

# Risk and Compliance Committee Charter

## **1 Objectives**

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- 1.1 The objective of the Risk and Compliance Committee (Committee) is to assist the Australian Unity Limited (AUL) board (Board) and its related entities to discharge their risk management and compliance responsibilities.

## **2 Membership**

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- 2.1 The Committee will comprise no less than three non-executive directors of the Board. All members of the Committee will be non-executive directors of the Board, a majority of which must be independent as determined and resolved by the Board from time to time. The Secretariat to the Committee will be the Company Secretary or designate.
- 2.2 The Board will appoint an independent non-executive Board director as the chair of the Committee. The chair of the Board may be a member of the Committee, but cannot chair the Committee. The chair of the Audit Committee may also chair this Committee.
- 2.3 The composition of the Committee may be amended from time to time as determined and resolved by the Board.

## **3 Roles and responsibilities**

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- 3.1 The Committee is responsible for assisting the Board and the Group to fulfill their responsibilities relating to risk management and compliance, including:
- (a) providing guidance, oversight and monitoring of the implementation by management of the Group's Enterprise Risk Management Framework (ERMF) for identifying, measuring, evaluating, monitoring, reporting and controlling or mitigating material risks including financial and non-financial, current and future risks, relevant to the Group;
  - (b) reviewing the effectiveness of the Group's ERMF, including the Risk Management Strategy and the Group Risk Appetite Statement (RAS), and reporting to the board about whether it continues to be sound and making recommendations in relation to any changes that should be made;
  - (c) monitoring management's performance against the ERMF, including whether it is operating within the risk appetite set by the Board and relative to the Group's capital strength;
  - (d) monitoring the risk appetite metrics as outlined in the RAS and overseeing their effectiveness in guiding the business to operating within the Group's risk appetite position;
  - (e) providing guidance, oversight and monitoring of the Group's Compliance Management Framework and related policies and procedures;
  - (f) overseeing and advising the Board on a Group wide view of the Group's

- current compliance with legal and regulatory requirements;
- (g) reviewing the effectiveness of the Group's Compliance Management Framework and policies, and making a recommendation to the Board about whether it continues to be sound;
  - (h) constructively challenging senior management's proposals and decisions on all aspects of risk management and regulatory compliance arising from the Group's activities;
  - (i) reviewing the operational structure of the Group to ensure that it facilitates effective risk management and whether sufficient resources are dedicated to risk management;
  - (j) reviewing and approving key risk and compliance policies in accordance with the Committee and Policy Governance Policy and seeking to ensure their consistency with the Group's Risk Management Strategy and established risk appetite;
  - (k) overseeing and monitoring specific risk and compliance areas such as health and safety, whistleblower protection, operational resilience including business continuity management and disaster recovery, management of conflicts of interest and related party transactions, Anti-Money Laundering and Counter-Terrorism Financing;
  - (l) overseeing compliance with the Group's obligations under the Banking Executive Accountability Regime (BEAR) and any similar or successor legislation and reviewing periodical updates to Accountable Persons' Accountability Statements;
  - (m) considering whether the Group has any material exposure to climate, environmental or social risks, and how it manages those risks;
  - (n) reviewing correspondence from and reporting to regulatory bodies regarding significant issues;
  - (o) reviewing and recommending to the Board about disclosures in AUL's periodic reporting documents in relation to risk;
  - (p) in consultation with the People, Culture and Remuneration Committee, advising the Board on the risk culture of the Group and how the Group's risk culture can be further developed to support the Group's objectives, including via remuneration and reward;
  - (q) in consultation with the Audit Committee, advising the Board on improving the effectiveness of its risk management and internal control processes;
  - (r) overseeing the Group's corporate insurance program (except workers' compensation), having regard to the Group's businesses and the insurable risks associated with those businesses;
  - (s) setting the objectives and reviewing the performance of, the Chief Risk Officer (CRO) and seeking to ensure that the CRO has unfettered access to the Board and the Committee; and
  - (t) overseeing and providing prior endorsement of the appointment and removal of the CRO. If the CRO is removed from their position, the reasons for removal must be discussed with APRA within 10 business days after the Committee's endorsement is agreed upon.

- 3.2 Reviewing reports from management concerning:
- (a) the Group's risk management and compliance frameworks, policies, processes and controls;
  - (b) key material risks including operational, people, credit, conduct, clinical, legal and regulatory, insurance and information and systems;
  - (c) the Group's Environment, Social and Governance (ESG) initiatives;
  - (d) changes anticipated for the economic, business and regulatory environment;
  - (e) the risk implications of new and emerging sources of risks, legislative or regulatory initiatives and changes, organisational change and major initiatives;
  - (f) resolution of any material incident involving a breakdown of the Group's risk controls and the 'lessons learned'; and internal and external reviews of the appropriateness, adequacy and effectiveness of the Group's processes for managing risk.

## **4 Powers of the Committee**

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- 4.1 The Committee:
- (a) has a free and unfettered right to obtain information from and access to (including to interview) senior management, compliance, risk and financial control personnel and other parties (internal and external including auditors, with or without management present) in carrying out its duties; and
  - (b) may seek advice from external consultants or specialists where the Committee considers necessary or appropriate and may do so in a manner that ensures that the engagement, including any advice received, is independent.

## **5 Procedures**

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- 5.1 The Committee must meet at least four times in a calendar year. Meetings can be held in person or electronically. At least once per calendar year, the Committee must jointly meet with the People, Culture and Remuneration Committee to discuss risk and compliance matters including, but not limited to, risk culture, consequence management issues and appropriate remuneration outcomes.
- 5.2 All non-executive directors have a standing invitation to attend Committee meetings and have access to Committee papers, subject to conflicts.
- 5.3 The Group Managing Director, the CRO and the General Manager – Group Risk and Compliance are permanently invited to attend Committee meetings. The Executive Committee have a standing invitation to attend Committee meetings. All invitations remain at the discretion of the Committee and subject to conflicts.
- 5.4 Two members of the Committee will constitute a quorum for meetings.
- 5.5 The Company Secretary is responsible for attending all Committee meetings, taking minutes at Committee meetings and maintaining records of Committee meetings.
- 5.6 The Committee's meeting agendas, together with relevant papers, are to be distributed prior to meetings to such persons as the Committee directs and, where

appropriate, should contain specific recommendations.

- 5.7 All boards in the Group have unfettered access to this Committee.
- 5.8 The Committee chair will report to the Board, or any other Committees as required, including recommendations on any specific decisions or actions the Board or Committees should consider.

## **6 Meetings**

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- 6.1 Minutes of the Committee's meetings will be kept and provided in the papers to the Board following the Committee meeting.
- 6.2 The Committee may table a formal report to the Board on its activities when it considers the same to be appropriate.
- 6.3 Any matters arising at a meeting of the Committee must be determined by a resolution passed by a majority of votes of those present and voting.
- 6.4 The chair does not have a casting vote in addition to their deliberative vote.

## **7 Review**

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- 7.1 To ensure that the Committee is fulfilling its duties to the Board, the Committee will:
  - (a) review this charter annually and recommend amendments to the Board (if required);
  - (b) review the annual agenda; and
  - (c) conduct an annual assessment of its performance against this charter, duties and responsibilities and provide a report of the findings to the Board.

<b>Policy Owner</b>	Governance
<b>Effective Date</b>	31 May 2023
<b>Superseded Document</b>	25 May 2022