of honour and dignity accordingly. The Fund actively seeks to model a community where the value of all people is upheld, and their rights respected and supported. This is reflected in the operational practices of the Fund as well as the approach to investment.

In accordance with these beliefs and consistent with its desire to provide a quality service to members, the Fund is committed to ensuring that staff remuneration and benefits are comparable with those enjoyed by others within the superannuation industry, whilst encouraging contentment with fair wages as a biblical principle.

Further details regarding the adequacy of human resourcing levels, recruitment, performance management of staff etc. are given in the *Human Resources Framework*.

This document sets out the remuneration objectives and the structure of remuneration arrangements of Christian Super for:

1. Persons who fall under the definition of a responsible officer as defined under the APRA prudential standard *SPS 520 – Fit and Proper* (excluding actuaries and auditors), including:
  - a. Directors (section 4)
  - b. The CEO (section 5)
  - c. Senior managers<sup>1</sup> (section 6)
2. Risk and financial control (RFC) personnel (section 6).
3. Persons for whom a significant portion of total remuneration is performance-based (section 7).
4. Service contracts between Christian Super and an external body for the primary provision of services relating to risk management, compliance, internal audit, financial control, actuarial control or other services provided by non-employees outside the scope of a formal business contract as covered by the *Outsourcing Procedures* which may affect the interests or reasonable expectations of beneficiaries, the financial position of Christian Super or any other prudential matter (section 8).

## 2. Principles of Remuneration

### 2.1. Director Principles

When setting remuneration for directors as outlined in this policy, Christian Super will:

- Align remuneration arrangements with the achievement of effective governance and the workload therein
- Align remuneration arrangements with the vision and values of the Fund
- Ensure that remuneration is equitable, underpinned by a transparent and consistent methodology
- Ensure that the Fund provides an appropriate level of remuneration commensurate with workload, responsibilities and risks

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<sup>1</sup> This will include senior managers who are not responsible officers, defined as any direct report to the CEO (excluding administrative support roles).

- Ensure that the Fund remains conscious of the relationships between remuneration pressures and costs to members

## **2.2. Employee Principles**

When setting remuneration for senior managers and RFC personnel, other employees and service providers as outlined in this policy, Christian Super will:

- Align remuneration arrangements with the achievement of strategic objectives consistent with its stated risk appetite
- Align remuneration arrangements with the vision and values of the Fund
- Ensure that remuneration is equitable and merit-based, underpinned by a transparent and consistent methodology
- Ensure that the Fund provides an appropriately competitive level of remuneration within the industry it operates while giving appropriate consideration to the long term financial health of the Fund
- Ensure that the Fund remains conscious of the relationships between remuneration pressures and costs to members
- Ensure that employees understand the basis for determining remuneration and are provided with fair opportunities for review
- Set remuneration so as to:
  - Facilitate the attraction of retention of persons with key skills and who share the vision and values of the Fund;
  - Competitively position labour costs; and
  - Provide the flexibility necessary to access future business opportunities and respond to business threats
- Support remuneration structures with a governance framework that avoids conflicts of interest, defines clear accountabilities and ensures that proper checks and balances are in place

## **3. Board Governance & Remuneration Committee Oversight**

The *Committees Charter and Terms of Reference* delegates the remuneration function of the Board to the Board Governance & Remuneration Committee (BGRC). With respect to remuneration, the functions of the BGRC are to:

- annually review and make recommendations to the Board on this policy. This must include an assessment of the policy's effectiveness and compliance with the requirements of the APRA Prudential Standard SPS 510 - Governance;
- annually review the remuneration of persons covered by this policy.

In conducting such reviews, the BGRC is required to fairly align remuneration with the Trustee's obligations to members. Such an assessment would require sufficient industry knowledge within the Committee, and may involve the engagement of internal input or external expert advice.

With respect to internal advice, the requirements of the *Conflicts Management Framework* must be complied with to manage potential conflicts of interest.

With respect to external advice, the BGRC must ensure that the external parties are engaged independently. Additionally, advice should not be sought from an external party who is currently acting or has previously acted on behalf of management or any executive of the Fund with regards to remuneration.

Regardless of whether internal and/or external advice is sought, the BGRC must exercise its own judgment on remuneration matters and not rely solely on the advice given.

## **4. Directors Remuneration**

### **4.1. Philosophy**

In line with the director remuneration principles set by this policy, the level of director remuneration is based on a philosophy of paying at the 25<sup>th</sup> percentile of industry remuneration, as determined by external benchmarking.

### **4.2. Structure**

A director's annual remuneration package, inclusive of superannuation at 9.5%, is calculated using the following components:

- A base rate (which is to be set at the 25<sup>th</sup> percentile of industry remuneration), which covers all responsibilities associated with Board membership including:
  - Meeting time, preparation time and travel time for Board involvement;
  - Training time (including non-membership attendance of Committees)
- Loadings applied for other roles in accordance with Appendix A

The package specifically excludes the following components:

- Reimbursement for out-of-pocket expenses properly incurred in the course of duties as a director. These are to be claimed by the director as outlined in the *Financial Management Framework*.
- Allowances for overnight stays away from home whenever an event (board meeting, conference, etc) is longer than one day (or involves interstate travel that requires an overnight stay). These are paid to directors alongside monthly remuneration at a rate of \$150 per night.

