

Sunsuper Pty Ltd

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Sunsuper Pty Ltd
Sunsuper Superannuation Fund
Sunsuper Financial Services Pty Ltd
Sunsuper Pooled Superannuation Trust
Precision Administration Services Pty Ltd

Audit, Compliance and Risk Management Committee Charter

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1. Introduction

This charter outlines the purpose, authority, responsibilities, composition, meetings, and compensation of the Audit, Compliance and Risk Management Committee ("Committee") established by the Sunsuper Group (Sunsuper Pty Ltd ("Trustee") (in its personal capacity and as trustee of the Sunsuper Superannuation Fund, Sunsuper Pooled Superannuation Trust and Sunsuper Infrastructure Trust 3) and its trading subsidiaries, Sunsuper Financial Services Pty Ltd and Precision Administration Services Pty Ltd, which are collectively referred to as 'the Sunsuper Group') and their respective Boards of Directors (each called "the Board").

2. Purpose

The purpose of the Committee is to assist the Board in providing an objective non-executive oversight of the effectiveness of the financial reporting process, the audit process, the system of internal control, risk management and the process for monitoring compliance with laws (including regulations), Superannuation Prudential Standards ("SPS"), the conflict management framework and the code of conduct.

The scope of the Committee's responsibilities apply to the Sunsuper Group. As deemed appropriate, the Board may delegate some decisions to the Committee. The Committee may make decisions on behalf of the Board where such delegation is specified, and acts in an advisory and oversight capacity to the Board in relation to other decisions.

3. Authority

The Committee has authority to conduct or authorise investigations into any matters within its scope of responsibility. It is empowered to:

- Resolve any disagreements between management and the External Auditor regarding financial reporting matters;
- Resolve any disagreements between management and the Internal Auditor regarding internal audit reporting matters;
- Retain independent counsel, accountants, or others to advise the Committee, or to assist in the conduct of an investigation;
- Seek all information necessary for the performance of its functions from employees, contractors or any other party, all of whom are directed to cooperate with the Committee's requests;
- Be provided with full access to all books, records, facilities and personnel; and
- Meet with company officers, External Auditors, Internal Auditors, assurance and risk management providers, compliance officers and legal counsel, as necessary.

The members of the Committee must, at all times, have free and unfettered access to senior management, the Chief Risk Officer, the Internal Auditor, the External Auditor and the actuary, and vice versa.

4. Responsibilities

The Committee shall carry out the following responsibilities:

a. Statutory Financial Reporting

- Review significant accounting and reporting issues, including complex or unusual transactions and highly judgmental areas, and recent professional and regulatory pronouncements, and understand their impact on the financial statements;
- Approve year end account and audit timelines;
- Approve annual financial statement shells;
- Review management representations and sign-offs regarding the integrity of the financial statements and financial reporting controls before recommending approval by the Board;
- Review the annual financial statements and APRA statutory reporting requirements, and consider whether they are complete, consistent with information known to Committee members, reflect appropriate professional accounting principles and regulatory requirements, where applicable, before recommending approval by the Board and eventual publication; and

- Review annually, at the time of the audit, adjusted and unadjusted items noted by the External Auditor and obtain explanations from the External Auditor and management as to why any items remain unadjusted.
- b. External Audit
- Review the performance of the External Auditor annually, assess the need for the rotation of the lead external audit partner and recommend to the Board the appointment and dismissal of the External Auditor as required;
 - Review the engagement of the External Auditor at least annually including making an assessment of whether the auditor meets the Audit Independence tests set out in APES 110 Code of Ethics for Professional Accountants as well as the auditor independence requirements set out in SPS 510 and report findings to the Board;
 - Review the External Auditors' proposed audit scope and plans. Ensure that the plans cover all the material risks and financial reporting requirements of the Trustee and the Sunsuper Group. Ensure the coordination of audit effort with the Internal Audit, compliance and risk management functions;
 - Review with management and the External Auditors the results and any findings of the audit, including any difficulties encountered and ensure that issues are being managed and rectified in an appropriate and timely manner;
 - Enquire of the External Auditors if there have been any significant disagreements with management, irrespective of whether or not they have been resolved;
 - Review all non-audit services provided by the External Auditors both before appointment and on an ongoing basis (in accordance with Sunsuper's Auditor Independence and Objectivity Guidelines); and
 - Provide advice to the relevant Board on the appropriateness of proposed or existing arrangements and external audit findings.
- c. Internal Audit
- Review the quality and effectiveness of the Internal Audit function at least annually and recommend to the Board the appointment and dismissal of the Internal Auditor as required;
 - Review and confirm at least annually the independence and resourcing of the internal audit function;
 - Review the Internal Audit strategy and framework, ensuring that the Internal Audit function evaluates the adequacy and effectiveness of the financial and risk management framework of the Sunsuper Group;
 - Review the Internal Auditors' proposed audit scope and plans. Ensure that the plans cover all the material risks and financial reporting requirements of the Trustee and the Sunsuper Group. Ensure the coordination of Internal Audit effort with the external audit, compliance and risk management functions;
 - Review internal audit reports and monitor performance against internal Audit strategy and plan;
 - Ensure that issues are being managed and rectified in an appropriate and timely manner (and approve items to be closed in the audit log); and
 - Ensure at all times that there are no unjustified restrictions or limitations on the work of the internal audit function.
- d. Other Independent Assurance
- Review the results from AUASB Guidance Statement GS007 Audit Implications for the Use of Service Organisations for Investment Management Services (GS007), Control Objectives for Information and Related Technologies (COBIT) and other external assurance reports (as required) including in relation to the Anti-Money Laundering (AML) Program.
- e. Conflict Management Framework
- Annual review of the Conflicts Management Framework (comprising the Conflict Management Policy, Personal Relationships Policy, Code of Conduct).

