



# Cbus Charter

## Audit and Risk Management Committee Charter

### 1. Purpose of Charter

1.1 This Charter sets out the role, responsibilities, composition and operation of the Audit and Risk Management Committee ("**the Committee**") of United Super Pty Ltd, in its capacity as Trustee ("**Trustee**") for the Cbus Superannuation Fund ("**Fund**").

### 2. Authority

2.1 The Committee is appointed and authorised by each of:

- the Fund's Trust Deed;
- the Fund's Articles of Association;
- any Trustee Board Charter;
- any separate Board delegations, resolutions and approvals granted to it from time to time.

2.2 The Committee is appointed to assist the Trustee's Board of Directors ("**the Board**") to fulfil the Board's statutory, fiduciary, governance and regulatory responsibilities.

### 3. Composition

3.1 The Trustee Board determines the Committee's composition which includes:

- a minimum of six (6) directors,
- an independent director from Cbus Property P/L attends as an observer.

3.2 The Chair of the Committee shall not be the Chair of the Board. The Chair is appointed by the Board.

3.3 Should the Committee Chair be absent for all or part of a meeting, or is unwilling to act, the Committee members present shall elect one of their number in attendance to chair the meeting.

3.4 Alternate Directors are permitted to be members of the Committee, and may only exercise a vote on this basis.

3.5 The Board must ensure that collectively, the Committee has the skills and experience necessary to carry out the functions of the Committee.

### 4. Role and Responsibilities

4.1 The overall role of the Committee is to provide assistance to the Board by providing an objective non-executive review of the effectiveness of the Trustee's:

- financial governance and reporting responsibilities
- risk management framework

4.2 The Committee may, within the scope of its authority:

- a) perform activities and make recommendations to the Board consistent with this Charter;
- b) engage independent counsel and other advisors as it considers necessary to carry out its duties; and
- c) require the attendance of and access to Management, employees and information necessary for the performance of its functions.

**Date of this Policy:**  
**6 July 2018**

Cbus' Trustee: United Super Pty Ltd  
ABN 46 006 261 623 AFSL 233792  
Cbus ABN 75 493 363 262  
MySuper authorisation  
75 493 363 262 473

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## 5. Scope of Authority

### Specific Authority

The Committee has the following specific authority:

#### External and Internal Audit

- 5.1 Oversight of the external and internal audit functions including:
- The annual engagement of the external and internal auditors for the Cbus group i.e. The Trustee, the Fund and any wholly owned subsidiaries or trusts);
  - Ensuring the adequacy and independence of the internal and external audit functions
  - Review and approving internal and external audit plans and fees, ensuring they cover all material risks and financial reporting requirements of the Trustee;
  - Reviewing the findings of the external and internal audits and ensuring that issues are being managed and rectified in an appropriate manner.

Removal or change of the external or internal auditor will be reviewed by the Committee and a recommendation will be made to the Board.

#### Tax

- 5.2 Oversight of the tax management of the Cbus Group including:
- Review and approve the annual scope/s and fees
  - of the tax advisers for the Cbus Group.
  - Monitoring the performance of the tax advisors.
  - Reviewing amendments of the Tax Policy and Procedures Manual;
  - Reviewing the annual income tax returns for Cbus and United Super Pty Ltd;
  - Monitoring any reviews by the Australian Taxation Office and State Revenue Offices; and
  - Ensuring tax developments affecting the Cbus Group are appropriately dealt with.

Removal or change of the tax advisors will be reviewed by the Committee and a recommendation will be made to the Board.

