



**BOARD CHARTER
OF
FINANCIAL SERVICES COUNCIL LIMITED
ABN 82 080 744 163
(FSC or the company)**

[Consolidated for amendments to 4 December 2017]

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1. Introduction

The FSC, as the industry association for retail and wholesale funds management businesses, superannuation funds, life insurers, financial advisory networks and licensed trustee companies, has as its prime role the advancement of the efficiency and integrity of the financial system and the promotion through government and regulatory channels and public communications the interests of its members.

FSC members support the following principles in so far as they apply to the conduct of the financial services industry:

- Competition and choice are important drivers of better outcomes for consumers;
- The industry must be subject to the highest fiduciary standards. FSC members comply with agreed standards and guidelines;
- Transparency and accuracy in disclosure and market information is a key ingredient of consumer confidence; and
- FSC members, subject to the law, should be free to decide on their particular business model: eg shareholder structure, mutual model and associated fee structures.

The Board of Directors of the FSC is accountable to members for the performance of the company.

In carrying out its responsibilities, the Board undertakes to serve the interests of its members, its members' customers and the broader community honestly, fairly, diligently and in accordance with applicable laws.

The purpose of this Board Charter is to promote high standards of corporate governance and to clarify the role and responsibilities of the Board.

2. Role of the Board

The Board's responsibilities encompass the following:

- Set the strategic direction of the Company and monitor Management's implementation of that strategy;
- Select and appoint (and, if appropriate, remove from office) the Chief Executive Officer (**CEO**), determine his/her conditions of service and monitor his/her performance against agreed objectives;
- Ratify the appointment (and, if appropriate, the removal from office) of the Chief Financial Officer and/or Company Secretary;
- Monitor financial outcomes and the integrity of reporting; in particular approve annual budgets and longer-term strategic and business plans;
- Set specific limits of authority for Management to commit to new expenditure, enter contracts or undertake projects without prior Board approval;
- Ensure that effective audit, risk management and compliance systems are in place to protect the Company's assets and to minimise the possibility of the Company operating beyond legal requirements;
- Monitor compliance with FSC Standards and Guidelines;
- Review on a regular basis, senior management succession planning and development; and
- Effective and timely reporting to Members.

All other responsibilities are delegated to the CEO who is responsible for implementing the strategic direction, and for managing the day-to-day operations of the company. The CEO consults with the Chairman, in the first place, on matters which are sensitive, extraordinary or of a strategic nature. Issues

pertinent to the operations of FSC's Board Committees should be the subject of liaison between the CEO and the relevant Board Committee chairs.

3. Board Size and Composition

The full Board determines the Board size and composition, subject to limits imposed by the Company's Constitution. The Constitution provides for a maximum of fourteen directors of whom at least nine but not more than twelve must be elected members or representatives of members of the FSC elected in accordance with the Constitution. Up to two additional persons who need not be members or representatives of members may be appointed to the Board by the elected directors.

Succession planning for the Board is reviewed regularly, by the Nominations Committee and then by the full Board. In considering potential new Directors, the Board seeks to identify candidates with appropriate skills and experience to contribute to effective direction of the Company, who can exercise impartial and informed judgment on behalf of the industry as a whole.

The Chairman and Deputy Chairs are selected by the full Board.

4. Role of Chairman

The Chairman presides over Board and General Meetings of the Company. He/she has the task of ensuring that the Board is well informed and effective; that the members of the Board individually and as a group have the opportunity to air differences, explore ideas and generate the collective view and wisdom necessary for the proper operation of the company.

The Chairman is responsible for ensuring that the meetings are conducted competently and ethically and is expected to provide effective leadership in formulating the strategic direction for the Company. He/she has a particular responsibility to ensure that decisions taken by the Board are made in accordance with the FSC's principles and are in the interests of the members as a whole.

He/she must ensure that General Meetings of the Company are conducted efficiently and that Members have adequate opportunity to air their views and obtain answers to their queries.

Among the Chairman's other responsibilities are:

- To see that new Board members are well briefed and have access to information on all aspects of the Company's operations;
- To be the Board's representative in dealings with Management ensuring that its views are communicated clearly and accurately;
- To act as the primary counsellor to the CEO;
- To appoint annually Board Committee members;
- To chair the Nominations Board Committee;
- To chair the Administration & Risk Board Committee; and
- To represent the views of the Board to the public, governments etc on appropriate occasions.

5. Responsibility of Individual Directors

Directors are expected to comply with their legal, statutory and equitable duties and obligations when discharging their responsibilities as Directors. Broadly these duties include acting in good faith and in the best interests of the FSC as a whole and acting with care and diligence and for a proper purpose.

Directors are expected to support the letter and spirit of Board decisions and will keep Board information, discussions and decisions that are not publicly known confidential and will not use information gained through the Board for their or their employers' interest. This means that directors must ensure they are at all times aware of and declare to fellow directors any potential conflicts of interest between their roles as directors of the FSC and their roles as executives of their member companies and/or as individuals.

