



Charter of Compliance Audit & Risk Management Committee

February 2024

1. Purpose

The purpose of the Compliance, Audit and Risk Management Committee (CARC) is to assist the Board in meeting its compliance and risk management responsibilities, oversight of external reporting, auditing and effectiveness of controls.

2. Membership

The Committee will consist of:

- at least two Member Directors; and
- at least two Employer Representative Directors; and
- may include an independent Director.

Expected to be in attendance will be:

- the Chief Executive Officer;
- the Chief Risk Officer;
- the Chief Financial Officer;
- Head of Governance and Company Secretary;
- Other Trustee office staff as necessary; and
- The Fund's external and internal auditors.

A quorum is three Directors including at least one Member and one Employer Representative Director or their nominees. If members of the Committee are unable to attend a meeting, they can nominate their alternate or another Member Director or Employer Representative Director (as the case may be) to represent them. In these circumstances the Committee member should advise the Chair, the Fund's Chief Executive Officer, or Company Secretary.

3. Committee Chair

The Board will appoint the Chair of the Committee and it will not be the Fund's Chair.

4. Terms of Reference

The principal functions and program of the Committee will be to:

- a. monitor compliance with APRA licence and AFSL licence requirements;
- b. monitor compliance with SIS Act and Regulations, Corporations Act and Regulations, Prudential Standards, AML/CTF, Privacy legislation and other regulatory requirements;
- c. review the effectiveness of internal control and management information systems in the trustee company and key service providers, and monitor the processes to confirm all trustee staff are aware of their responsibilities;
- d. monitor compliance with the Risk Management Framework (RMF) including progress on the risk treatment plans included and consideration of any breaches;
- e. monitor compliance with all APRA statutory reporting requirements;
- f. monitor compliance with statutory requirements for external reporting to members, trustee directors and regulatory bodies and professional accounting requirements;
- g. monitor communication of breaches of the RMF to APRA and report to the Board with a recommendation for remedial action;

- h. review the draft annual accounts and any other financial reporting requirements, prior to consideration by the Trustee Board;
- i. make recommendations to the Board for changes to the Risk Appetite Statements, RMS and RMF as required at other times;
- j. review audit and tax management letters;
- k. consider any issue as directed by the Board;
- l. review the internal and external audit plans and obtain confirmation that they cover all material risks and financial reporting requirements and any findings arising from those reviews;
- m. review the adequacy and independence of both the internal and external audit functions as confirmed by audit firms;
- n. recommend the appointment and removal of the Fund's external auditor, internal auditor and Tax Agent to the Board (and perform review of advisers every five years);
- o. review reports from the internal auditor which reports directly to the Committee;
- p. monitor policies in place for employees of the RSE licensee to submit, confidentially, information about accounting, internal control, compliance, audit and other matters about which the employee has concerns;
- q. review the ongoing appointment of the auditor at least annually including an Audit Independence assessment;
- r. consider reports from management on the exercise of management's delegated authorities and escalate to the Board any important issues arising from its consideration of those reports;
- s. monitor and review management's compliance, risk management and audit-related activities and reports and escalate to the Board any important issues arising from its review; and
- t. monitor Information Technology (IT) Security governance including broader data governance principles, relevant policies, IT security testing and escalate to the Board any important issues from its review.

5. Meeting Arrangements

- i. The Committee will meet at least four times per annum or more frequently as required. A teleconference or video-conference can also constitute a meeting. Decisions or approvals can be made digitally via Diligent Boards (or other Board application) or by exception via emailed communication. Proper security is in place via Diligent Boards (or other Board application) to ensure votes reflect the actual person.
- ii. The Agenda and Committee Papers will be distributed to members no later than five working days before each Committee meeting.
- iii. Following the meeting, draft minutes of the meeting will be authorised by the Chairperson for distribution to all Committee members and inclusion in the next Board Meeting agenda papers. The minutes will be confirmed (or amended) at the next meeting and signed by the Chair of the Committee.

6. Powers

In the exercise of its functions the Committee will:

- a. have the power to act in accordance with its delegated authorities;
- b. have free and unfettered access to risk and financial control personnel and other parties; and
- c. have the power to independently engage third party experts at a cost not exceeding \$30,000 and receive their advice independently.

7. Matters reserved to the Board

Matters reserved specifically for the Board's determination are final decisions on the annual financial statements and audit reports, the appointment of external and internal auditors, the internal audit plan, the risk management framework and risk appetite statement and all other policies and matters on which the CARC is required to make recommendations to it.

8. Review

The terms of reference and membership of the Compliance Audit and Risk Management Committee will be reviewed by the Board on an annual basis.