#### Financial Reporting Framework

- 5.3 Oversight of the Trustee's Financial Reporting Framework including:
- a) All APRA statutory reporting requirements;
  - b) Other financial reporting requirements;
  - c) Professional accounting requirements;
  - d) Reviewing the annual financial statements of the Fund and United Super Pty Ltd and providing a recommendation to the Board in relation to the approval of these financial statements;
  - e) Reviewing the Annual and re-forecasted Budget for the Trustee including capital/project expenditure commitments and providing a recommendation to the Board in relation to the approval of the Budget;
  - f) Ongoing review of actual expenditure against Budget;
  - g) Monitoring of the General Reserve Account and Strategy, annual review of the adequacy of the range and level of the reserve. Provide recommendations to the Board on any recommended changes to the General Reserve Account;
  - h) Review any proposed cost/fee changes in the Fund and ensure there is a fair and reasonable attribution of costs across the classes of beneficial interests in the Fund, periodic review of the Cost Allocation Policy. Provide recommendations to the Board on any fee/cost change or changes to the Cost Allocation Policy;

- i) Reviewing reporting on the Arrears Management Framework of the Fund, including monitoring the levels of arrears, performance of the external debt collector, review and endorse to the Board any material amendments to the External Debt Collection Agreement and reviewing and approving major changes to the Fund's Arrears Management Policy.

#### Risk Management Framework

- 5.4 The Risk Management Framework is the totality of systems, structures, policies, processes and people within the Trustee's business operations that identify, assess manage, mitigate and monitor all internal and external sources of inherent risk that could have a material impact on the Trustee's business operations or the interests of beneficiaries.

Oversight of the Risk Management Framework including:

- a) Annual review of the appropriateness, effectiveness and adequacy of the risk management framework.
- b) Triennial comprehensive review of the risk management framework by operationally independent, appropriately trained and competent persons.
- c) Ensure that where institutional, operational or other developments that materially affect the size, business mix and complexity of the Trustee's business operations are identified outside the comprehensive review that an assessment is made whether any amendment or review of the risk management framework is necessary.
- d) Ensure the maintenance of the Trustee's Risk Appetite Statement (RAS) to ensure it remains up-to-date that it covers the Trustee's business operations and each category of Material Risk;

- e) Ensure the maintenance of the Trustee's Risk Management Strategy (RMS) to ensure it remains up-to-date and meets the minimum requirements;
- f) Review amendments to the Framework, RAS or RMS and provide recommendations to the Board on any required changes;
- g) Ongoing review of risk indicator and tolerance reporting;
- h) Ensure that satisfactory internal audit procedures and external audit arrangements are implemented to ensure compliance with the risk management framework and to enable the Trustee to attest annually that the risk management and internal control systems in place are operating effectively and are adequate.
- i) Annually review and determine whether the Board can complete the Risk management declaration;
- j) Monitoring compliance with the Trustee's Risk Management Framework including ensuring that significant breaches or material deviations from the Framework are assessed and reported to APRA and subsequently managed and satisfactorily resolved.
- k) Oversee and review annually the Operational Risk Financial Reserve, Strategy and Transition Plan and provide recommendations to the Board on any amendments thereto or proposed payments from the reserve to address operational risk events;
- l) Oversee the Trustee's Business Continuity Management (BCM). The BCM is a whole of business approach that includes policies, standards and procedures for ensuring that critical business activities can be maintained or recovered in a timely fashion, in the event of a disruption.

Oversight of the BCM will include:

- Reviewing the Business Continuity Management Policy and approving minor\* changes only. Material changes will be reviewed by the Committee for recommendation to the Board for approval;
  - Annual review of the Business Continuity Plan and Business Impact Analysis;
  - Receive reporting on the adequacy of outsourced services Business Continuity activities, testing and dependencies between the Trustee's BCM and outsourced providers; and
  - Ensure that periodically the Business Continuity plan is reviewed by the internal auditor or an appropriate external expert.
- m) Oversee the Outsourcing Framework and Policy of the Fund. Oversight of the Outsourcing Framework will include:
    - Ensure that outsourced material business activities are appropriately appointed, renewed and monitored in accordance with the Trustee's Outsourcing Policy; and
    - Periodic review of the Outsourcing Policy and make recommendations to the Board for any required changes.
  - n) Oversee the Fraud Management and Anti- Money Laundering/ Counter Terrorism Financing (AML/CTF) Program including annual reviews of the Fraud Management Policy and AML/ CTF Policies.
  - o) To review and monitor any significant legislative breaches that occur and monitoring that any breaches are remedied in a timely and effective manner reporting as required to the appropriate regulator.

- p) To review and approve major changes to the Fund's delegations register.
- q) Other work as directed by the Board.