Remuneration may be reduced in the case of regular non-attendance. Currently, Directors do not receive any remuneration in the form of performance based payments.

Payments are made to directors on a monthly basis, with the method of payment to be determined in discussion with each individual Director. As all directors are engaged in their individual capacity, they are treated as employees with respect to PAYG withholding tax, superannuation guarantee payments and payroll tax<sup>i</sup>.

Directors will be encouraged to have their superannuation contributions made to Christian Super, noting that all directors are given choice of Fund in accordance with legislative requirements.

### **4.3. Indexing and Review**

The base rate for remuneration will be indexed from 1 July on an annual basis in accordance with Average Weekly Ordinary Time Earnings as published by the Australia Bureau of Statistics.<sup>ii</sup>

The base rate for remuneration will be ‘re-pegged’ to the 25<sup>th</sup> percentile of industry remuneration at 1 July triennially in accordance with the results of an external benchmarking review.<sup>iii</sup>

#### **4.4. Remuneration for Additional Work**

From time to time, Directors may be required to do work for the Fund which falls outside the scope of their involvement on the Board and the Committees as outlined in the Committees Charter and Terms of Reference. This work must be approved by the Board and may include, but is not limited to:

- Ad hoc committees and taskforces
- Limited time or purpose committees
- Any significant project work delegated by the Board to directors

The level and structure of this remuneration should be determined in accordance with the principles outlined in this policy<sup>iv</sup>.

### **5. CEO Remuneration**

CEO remuneration is salary based, with no performance based payments. The CEO may also receive reimbursement for out of pocket expenses incurred when performing their role at Christian Super in accordance with the *Financial Management Framework*.

The BGRC has oversight of CEO remuneration. This remuneration will be reviewed annually with reference to two factors<sup>v</sup>:

- benchmarking against the total remuneration package for the CEOs of a set of comparable funds for the preceding financial year, with any material shift or increase to be considered.
- CEO performance as determined by the outcomes of the any CEO review process conducted by the BGRC in accordance with its delegation under the *Committees Charter and Terms of Reference*

The set of comparable funds will be subject to external review every three years to determine the ongoing suitability of that set of funds.<sup>vi</sup> The BGRC or the CEO may request a review of the set of comparable funds prior to the scheduled review in the event of any material change in the operations of Christian Super or any of the comparable funds.

### **6. Senior Managers and Risk & Financial Control Personnel Remuneration**

#### **6.1. Coverage**

As at 1 January 2019, the Trustee has identified the following persons will be covered by this section:

<b>Employment Status</b>	<b>Person</b>	<b>Role</b>
<b>Responsible Officer</b>	Nathan Buttigieg	Chief Member Officer
<b>Responsible Officer</b>	Grace Kim	Finance Manager
<b>Responsible Officer</b>	Tim Macready	Chief Investment Officer

Employment Status	Person	Role
Responsible Officer	Jeremy Wynn-Jones	Governance, Risk & Compliance Manager
Senior Manager	Elise Hill	People & Culture Manager
Senior Manager	Stephen Bebb	Head of Product, Contracts & Innovation
Senior Manager	Astrid Dare	Head of Marketing & Brand
Senior Manager	Emma Jonceski	Business Strategy Manager

As at 1 January 2019, the Trustee has determined that there are no risk & financial control (RFC) personnel who are not otherwise senior managers or responsible officers in accordance with the table above.

## 6.2. Structure

Senior manager and risk & financial control (RFC) personnel remuneration is salary based, with no performance based payments. Senior managers and RFC personnel may also receive reimbursement for out of pocket expenses incurred when performing their role at Christian Super in accordance with the *Financial Management Framework*.

The remuneration of senior managers, RFC personnel and other members of staff will not involve an additional performance-based component (noting however, that overall performance in role may be a consideration in any annual salary adjustment). The CEO is authorised to recognise work done by senior managers or other members of staff with the giving of a non-cash gift. These gifts should be managed in line with the requirements of the Fund's *Conflicts Management Framework*.

## 6.3. Setting and Review

Senior manager and RFC personnel remuneration is reviewed annually<sup>vii</sup>. In reviewing senior manager and RFC salary, external benchmarking is performed to ensure remuneration is comparable and competitive within the industry. Once a benchmark is determined, a range is set on either side although some individuals may fall outside that range. Where an individual falls within a given range is determined with reference to their skills, expertise and experience in the role, and may also include consideration of overall performance in role. The review will also make any necessary salary adjustments as noted in employment contracts

The CEO has primary responsibility for setting the remuneration of senior managers and RFC personnel. The remuneration of all senior managers and RFC personnel is given to the BGRC as part of the annual remuneration review. The BGRC, in carrying out the review of senior manager and RFC personnel remuneration, is authorised to require changes to be made by the CEO to the level of remuneration. On this basis, it is determined that the current remuneration structure of senior managers and RFC personnel does not compromise the independence of the personnel in carrying out their functions.