f. Risk Management

- Review, and recommend to the Board the approval of the Risk Management Strategy ("RMS");
- Review the results of the triennial review of the risk management framework;
- Review and recommend the approval of the Board Risk Appetite Statement (outlined in the RMS);
- Monitor, and recommend the approval by the Board of, any significant risks accepted by the Sunsuper Group;
- Review and approve the annual Risk Management Program;
- Review reports from the risk management function on significant residual risks, and the management of those risks;
- Monitor management's responses and reactions to risk management reports;
- Ensure at all times that there are no unjustified restrictions or limitations on the work of the risk management function; Review the risk management framework at least annually and make any necessary recommendations to the Board; and
- Review assurance coverage of key risk areas using the risk and assurance map.

g. Compliance

- Review the effectiveness of the Sunsuper Compliance Framework;
- Approve changes to the Sunsuper Compliance Framework;
- Review compliance reports and monitor performance against the Compliance Framework;
- Monitor management's responses and reactions to assurance reports;
- Review the findings of any examinations by regulatory agencies, and any auditor observations; and
- Review reports on significant proposed regulatory or reporting issues to assess any potential impact on the Board's responsibilities.

h. Insurance

- Review and recommend to the Board the annual group insurance program.

i. Fraud

- Review the Fraud Control Plan (bi-annually).

j. Investments

- Review investment operations reports;
- Monitor risks and controls relating to investment operations; and
- Review the controls implemented by the Custodian in relation to the Custodian's functions (including by receiving a presentation from the Custodian every two years).

k. Policies

- Annually review and if appropriate recommend to the Board, changes to significant policies of the Sunsuper group including:
 - Adequacy of Resources Statement;
 - Restricted Trading Policy;
 - Contract Execution and Storage Policy;
 - Outsourcing Policy; and
 - Sunsuper Tax Charter.
- Annually review and approve changes to:
 - Breach, Incident and Risk Escalation Policy; and
 - Financial Make Good Policy.

l. Reporting Responsibilities

- Provide to the Board no later than the next Board meeting after each meeting of the Committee:
 - Committee minutes (draft minutes should be provided in the interim until the Committee has approved the minutes);
 - Recommendations; and
 - Reports on issues which have been requested by the Board.

- Review with the Board any issues that arise with respect to the quality or integrity of the financial statements, internal control, risk management, compliance with legal or regulatory requirements, the performance and independence of the External Auditors, and the performance of the Internal Audit and risk management functions.

The Committee will inform the Board of Sunsuper Pty Ltd of advice and recommendations of the Committee to the Boards of Precision Administration Services Pty Ltd and Sunsuper Financial Services Pty Ltd through minutes of Committee.

m. Other Responsibilities

- Annually review and assess the adequacy of the Committee Charter, request Board approval for any proposed changes, and ensure appropriate disclosure of any Committee Charter changes as may be required by law or regulation;
- Annually confirm that all responsibilities in the Charter have been carried out;
- Evaluate the Committee's and individual Committee members' performance on a regular basis, and report the results to the Board;
- Establish and maintain policies and procedures for employees of the Sunsuper Group to submit, confidentially, information about accounting, internal control, compliance, audit, and other matters about which the employee has concerns. The Committee must also have a process for ensuring employees are aware of these policies and for dealing with matters raised by employees under these policies;
- Monitor management's implementation of agreed actions resulting from findings reported in internal, external and regulatory audits (and approve closure of items in the audit log);
- Members of the Committee must be available to meet with APRA (and other relevant regulators) on request;
- Monitor director and executive expenses;
- Monitor Sunsuper gifts register;
- Instigate and oversee special investigations as needed, including under EthicsLine; and
- Perform other activities related to this Charter as requested by the Board.