### **Trust Deed**

- 5.5 To review and recommend to the Board any required Trust Deed Amendments.

## **6 Whistle Blowing**

- 6.1 The Trustee has established whistleblowing policy and procedures where directors and employees of the Trustee can submit confidential information about accounting, internal control, compliance, audit and other matters about which directors or employees have concerns and the Committee is responsible for dealing with matters raised under these procedures.

## **7 Meetings**

- 7.1 The Committee will meet up to six (6) times per year. All Committee members are expected to attend each meeting.
- 7.2 The external auditor and internal auditor of the Fund attend all meetings. Other service providers are invited on an "as needs" basis.
- 7.3 The Committee will meet with the auditor/s without management on an annual basis.
- 7.4 The CEO, Executive Manager, Finance, Executive Manager, Governance & Risk attend all meetings.

\*minor and material changes as categorised by the Fund's Policy Framework

## 8 Voting/Quorum

- 8.1 A quorum of the Committee is two thirds of members (i.e. at least 5 members). The Chair of the Committee will ensure that quorum is met prior to commencing the meeting.
- 8.2 Two-thirds majority of members (at least 4 members) is required for all resolutions. Directors who are not Committee members may attend the meetings but do not have a right to vote.
- 8.3 Alternate Directors attending a meeting, for/on behalf of another permanent Committee member, are not entitled to vote.
- 8.4 Proxy votes may not be used and therefore do not count for quorum.

## 9. Conflicts Of Interest

- 9.1 All Directors must have the ability to recognise and disclose actual, perceived and potential material conflicts and ensure they are appropriately managed or avoided so as to ensure that priority is given to interests of the Fund's beneficiaries.
- 9.2 Where there is a conflict the Committee must give priority to the duties to and interests of the beneficiaries of the Fund over the duties to and interests of other persons and ensure that the duties to the beneficiaries are met despite the conflict and that the interests of the beneficiaries are not adversely affected by the conflict.
- 9.3 Conflict procedures are included as a standard Committee agenda item for every meeting. The Committee Chair reminds Directors at the beginning of every meeting of their obligation to disclose any conflict or potential conflict with regard to any agenda item for consideration at that meeting.
- 9.4 Any identified conflicts are recorded as well as the action taken to avoid or manage the conflict in accordance with the Trustee's Conflict Management Policy.

## 10. Committee Member Access

- 10.1 The members of the Committee have free and unfettered access to the CEO and Executive Management of the Fund, internal and external auditors.
- 10.2 Members of the Committee must also be available to meet with APRA on request.

## 11. Auditor Access

- 11.1 The external and internal auditor/s has unfettered access to the Committee, or it's Chair at any time.
- 11.2 The Committee must ensure the external and internal auditor has access to all data, information, reports and staff in respect of the Trustee's business operations that the auditor reasonably believes necessary to fulfil his or her role and responsibilities under the relevant requirements.

## 12. Committee Administration

- 12.1 The Executive Manager, Governance & Risk and Executive Manager, Finance service this Committee, and are responsible for:
  - the preparation of Committee minutes
  - the collation and distribution of Committee Reports to members
- 12.2 Papers are distributed to all Directors and the auditor/s one (1) week prior to the meeting date.
- 12.3 The Committee Chair will approve each meeting's agenda, with the auditor/s retaining the ability to add items to the agenda as they see fit.

## 13. Reporting to the Board

- 13.1 The minutes of all Committee meetings are to be distributed at the next meeting of the Board. The Chair of the Committee will provide a report to the Board on matters discussed at the Committee.
- 13.2 Implementation of Committee decisions:
  - The Executive Manager, Governance & Risk and Executive Manager, Finance monitor the implementation of all Audit & Risk Management Committee recommendations. Implementation or progress thereof is reported to the CEO and to the Committee.

## 14. Review

- 14.1 The performance of the Committee is reviewed internally on an annual basis.
- 14.2 An independent review of the Committee is performed every three (3) years.
- 14.3 This Charter will be reviewed annually for ongoing relevance and effectiveness. The membership of the Committee is reviewed annually by the Board.