



rt Risk, Compliance and Governance Committee Charter

March 2021

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1. Purpose

The Risk, Compliance & Governance Committee (the **Committee**) is a committee of the board of Railway & Transport Health Fund Limited (the **Company**).

The purpose of this Committee Charter (the **Charter**) is to specify the authority delegated to the Committee by the Board and to set out the roles, responsibilities, membership and operation of the Committee.

2. Related policies

The following Policies and governance documents should be read in conjunction with the Charter:

- Constitution
- rt Group Board Code of Conduct
- rt Group Conflict of Interest Policy
- rt Group Fraud and Corruption Policy
- rt Group Inclusion and Diversity Policy

3. Authority

The Committee is established in accordance with the Constitution of Railway and Transport Health Fund Ltd (the **Constitution**) and authorised by the Board of Directors of the Company (the **Board**) to assist it in fulfilling its statutory, fiduciary and regulatory responsibilities.

The Committee has the authority and powers necessary to enable it to perform its functions as set out in this Charter and granted to it under any separate resolutions of the Board from time to time.

The Committee has no decision-making authority unless expressly authorised by this Charter or the Board. Any matter requiring decision is to be referred to the Board with a recommendation. Unless permitted by this Charter the Committee is not responsible for supervising the performance of executives and does not become involved in day-to-day operations, management functions or decision making.

4. Composition

The Board will appoint the Committee members and the Chair of the Committee.

The Committee is to be composed of at least three non-executive Directors of the Board, with the majority comprised by independent Directors (refer to Appendix A for the definition of an independent Director).

The Chair of the Committee must be an independent Director and must not be the Chair of the Board.

All Committee members should be conversant with risk management and governance principles and standards, with a majority having a sound understanding of the business, operations and affairs of the rt Group and the industry in which it operates.

The Company Secretary will be the committee secretary unless otherwise determined by the Committee.

5. Objectives

The primary objective of the Committee is to assist the Board in fulfilling their responsibilities by providing objective non-executive oversight of:

- a. the risk management framework and its operation by management;
- b. the risk culture and the extent to which that culture supports the ability of the Group to operate consistently within its risk appetite;
- c. management's proposals and decisions on all aspects of risk management arising from the Group's activities;
- d. the framework for compliance with legal and regulatory requirements;
- e. governance policies, practices and framework; and
- f. performing other functions as required by legislation or regulation, including the requirements imposed on risk, compliance and governance committees by the Australian Prudential Regulation Authority (**APRA**).

6. Responsibilities

6.1. Risk management framework

The Committee is responsible for providing objective non-executive oversight of the implementation and operation of the Group's risk management framework, including;

- a. advising the Board on the Group's overall current and future risk appetite and risk management strategy;
- b. monitoring and reviewing issues that may impede the goals, objectives and performance of the Group;
- c. facilitating and advising on an institution-wide view of the Group's current and future risk position relative to its risk appetite and capital strength;
- d. oversight of executive management's implementation of the risk management strategy;
- e. constructive challenge of executive management's proposals and decisions on all aspects of risk management arising from the Group's activities;
- f. assessing the adequacy of the Group's framework, policies and systems to manage risks and providing the Board with a comprehensive Group-wide view of material risks;
- g. ensuring that the risk management framework is subject to independent review at least every three years in accordance with the requirements of APRA Prudential Standard CPS 220; and
- h. ensuring that the IT controls testing program is conducted at least annually in accordance with APRA Prudential Standard CPS 234.
- i. in relation to the above in some specific risk areas:
 - oversight of business continuity planning arrangements, including whether business continuity and disaster recovery plans have been periodically reviewed and tested;
 - reviewing whether a sound and effective process is adopted for managing risks attached to major projects;

- reviewing mitigation of risks through risk transfer strategies, including overseeing insurance programs to ensure appropriate coverage by reputable insurers at competitive premium levels with regard to the Group's circumstance and risks; and
- review the Work Health and Safety (**WHS**) risks and associated control and compliance framework (noting the role of the Remuneration and Nomination Committee).

6.2. Risk culture

The Committee is responsible for monitoring and reviewing the Group's risk culture and advising the Board on:

- a. risk culture, attitudes and behaviours across the Group;
- b. the extent to which the culture supports its ability to operate consistently within its risk appetite; and
- c. any desirable initiatives or changes to the risk culture.

