



## RISK AND COMPLIANCE COMMITTEE CHARTER

### 1 Objectives

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- 1.1 The main objectives of the Risk and Compliance Committee (“**Committee**”) is to:
- (a) oversee the Risk Management Framework (“**RMF**”) for identifying, assessing, mitigating and monitoring material risks arising within Australian Unity Limited (“**AUL**”) and its related companies (“**the Group**”); and
  - (b) review, and assess, the Group’s compliance policies, procedures and frameworks.

### 2 Membership

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- 2.1 The Committee will comprise no less than three independent non-executive directors of the Board 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 the chair of the Committee. The chair of the Board cannot chair the Committee. The chair of this Committee must be an independent non-executive director of the Board.
- 2.3 The term of any member of the Committee will be three years, but any director serving on the Committee may renominate for such further term or terms, as the Board deems appropriate.
- 2.4 The composition of the Committee may be amended from time to time provided that it will at all times consist of at least three independent and non-executive directors of the Board.

### 3 Roles and responsibilities

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- 3.1 The Committee assists the AUL Board (the “**Board**”) and the Group with fulfilling their responsibilities relating to risk management and compliance, including the implementation and operation of the Group’s RMF.
- 3.2 Other objectives and functions include:
- (a) advising the Board on the Group’s overall current and future risk appetite and risk management strategy;
  - (b) oversight of a Group wide view of the Group’s current and future risk position relative to its risk appetite and capital strength;
  - (c) oversight of senior management’s implementation of the risk management

- strategy;
- (d) reviewing the operational structure of the Group to ensure that it facilitates effective risk management;
  - (e) in consultation with the People, Culture and Remuneration Committee, advising the Board on the risk culture of the Group and making recommendations to the Board on how the Group's risk culture can be further developed to support the Group's objectives;
  - (f) reviewing, in consultation with the Audit Committee, matters of accountability and internal control affecting the operations of the Group;
  - (g) reviewing, in consultation with the Audit Committee, the effectiveness of management information systems and other systems on internal control;
  - (h) forming a view, and advising the Board on, the risk culture of the Group and the extent to which that culture supports the ability of the Group to operate consistently within its risk appetite, identify any desirable changes and ensure that necessary steps are taken to address those changes;
  - (i) oversight of, in consultation with the Audit Committee, internal controls, policies and procedures that the Group uses to identify and manage business risks;
  - (j) ensuring that the Group's risk management policies and procedures are consistent with the Group's risk management strategy and established risk appetite;
  - (k) oversight of the Group's compliance with legal, regulatory requirements and compliance policies;
  - (l) forming a view on, and advising the Board on, whether the Group has adequate resources dedicated to risk management;
  - (m) constructive challenge of senior management's proposals and decisions on all aspects of risk management arising from the Group's activities;
  - (n) recognising uncertainties, limitations and assumptions attached to the measurement of material risks;
  - (o) setting the objectives, and reviewing the performance of, the Chief Risk Officer ("CRO") and ensuring the CRO has unfettered access to the Board and the Committee;
  - (p) oversight and prior endorsement of the appointment and removal of the CRO;
  - (q) annually reviewing the effectiveness of the Group's RMF;
  - (r) approving and reviewing the quality and adequacy of risk management policies, systems, procedures, controls and practices within the Group, including business continuity management;
  - (s) approving and reviewing the quality and adequacy of policies, systems, procedures, controls and practices within the Group to manage conflicts of interest and related party transactions;

- (t) supervising the management of occupational health and safety issues across the Group, including risk issues for staff and other people;
- (u) maintaining the Whistleblower Policy and the procedures associated with the Whistleblower Policy;
- (v) ensuring processes are in place to ensure that employees of the Group are aware of the Whistleblower Policy;
- (w) promoting a greater awareness and commitment to risk management practices within the Group; and
- (x) conducting the activities with regards to compliance and business risks and internal controls, as respectively identified in paragraphs 4 and 5 immediately below.

## **4 Compliance**

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4.1 The Committee has the following obligations with regards to compliance:

- (a) reviewing and assessing new compliance policies and procedures developed by management prior to submission to the relevant board;
- (b) reviewing the effectiveness of the Group's approach to achieving compliance with laws, regulations, industry codes and Group policies;
- (c) reviewing correspondence from regulatory bodies regarding significant issues;
- (d) monitoring and reviewing any significant changes to legislative or regulatory requirements that may impact on compliance frameworks and systems within the Group;
- (e) receiving and evaluating reports from the General Manager - Risk and Compliance regarding the adoption and adequacy of compliance practices within the Group;
- (f) receiving and evaluating reports from compliance managers regarding the state of compliance within their part of the Group;
- (g) approving the managed investment scheme compliance plan auditor's scope of work; and
- (h) reviewing and assessing the integrity of compliance reporting to regulatory bodies.

## **5 Business Risks and Internal Controls**

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5.1 The Committee, in consultation with the Audit Committee, has the following obligations regarding business risks and internal controls:

- (a) assessment of adherence to the Group's risk management policy and oversight of the risk management system and its resourcing; and
- (b) reviewing the operational effectiveness of the policies and procedures relating to risk and the Group's internal control environment.

## 6 Procedures

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- 6.1 The order of the meetings will include apologies, attendance, minutes for confirmation, agenda items and other business. The process for preparing the agenda, papers and minutes will be managed by the Company Secretary or delegate.
- 6.2 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.
- 6.3 The Group Managing Director, the CRO and the General Manager – Risk and Compliance are **permanently** invited to attend Committee meetings. The Executive Committee have a **standing** invitation to attend Committee meetings.
- 6.4 Two members of the Committee will constitute a quorum for meetings.
- 6.5 The Committee:
- (a) has free and unfettered access to compliance, risk and financial control personnel and other parties (internal and external) in carrying out its duties; and
  - (b) if choosing to engage third-party experts, has power to do so in a manner that ensures that the engagement, including any advice received, is independent.
- 6.6 The Company Secretary is responsible for attending all Committee meetings, taking minutes at Committee meetings and maintaining records of Committee meetings.
- 6.7 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.
- 6.8 All boards in the Group have unfettered access to this Committee.
- 6.9 The Committee chair will report to the Board, including recommendations on any specific decisions or actions the Board should consider.

## 7 Meetings

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- 7.1 Minutes of the Committee's meetings will be kept and provided in the papers to the Board following the Committee meeting.
- 7.2 The Committee may table a formal report to the Board on its activities when it considers the same to be appropriate.
- 7.3 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.
- 7.4 The chair does not have a casting vote in addition to his or her deliberative vote.

## 8 Review

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- 8.1 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>	1 January 2019
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