



Group Risk Committee Charter



Group Risk Committee Charter

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1. Scope

The Group Risk Committee appointed by the Board of Directors of MyState Limited also operates as the Risk Committee and performs the functions outlined in this charter, for each of the following entities that have operations that require oversight by the Group Risk Committee.

- MyState Financial Limited
- Tasmanian Perpetual Trustees Limited
- Tasmanian Perpetual Trustees Limited Managed Investment Schemes
- Connect Asset Management Pty Ltd (and the securitisation trusts that Company manages)
- Conquest Securities Pty Ltd
- MyState Financial Community Foundation Pty Ltd
- The Gourmet Club Pty Ltd
- Axis Retirement Solutions
- Other wholly owned subsidiaries or controlled entities as required from time to time.

The reference to the Board in the Charter means the Board of MYS and/or the Board of each entity referred to above.

2. Objectives

The Group Risk Committee (“the Committee”) is a sub-committee of the Board of Directors and as such assists the Directors to discharge the Board’s responsibilities to set the risk appetite, oversee the risk profile and recommend the risk management framework of the MyState Limited Group (MYS Group) to the Board. In this role the Committee has no executive responsibility, but is responsible for performing its duties in accordance with its charter and making recommendations to the Board of Directors on the effective discharge of its responsibilities for market, liquidity, credit and operational risk management and for the management of compliance obligations. The objectives of the Committee reflect this important role and include the following:

- recommending the risk profile and risk appetite of the MYS Group, for approval by the Board;

- receiving and reviewing reports from Management concerning the MYS Group's risk management strategies;
- recommending and overseeing the process developed by Management to identify principal risks, evaluating their potential impact and implementing appropriate strategies to manage those risks;
- recommending principles, strategies, policies and processes for managing risk;
- receiving and reviewing reports from Management regarding resolution of significant risk exposures and risk events;
- reviewing and monitoring the risk implications of new and emerging risks, organisational change, regulatory change and major initiatives;
- providing a formal forum for communication between the Board and Senior Management;
- improving the efficiency of the Board by receiving tasks delegated to the Committee where such tasks should be discussed in sufficient depth.

3. Duties and Responsibilities

The Committee will recommend to the Board the parameters of the risk management strategy, monitor the risk profile and oversee inherent risks. This will include (but is not limited to) the following matters:

Market Risk

To review MyState Financial and Tasmanian Perpetual Trustees' (Group) Asset & Liability Committee (ALCO) matters relating to:

- The framework for the management of market risk;
- The market risk performance and exposure against limits;
- Appropriate market risk policies; and
- Appropriate market risk limits.

Liquidity Risk

To review Group ALCO matters relating to:

- The framework for the management of liquidity risk;

- Liquidity position and requirements;
- Appropriate liquidity risk policies; and
- Funding plans

Balance Sheet Risk

To review Group ALCO matters relating to:

- Positions in relation to management of interest rate risk;
- Positions in relation to management and structure of balance sheets;
- Group positions in relation to management of capital adequacy;
- The effectiveness of systems and policies that are in place to manage structural interest rate risks; and
- New balance sheet management policies.

Credit Risk

To review reporting relating to:

- The framework for the management of credit risk;
- Monitoring of the risk profile, performance and management of Group credit portfolios;
- Appropriate credit risk policies; and
- Appropriate credit limits.

To engage in credit approval processes in accordance with:

- Tasmanian Perpetual Trustees Investment and Lending Policy.
- MSF Lending Delegation Policy.

Both as amended from time to time

Operational Risk

To review reporting relating to:

- The framework for the management of operational risk;
- Monitoring the performance of operational risk management and controls;
- Appropriate operational risk policies;
- Wills and estates (claims from beneficiaries, security of physical and other assets and litigation risks)
- Reliance on external service providers
- Operational and business systems, including disaster recovery planning
- Occupational health and safety issues (noting primary responsibility rests with the Group Human Resources and Remuneration Committee)
- Environmental sustainability;
- Enterprise Continuity Management (comprising business continuity management, crisis management and disaster recovery);
- Reviewing reports from Management concerning the Group annual insurance strategy, including the adequacy of coverage and limits of insurance policies; and
- Provision of reports on any material matters arising out of the insurance programme during the year.

Compliance Risk

To review reporting relating to:

- The adequacy and effectiveness of the programme of compliance established within the MYS Group;
- The processes in place for ensuring new and changed legal and regulatory requirements are identified and reflected in MYS Group processes;
- The scope and depth of compliance review activities and the resulting impact any review findings have on the risk profile of the MYS Group;
- The nature and effectiveness of action plans implemented to address identified compliance weaknesses; and
- To oversee the establishment and maintenance of risk based controls to mitigate the risks associated with money laundering and terrorism financing.

Other Responsibilities

To review reporting relating to:

- The monitoring of the performance of other risk types (as appropriate);

- Changes anticipated for the economic and business environment, including consideration of emerging trends and other factors relevant to the MYS Group's risk profile; and
- Oversee APRA statutory reporting requirements pertaining to risk matters;
- Oversee adequacy of internal risk monitoring and reporting requirements;
- Review and recommend approval of MyState Financial and Tasmanian Perpetual Trustees' ALCO Charters;
- Receive reports in line with an approved "Risk Reporting Agenda", and review annually the appropriateness and frequency of the reports; and
- Receive reports from the Chairperson of the Group Audit Committee on relevant audit matters that should come to the attention of the Group Risk Committee and ensure proper consideration thereof.

The Group Risk Committee will refer to the Group Audit Committee any matters that have come to the attention of the Group Risk Committee that are relevant for the Group Audit Committee for noting or consideration, or which should be dealt with by that Committee.

Excluded responsibilities

The following risks and issues are the responsibility of the Committees named:

- ALCOs
 - Asset and liability management
 - Funds and funding management (Liquidity, credit risk, interest rate risk)
 - Innocent mortgagee risk
 - Lending services (credit risk)
 - Market risk (major investors and borrowers)
 - Geographic/Industry exposure

- Group Human Resources and Remuneration Committee
 - Succession Planning
 - Occupational Health and Safety employment issues including:
 - Discrimination
 - Harassment
 - Equal employment opportunities
 - Access to IT systems

- Group Audit Committee
 - Compliance with taxation laws
 - Compliance with the Corporations Act in relation to financial statements.
 - Compliance with ASX Listing Rules
 - Compliance with Australian Accounting Standards
 - Internal Control
 - Fraud

4. Board Committee Standing Procedures

Refer attached.