



Board Risk and Compliance Committee Charter  
April 2018

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## 1. Objectives

Recognising and managing risk is a key strategic objective for the Company. Sound risk management assists to protect established value and enable opportunities to create value.

The Board Risk and Compliance Committee (BRCC) is appointed and authorised by the Board, to assist it in fulfilling its statutory, fiduciary and regulatory responsibilities. As such, the objectives of the BRCC are to:

1. Work with Senior Management to develop the Company's risk strategy and risk appetite consistent with the Board-approved Strategy for the Company. The Risk Strategy and Risk Appetite are to be recommended by BRCC to the Board for approval
2. Monitor Senior Management's implementation of the risk management strategy and performance of the risk management framework over material business risks and obligations
3. Promote a sound risk culture at Board and Senior Management levels within the Company
4. Work with other Board Committees, as part of the group risk management framework, to oversee key risk management issues
5. Provide a forum for communication between the Board and Senior Management on matters of risk and how it is managed
6. Evaluate the implications of material business initiatives from a strategic risk viewpoint

## 2. Membership

The BRCC shall comprise at least three members, all of whom are non-executive Directors. A majority of members must be independent.

Each member should be capable of making a valuable contribution to the BRCC, must be financially literate and have competencies in risk management.

The Board shall seek guidance from the BRCC on recommended appointments to the BRCC. The Board will appoint members annually.

The Chair of BRCC will be an independent Director as nominated by the Board from time to time. The Chair should be a member of the Board Audit Committee ("BAC") and the Chair of the BAC should be a member of the BRCC.

If considered appropriate, the Chair of the Board may be an ex officio, non-voting member of the Committee but cannot be the Chair of the BRCC or BAC.

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### 3. Invitees

The following invitees are to attend BRCC meetings:

- Managing Director
- Group IT Manager
- Chief Financial Officer
- Company Secretary

Other Senior Management may be invited as appropriate.

### 4. Meetings

The BRCC shall hold at least four meetings per year and may meet whenever necessary as the Chair shall decide. A quorum shall consist of a majority of members. Upon approval by the BRCC Chair, members may attend meetings by electronic means.

In the Chair's absence, the members present at the meeting may elect a Chair for the meeting. Any matters requiring a decision will be decided by majority vote by the members present.

The notice and agenda of the meeting sent should include relevant supporting papers as appropriate.

### 5. Minutes

The Company Secretary will be appointed to keep minutes of meetings. The Chair shall approve draft minutes for inclusion in GUD Holdings Limited Board papers in a timely manner.

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## 6. Duties & Responsibilities

The duties and responsibilities of the BRCC shall be to recommend to the Board the setting and review of the appropriate risk appetite for the Company. The BRCC is responsible for recommending risk appetite to the Board and monitoring the management of risk throughout the Company.

The BRCC will review and approve within its delegations or endorse for the Board's approval all non-management policies supporting:

- Technology and Cyber Risk (including Privacy risk)
- Credit Risk (including Large Exposures)
- Operational Risk
- Vendor and Supplier Management (including Ethical Sourcing)
- Market Risk
- FX, Interest Rate and Hedging Risk
- Liquidity Risk
- Measurement and Adequacy of Capital
- Financial Risks (including Tax Risk)
- Strategic Risk
- Culture Risk
- Reputation Risk

The Company implements its Risk Management Framework in accordance with the Three Lines of Defence approach to risk management:

- First line of defence: Management Control
- Second line of defence: Risk Control and Compliance oversight functions, (including BRCC and BAC)
- Third line of defence: Independent Assurance

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The BRCC shall work in collaboration with the BAC as set out in the Segregation of Duties and Responsibilities (Attachment 1).

## Responsibilities

The responsibilities of the BRCC include:

### Risk Strategy and Risk Appetite

- a. Oversee development of a policy on risk strategy and risk appetite, considering the Company's approved Strategy and overall appetite to accept risk. This shall include the evaluation of the intended mitigation designed to ensure inherent risks are managed to within the Company's approved risk appetite

### Risk Management Activities

- a. Review and endorse a risk management policy and framework for Board approval
- b. Review and endorse for Board approval the risk appetite for each category of risk
- c. Review the development and implementation of the risk management reporting framework and monitor risk management reporting against metrics for appetite, and emerging trends and issues
- d. Review and assess the adequacy of the management of key strategic, reputational, operational, IT, financial and tax risks
- e. Review and assess strategies for risk transfer, ensure adequate and appropriate insurance is secured
- f. Review and assess GUD's material risks arising from business activities, including business portfolio risks, debt financing risks and FX/interest hedging risks
- g. Review and oversee the Company's policies and their consistency with regulatory requirements and against a background of understood social and community norms and expectations
- h. Review and oversee the Company's code of business conduct and ethics
- i. Review and oversee the Company's Business Continuity Plan, material outsource arrangements and the disaster recovery plan
- j. Review and oversee the Company's policies and framework in respect of Workplace Health and Safety

On each of the above, ensure the Board is apprised through the minutes of meetings.

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## Other

- a. Consider other matters, as referred to the BRCC by the Board;
- b. Request and review special reviews or investigations as may be necessary;
- c. Have such other responsibilities as are required by applicable law or regulation.
- d. Ensure appropriate frameworks are deployed and followed to ensure compliance with Company policy or statute on key (culture) risk areas such as Anti-trust, Bribery and Corruption, Trade Practices, Privacy, Code of Conduct, and Ethical Dealing

## 7. Authority and Access

The Board authorises the BRCC to:

- a. Perform activities within its charter
- b. Have free and unfettered access to Senior Management, the heads of all risk management functions, as well as seek any information it requires from the Managing Director or Senior Management or any employee as required
- c. Obtain outside legal or other professional advice to assist in undertaking its responsibilities
- d. Carry out investigations on behalf of the Board

The BRCC shall have access to the Company Secretary.

## 8. Reporting

The BRCC shall record proceedings of each meeting and provide a report to the Board, in a form agreed by the Chair of the Board.

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## 9. Relationships

- a. The Chair of the BRCC will liaise at least annually with the Chair of the BAC to oversee key Risk Management issues, policies and processes;
- b. The BRCC will make recommendations to the Board on the company's overall risk framework and the appropriateness of risk appetite. The BRCC will work with the BAC on policy proposals as they relate to the BRCC and BAC.

## 10. Committee's Performance Evaluation

The BRCC will review its performance annually and report the review results to the Board. If required by the Board the performance evaluation may be performed by an external party appointed by the Board.

## 11. Review Charter

The BRCC will review its Charter at least every two (2) years (or earlier if required). Any amendments to this Charter will be approved by resolution of the Board.

*Approved 17 April 2018*