

RISK AND COMPLIANCE COMMITTEE CHARTER

(Approved by the Board on 28 February 2022)

1. INTRODUCTION

The purpose of this Charter is to document the objectives, responsibilities, composition and administration of the Risk and Compliance Committee (**Committee**) of the Australian Institute of Company Directors (**AICD**).

Defined terms in this Charter have the same meaning as in the AICD Constitution.

2. OBJECTIVES

The objectives of the Committee are to assist the board of directors of the AICD (**Board**) to discharge its corporate governance responsibilities to exercise due care, diligence and skill in relation to oversight of the design, quality, effectiveness and integrity of the AICD's risk management strategy, Risk Management and Compliance Frameworks and overall management of all categories of risk, including setting the risk appetite.

3. DUTIES AND RESPONSIBILITIES

3.1 The Committee considers any matters necessary in order to fulfil its objectives and makes recommendations to the Board. The Committee also examines any other matters referred to it by the Board.

3.2 Risks, Policies and Controls

The main duties and responsibilities of the Committee in relation to risks, compliance, policies and controls are to:

- (a) Review the AICD's risk management strategy and Risk Management Framework (including the risk appetite statement) at least annually to ensure its continued application and relevance;
- (b) Review the adequacy and currency of the AICD's risk management policies, and other policies as relevant;
- (c) Monitor the adequacy and effectiveness of the AICD's risk management processes;
- (d) Review the effectiveness of the Risk Management Framework for identifying, monitoring and managing compliance with relevant compliance obligations;
- (e) Make recommendations to the Board regarding the AICD's emerging and material risks, including to the AICD budget or strategy, or other particular risks or risk management practices including mitigation of such risks;
- (f) Have responsibility for the oversight of the enterprise wide risks of the AICD, including receiving risk recommendations made by other committees. This includes but is not limited to recommendations made by the Technology Committee in relation to the IT Governance Framework, technology and cyber security risks (including associated policies to support these risks) and project risks arising from the implementation of significant IT projects.
- (g) Review the effectiveness of the AICD's risk management processes for managing actual, suspected or alleged fraud or corruption affecting the AICD;
- (h) Oversight and review of risk culture and behaviours;
- (i) Review copies of internal and external audit reports where risk issues have been the subject of the audit;

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- (j) Request internal audit to undertake special reviews as deemed necessary; and
- (k) Review Management's annual attestations.

3.3 Compliance with Legal and Regulatory Obligations

The Committee will:

- (a) Review at least annually, the AICD's Compliance Framework and provide recommendations to the Board.
- (b) Review the effectiveness of the Compliance Framework for identifying, monitoring and managing compliance with relevant obligations.
- (c) Consider the adequacy of processes for reporting and responding to legal and regulatory breaches and complaints, including monitoring the operation of the AICD's Speak Up Policy.
- (d) Review reports under the compliance program, including any investigations into compliance incidents.
- (e) Undertake any other work requested by the Board from time to time in connection with compliance activities.
- (f) Review copies of internal and external audit reports where compliance issues have been the subject of the audit.

3.4 Insurance

The Committee will:

- (a) Review the AICD's insurance coverage; and
- (b) Review the AICD's insurance program to ensure it meets the AICD's needs and aligns with the AICD's risk appetite and profile.

3.5 Reporting

The Committee will have oversight of, and review the regular reporting on:

- (a) Compliance incidents;
- (b) Operational incidents;
- (c) Complaints;
- (d) Work, Health and Safety (WHS) processes;
- (e) Legal and regulatory updates;
- (f) Litigation; and
- (g) Whistleblower matters.

4. COMPOSITION AND MEETINGS

4.1 Membership and Attendance at Meetings

- (a) The Committee comprises at least three (3) members, including:
 - (i) The chair of the Committee (**Committee Chair**) who is to be an independent non-executive director of the AICD, but must not be the Chair of the Board; and
 - (ii) At least two (2) other non-executive directors of the AICD; and

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- (iii) any other parties nominated by the Board.
- (b) Members of the Committee and the Committee Chair will be appointed by the Board. The Board may remove and replace the Committee Chair or any Committee member at any time.
- (c) A quorum of the Committee is any two (2) members of the Committee.
- (d) If the Committee Chair is unable to attend a meeting, the Committee Chair will appoint an alternate chair who will act as chair for the purposes of that Committee meeting.
- (e) All directors can attend Committee meetings. Notice of Committee meetings will also be provided to the Managing Director and Chief Executive Officer (**MD&CEO**), Chief Financial Officer (**CFO**) and General Manager Corporate Services and the Head of Risk & Compliance. Other members of Management and advisors can also be invited to attend meetings as the Committee Chair thinks fit.
- (f) The secretary of the Committee is the Company Secretary, or another person nominated by the Committee Chair.

4.2 Meetings

- (a) Meetings of the Committee are held at least four (4) times per year. The Committee may also meet at the request of the Board, any Committee member, the MD&CEO or the Company Secretary.
- (b) Meetings may be held in person, by telephone or by video conference, or by any combination of these media.
- (c) Members will receive relevant Committee papers at a reasonable time before each meeting, with an aim of receiving Committee papers at least one week prior to the relevant meeting.
- (d) Committee members must disclose all matters that could, or do, give rise to a conflict of interest in relation to a matter or decision being considered by the Committee.
- (e) The secretary, or other person nominated by the Committee Chair, takes minutes of the proceedings of all meetings of the Committee. The minutes are provided to the Committee Chair for review as soon as practicable after the meeting and then circulated to the Committee members for approval.
- (f) The Committee may pass a resolution without a meeting of the Committee if at least 75% of the members of the Committee entitled to vote on the resolution assent to a document containing a statement that they are in favour of the resolution set out in the document.

4.3 Authority

- (a) The Board has absolute authority over the Committee's findings and recommendations.
- (b) The Board delegates authority to the Committee, within the scope of its responsibilities, to:
 - (i) Obtain any information it requires from any employee or external party, including interviewing Management and internal and external auditors (with or without Management present);
 - (ii) Obtain outside legal or other independent professional advice; and
 - (iii) Facilitate the attendance at Committee Meetings of external parties with relevant experience and expertise.

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4.4 Consultation

The Committee Chair will liaise and consult with the chair of the Audit, Finance & Investment Committee quarterly or more frequently as deemed necessary to fulfil the objectives of the Committee.

4.5 Sub-delegation

The Committee may, at its discretion, delegate some or all of its responsibilities to the Committee Chair or a sub-committee of the Committee.

4.6 Board Reporting

The Committee Chair reports to the Board after each meeting of the Committee. The report must cover the findings and recommendations of the Committee. The papers and minutes of all Committee meetings are to be made available to the Board.

4.7 Review of Charter, Committee Composition and Committee Performance

- (a) The Committee will at least annually:
 - (i) review this Charter and recommend any proposed changes to the Board; and
 - (ii) conduct a self-evaluation to assess its performance against the Committee's responsibilities contained in this Charter.
- (b) The Board will at least annually review the composition of the Committee and the performance of the Committee, with feedback provided to the Committee Chair.