



Australian Government

Commonwealth Superannuation Corporation

Risk Committee Terms of Reference



Commonwealth
Superannuation
Corporation

Purpose

The Risk Committee is a sub-committee of the Audit Committee¹. The purpose of the Risk Committee (Committee) is to assist the Board of CSC in discharging its responsibilities by overseeing the frameworks and management of risk included in the following areas:

- Strategic and tactical risk
 - Operational risk
 - Business operations
 - Technology
 - Fraud
 - Business continuity and recovery
- Counterparty risk
- Insurance risk
- Other non-investment risks that may have a material impact on the RSE's operations, such as customer and reputational risks.

The Committee does not oversee material investment and liquidity risks. These are reported directly from the Investment Team to the Board. The Committee reports to the Audit Committee and the Board of the appropriateness of CSC's non-investment risk oversight and management.

Responsibilities

The functions of the Committee include the following:

- To review the CSC Risk Management Framework, including the Risk Management Strategy and Risk Appetite Statement;
- To assess the CSC Risk Management Framework against regulatory requirements and expectations;
- To oversee the ongoing development of risk culture in all facets of CSC's business;
- To review and monitor the implementation and management of risk in line with Board parameters, across each of CSC's non-investment material risk areas;
- To monitor compliance with the CSC's policies and procedures relating to risk management governance, practices, and controls;
- To recommend, via the Audit Committee, to the Board any improvements that can be made in CSC's Risk Management Framework; and
- To report to the Audit Committee and the Board on the management of risk.
- Undertake the following functions under the *Public Governance, Performance and Accountability Act 2013* (PGPA Act), as delegated to it by the Audit Committee, and report on these as required by the Audit Committee:
 - management of system of risk including oversight of frameworks and policies
 - Fraud management
 - Business continuity management
- Undertaking various functions as allocated to it by any relevant Board policies.

¹ In order to satisfy requirements imposed by the *Public Governance, Performance and Accountability Act 2013*. Although a sub-committee the Audit Committee, the Risk Committee, where it receives delegation from the Board, can report directly to the Board.

Membership and attendance at meetings

- the Chair of the Committee is appointed by the Board;
- in the absence of the Chair, the meeting may elect one of its members to chair the meeting;
- the Committee will have at least three members;
- members of the Committee are appointed by the Board;
- a quorum of the Committee is a simple majority of appointed Committee members, or any two members of the Committee, whichever is greater; and
- the Committee may invite other people to attend Committee meetings, either internal or external, as it considers necessary;
- an external advisor may be appointed to the Committee to support and enhance the Committee's performance of its duties from time to time; and
- renewal of the Committee will occur as set out in the *Board Renewal Policy*.

Meetings of the Committee

- the Committee will meet at least quarterly;
- meetings may be held in person, by telephone or by video conference, or by any combination of these media;
- a member of the General Counsel team takes minutes of the proceedings of all Committee meetings; and
- the Committee may meet in camera without the presence of CSC management, including the minute-taker. Where this occurs, the Chair will provide a summary of the topics discussed to the minute-taker for capturing in the minutes.
- Once prepared, minutes of each Committee meeting will be provided to the Chair of the Committee for review and clearance.
- Cleared minutes will then be uploaded to the Board Portal and provided to the next meeting of the Committee for approval

Authority

The Committee is authorised by the Board, within the scope of its responsibilities to:

- do anything necessary for the performance of its functions, including approving policies and taking other actions and/or decisions as delegated to it from the Board;
- seek any information it requires from any internal or external party;
- obtain outside professional advice as required; and
- request and/or permit the attendance of any internal or external party as required.

Board Reporting and Committee Review

The Committee will provide its minutes to the Board and the Chair of the Committee will update the Board on Committee activity at each Board meeting following a Committee meeting. On an annual basis, and generally as part of the annual Board performance assessment process, the Committee will review the adequacy of its reporting to the Board and consider whether the Committee has discharged its responsibilities under these Terms of Reference.

Review of terms of reference

The Committee will review its Terms of Reference at least annually and provide the recommendations on any proposed changes to the Board for approval.