

Audit & Risk Committee Charter

(a committee of the Australian Retirement Trust Board)

Purpose

This charter outlines the scope of the Audit & Risk Committee. The Committee has been established by the ART Board to provide assistance in discharging the Board's corporate governance and oversight responsibilities in relation to such matters as: internal and external audit functions; information security; financial reporting and taxation; risk management; compliance; investment operations; as well as business continuity and corporate insurance. In doing so, it is the responsibility of the Committee to maintain free and open communication between the Committee, advisers (especially internal and external auditors), and Management. The Australian Retirement Trust Board & Committee Procedures document supplements this Charter and covers administrative matters associated with convening and running a Committee meeting.

Committee's Responsibilities

Policies and Management

The Committee will review and approve:

- AFSL Governance Policy as well as lodgement with ASIC of applications to vary AFSL's for ART subsidiary entities (excluding QInsure Limited);
- Anti-Money Laundering and Counter-Terrorism Financing Program – Part B;
- Annual risk management declaration required to be provided to APRA (pursuant to SPS 220);
- ASAE 3402¹ report (or equivalent) for release by Precision Administration Services Pty Ltd to stakeholders;
- Auditor Independence Policy;
- Crisis Management Team Charter;
- External Auditor's engagement plan and audit fee;
- Financial Make Good Policy;
- Fraud Control Program;
- Incident and Breach Reporting Policy;
- Internal Audit Charter;
- Internal Audit Plan;
- Tax Control Framework;
- Tax Transparency Report;
- Unlisted Investment Governance Framework;
- Valuation Policy; and
- Year-end timelines for accounts / audit and annual financial statement proformas.

The Committee will recommend to the ART Board:

- ART's Annual Report;
- Sustainable Investment Report;
- Payment Times Reporting;
- Adequacy of Resources Statement;
- Anti-Money Laundering and Counter-Terrorism Financing – Part A;
- Any change to the classification of a Material Risk which would result in it being outside of appetite, or a subsequent move back within appetite. It is noted that the ART Board has delegated authority to the CEO and CRO to approve increases in risk ratings (including moving a risk outside of appetite), where it is necessary to expedite approval prior to the next Committee or Board meeting. The exercise of this delegation should be preceded by a discussion with the Committee Chair (to consider the need for a Committee meeting), with any changes tabled and, if considered appropriate, endorsed at the subsequent Committee and Board meetings;

¹ This Standard on Assurance Engagements applies to an assurance engagement to provide an assurance report for use by user entities and their auditors on controls at a service organisation.

- Anti-Bribery and Anti-Corruption Policy;
- Appointment of the firm that provides External Auditor services;
- Business Continuity Management Policy;
- Compliance Framework;
- Information Security Management Framework and Policy;
- Inside Information & Restricted Trading Policy;
- Outsourcing Policy;
- Procurement Policy;
- Risk Culture Framework;
- Risk Management Framework;
- Tax Governance Policy;
- Unit Pricing Policy; and
- Whistle Blower Policy.

If a policy is not listed above (either by omission or because it is new since the Charter was approved), the Committee will initially make a recommendation on it to the Board, and may at that time, seek delegation to approve subsequent iterations.

The Committee will approve, or recommend approval to relevant subsidiaries:

- Policies relating to Sunsuper Financial Services Pty Ltd, QSuper Limited, QSuper Asset Management Pty Ltd, QInvest Limited and One QSuper Pty Ltd;
- Policies relating to Precision Administration Services Pty Ltd, including:
 - Beam Governance Framework;
 - Beam Clearing House Complaints Policy (or equivalent);
 - Beam Clearing House Compensation Policy (or equivalent).
- Commercial matters relating to Sunsuper Financial Services Pty Ltd, QSuper Limited, QSuper Asset Management Pty Ltd, QInvest Limited and One QSuper Pty Ltd;
- Commercial matters relating to Precision Administration Services Pty Ltd including:
 - Beam clearing house services;
 - Commence charging transaction fees;
 - Change Beam STP fees (except inflation/CPI);
 - Alter commercial agreement relation to revenue sharing model; and
 - Material change to access and use agreement.
- Any matter that may have a negative impact on the Risk Profile of a Group Entity.

Notes: There are currently no other Related Entity policies for consideration by the Committee. QInsure policies and commercial decisions will be considered by the QInsure Board and Committees.

Audit and Internal Controls

The Committee is responsible for:

- a. Overseeing the appointment of the Head of Internal Audit and ensuring annually that the internal auditors meet the independence requirements set out in the Internal Audit Charter;
- b. Reviewing and approving the Internal Audit plan to ensure the coverage is adequate (addressing all material risks), and formally evaluating the performance and independence of the Internal Auditors;
- c. Overseeing the appointment of the firm that provides External Audit services and ensuring annually that the External Auditor meets the Audit Independence tests set out in APES 110 Code of Ethics for Professional Accountants and the auditor independence requirements set out in APRA Prudential Standard 510 – Governance;

- d. Reviewing and approving the External Auditor's engagement plan to ensure it covers all relevant risks and financial reporting requirements, approving the audit fee and conducting an assessment of the External Auditor's performance in delivery;
- e. Discussing with the internal and external auditors, the adequacy and effectiveness of the accounting, financial, legislative, compliance and quality controls – these controls include policies and procedures to assess, monitor, manage and report on risk and compliance issues;
- f. Discussing issues and queries arising from audits and any matter the internal or external auditor may wish to discuss (in the absence of Management where necessary) and to monitor progress on rectification of issues raised by external or internal audit or reported as risk or compliance issues;
- g. Reviewing the findings of internal and external audits ensuring that issues and recommendations are being managed and rectified in an appropriate and timely manner;
- h. Requiring reports from Management, internal and external auditors on significant proposed regulatory, accounting or reporting issues to assess any potential impacts; and
- i. Assessing whether non-audit services provided by the firm that provides External Audit services are consistent with best practice in relation to auditor independence.

