

# **Trustees Executors Limited**

## **Audit, Risk and Compliance Committee**

### **Terms of Reference**

#### **Confidentiality**

This document is the property of Trustees Executors Limited and is not to be copied, reproduced or electronically stored in any form without the express authority of Trustees Executors Limited. Any requests or queries on this matter should be referred to the Company Secretary.

## **1. Constitution**

- 1.1 The Audit Risk & Compliance Committee shall be a Committee of the Board, established by the Board.
- 1.2 The Board of Directors of Trustees Executors Limited (TEL, together with its controlled entities) hereby confirms the Terms of Reference of its Audit, Risk and Compliance Committee (the Committee).
- 1.3 Provisions of TEL's Constitution relating to the meetings and proceedings and quorum of Directors shall, so far as not altered by these Committee Terms of Reference, apply to this Committee.

## **2. Purpose Objective**

The primary function of the Committee is to assist the Board of Directors in discharging its responsibilities relative to financial reporting and regulatory conformance.

## **3. Membership**

- 3.1 The Board shall annually confirm the membership and Chair of the Committee.
- 3.2 The Committee consists of at least three members.
- 3.3 The following membership requirements must be complied with:
  - 3.3.1 Membership of the Committee shall be limited to non-Executive Directors
  - 3.3.2 The Chair of the Committee must be an Independent Director with appropriate skills and experience
  - 3.3.3 At least one Director should be a qualified accountant, or have another recognised form of financial expertise
  - 3.3.4 The Board Chair shall be a member of the Committee, however, may not Chair the Committee.
- 3.4 Election and removal of members by the Board shall be by majority vote. A conflicted Director may vote in respect of other members though not in respect of his/her own membership, but must agree to their appointment.

## **4. Meetings**

- 4.1 The Company Secretary will keep the minutes of the meeting.
- 4.2 The Committee is expected to meet at least four times a year in order for the Committee to carry out the actions specified in its Responsibilities.
- 4.3 The Committee Chair may call a meeting of the Committee at their discretion.
- 4.4 The quorum for any Committee meeting shall be no fewer than two members of the Committee or a majority of the members, whichever is the greater.
- 4.5 All Directors shall be entitled to attend meetings of the Committee.
- 4.6 Representatives from Management, Internal Audit and External Audit or other relevant parties may attend meetings at the invitation of the Chair of the Committee.
- 4.7 The Committee will meet separately with the External Auditor and/or Internal Auditor, or have Committee-only sessions without Executives present, at the discretion of the Committee Chair.

## **5. Responsibilities**

The Committee has responsibilities (collectively, its “Responsibilities”) as follows:

### **5.1 FINANCIAL STATEMENTS**

Oversee and review financial statement and disclosure matters, particularly as to accuracy, timeliness, and compliance with regulatory and disclosure requirements including to:

- 5.1.1 Consider significant changes in accounting policies and practices
- 5.1.2 Consider major judgment areas, including the nature and level of significant provisioning
- 5.1.3 Review the carrying value of assets; complex and/or unusual transactions and disclosure items
- 5.1.4 Review of the frequency and significance of all transactions between the Company and related parties and assessment of their propriety
- 5.1.5 Review and recommend approval of the annual TEL financial statements to the Board

### **5.2 EXTERNAL AUDIT**

Oversee the External Audit process and make recommendations to the Board regarding:

- 5.2.1 Appointment of TEL’s external auditors
- 5.2.2 Review of the reasonableness of the estimated and actual External Audit fees and annual External Audit Plan
- 5.2.3 Confirmation of the independence of External Audit including where appropriate, a review of other professional services and related fees
- 5.2.4 Assurance that there have been no restrictions placed upon External Audit that have impacted the scope and performance of the audit work undertaken
- 5.2.5 Review of the External Audit Report
- 5.2.6 Seek information, as appropriate, from the External Auditor, regarding, without limitation:
  - 5.2.6.1 Critical accounting policies and practices used
  - 5.2.6.2 Alternative treatments from GAAP related to material items, and reasons for such treatments
  - 5.2.6.3 Other written communications between the External Auditor and Management which are material to the financial statements, such as any schedule of unadjusted differences
  - 5.2.6.4 Internal quality-control processes and any material issues arising from its most recent audit; and
  - 5.2.6.5 Illegal acts and fraud.

### **5.3 INTERNAL AUDIT**

Oversee the Internal Audit process; and:

- 5.3.1 Agree the appointment or discharge of the Manager, Internal Audit
- 5.3.2 Confirm and assure the independence of the Internal Audit function

- 5.3.3 Review and approve the annual Internal Audit Plan. Ensure there has been appropriate co-ordination between Internal Audit and External Audit in the development of the plan
- 5.3.4 Ensure there are no restrictions placed upon Internal Audit that would impact upon the scope, independence and performance of the audit work undertaken
- 5.3.5 Review Internal Audit findings and Management's responses.