6.3. Risk management function

The Committee is responsible for oversight of the Group's risk management function, including:

- a. assessing whether the function has the necessary independence, resourcing, authority and reporting lines to the Board, Board Committees and executive management to enable it to conduct its activities in an effective and independent manner;
- b. determining whether it complies with the requirements of CPS 220 and CPS 234;
- c. reviewing the performance and setting the objectives of the Chief Governance & Risk Officer (**CGRO**), and ensuring the CGRO has unfettered access to the Board and the Committee and is independent from business lines, other revenue-generating responsibilities and the finance function; and
- d. recommending to the Board the appointment or removal of the CGRO.

The Committee will meet with the CGRO without other members of management being present on a periodic basis and whenever it is deemed appropriate by the Committee Chair.

The Committee is required to provide prior endorsement for the appointment or removal of the CGRO and if the CGRO is removed from their position, ensuring that the reasons for removal are discussed with APRA as soon as practicable, and no more than 10 business days, after the Committee's endorsement is agreed upon.

6.4. Compliance

The Committee is responsible for oversight of the framework for compliance with applicable legal and regulatory requirements, including:

- a. reviewing the overarching system, policy and procedures for compliance with applicable legal and regulatory requirements and changes, including but not limited to APRA's Prudential Standards relating to risk, compliance and governance; CPS 220 (Risk), CPS 510 (Governance), HPS 231 (Outsourcing), CPS 520 (Fit and Proper), and CPS 234 (Information Security);
- b. overseeing implementation, monitoring compliance with laws, regulations and policies and reporting of breaches of the compliance framework;
- c. reviewing and advising the Board whether the Group's compliance function has the necessary independence, resourcing, authority and reporting lines to the Board, Board Committees and

executive management to enable it to conduct its activities in an effective and independent manner; and

- d. reviewing and advising the Board whether the Group's compliance function complies with the requirements of paragraph 43 of CPS 220.

6.5. Governance

The Committee is responsible for the development and oversight of effective corporate governance policies and frameworks to support the development of the rt Group, its strategies, risks and the creation of value.

The responsibilities of the Committee are to:

- a. monitor best practice developments in corporate governance;
- b. monitor the operation of, and adherence to, all governance policies, the Constitution, and CPS 510 (Governance); and
- c. review the Board's governance documents including but not limited to the following:
 - rt Board Charter
 - rt Group Board Code of Conduct Policy
 - rt Group Conflict of Interest Policy
 - rt Constitution
 - rt Group Corporate Governance Policy and Framework
 - rt Group Delegation of Authority Policy
 - rt Group Ex Gratia Policy
 - rt Group Fit and Proper Person Policy
 - rt Group Incident Management Policy and Framework
 - rt Group Inclusion and Diversity Policy
 - rt Group Outsourcing Policy
 - rt Group PHI Code of Conduct
 - rt Group Policy on Policies
 - rt Group Privacy Policy
 - rt Group Regulatory Engagement Policy
 - rt Group Responsible Persons Fit and Proper Policy
 - rt Risk, Compliance and Governance Committee Charter
 - rt Group Risk Management Policy, Strategy and Framework
 - rt Risk Appetite Statement
 - rt Group Whistleblower Policy
 - rt Group Work, Health and Safety Framework and Policy

7. Administrative matters

7.1. Meetings

The Committee will meet a minimum of three times a year and additionally as the Committee considers necessary to fulfil its role.

All Committee members are to attend each meeting in person or through other approved means, such as teleconference or video conference.

Directors who are not members of the Committee, as well as the Group CEO, Group CFO, and the CGRO have a standing invitation to attend each meeting, subject to exclusion as deemed appropriate

by the Committee Chair from time to time. The Committee may invite other people to attend as it sees fit and consult with other people, or seek any information it considers necessary, to fulfil its responsibilities.

The Committee may ask management to present at meetings on issues relevant to the Committee's duties and responsibilities.

7.2. Convening and notice of meeting

Any Committee member may, and the Company Secretary must upon request from any Committee member, convene a meeting of the Committee. Notice will be given to every Committee member, of every meeting of the Committee. There is no minimum notice period and acknowledgement of receipt of notice by all Committee members is not required before the meeting may be validly held.

