Gateway Network Governance Body Ltd – Chair's Report, 11 October 2021

On behalf of the Board of Directors of the Gateway Network Governance Body Ltd (GNGB), I am pleased to present the Annual Report for 2020/2021. GNGB has now been operating as the governance body overseeing the security and integrity of the Superannuation Transaction Network (STN) for 5 years.

I spoke last year about the challenges experienced during 2020. Unfortunately, those challenges have increased in 2021 for GNGB, our stakeholders and the Gateway community, particularly in the face of managing rapid change, within the pandemic environment.

Managing the Integrity of the Superannuation Transaction Network (STN)

A key priority of the GNGB Board is oversight of the security and integrity of the STN.

During this year of rapid change, GNGB has continued with an "essential changes only" approach to the continuous improvement of the STN governance framework.

During 2020/2021, the GNGB Board oversaw the fourth annual audit of the security of the STN and implementation of audit recommendations. The results of the 2020 annual audit of Gateway Operator policies, systems, processes and practices against the minimum requirements set out in the STN Information Security Requirements (ISR) provide the Board with a clear view of the extent of compliance by Gateway Operators. The level of conformance demonstrated in Gateway audit reports was an improvement on the previous year.

GNGB played a supporting role with the STN's implementation of the Superstream Rollover V3 legislative changes, helping to communicate changes and issues as they arose and supporting the testing effort of Gateway Operators.

The continued improvements to GNGB's Risk Management Framework have enabled an effective linkage between STN risks and changes to the control environment contained within the Gateway Standards. This continues to be a helpful tool for the Board when assessing Breach Events under the Memorandum of Understanding for participants in the Superannuation Transaction Network (MOU) and enables a more transparent, consistent and repeatable governance regime.

Strategy

A key role of the GNGB Board is to shape the strategic directions and priorities of the GNGB in meeting its objects and roles as set out in the Constitution and MOU.

Strategic Plan

Each year the Board monitors the implementation of the GNGB's Strategic Plan to ensure that priorities of the GNGB remain relevant and effective in the context of a rapidly changing policy, regulatory, and technology environment. The Board also closely monitors risks to ensure that GNGB is positioned to prevent and minimise the impact of identified risks on the integrity and security of the STN.

Due to the pandemic environment in early 2021, the Board held strategic planning discussions across a number of days in March and April 2021 and considered:
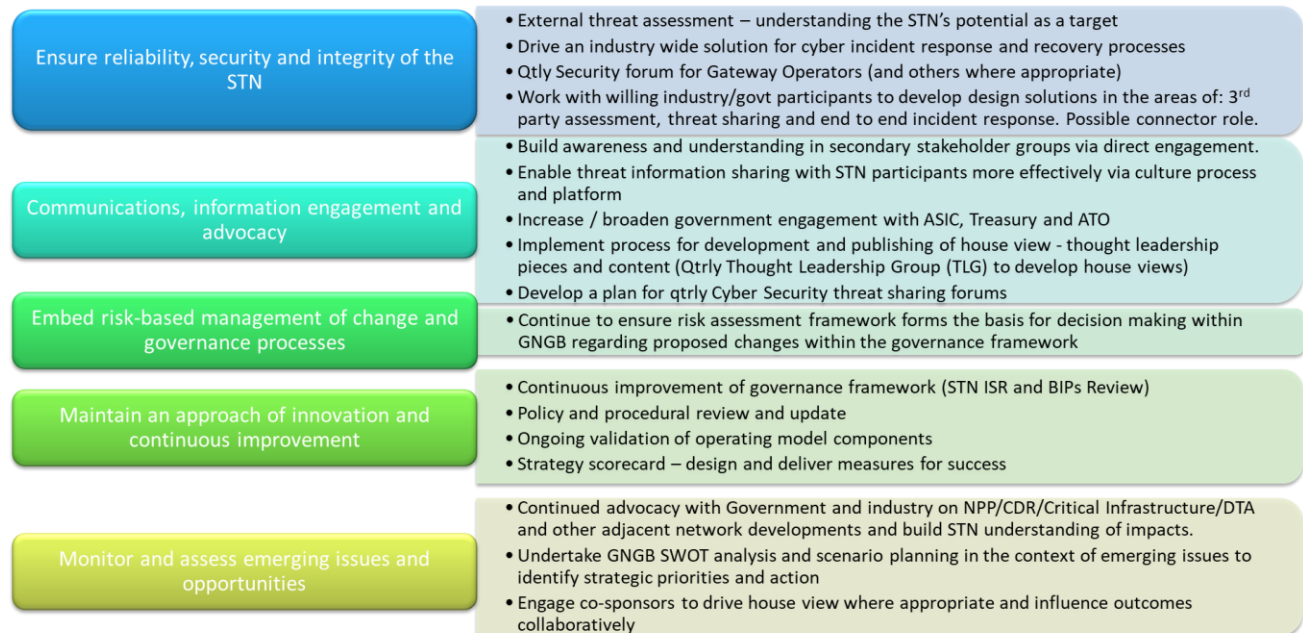
- The opportunities presented by the successful delivery of the report *Securing the Future: Protecting Australia's Superannuation Ecosystem from Cyber Security Threats*