More detail on this process for setting and reviewing senior manager and RFC personnel remuneration, as well as all other employees, is contained in management's *Staff Remuneration Policy*.

## 7. Performance-Based Remuneration

As noted above, the Trustee, as a matter of policy, has no persons for whom any portion of remuneration is performance-based. Should this position be changed, this section would be

updated to clearly articulate the basis on which performance-based remuneration was set and the role that the BGRC is to fulfil in this process.

For clarity, performance-based remuneration refers to the provision of remuneration (in addition to base remuneration) on the basis of performance. This does not preclude performance from being taken into account in the setting of base remuneration.

## **8. Service Providers**

The Trustee will in the course of business contract with individuals and body corporates, related and third-party, who are not directly employed by the Trustee, but provide services to the Trustee. This section applies to those service providers which are, individually or collectively, able to affect the Trustee's financial position and ability to meet reasonable expectations of beneficiaries.

Where a service provider is a related body corporate, individuals employed by the related body corporate are to be treated as employees of the Trustee. The remuneration of such persons is covered by the *Human Resources Framework*.

Where a service provider is a contracted individual, the payment for this service should conform to the principles outlined in this Policy. The Trustee does not currently have any such arrangements, but this Policy will need to be expanded to explicitly cover the remuneration structure for such providers should such arrangements be created.

Where a service provider is a third-party body corporate, the payment for this service should conform to the contractual terms of the engagement, and is not covered by this Policy. Third-party service provider remuneration structures may include incentives-based components. It is expected that these would be carefully considered to ensure they are appropriate in the circumstances of the relationship and do not give rise to the potential of inappropriate risk-taking behaviour inconsistent with the Trustee's risk appetite and obligation to beneficiaries.

## **9. Disclosure of remuneration**

Under s 29QB the Superannuation Industry (Supervision) Act, the Trustee is required to make available the remuneration of each executive officer and trustee director. This includes any such remuneration paid by a related entity of the Fund only where all or part of that remuneration relates to work performed for the Fund.

In accordance with ASIC Class Order CO 14/509, these must be disclosed within 4 months after the end of the most recently completed financial year.<sup>viii</sup> For the purposes of this policy, executive officer is taken to cover all responsible officers as outlined in the *Responsible Officer Plan* (excluding actuaries and auditors), and specifically excludes RFC personnel and senior managers who are not otherwise responsible officers.

Relevant details will be included in the disclosure in accordance with Regulation 2.37 of the SIS Regulations. If an amount attributable to the service of a relevant officer is paid to an entity rather than the individual, the Trustee will also disclose the amount and the name of the entity. The Regulations also contain categories which are not applicable to the remuneration practices of the Trustee at this point in time.

This policy is to be made available on the Fund's website at all times.

## 10. Review

The BGRC is responsible for conducting regular reviews of this document, and this review will include an assessment of the effectiveness of the *Remuneration Policy* as well as compliance with the APRA Prudential Standard *SPS 510 – Governance*. This review will be conducted annually.<sup>ix</sup>

This document will also be updated when a responsible officer joins or leaves Christian Super, when the Trustee receives in writing notification from APRA that an individual or class of individuals must be covered by the *Remuneration Policy*, when Christian Super enters a service contract with an external body providing services outlined in Section 8 or where Christian Super changes the way persons covered by this policy are remunerated, for example, the introduction of performance based remuneration.

## Document History

Note: for remuneration documents prior to implementation of APRA's Prudential Standards, see archived *Directors Remuneration Policy*

23 November 2012      Adopted by Trustee Board (Board Governance & Remuneration review)

## Relevant Documents

SPS 510 – Governance

SPS 520 – Fit and Proper

*Adequacy of Resources Statement*

*Fraud Control Policy*

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<sup>i</sup> Director Remuneration Payment

<sup>ii</sup> Annual Director Remuneration Review

<sup>iii</sup> Triennial Director Remuneration Benchmarking Review

<sup>iv</sup> Additional Director Hours

<sup>v</sup> Annual CEO Remuneration Review

<sup>vi</sup> Triennial CEO Remuneration Benchmarking Review

<sup>vii</sup> Annual Senior Management and RFC Personnel Remuneration Review

<sup>viii</sup> Annual Remuneration Disclosure

<sup>ix</sup> Annual Remuneration Policy Review

## **Appendix A –Remuneration Levels (1 July 2019)**

### ***Base Rate***

\$27,650

### ***Loadings (as a % of Base Rate)***

- Board Chair 100%
- Board Deputy Chair 20%
- Committee Chair 20%
- Committee Member 10%

### ***Remuneration Range***

\$33,180 - \$63,595

### ***Total Remuneration Pool***

\$353,920