

Cbus Charter

Risk Committee Charter



1. Purpose of Charter

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

2. Authority

- 21 The Committee is appointed and authorised by each of:
 - the Fund's Articles of Association;
 - any Trustee Board Charter;
 - any separate Board delegations, resolutions and approvals granted to it from time to time.
- 22 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

- 31 The Trustee Board determines the Committee's composition which includes at least five (5) Directors.
- 32 Equal employer and employee representation is a guiding principle to be applied on the Committee, in alignment with the Committee's skills matrix and requirements.
- 33 The Chair of the Board may be a member of the Committee but not Chair of the Committee. The Committee Chair is appointed by the Board.
- 34 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.

- 35 The Chair of the Audit & Finance Committee will be a member of the Committee but not Chair the Committee, to facilitate flow of information between the Committees. As a guiding principle, at least one member of the Committee will ideally be a member of the Investment Committee, Member & Employer Services Committee, Growth Committee and People, Culture & Remuneration Committee (PCRC).
- 36 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

- 41 The overall role of the Committee is to provide assistance to the Board by providing an objective non-executive review and oversight of the effectiveness of the Trustee's Risk Management Framework and advise the Board on the Trustee's current and future Risk Appetite, Risk Culture and Risk Management Strategy.
- 42 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.

Date of this Policy:
11 December 2020

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

- 43 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

5. Scope of Authority

Specific Authority

The Committee has the following specific authority along with any other matters as directed by the Board.

Risk Management Framework

- 51 Overseeing the design and implementation of the Risk Management Framework, including the internal control framework and ensuring that it operates within the Board approved risk appetite.
- 52 Ensuring that risk appetite remains appropriate, that it covers the Trustee's business operations and each category of Material Risk and endorsing any changes required to the Board.
- 53 Reviewing the outcomes of the triennial comprehensive review of the Risk Management Framework ensuring that is performed by operationally independent, appropriately trained and competent persons.
- 54 Reviewing ongoing reporting across all material risks including key risk indicators and other significant risk matters impacting the Risk Management Framework.
- 55 Identifying any thematic risk issues that require action.
- 56 Monitoring and assessing new and emerging risks and associated impacts on the Risk Management Framework.
- 57 Considering any information referred by another Committee that impacts the appropriateness or effectiveness of the Risk Management Framework.
- 58 Reviewing the annual Risk Management Declaration and endorsing to the Board for approval.

- 59 Constructively challenging management's conclusions on risk management activities.
- 510 Overseeing and reviewing 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.

Compliance

- 511 Monitoring compliance with the Risk Management Framework including ensuring that significant breaches or material deviations are assessed and reported to APRA and subsequently managed and satisfactorily resolved.
- 512 Overseeing compliance with applicable external obligations and significant internal policies.
- 513 Overseeing the Outsourcing Framework and Policy and reviewing and endorsing any changes to the Board for approval.
- 514 Ensuring that outsourced material business activities are appropriately appointed, renewed and monitored in accordance with the Trustee's Outsourcing Policy.
- 515 Overseeing 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.
- 516 Reviewing and monitoring 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.
- 517 Overseeing activities regarding unpaid superannuation compliance.
- 518 Overseeing the Privacy Framework and Policy.
- 519 Overseeing matters raised under the Whistleblowing Policy and Procedures.

Risk Culture

- 520 Overseeing the approach to managing and monitoring risk culture.
- 521 Monitoring risk culture and identifying any actions required to continue operating within risk appetite.

Business Continuity Management

- 522 Overseeing 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.

- 523 Reviewing the Business Continuity Management Policy and endorsing any changes to the Board for approval.
- 524 Annual review of the Business Continuity Plan and Business Impact Analysis.
- 525 Receiving reporting on the adequacy of outsourced services Business Continuity activities, testing and dependencies between the Trustee's BCM and outsourced providers.
- 526 Ensuring that periodically the Business Continuity plan is reviewed by the internal auditor or an appropriate external expert.

External and Internal Audit

- 527 Review annual internal and external audit annual plans, ensuring they appropriately address the Risk Management Framework.
- 528 Oversight of any external and internal audit findings that impact the Risk Management Framework.

Chief Risk Officer

- 529 Endorsing to the Board, on the recommendation of the CEO, the appointment or removal of the Chief Risk Officer.
- 530 Setting performance objectives and reviewing performance of the Chief Risk Officer, noting the PCRC is responsible for reviewing the remuneration (including performance-based payments) of the Chief Risk Officer in accordance with the PCRC Charter.
- 531 Monitoring the ongoing effectiveness and independence of the Risk function to ensure that it is appropriate for the size, business mix and complexity of the Trustee, including adequate resourcing.
- 532 Ensuring the Chief Risk Officer has direct and unfettered access to the Board and Risk Committee.

6 Meetings

- 6.1 The Committee will meet a minimum of four times per year. All Committee members are expected to attend each meeting.
- 6.2 The Committee may request the external auditor, internal auditor or any other service provided to attend meetings, as required.
- 6.3 The Chief Risk Officer attends all meetings.

7 Voting/Quorum

- 7.1 A quorum of the Committee is two thirds of members (i.e. at least 4 members). The Chair of the Committee will ensure that quorum is met prior to commencing the meeting.
- 7.2 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.

- 73 Proxy votes may not be used and therefore do not count for quorum.

8 Conflicts Of Interest

- 8.1 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.
- 8.2 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.
- 8.3 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.

- 8.3 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.

9. Committee Member Access

- 9.1 The members of the Committee have free and unfettered access to the CEO and Executive Management of the Fund, internal and external auditors.
- 9.2 Members of the Committee will meet with relevant regulatory bodies as requested.

10. Committee Administration

- 10.1 The Company Secretary and Governance Team services this Committee, and is responsible for:
- the preparation of Committee minutes
 - the collation and distribution of Committee Reports to members
- 10.2 Papers are distributed to all Directors and the auditor/s one (1) week prior to the meeting date.
- 10.3 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.

11. Reporting

- 11.2 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.
- 11.2 The Committee will refer any matter relating to financial, tax and accounting risks to the Audit and Finance Committee for consideration of any impact to the Financial Reporting Framework.
- 11.3 The Chief Risk Officer monitors the implementation of all Risk Committee recommendations. Implementation or progress thereof is reported to the Executive Risk Committee and to the Committee.

12. Review

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