

Audit and Compliance Committee Charter

	Document Information
Version	4
Approval State	Approved by the Board on 19 September 2019, with an effective date of 21 October 2019
Replaces Version	3 (Approved by the Board on 31 May 2019)
Author/s	Company Secretariat

This document is effective from 21 October 2019
This document must not be copied, distributed, or re-issued in another form, without consent of
Togethr Trustees Pty Ltd ABN 64 006 964 049

1. Purpose

- 1.1. This Charter sets out the roles, responsibilities, composition and operation of the Audit and Compliance Committee (ACC) of Togethr Trustees Pty Ltd (Trustee), as trustee of the Equipsuper Superannuation Fund (Equip) and the MyLifeMyMoney Superannuation Fund (MLMM), together referred to as the Funds.

2. Objective

- 2.1. The objective of the ACC is to assist the Board in the effective discharge of its responsibility to:
- (a) Independently verify and safeguard the integrity of the Togethr Group's financial and regulatory reporting;
 - (b) Oversee the group's compliance with all applicable laws, regulations, standards and codes and the provisions of the trust deed for the Fund;
 - (c) Oversee the appointment, reward and performance of both the external and internal audit functions, the Tax Advisor, the Fund Actuaries and the Custodian of the Funds' Assets; and
 - (d) Oversee the annual budget process and provide ongoing monitoring and oversight of financial performance against budget.

3. Authority

- 3.1. The ACC is established by the Board. The ACC's functions and powers are as set out in this Charter or otherwise delegated to it by the Board, in accordance with the Trustee's Constitution.

4. Role and Responsibilities

- 4.1. The overall role of the ACC is to provide support and make recommendations to the Board related to the matters set out below, and to exercise any delegated authority from the Board in relation to these matters:

4.2 *Financial management*

The ACC is responsible for the oversight of the Trustee's financial management and reporting framework with a view to safeguarding its integrity. Its responsibilities in this capacity include:

- (a) Evaluate (at least annually) the appropriateness of, and recommending changes (where necessary) to, the accounting policies and practices of the group;
- (b) Review the Trustee and Funds annual financial reports, to ensure their integrity and compliance with statutory and contractual requirements, and in doing so considering:
 - 1) the appropriateness of accounting policies being used;
 - 2) whether the reports have been prepared in accordance with relevant accounting principles and standards;
 - 3) the methods used to value the Fund's assets;
 - 4) the methods used to account for significant unusual transactions or transactions for which there is no specific accounting standard;

- 5) significant estimates, assumptions and judgements made in the financial reports;
 - 6) the scope and appropriateness of the disclosures made; and
 - 7) statutory requirements and contractual arrangements.
- (c) Undertake any special investigations into financial reporting matters requested by the Board;
- (d) Oversight of the Trustee's budget processes including:
- 1) Review of the assumptions underpinning the draft budget;
 - 2) Recommend the draft budget to the Board for approval annually, which includes the budget requirements of the Strategic Plan; and
 - 3) Oversee the financial performance of the Trustee and the Fund; and
- (e) Oversight of the adequacy of the Fund's reserves, including annual review of the appropriate level of funding of the Administration and General Purpose Reserve and Operational Risk Financial Reserve; and
- (f) Assessing and monitoring the adequacy of the Trustee's policies relating to financial reporting and controls, including compliance with laws, accounting standards, regulations and ethical guidelines.

4.3 Internal Audit

The ACC is responsible for the oversight of the activities and effectiveness of the Internal Audit function. The Internal Auditor reports directly to the ACC and will at all times have unfettered access to the ACC. The ACC's responsibilities in relation to Internal Audit include:

- (a) Annually reviewing and approving the Internal Audit plan (including the budget and engagement letter for the Internal Audit function) to ensure there is an appropriate level of review of the Trustee and Funds internal controls and operations;
- (b) Monitoring the progress of the Internal Audit against the Internal Audit plan and objectives;
- (c) Reviewing Internal Audit findings to ensure that any reported major deficiencies or weaknesses in controls have been identified and that appropriate and timely corrective action is taken by Management;
- (d) Annually appraise the quality and objectivity of the Internal Audit function and making recommendations accordingly to the Board;
- (e) Oversee Management's conduct of any tender process in the event the Board decides to tender the Internal Audit function and recommend its preferred tenderer to the Board for approval; and
- (f) Establish guidelines for the selection, appointment and removal of the Internal Auditor.