#### **5.4 RISK MANAGEMENT AND COMPLIANCE**

Review the adequacy, efficiency and effectiveness of TEL's risk management, compliance and internal control frameworks; and:

- 5.4.1 Review/monitor the Group's key risks and risk management framework
- 5.4.2 Adoption/review of the Company's risk appetite
- 5.4.3 Promote awareness of a risk-based culture and the achievement of a balance between risk and reward for the risks accepted
- 5.4.4 Enquire of management about any significant risks and assess the steps management has taken to minimise such risk to TEL. Monitoring of corporate risk assessment and the internal controls instituted
- 5.4.5 Monitor, review and approve policies, manuals and frameworks established to ensure compliance with relevant legislation, regulations, licences, rules, internal policies and delegations (including without limitation anti-money laundering and countering financing of terrorism compliance and reporting)
- 5.4.6 Review the quarterly Compliance Report on TEL's statutory obligations and remedial action taken to remedy any breach thereof in a timely manner
- 5.4.7 Oversee complaints, incidents and escalations together with treatments and follow up actions.
- 5.4.8 Monitor all major litigation in which TEL may be involved and any claims or insurance notifications made by TEL
- 5.4.9 Supervision of special investigations when requested by the Board.

#### **5.5 INSURANCE**

- 5.5.1 Review the annual insurance renewal proposals and make recommendations to the Board. Note: due to the requirement for this to be signed off by 14 August each year, this document is approved at Board level.

#### **5.6 DISCRETIONARY INVESTMENT MANAGEMENT SERVICES (DIMS)**

- 5.6.1 Oversee any licensing or other regulatory requirements, including licensing conditions, or regulator directions or guidelines and breach reporting notified to the regulators.
- 5.6.2 Oversee and monitor any DIMS:
  - Risk assessments, reports and recommendations
  - Compliance Assurance and Peer Reviews; and
  - Actions to be taken in respect of serious risks or non-compliance, or licence or regulatory breaches.

## **5.7 FINANCIAL ADVICE PROVIDER LICENCE (FAP)**

5.7.1 Oversee any licensing or other regulatory requirements, including licensing conditions, or regulator directions or guidelines and breach reporting notified to the regulators.

**5.7.2** Oversee and monitor any:

- records of all regulated financial advice given to retail clients, by TEL or on its behalf
- records relating to how TEL, and any person engaged by TEL, has complied with the financial advice duties
- details relating to any complaints relating to TEL's financial advice service
- regulatory returns as per the Regulatory Return Framework and Methodology
- outsourcing of systems or processes

TEL's Business Continuity Plan.

## **5.8 INVESTMENT COMMITTEE MONITORING**

Receive annual reports from, and monitor progress of, the Investment Committee.

## **5.9 INFORMATION SECURITY**

Oversee, review and approve TEL's Information Security Framework, including receiving and considering an annual report in respect of TEL's cyber risk management; security testing; likely attackers, their methods and motivations; staff training and awareness-raising initiatives.

## **5.10 INVESTIGATIONS**

Identify and recommend to the Board and/or the Chief Executive Officer (CEO) any special investigations the Committee considers necessary.

## **5.11 CONFLICTS OF INTEREST**

Monitor and review policies and practices established to avoid conflicts of interest (pecuniary or otherwise) by Directors, management and staff.

## **5.12 TERMS OF REFERENCE**

Annually review the Committee's Terms of Reference and recommend changes to the Board as it considers appropriate.

## **6. Review of the Committee**

6.1 The Committee shall undertake an annual self-review of its objectives and responsibilities and its Terms of Reference.

6.2 Such objectives, responsibilities and Terms of Reference shall also be reviewed by the Board, the CEO, the Chief Financial Officer (CFO), the Chief Risk Officer (CRO) and any other person the Board considers appropriate.

## **7. Access and Authorities**

7.1 The Committee shall have no executive powers.

- 7.2 Health & Safety matters remain the responsibility of the full Board and for completeness that responsibility is not delegated to this Committee.
- 7.3 The Committee shall have all necessary access to, and authority to seek information from Internal Audit, External Audit and all employees and advisers of TEL to fulfil its Responsibilities.
- 7.4 To draw appropriate matters to the attention of the Audit, Risk and Compliance Committee, the following individuals have direct access to the Audit, Risk and Compliance Committee:
- Chief Executive Officer
  - Manager, Internal Audit
  - Chief Risk Officer/General Counsel.
- 7.5 Other employees may have direct access to the Audit, Risk and Compliance Committee Chair or the Chair of the TEL Board, in some circumstances, under the company's Protected Disclosure (Whistleblowing) Policy.
- 7.6 The Chief Executive Officer (CEO) and the Chief Financial Officer (CFO) shall be responsible for drawing to the Committee's immediate attention any material matter that relates to the financial condition of the company, any material breakdown in internal controls, and any material event of fraud or malpractice.
- 7.7 The Committee shall have the ability, and is authorised, to take such independent professional advice as it considers necessary.
- 7.8 The Manager, Internal Audit shall report functionally to the Audit Risk and Compliance Committee and administratively (ie: on day-to-day operations) to the CEO.

## **8. Reporting**

- 8.1 The Committee does not have any authority to commit the Board to implementation of its recommendations, other than those matters specifically delegated to the Committee by the Board.
- 8.2 The Chair of the Committee shall report findings and recommendations to the Board of TEL and, where appropriate, any of its controlled entities, after each Committee meeting.
- 8.3 The minutes of all Committee meetings will be available to members of the Board of TEL through Diligent BoardBooks.
- 8.4 The Committee shall be provided with copies of correspondence between the external auditors and management in the event of an issue arising.

Date adopted by the Board: 14 February 2023

### **Previous reviews:**

28 February 2020  
22 August 2019  
30 September 2016  
29 September 2015  
18 September 2014  
14 February 2012