

*Risk Committee
Charter*



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Introduction

The Risk Committee appointed by the Board of the company specified in item 1 of the Schedule also operates as the Group Risk Committee, and performs the functions outlined in this Charter, for each of the entities (if any) specified in item 2 of the Schedule except where the entity specified in item 2 of the Schedule has appointed its own risk committee.

The purpose of the Risk Committee is to provide an oversight across the Group for all categories of risk (refer to Item 3 of the Schedule). In this role, the Risk Committee has the delegated authority from the Board to approve and oversee the processes used to identify, evaluate and manage risk. At its discretion, the Risk Committee may make recommendations to the Board, including recommendation of the Group's risk appetite.

Definitions

The following terms have the following meanings:

"Company" means the company specified in item 1 of the Schedule.

"Group" means the company specified in item 1 of the Schedule and the entities (if any) specified in item 2 of the Schedule.

"Risk Committee" means the Risk Committee of the Group

"Suncorp Group" shall mean the Suncorp Group Limited group of companies.

Role

The Risk Committee is responsible for performing the duties set out in this Charter to enable the

Board to fulfil its oversight responsibilities in relation to the Group's:

- identification, assessment and management of risk; and
- adherence to internal risk management policies and procedures.

Composition

The Risk Committee will be appointed by the Board and shall comprise not less than three non- executive directors (unless otherwise determined by the Board). All members of the Risk Committee must be non-executive directors. A majority of members of the Risk Committee must be independent.

Chairman

The Board shall appoint one of the Risk Committee members to serve as the Risk Committee Chairman. The Chairman shall be an independent director. The Chairman and membership will be confirmed annually.

Meetings

Meetings shall be held at a frequency determined by the Risk Committee but in any event not less than four times per year. Special meetings may be convened by the Chairman as required.

The Managing Director & Group CEO, Group Chief Financial Officer, Group Chief Risk Officer, the Appointed Actuaries, the external auditor, the Executive General Manager Internal Audit and representatives of management must be invited to attend part or all of any meeting of the Risk Committee, as appropriate.

The Committee has unrestricted access to executives, senior management, and risk and financial control staff within the Group in order to fulfil its role and undertake its duties.

A quorum of any meeting will be two members or such other number determined by the Board. The agenda and supporting documentation will be circulated to the Committee members in a reasonable period in advance of each meeting.

The secretary of the Risk Committee will be the Company Secretary, or such other person as nominated by the Board. The secretary of the Committee will circulate minutes to members of the Committee and the Suncorp Board as soon as practicable after each meeting.

The Risk Committee Chairman will provide the Chief Risk Officer with clear right of access to the Risk Committee and the Board.

On all matters within the responsibility of the Risk Committee under this Charter, a relevant executive has unfettered access to the Committee through its Chairman. The Board expects that, in the normal course, the matter has been raised previously with the relevant senior manager(s) within the Group prior to such an approach.

Reporting

The Committee shall regularly update the Board regarding Committee activities and make appropriate recommendations. The Risk Committee shall submit an annual report to the Board (at the Board meeting at which the year end financial statements are approved) summarising the Committee's activities during the year.

The Risk Committee shall submit an annual Letter of Representation to the Audit Committee confirming the status of risk issues relevant to the annual Financial Statements.

The Risk Committee shall regularly review this Charter and its continuing adequacy, together with an evaluation of the Committee's performance and the extent to which the Committee has met the requirements of the Charter.

Specifically, reporting by the Risk Committee will include:

- recommending any changes in the Charter to the Board;
- self assessing the effectiveness of the Risk Committee on a regular basis;
- regularly reporting to the Board on the activities of the Risk Committee, at a minimum annually; and
- referring to the Audit Committee any matters that have come to the attention of the Risk Committee that are relevant for the Audit Committee.

Duties and Responsibilities

With respect to the identification, assessment and management of risk, the Committee shall, across all risk categories:

- recommend the risk profile and risk appetite across the Group for approval by the Board;
- recommend the Group's Risk Management Strategies and Enterprise Risk Management Framework for approval by the Board ;

- approve and oversee the process developed by management to identify principal risks, evaluate their potential impact, and implement appropriate systems to manage such risks;
- approve principles, policies, strategies and processes for the management of risk including the establishment of other risk committees and the delegation of matters to those committees;
- approve, or where appropriate, make recommendations to the Board as to the exposure limits and risk-taking authority to be delegated by the Board, to the Managing Director & Group CEO, and executive management;
- receive reports from management concerning the Group’s discretion frameworks, including absolute levels of discretion of the relevant executive management committees and executive management, in order to consider and, if thought fit, approve or vary them;
- receive reports from management concerning the risk implications of new and emerging risks, organisational change and major initiatives, in order to monitor them; and
- receive reports from management concerning resolution of significant risk exposures and risk events, in order to monitor them and as appropriate, if thought fit, approve them.

