

Remuneration Policy

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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 financial services 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 managers¹ (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 (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
- Ensure that the Fund remains conscious of the relationships between remuneration pressures and costs to members

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

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 25th percentile of industry remuneration, as determined by external benchmarking.

4.2. Structure

A director's annual remuneration package, inclusive of any Superannuation Guarantee obligations, is calculated using the following components:

- A base rate (which is to be set at the 25th 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 taxⁱ.

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.ⁱⁱ

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

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^{iv}.

4.5. Remuneration of non-Director Committee Members

In accordance with the *Committees Charter and Terms of Reference*, a non-director may be appointed as a Committee member. Such a member would ordinarily be paid a fee through a separate contractual arrangement rather than remunerated through PAYG.

It is acknowledged that the strict application of the remuneration structure for directors (which would result in the candidate being paid 10% of the director base rate) is not appropriate as it:

- Does not equitably recognise the extra-Committee roles and responsibilities the individual will carry (namely to stay abreast of broader Fund strategy); and
- Does not fairly compensate the highly specialised expertise the individual is bringing to the role (as these are the circumstances where such an appointment would be made)

To fairly balance these considerations in a manner consistent with the remuneration principles outlined in this policy, it is proposed that the default methodology to be set for non-Director Committee members will be an annual fee of:

- A base rate set at 50% of the ordinary Director base rate.
- A loading applied to the role in accordance with Appendix A.

Nothing in the setting of this default should restrict the ability of the Board to set a different methodology for remuneration for an individual non-director Committee member.

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^v:

- 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.^{vi} 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

Appendix B lists the individuals covered by this section.

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^{vii}. 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.

A *Staff Remuneration Policy* is to be maintained, containing further details on the process for setting and reviewing senior manager and RFC personnel remuneration, as well as all other employees.

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

8.1. *Related Parties*

This section applies to those service providers (whether a body corporate or an individual) who are a related party of the Trustee and are:

- engaged for the primary purpose of providing services relating to risk management, compliance, internal audit, financial control, actuarial control; or
- otherwise able to affect the interests or reasonable expectations of beneficiaries, the financial position of Christian Super or any other prudential matter, where a significant portion of total remuneration for persons employed by the service provider is based on performance.

Where this section applies, it is expected that:

- the remuneration of all individuals employed by the service provider who are materially involved in the service provision by the provider will be determined in a manner commensurate with s6 of this policy; and
- the payment of the service provider will be determined in accordance with the *Outsourcing Procedures* and on an arms-length basis.

The Trustee does not currently have any such arrangements, but this Policy would need to be expanded to explicitly cover the remuneration structure for such providers should such arrangements be created.²

8.2. *Non-Related Parties*

This section applies to those non-related service providers which are:

- Not engaged in accordance with the *Outsourcing Procedures* (and accordingly not covered by the Fund's *Risk Management Framework* in relation to the remuneration and payment of service providers); and
- Are either:
 - engaged for the primary purpose of providing services relating to risk management, compliance, internal audit, financial control, actuarial control; or

² For clarity, this section is not taken to apply to Brightlight (as a related party service provider engaged by Christian Super) as they are not engaged for the primary defined primary purposes, nor is a significant portion of total remuneration of individuals employed based on performance.

- otherwise able to affect the interests or reasonable expectations of beneficiaries, the financial position of Christian Super or any other prudential matter.

The Trustee does not currently have any such arrangements and acknowledges that there are no foreseeable circumstances in which a service provider would be appointed other than in accordance with the *Outsourcing Procedures*. Nevertheless, this policy would need to be expanded to explicitly cover the remuneration structure for such providers should such arrangements be created.

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.^{viii} 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.^{ix}

This document will also be updated when there is a change to the class of individuals that must be covered by the *Remuneration Policy* (whether required by APRA or otherwise), when Christian Super enters a service contract not adequately covered by section 8, or where Christian Super otherwise changes the way persons covered by this policy are remunerated.

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

ⁱ Director Remuneration Payment

ⁱⁱ Annual Director Remuneration Review

ⁱⁱⁱ Triennial Director Remuneration Benchmarking Review

^{iv} Additional Director Hours

^v Annual CEO Remuneration Review

^{vi} Triennial CEO Remuneration Benchmarking Review

^{vii} Annual Senior Management and RFC Personnel Remuneration Review

^{viii} Annual Remuneration Disclosure

^{ix} Annual Remuneration Policy Review

Appendix A – Director Remuneration Levels

As at 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

Appendix B –Senior Managers and RFC Personnel

As at 1 January 2020, the Trustee has identified the following persons will be covered by this section:

Employment Status	Person	Role
Responsible Officer	Nathan Buttigieg	Chief Member Officer
Responsible Officer	Alex Mok	Head of Finance
Responsible Officer	Tim Macready	Chief Investment Officer
Responsible Officer	Jeremy Wynn-Jones	Governance, Risk & Compliance Manager
Senior Manager	Carolyn Talbot	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 2020, 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.