

# **Risk Committee Charter**

*(a committee of the Australian Retirement Trust Board)*

# Purpose

This charter outlines the scope of the 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 audit; information security risk; risk management; compliance; 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 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 3402<sup>1</sup> report (or equivalent) for release by Precision Administration Services Pty Ltd to stakeholders;
- Crisis Management Team Charter;
- Fraud Control Program;
- Incident and Breach Reporting Policy;
- Internal Audit Charter;
- Internal Audit Plan. and
- Risk Culture Framework.

#### **The Committee will recommend to the ART Board:**

- 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;
- Anti-Bribery and Anti-Corruption Policy;
- Business Continuity Management Policy;
- Information Security Management Framework and Policy;
- Inside Information & Restricted Trading Policies;
- Outsourcing Policy;
- Risk Management Framework;
- 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.

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<sup>1</sup> 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.

**The Committee is responsible for, on behalf of the Board:**

- Considering any matter from subsidiaries that may have a negative impact on the Risk Profile of a Group Entity.
- Approving Material policies (as deemed appropriate by the Chief Risk Officer) relating to the significant entities for the ART Group.

## Audit and Internal Controls

**The Committee is responsible for:**

- a. Overseeing the appointment of the Head of Audit & Assurance 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. Discussing with the internal auditors, the adequacy and effectiveness of the, financial, legislative, compliance and quality controls – these controls include policies and procedures to assess, monitor, manage and report on risk and compliance issues;
- d. Discussing issues and queries arising from audits and any matter the internal 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;
- e. Reviewing the findings of internal audits ensuring that issues and recommendations are being managed and rectified in an appropriate and timely manner; and
- f. Requiring reports from Management and internal auditors on significant proposed regulatory, or reporting issues to assess any potential impacts.

## Risk Management

**The Committee is responsible for:**

- a. Monitoring oversight of the following types of risk:
  - Governance risk;
  - Investment governance risk;
  - Liquidity risk;
  - Operational risk;
  - Insurance risk;
  - Strategic 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. Ensuring an appropriate risk culture has been embedded across the organisation.

## 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.

## 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 which will consist of the Chair of Audit & Finance Committee, Chair of Risk Committee and Chair of Legal & Governance 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.

<b>Approval:</b>	Australian Retirement Trust Board
<b>Active date:</b>	01 July 2024