- GNGB's role and scope in exploring the calls to action within the report
- Emerging Issues and their impact on the STN and GNGB
- Considerations and gaps to close to meet 2023 objectives
- Key stakeholder groups, and the strategy for targeting current and an expanded stakeholder set

The Board reviewed the five strategic pillars and determined slight changes resulting in the following for the 2021/2022 period:

| Ensure reliability, security and integrity of the STN | Communications Information, education and advocacy to our members their stakeholders and government | Embed risk based management of change and governance processes | Maintain an approach of innovation and continuous improvement | Monitor and assess emerging issues and opportunities, play an active and influencing role where appropriate |

The Board also agreed the following initiatives under each of the five strategic pillars for 2021/2022:

Pillar	Initiatives
Ensure reliability, security and integrity of the STN	• External threat assessment – understanding the STN's potential as a target • Drive an industry wide solution for cyber incident response and recovery processes • Qtly Security forum for Gateway Operators (and others where appropriate) • Work with willing industry/govt participants to develop design solutions in the areas of: 3rd party assessment, threat sharing and end to end incident response. Possible connector role.
Communications, information engagement and advocacy	• Build awareness and understanding in secondary stakeholder groups via direct engagement. • Enable threat information sharing with STN participants more effectively via culture process and platform • Increase / broaden government engagement with ASIC, Treasury and ATO • Implement process for development and publishing of house view - thought leadership pieces and content (Qtrly Thought Leadership Group (TLG) to develop house views) • Develop a plan for qtrly Cyber Security threat sharing forums
Embed risk-based management of change and governance processes	• Continue to ensure risk assessment framework forms the basis for decision making within GNGB regarding proposed changes within the governance framework
Maintain an approach of innovation and continuous improvement	• Continuous improvement of governance framework (STN ISR and BIPs Review) • Policy and procedural review and update • Ongoing validation of operating model components • Strategy scorecard – design and deliver measures for success
Monitor and assess emerging issues and opportunities	• Continued advocacy with Government and industry on NPP/CDR/Critical Infrastructure/DTA and other adjacent network developments and build STN understanding of impacts. • Undertake GNGB SWOT analysis and scenario planning in the context of emerging issues to identify strategic priorities and action • Engage co-sponsors to drive house view where appropriate and influence outcomes collaboratively

Cyber-security

The Security Committee, established by the Board in 2018, continues to advise the GNGB Board on information and cyber-security matters impacting the STN. The Board has approved initiatives to assist GNGB in:

- supporting Gateway Operators and the superannuation industry to be aware of cyber-security issues;
- applying a range of practical technology and process controls to address cyber-security risk to the network;
- driving continuous improvement in the information security governance framework; and
- fostering open discussions about cyber-security threats and solutions.

A number of strategic initiatives were identified to further the work of GNGB, including our flagship initiative for 2020/21 being the commissioning of the Securing the Future report. This has enabled GNGB to understand the risk environment within the superannuation ecosystem in more detail. It has also been an aid in educating and raising awareness of these issues with other participants in the ecosystem. The report has provided a platform for discussion and debate within the industry and with government regarding the work that can be done to improve the security profile of the superannuation ecosystem. The report included a number of calls to action for the industry. The Board has approved the following activities to progress the recommendations within the report:

- Explore opportunities to expand the existing STN incident response plan and test to other ecosystem participants
- Continue to develop threat sharing capability within the STN
- Leverage our communications platform to continue to raise awareness of the opportunities to improve cyber security within superannuation e.g., quarterly cyber forums

Planned initiatives in 2021/2022 include:

- An independent threat assessment of the STN
- Stage 2 of the threat sharing project subject to successful completion of Stage 1

Stakeholder engagement

The GNGB has an important role in engagement with industry and government bodies in respect of any emerging legislative, policy or technological changes that may impact the STN. The Executive Officer and Chair of the Board meet regularly with the ATO and engage actively with key stakeholders through meetings, attendance at conferences and communications. In 2020/2021, much of this stakeholder engagement has been conducted virtually.