Corporate and Financial Reporting & Taxation

The Committee is responsible for:

- a. Reviewing the annual financial statements and regulatory reporting of ART, before submission to the ART Board, focusing particularly on:
 - Review of significant accounting and financial reporting issues including complex or unusual transactions;
 - Any changes in accounting policies and practices;
 - Major areas of judgment;
 - Significant adjustments resulting from the audit;
 - Compliance with accounting standards;
 - Compliance with other legislative or legal requirements;
 - Encouraging best practice reporting; and
 - External service providers (as required);
- b. Reviewing significant tax planning issues, considering tax risk management matters, and monitor compliance with statutory tax reporting requirements (including annual income tax returns) for ART;
- c. Reviewing the external auditor's management letters and management response from ART;
- d. Reviewing and approving the accounting and taxation policies of ART on an ongoing basis, including any public statements about the tax affairs of the organisation;
- e. Reviewing the audit report issued in respect of the annual financial statements for each entity and monitoring the entities' compliance with regulatory requirement;
- f. Reviewing and recommending the ART Annual Report and Sustainable Investment Report to the Board for approval.

Risk Management

The Committee is responsible for:

- a. Monitoring oversight of the following types of risk:
 - Strategy development risk;
 - Product (excluding Insurance) risk;
 - Advice and member education risk;
 - Intra-Group arrangements risk;
 - Unit pricing and valuation risk;
 - Change execution risk;
 - People risk;

- Financial resilience risk;
 - Financial crime and fraud risk;
 - Member growth risk;
 - Business disruption risk;
 - Service provider risk;
 - Member servicing and administration risk;
 - Governance and regulatory risk;
 - Information technology risk;
 - Information security risk;
 - Data risk;
 - Insurance product risk;
 - Liquidity risk;
 - Investment risk; and
 - Any other risks that may have a material impact on business operations.
- b. Overseeing the establishment and implementation of risk management and internal compliance and control systems and ensuring there is a mechanism for assessing efficiency and effectiveness of those systems;
 - c. Considering for approval and adoption, policies and procedures on risk management to establish an effective and efficient system for: (i) identifying, assessing, monitoring and managing risk; and (ii) disclosing any material change to the risk profile;
 - d. Ensuring the risk assessment and controls outlined in the Anti-Money Laundering and Counter-Terrorism Financing Programs remain appropriate and are implemented and monitored;
 - e. Ensuring that the key controls over ART material risks are implemented and remain effective;
 - f. Considering issues associated for the range of risk related matters for ART, including but not limited to:
 - The areas of highest risk (based on consequence / likelihood risk rating);
 - Any emerging risk issues and potential changes; and
 - The undertaking of an annual risk review workshop.
 - g. Reviewing Management's consideration of corporate and operational risk management areas;
 - h. Signing the annual risk management declaration required to be provided to APRA; and
 - i. Reviewing and overseeing / endorsing material expenditure and material outsource arrangements, including technology expenditure.

Compliance

The Committee is responsible for:

- a. Ensuring compliance with and enforcement of policies, applicable laws and regulations and providing oversight as needed to ensure that the Compliance program effectively prevents and/or detects violations of law, regulation, policy, or any special conditions imposed by any licensing authorities by either employees, trustees, directors or other agents;
- b. Oversighting all APRA, ASIC and other supervisory bodies statutory reporting requirements, as well as reviewing reports from, and monitoring the responses to these organisations;
- c. Receiving reports on the advice channels, including relevant monitoring and supervision activities;
- d. Reviewing resources assigned to the Compliance program to assess their adequacy relative to the program's effectiveness; and
- e. Being informed of relevant conduct, misconduct, and other issues as the Chief Risk Officer deems appropriate. The Chief Risk Officer shall advise the Committee of any potential criminal acts and serious violations of the Code of Conduct committed by either employees, directors or other agents and all material disciplinary actions and remedial measures involving compliance infractions as soon as practicable after becoming aware of them and no later than the next Committee meeting.

Investment Operations and Valuations

The Committee is responsible for:

- a. Oversighting risks associated with the Investment Operations & Performance activities;
- b. Reviewing various reports submitted by Management in relation to asset valuations, noting that the Valuation Oversight Committee, and the Investment Committee, will support the Committee by undertaking fiduciary reviews of governance as well as monitoring the decisions made by Management with respect to the valuations of unlisted assets;
- c. Undertaking an annual unlisted investments deep dive which will cover:
 - governance, oversight and monitoring activities;
 - analysis of asset valuation movements;
 - independent valuer appointments;
 - a summary of the Valuation Review Committee (a Management Committee) activity; and
 - select asset valuation deep dive;

Information Security and Technology

The Committee is responsible for:

- a. Receiving reports on technology risks, as well as overseeing the effectiveness of the cyber resilience strategy.

Business Continuity and Corporate Insurance

The Committee is responsible for:

- a. Reviewing the processes and plans in place in relation to business continuity management / disaster recover planning for ART;
- b. Overseeing the appointment of ART's corporate insurance broker, noting that the approval of corporate insurance arrangements for ART are approved by the ART Board Sub-Committee.

Committee Reporting

The Committee will regularly report to the ART Board about Committee activities, issues, and decisions.

Charter Review

The Committee will review, on at least a triennial basis, the adequacy of the Committee Charter, and request the ART Board's approval for any proposed changes, and ensure appropriate disclosure as may be required by law or regulation.

Approval:	Australian Retirement Trust Board
Active date:	14 December 2023