5. **Composition**

a. Size

The Committee shall consist of at least three members. All members shall be non-Executive members of the Board of Sunsuper Pty Limited.

An external independent advisor may be appointed to the Committee as the "Audit Committee Financial Expert" on the recommendation of the members of the Committee and the approval of the Board. The Audit Committee Financial Expert is responsible for advising the Committee when making decisions or recommendations to the Board.

The Board shall appoint Committee members for a term of up to three years.

The Chief Executive Officer, Executive General Manager, People, Projects and Performance, Head of Finance, Chief Risk Officer, Head of Risk and Head of Compliance, shall report to, but not be members of, the Committee.

a. Knowledge

The Committee shall collectively have skills and knowledge in the areas of finance, superannuation, corporate governance, risk management, internal control, regulation and compliance.

b. Independence

The members of the Committee and the appointed Audit Committee Financial Expert shall be independent. The independence of each member and the appointed expert shall be considered by the Board in appointing and retaining members for the Committee.

An member/appointed expert is considered to be independent if they are independent of management and free of any business relationship or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the exercise of their unfettered and independent judgement.

A relationship is "material" if, in the judgment of the Board, it would interfere with the member or appointed expert's independent judgment.

Members and the appointed expert shall be considered independent if they have no relationship with any member of the Sunsuper Group, its associates or external service providers to the Sunsuper Group that might materially interfere with, or could reasonably be perceived to materially interfere with, the exercise of their independence from management and the Sunsuper Group.

Appointment as a Committee member or director by one of Sunsuper's sponsoring shareholders will not impact the independence of the Committee member or director for the purposes of this section. The management of appointing shareholder conflicts is dealt with in the Conflicts Management Policy.

The Committee shall, on an annual basis, review the position and associations of each of its members and the appointed expert to determine if they are independent (as defined above). The Committee shall make a determination as to the independence of each member, and disclose such determinations to the Board.

c. Chair

The Chair of the Committee shall be appointed by the Board, after consultation with all Directors, and on recommendation of all of the employer representative directors and member representative directors of the Board. The Committee Chair cannot also be the Chair of the Board.

6. Meetings

a. Frequency

The Committee shall meet at least four times a year, with authority to convene additional meetings as circumstances require. All Committee members are expected to attend each meeting, in person or via teleconference or videoconference.

b. Attendees

The Chief Executive Officer, Executive General Manager, People, Projects and Performance, Chief Risk Officer, the Internal Auditor, the External Auditor and any other persons considered appropriate shall attend meetings of the Committee by invitation, and provide pertinent information, as necessary.

Any Board member may attend a meeting as an observer.

c. Closed Door Meeting

A closed door meeting will be held with the Chief Risk Officer at each meeting.

The Committee, the Internal Auditor, the Actuary or the External Auditor have the option to request and hold a closed door meeting with the Committee, without management present, where required, and at least one such meeting must be held annually.

d. Secretarial

The Risk, Compliance & Legal group shall provide secretarial support to the Committee. The Chief Risk Officer, in conjunction with the Executive General Manager, People, Projects and Performance and the Chair, shall draw up an agenda which shall be circulated with supporting papers at least five business days prior to each meeting to the members of the Committee, the Internal Auditor, External Auditors and other meeting attendees. Minutes shall be prepared for each meeting, circulated to the Chair within one week of each meeting for review, and then confirmed as accurate at the following meeting. The meeting agenda and papers shall be circulated to the External and Internal Auditors who shall have an open invitation to attend any meeting.

e. Quorum

The quorum for the transaction of business at any meeting of the Committee will be determined as follows:

$$\left[\frac{\text{Current members of the Committee}}{2} \right] + 1, \quad \text{rounded down to the nearest whole number.}$$

Provided always that where the application of the formula would result in a number less than three, the presence of three members will be necessary to constitute a quorum.

A resolution of the Committee is passed if at least two thirds of the members present at the meeting vote in favour of the resolution. Members may not vote or participate by proxy. The Committee may act by unanimous written consent of all members.

7. Compensation

Members shall receive fees for services provided to the Committee, either independently or as part of their payment for acting as a Board member.