With respect to specific categories of risk, review, from time to time, principles, policies, limits, standards, guidelines, management committee mandates and other significant procedures established by management. Categories of risk may include (but are not limited to) counterparty, regulatory compliance, market, operational, asset and liability, liquidity, and insurance risk, and matters related to significant new business and change management initiatives. (Refer to Item 3 of the Schedule for an example listing of risk types which are included in each risk category).

With respect to adherence to internal Risk Management Policies and Procedures, the Committee shall:

- address such risk issues as it considers appropriate in connection with the Group’s strategic use of risk-adjusted capital;
- consider risk aspects of strategies or exposures to industry segments to ensure they are within the overall Group risk tolerances; and
- endorse, approve or review (as the Committee considers appropriate) any transaction or other proposal that involves management exceeding limits detailed in Group policies, including but not limited to exposures in internal policies and procedures recommended by the Managing Director & Group CEO which exceed the limits delegated to him/her.

With respect to the Suncorp Group’s Compliance Management systems, the Committee shall:

- approve and oversee the Suncorp Group’s legal and regulatory compliance processes developed by management, including compliance by subsidiary companies, APRA Regulated Entities, Australian Financial Services Licence and Credit Licence holders, and by internal trustees of the various Suncorp Group trusts, and where considered necessary, commission and direct specific actions and assignment of responsibility to ensure compliance practices are adequate; and
- receive reports from management concerning the Group’s Compliance Management processes, in order to consider and, if thought fit, approve or vary them.

Other Responsibilities

The Committee shall:

- review issues raised by the Chief Risk Officer, and External Audit or Internal Audit that impact the risk management framework or the Group’s risk management;

- in consultation with the Managing Director & Group CEO, provide prior endorsement for the appointment of (and thereafter monitor his/her performance and objective setting) and, if relevant, removal of the Chief Risk Officer.
- review and make recommendations to the Board on draft statutory statements covering governance and risk management issues in accordance with the requirements of regulators; and
- direct any special investigations deemed necessary, and engage and consult independent experts where considered necessary or desirable to carry out its duties and rely on the advice of such experts.

Function of Representative Parties

It is recognised that members of the Risk Committee are not full time employees of the Group and generally do not represent themselves to be experts in the fields of risk management. As such, it is not the responsibility of the Risk Committee personally to conduct risk management reviews.

Each member of the Risk Committee is entitled to rely on executives of the Group, on matters within their responsibility, and on external professionals on matters within their areas of expertise, and may assume the accuracy of information provided by such persons, so long as he or she is not aware of any reasonable grounds upon which such reliance or assumption may be inappropriate. The Board and Audit Committee may rely upon information provided by the Risk Committee and its members, in relation to matters within the Committee's responsibility under the terms of this Charter, provided that it has evaluated the information and is not aware of any reasonable basis upon which to question its accuracy.

Management of the Group is responsible for implementing, managing and maintaining appropriate risk management systems, policies and procedures, reporting protocols and internal controls designed to ensure compliance with the applicable laws and regulations.

Internal Audit is responsible for auditing the effectiveness of the risk management framework as implemented across the Group. Group Financial Risk will develop the counterparty risk management framework as implemented across the Group, and also provide assurance that the framework is complied with and that appropriate credit ratings are in place for different counterparties.

Schedule: Risk Committee Charter

Item 1: Name of Company

Suncorp Group Limited

Item 2: Name of Entities

SBGH Limited, Suncorp Insurance Holdings Limited, Suncorp Life Holdings Limited and all other controlled entities within the Suncorp Group except superannuation entities regulated by APRA

Item 3: Risk Categories and types

The following is the listing of risk categories encompassed within the duties and responsibilities of the Risk Committee. Beside each category heading are the risk types, which may be considered by the Committee. This is not meant to be an exhaustive list and may change from time to time.

Strategic risk

Strategic risk is the most fundamental of business risks. At its most basic, it is the risk associated with Suncorp's operating model and how it wants to position itself strategically. Strategic risk threatens the viability of the operating model and our strategic position and emerges from external changes and the execution of Suncorp's strategy.

Financial risks

Credit and Counterparty risk - The risk that the other party in an agreement will default / will not meet its contractual obligations in accordance with agreed terms.

Market risk - The risk of unfavourable changes in foreign exchange rates, interest rates, equity prices, credit spreads, commodity prices, and market volatilities.

Asset and Liability risk – The risk to earnings and capital from mismatches between assets and liabilities with varying maturity and repricing profiles and from mismatches in term.

Liquidity risk - The risk that Suncorp will be unable to service its cash flow obligations today or in the future.

Insurance risk

Insurance risk is the risk that for any class of risk insured, the present value of actual claims payable, will exceed the present value of actual premium revenues generated (net of reinsurance).

Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. This includes legal risk, but excludes strategic and reputational risks.