4.4 External Audit

The ACC is responsible for the oversight of the activities and performance of the External Auditor. The ACC's responsibilities include:

- (a) Annually reviewing and approving the External Audit plan (including the budget and engagement letter) to ensure there is an appropriate level of review of the Trustee and Funds controls and operations;
- (b) Monitor the progress of the External Audit against the External Audit plan;

- (c) Review the annual financial statements with the External Auditor and report to the Board on those statements, and any issues arising out of those statements;
- (d) Reviewing External Audit findings to ensure that any reported major deficiencies or weaknesses in controls have been identified and that appropriate and timely corrective action is taken by Management;
- (e) Assess annually whether the External Auditor meets:
 - 1) the Auditor Independence tests set out in APES 110 Code of Ethics for Professional Accountants; and
 - 2) the additional auditor independence requirements set out in the APRA Prudential Standard – Governance (SPS 510),
 and ensure the adequacy and independence of the External Audit function.
- (f) Annually appraise the quality of the audit work and the External Audit function and making recommendations accordingly to the Board;
- (g) Oversee Management’s conduct of any tender process in the event that the Board decides to tender the External Audit function and recommend its preferred tenderer to the Board for approval;
- (h) Establish guidelines for the selection and appointment of the External Auditor, the rotation of the principal External Auditor; and
- (i) Review and recommend to the Board the termination of the External Auditor.

4.5 *Compliance*

The ACC is responsible for overseeing the implementation and effectiveness of the Trustee’s compliance systems, including:

- (a) Ensuring that the Compliance Policy and Framework are reviewed at least once every three years by an independent party;
- (b) Reviewing and approving the Compliance Policy and Framework in accordance with the review schedule set out in that document;
- (c) Overseeing the implementation of the Compliance Policy and Framework through the review of quarterly management reports or other methods determined by the Committee for the purpose of ensuring that compliance obligations are being managed effectively;
- (d) Overseeing the implementation of the Compliance Capability Strategy;
- (e) Overseeing the compliance function, including the adequacy of resources and effectiveness in light of the size, complexity and scope of the Togethr Group’s operations;
- (f) Monitoring compliance with the Trustee’s internal policies and procedures (including the Code of Conduct, Incident Handling Policy, Privacy Policy and the Insurance Management Framework), and monitoring the management of incidents or breaches of such policies and procedures, and reviewing and recommending policy changes to the Board, where necessary;
- (g) Monitoring the Trustee’s compliance with the conditions of its Australian Financial Services Licence and Registrable Superannuation Entity Licence and reporting to the Board as relevant;
- (h) Monitoring any significant legislative breaches that occur and monitoring the management of breaches to ensure breaches are remedied in a timely manner and are

reported to the appropriate regulator as required;

- (i) Receiving feedback from the Governance and Rewards Committee on any non-compliance with the Gifts, Benefits and Hospitality Policy;
- (j) Oversight of the incident handling process to ensure it is operating effectively, and making any necessary recommendations to the Board;
- (k) Reviewing the content of the annual risk management declaration, on advice from the Risk Committee, and making a recommendation to the Board;
- (l) and
- (m) Consider any other matters relating to audit and compliance management that it considers desirable, and examine any other matters referred to it by the Board.

4.6 Actuarial

The ACC will monitor the activities and performance of the Fund Actuaries. The ACC's responsibilities include:

- (a) Review of the appointment of the Fund Actuaries and making appropriate recommendations to the Board for approval;
- (b) Receiving and discussing the annual presentation made by the Fund Actuaries, reporting to the Board on that review, and making any necessary recommendations to the Board; and
- (c) Monitor the financial position of the defined benefit sub-plans in the Fund, including recommending the shortfall limits for approval by the Board, review of the regular actuarial investigations and recommend the restoration plan for approval by the Board in the event that a sub-plan moves into an unsatisfactory financial position.

4.7 Tax

The ACC will monitor the activities and performance of the Trustee's tax advisors. The ACC's responsibilities include:

- (a) Review of the appointment of tax advisors to the Trustee and making appropriate recommendations regarding such appointments to the Board for approval; and
- (b) Oversee Management's conduct of any tender process in the event the Board decides to tender the tax advisory arrangement and recommend its preferred tenderer to the Board for approval; and
- (c) Review the annual tax review provided by the Trustee's tax advisors, reporting to the Board on that review, and making any necessary recommendations to the Board for approval.

4.8 Custody

The ACC will monitor the activities and performance of the Custodian. The ACC's responsibilities include:

- (a) Annually assess the performance of the Custodian;
- (b) Review the appointment of the Custodian at least one year prior to the expiry of the management agreement, make any recommendations on the renewal or tender strategy accordingly to the Board;
- (c) Oversee Management's conduct of any tender process in the event the Board decides to tender the custodian arrangement and recommend its preferred tenderer to the

- Board for approval;
- (d) Reviewing and monitoring compliance with the Supplier Manager Framework.

4.9 Provision of Non-Audit Services by External Auditors

The ACC will require the External Auditors to confirm, in writing, that they have complied with all professional and regulatory requirements relating to auditor independence prior to the completion of each year's financial statements.