The agenda and supporting papers for each meeting should generally be distributed to Committee members at least seven days prior to the meeting.

7.3. Quorum

A quorum will be a majority of members of the Committee.

7.4. Chair

In the absence of the Committee Chair, the Committee members must elect one of their number as Chair for that meeting. The Committee Chair has a casting vote.

7.5. Voting

Any matters requiring a decision, will generally be decided by consensus, or if consensus is not achievable, then by a majority of votes of Committee members present. Any Committee member may request a vote on a resolution that has been properly laid before the relevant Committee meeting.

The Committee may pass a resolution outside a Committee meeting if the resolution is sent to all Committee members entitled to vote on the resolution, and a majority of those Committee members sign a document or send an email stating that they are in favour of the resolution set out in the document.

Non-members attending Committee meetings by invitation of the Committee may take part in the business of, and discussions at, the relevant Committee meeting but have no voting rights.

7.6. Minutes

Minutes must be prepared, approved by the Chair and circulated to the Committee members for review as quickly as possible, and no later than the Corporations Act 2001 requirements. They must be ratified and signed by the Chair at the next meeting of the Committee. Minutes will be prepared by the Company Secretary if in attendance at the Committee meeting and otherwise the minute taker shall be agreed before the commencement of the relevant Committee meeting.

8. Reporting to the Board

The Board shall be kept informed of the Committee's activities by a report from the Chair of the Committee to the Board meeting following each Committee meeting and a copy of Committee meeting minutes being uploaded to the Diligent board software.

9. Access to information and independent advice

The Committee will at all times have:

- free and unfettered access to the external and internal auditors, executive and senior management, the CGRO, risk and financial control personnel, the Appointed Actuary and other parties (internal and external); and
- unrestricted access to resources and information the Committee considers relevant to its responsibilities.

The Committee will provide sufficient opportunity for the external auditor, internal auditor, CGRO and the Appointed Actuary to meet privately with members of the Committee and to ensure that they have unfettered access to raise matters directly with the Board or the Committee at any time.

The Committee may seek independent professional advice, at the expense of the Company, if it is considered necessary for the proper performance of the Committee's responsibilities. The Chair of the Committee and the Company Secretary will facilitate the procurement of any such advice. A copy of all independent professional advice must be provided to the Chair the Board.

10. Review of the Charter

The Committee will review and assess the adequacy of this Charter and the performance of the Committee annually or as required.

11. Document approval

This Charter was approved by the Board at its meeting held 24 March 2021.



Karen Birner
Company Secretary

Document control

Effective date	25 March 2021									
Version	2.1									
Document type	Board Committee Charter									
Responsible Officer	Chief Governance and Risk Officer									
Governing Authority	Risk, Compliance and Governance Committee									
Approving Authority	Board of Directors									
Review frequency	Annually or as required									
Date of next review	March 2022									
Revision history	<table><tr><td>1.0</td><td>Feb 2019</td><td>First edition of Charter in effect</td></tr><tr><td>2.0</td><td>Apr 2020</td><td>Annual review; new template; expand governance sections to meet APRA CPS 510</td></tr><tr><td>2.1</td><td>Mar 2021</td><td>Annual review; expand risk section to emphasise oversight CPS 234</td></tr></table>	1.0	Feb 2019	First edition of Charter in effect	2.0	Apr 2020	Annual review; new template; expand governance sections to meet APRA CPS 510	2.1	Mar 2021	Annual review; expand risk section to emphasise oversight CPS 234
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Appendix A – Director independence ¹

A Director is **not** independent if the Director:

1. is a substantial shareholder of the APRA-regulated institution or an officer of, or otherwise associated directly with, a substantial shareholder of the institution;
2. is employed, or has previously been employed in an executive capacity by the APRA-regulated institution or another member of the Group, and there has not been a period of at least three years between ceasing such employment and serving on the Board;
3. has within the last three years been a principal of a material professional adviser or a material consultant to the APRA-regulated institution or another member of the Group, or an employee materially associated with the service provided;
4. is a material supplier or customer of the APRA-regulated institution or another member of the Group, or an officer or otherwise associated directly or indirectly with a material supplier or customer; or
5. has a material contractual relationship with the APRA-regulated institution or another member of the Group other than as a Director.

¹ CPS 510 (Governance), Appendix A – Director independence.