GNGB has actively participated in a number of government consultations in the 2020/2021 financial year with a view to influencing policy that may impact GNGB and our stakeholders, including:

- Protecting Critical Infrastructure and Systems of National Significance submissions on asset definitions and data sector rules, highlighting the importance of re using existing regulatory frameworks, harmonisation of standards and consistent baseline controls.

- Strengthening Australia's cyber security regulations and Incentives, providing support for a consistent baseline of cyber security controls across the economy including greater collaboration between industry and government to enable greater protections
- Digital Service Provider (DSP) Operational Security Framework (OSF) to understand the impact on and advocate for the DSP's within the STN, and to advocate for alignment between the STN ISR and the OSF.
- Participation in industry workshops with the New Payments Platform Association to understand the benefits of including new payment types into the SuperStream environment.

Board Renewal and Development

The composition of the GNGB, comprising representatives of Association of Superannuation Funds of Australia (ASFA), Association of Industry Superannuation Trustees (AIST), Australian Business Software Industry Association (ABSIA), Financial Services Council (FSC), employers and Gateway Operators, provides for a diversity of backgrounds, skills and expertise on the Board and contributes to informed and robust discussion and deliberation of matters by the Board. Board members actively contribute to Board and committee meetings.

As provided in the GNGB's Constitution, the Board has established committees to assist it in carrying out its role. The Board has established a Remuneration Committee, which provides independent oversight of Chair and Executive Officer Remuneration, and a Cyber Security Committee, which provides leadership and oversight of the GNGB's strategies to protect the STN from the impact of cyber-security attacks on the STN.

The Board conducts an annual assessment of its performance to drive continuous improvement of its governance framework, and early in 2021 undertook facilitated training sessions in key areas of governance, which were identified in the annual assessment. The Board also periodically reviews its skills matrix to ensure relevance and currency of skills on the Board and to assist in identifying suitable candidates to fill vacancies on the Board as they arise from time to time.

Financial management

In 2021, GNGB secured a new Commonwealth Grant agreement for a period of 3 years beginning 1 July 2021 and ending 30 June 2024. This provides additional certainty to stakeholders and demonstrates the value and importance of GNGB's work in governing the STN.

The Board was pleased to receive the annual audit of the GNGB's Annual Financial Statements which identified no qualification or area of concern. The audit demonstrated that that GNGB's financial management of funds from the APRA levy and Gateway fees has been prudent and that reporting has been clear and effective. The Board has had good visibility and control of all financial activity.

Acknowledgements

I would like to acknowledge the commitment and diligence of the Directors of the GNGB in exercising their duties and responsibilities and to thank them for their support and significant contribution to the governance of the GNGB.

I would also like to thank David Field from Ozedi and James Cameron from SuperChoice, who fill the role of independent advisors to GNGB's Cyber Security Committee, for their significant contribution to the Committee's work, including shaping the approach to risk management of STN cyber risks.

I would like to acknowledge and thank three Directors who re renominated this year for an additional three-year term, on top of the term already served. They are David Humphry, who was renominated by the Australian Chamber of Commerce and Industry as a Director representing employers, and Michael Ross and Mark Hudson, who were renominated this year by GATE, as Directors representing Gateway Operators. Their renomination as Directors illustrates the depth of their commitment which we value greatly.

I would also like to thank Jane Macnamara for her contribution to the Board as the Director nominated by Co-Sponsor FSC. Jane made an outstanding contribution to the GNGB Board, committees and working groups during her tenure. In her place I welcome Bianca Richardson as FSC's nomination to the GNGB Board and look forward to working with Bianca

It is also appropriate that I acknowledge the outstanding contribution of GNGB's Chief Executive Officer Ms Michelle Bower, and Operations Support Manager. Mary Costello. Michelle and Mary have worked tirelessly in progressing implementation of GNGB's strategic priorities, providing support for the Board and Gateway Operators, facilitating continuous improvement of polices, procedures, systems and processes, and championing the work and achievements of GNGB among key stakeholders and the broader superannuation ecosystem. The GNGB is very lucky to have such a talented, dedicated and professional team.

Finally, and importantly, I would like to acknowledge the ongoing support of all our stakeholders without whom our work would not be possible. Thank you to our Co-Sponsors and the Gateway Operators for their ongoing participation in the STN, their commitment to continuous improvement of the Network for the benefit of superannuation members.

Jan McClelland AM, Chair