The External Auditors may be permitted to provide non-audit services that are not perceived to be in conflict with the role of the auditor where their detailed knowledge of the group's activities could permit cost and output efficiencies, and provided that the Trustee may only engage the External Auditor to conduct non-audit services if:

- (a) The prior written approval of both the Executive Officer, Governance and Risk, and the principal External Audit Partner has been obtained; and
- (b) The annual fees for all non-audit services do not exceed, or are not likely to exceed, 50% of the External Auditor's annual audit fees.

5. Committee Chair

- 5.1. The ACC Chair will be appointed by the Board.
- 5.2. The ACC Chair will be responsible for:
 - (a) Efficient conduct of the ACC's functions;
 - (b) Ensuring the ACC's responsibilities are properly discharged;
 - (c) Facilitating the effective contribution of all ACC members; and
 - (d) Reporting to the Board and, where appropriate, making recommendations to the Board.
- 5.3. The ACC Chair must be a director and cannot be the Chair of the Board.

6. Meetings

- 6.1. The ACC will generally meet at least four times per year, or as otherwise required for the proper and efficient discharge of its functions and responsibilities.
- 6.2. An ACC member may requisition a Committee meeting at any time.
- 6.3. All ACC members are expected to attend each meeting, unless they are genuinely unable to do so.
- 6.4. ACC members may participate in meetings by attending in person, or by means of telephone or video conference or electronic means as deemed appropriate.
- 6.5. With consent of the ACC Chair, the ACC may meet without the presence of management at any time either prior to, or during, any meeting.
- 6.6. All Directors have a standing invitation to attend all ACC meetings.
- 6.7. The CEO, Executive Officer – Governance & Risk (Company Secretary), Executive Officer – Commercial and Head of Risk are generally expected to attend all meetings of the ACC (unless requested by the ACC Chair to be absent). Other members of management and service providers attend as required.
- 6.8. If the ACC Chair is unable to attend a meeting, the remaining Directors will select a Chair for that meeting.

7. Access to the Committee

- 7.1. The Internal Auditor, External Auditor, Fund Actuaries, Executive Officer – Governance & Risk

and Head of Risk have free and unfettered access at all times to the members of the ACC, and the Board as a whole, to discuss any matters which they think appropriate.

8. Composition, Voting and Quorum

- 8.1. The ACC is comprised of four Directors.
- 8.2. The Board may appoint additional ACC members from time to time, who may be management or external parties with specialist expertise. The Board may also appoint specialist consultants to assist the ACC in carrying out its role and responsibilities, including in relation to specific matters or on a general or ongoing basis.
- 8.3. The ACC is expected to make decisions on a consensus basis. However, where a consensus cannot be reached, a vote will be undertaken.
- 8.4. Agreement by two thirds majority of ACC members present and able to vote is required for all resolutions.
- 8.5. A quorum of the ACC will be three members.

9. Agendas and papers

- 9.1. An agenda will be prepared by the Company Secretary and approved by the ACC Chair, prior to each meeting.
- 9.2. Agendas and papers will clearly identify whether a decision is to be made at the Trustee level, or whether the information / decision is specific to Equip or specific to MLMM.
- 9.3. The agenda and supporting papers for each meeting will be distributed to ACC members and other attendees in sufficient time to enable ACC members to read the material and prepare for the meeting.

10. Conflicts of Interest

- 10.1. All ACC members must have the ability to recognise and disclose actual, perceived and potential material conflicts and ensure they are appropriately managed or avoided to ensure that priority is given to the interests of the beneficiaries of the Funds.
- 10.2. Conflict procedures are included as a standing agenda item for every meeting. The ACC Chair reminds members at the beginning of every meeting of their obligation to disclose any conflict or potential conflict with regard to any agenda item for consideration at that meeting.
- 10.3. Any identified conflicts are recorded, as well as the action taken to avoid or manage the conflict, in accordance with the Trustee's Conflict Management Policy.
- 10.4. Where a recorded conflict could reasonably be foreseen to impact an agenda item, the ACC member(s) affected shall not receive the papers for that agenda item.

11. Reporting

- 11.1. The Company Secretary or their delegate will be responsible for taking, writing and presenting formal and accurate minutes of all ACC meetings.
- 11.2. The minutes of all ACC meetings are to be distributed to the ACC Chair for review, within a reasonable time.
- 11.3. The minutes will thereafter be submitted to ACC members for their review, with the final version to be approved and (unless the ACC determines otherwise) signed at the next meeting by the ACC Chair or other person chairing the meeting.
- 11.4. The ACC, via its Chair, will report to the Board on a regular basis.

12. Review

- 12.1. On an annual basis, the ACC should review the appropriateness and/or effectiveness of the ACC's composition and its performance. Subsequently, the ACC Chair should provide a verbal report on the outcomes of the review to the Board.
- 12.2. An independent review of the ACC's effectiveness, performance and composition should be conducted every three years. This review may be undertaken in conjunction with the comprehensive review of the Trustee Board conducted every three years.
- 12.3. This Charter will be reviewed at least every two years for ongoing relevance and effectiveness.