



Australian Government

Commonwealth Superannuation Corporation

# Risk Committee Terms of Reference



Commonwealth  
Superannuation  
Corporation

## **Purpose**

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

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**

In discharging its responsibilities to the Board, the Committee shall consider any matters relating to the management of risk at CSC and any other matters it determines to be appropriate, in consultation with the Board. In addition, the Committee will examine any other matters referred to it by the Board. The duties of the Committee include:

- 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 promote 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 to the Board any improvements that can be made in CSC's Risk Management Framework;
- To report to the Board on the management of risk;
- To consider other matters, as referred to the Committee by the Board; and
- To undertake appropriate and timely training relating to the functions and responsibilities of the Committee;

## ***Membership and attendance at meetings***

- Each member should be capable of making a valuable contribution to the Committee, based on his or her experience and qualifications;
- The term of appointment of members shall be for a period of three years, which may be extended, at the discretion of the Board;
- Should the Chair not be present at a meeting, the members of the Committee will confer and appoint a member as acting Chair;

- The Chair of the Board and CSC employees cannot be members of the Committee although the Chief Executive Officer and Chief Risk Officer are invited to attend each meeting in an ex-officio capacity;
- All members of the Board have standing invitations to attend the Risk Committee meetings;
- Members of the Committee must be available to meet with APRA on request;
- The quorum of the Committee is two or a majority of the members, whichever is the greater; and
- Committee may invite various parties to attend meetings and may have standing invitees.

#### **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;
- the minutes of each meeting are to be circulated to the Board; and
- the Committee may meet without the presence of CSC management, including the minute taker.

Management will:

- provide adequate resources to the Committee, including access to independent expertise as required; and
- ensure appropriate management personnel attend all meetings, at the discretion of the Committee.

#### **Authority**

The CSC Board authorises the Committee, within the scope of its responsibilities to:

- perform activities within its terms of reference;
- seek any information it requires from any employee in order to perform its duties via the Chief Executive Officer or senior management; and
- obtain outside legal or other professional advice to assist in undertaking its responsibilities, in consultation with the Board.

#### **Board Reporting**

The Committee will:

- record proceedings of each meeting;
- report to the Board on its deliberations;
- review the adequacy of these Board reports annually; and
- report annually to the Board on its performance.

#### ***Committee composition***

The Committee will be composed of a minimum of three members and is chaired by a member appointed by the Board as set out in the *Board Charter*. Renewal of the Committee will occur as set out in the *Board Renewal Policy*.

#### ***Review of terms of reference***

The Board will review the Committee's terms of reference at least annually.