Non-attendance by directors at more than three Board meetings within the year without the prior consent of the Chairman may result in a director being required to resign their position on the Board.

Directors must be prepared if offered, to accept a nomination from the Chairman to chair a Board committee. The committees presently established by the Board are set out in paragraph 9.

6. Access to Information and Independent Advice

Directors may access such information and seek such independent advice, as they individually or collectively consider necessary to fulfil their responsibilities and permit independent judgment in decision-making.

Directors will be entitled to access members of senior management via the CEO at any time to request relevant and additional information or seek explanation and to have access to external auditors without management present to seek explanations or additional information.

Directors may seek independent professional advice with the Chairman's prior consent, which will not be unreasonably withheld and which will be at the FSC's expense.

Appropriate Director' and Officers insurance cover will be maintained by the company.

7. Conflicts of Interest

Given the FSC's role as an industry body and the fact that the Board is constituted by representatives of member companies, the potential for conflicts of interest to arise are generally low. However, there may be occasions where particular operational decisions of a director's member company may place that director in a position of conflict with the stated position of the FSC.

Directors of course have obligations under the Corporations Act 2001 to act only in the interests of the company and to notify other directors of any conflict of interest which may arise.

Directors must disclose to the Board (through the Secretary or Chairman) any actual conflicts of interest which may exist or be thought to exist as soon as they become aware of the issue and take any necessary and reasonable measures to try and resolve the conflict. A standing agenda item at each Board meeting will be a notation of any declaration of conflicts or potential conflicts by Board members.

8. Board Meetings

The Board meets formally at least six times per annum and whenever necessary to deal with urgent matters which might arise between scheduled meetings. The quorum necessary for the transaction of the business of the Board shall be five directors or such greater number as may be fixed by the Board.

The CEO and Company Secretary normally attend Board meetings to present reports on, or seek approvals within their area of responsibility. However, on occasions part of a meeting may be taken up in private session (with only Board members present) to discuss management issues or matters of particularly sensitive nature. The external auditor meets with the Board as part of the full financial year financial accounts preparation. If required these meetings can be “in camera” meetings of Board members only.

Any matters requiring a decision by the Board outside of scheduled Board meetings may, with the approval of the Chairman be settled by circularised resolution which will be noted and confirmed at the following Board meeting. Where the relevant number of directors required under the Constitution from time to time, are not available to respond to a circularised resolution, the Chairman and the CEO may agree to call a Board meeting at short notice and, subject to a quorum being obtained pass any urgent resolutions.

9. Board Committees

The Board may establish Committees both standing and ad hoc whose role is to oversee the development of FSC policy and provide strategic direction, prioritisation and input to the working groups dealing with advocacy projects.

The Board may delegate such of its powers or functions to these Board Committee as are necessary to enable the Committees to function properly. The Committees shall consist of such members of the company or representatives of such members as the Board thinks fit and will in each case have two Directors as Co-Chairs for each Committee. One or both may preside over Board Committee meetings. The office of each Co-Chair will be rotated every 3 years (where practicable). Any Committees so formed shall report to the Board and shall conform to any regulations that shall be imposed by the Board, including regulations imposed under any Board Charter or Charters.

To assist it in carrying out its responsibilities, the Board has established the following standing Committees comprising some or all of the directors:

- Administration & Risk Board Committee;
- Nominations Board Committee;
- Standards, Oversight & Disciplinary Board Committee;
- Advice Board Committee;
- Investment Board Committee;
- Life Board Committee; and
- Superannuation Board Committee.

The Committees are supported by a number of standing and issues based working groups. Provisions governing these groups may be set out in any regulations governing the Board Committees. Furthermore, a Nominations Board Committee is established by the FSC's Constitution with the designated role of nominating candidates for the Board and making recommendations to the Board in relation to the election of directors.

Apart from the Nominations Board Committee the Board shall undertake a review of the terms of reference for each committee annually to ensure they are continuing to meet the needs of the Board.

10. Board Self-Assessment

The Board of the FSC will undertake a self-assessment process every two years. This evaluation should be undertaken by all of the directors with a view to producing both a quantitative and a qualitative analysis of the effectiveness of the Board's performance. The Board may engage the services of an external facilitator to assist in the evaluation process.

11. Representing FSC

The CEO has the delegated authority to speak on behalf of the FSC and to represent the FSC's views to the public via the media.

The Chairman will generally be responsible for representing FSC at major events although the Deputy Chairs or other Board members may deputise for the Chairman in his absence. All other requests for Board members to speak on behalf of FSC are to be forwarded to the CEO to co-ordinate and clarify the agreed FSC position. A Board member speaking to the public or media will be taken to be representing the interest of their company unless they expressly state that they are representing FSC and only then may that occur in accordance with the arrangements in this paragraph.