



Suncorp-Metway Ltd

Risk Committee Charter

The Risk Committee appointed by the Board of Suncorp-Metway Limited ("**Suncorp**") also operates as the Group Risk Committee and performs the functions outlined in this Charter, for all entities owned and controlled by Suncorp, including the major operating entities listed below (defined as **Suncorp Group or Group**):

Asteron Life Limited
Australian Associated Motor Insurers Limited
Australian Alliance Insurance Company Limited
GIO General Limited
Promgroup Limited
Suncorp Life & Superannuation Limited
Suncorp Metway Insurance Limited
Vero Insurance Limited

For the purposes of this Charter the following definitions apply and are used interchangeably:

"Risk Committee / Committee" – means the Risk Committee for **Suncorp-Metway Limited and the Suncorp Group** .

"Board" – means the Board of Directors of Suncorp-Metway Limited and/or the Board of Directors of the Suncorp Group.

The purpose of the Risk Committee is to provide an oversight across the organisation for all categories of risk. In this role the Risk Committee has 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.

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 four non-executive directors (unless otherwise determined by the Board).

The Board shall appoint one of the Risk Committee members, other than the Chairman of the Board or the Audit Committee, 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 Chief Executive Officer, Chief Financial Officer, Chief Risk Officer, Appointed Actuaries and representatives of management may be invited to attend part or all of any meeting of the Risk Committee as appropriate.

The Committee has unrestricted access to executives of the Group in order to fulfil its role and undertake its duties.

A quorum of any meetings will be three members. The agenda and supporting documentation will be circulated to the Committee members a reasonable period in advance of each meeting.

The secretary of the Risk Committee will be the Corporate 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.

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 that status of risk issues relevant to the annual Financial Statements.

The Risk Committee shall, at least annually 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:

- an annual recommendation of any changes in the Charter to the Board
 - a self-assessment of the effectiveness of the Risk Committee at least annually
 - regular reports in writing to the Board on the activities of the Risk Committee, at a minimum annually;
- and
- referral in writing to the Audit Committee of 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
- receive reports from management concerning the Group's Risk Management Strategies, in order to consider and, if thought fit, approve or vary them
- 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
- 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 Chief Executive Officer 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.
- approve investment mandates and Investment Management Agreements on an annual basis
- receive reports from management concerning the risk implications of new and emerging risks, organisational change and major initiatives, in order to monitor them
- 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) credit, regulatory compliance, market, operational, balance sheet, liquidity, and insurance risk, and matters related to significant new business and change management initiatives. (Refer to Appendix 1 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 Economic Capital, with attention, as required, to the return on risk-adjusted capital of specific



initiatives; in this respect, wherever practical, the Committee shall consider such issues using Capital-at-Risk and such other measurements as the Committee may consider appropriate as a means of comparative risk measurement

- consider risk aspects of strategies or exposures to industry segments to ensure they are in keeping with overall Group risk tolerances
- approve, ratify 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 Chief Executive Officer which exceed the limits delegated to him/her

Other Responsibilities - The Committee shall:

- review issues raised by Internal Audit that impact the risk management framework or the Group's risk management
- receive summaries of Due Diligence reports
- review and make recommendations to the Board on draft statutory statements covering governance and risk management issues in accordance with the requirements of regulators
- 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 are responsible for the appraisal of the appropriateness of the risk management framework across the Group.

Appendix 1

The following is a list of risk categories encompassed within the duties and responsibilities of the Board Risk Committee. Below 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.

ENTERPRISE RISK

- The risk that arises from an ineffective enterprise risk management framework, which includes risk appetite, risk strategies, risk policies, and authority levels.

CREDIT RISK

- The risk that a borrower or counterparty will not meet its 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.

INSURANCE RISK

- The risk of financial loss and the inability to meet liabilities due to inadequate or inappropriate insurance product design, pricing, underwriting, concentration risk, reserving, claims management and reinsurance management

OPERATIONAL RISK

- Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events.

COMPLIANCE RISK

- The risk of legal or regulatory sanctions, financial loss, or loss to reputation the Group may suffer as a result of its failure to comply with all applicable regulations, codes of conduct and good practice standards.

BALANCE SHEET RISK

- The risk to earnings and capital from mismatches between assets and liabilities in interest rate with varying maturity and repricing profiles, and from mismatches in term.

LIQUIDITY RISK

- The risk that the Group will be unable to service its cashflow obligations today or in the future

RISKS TO BE CONSIDERED IN CONJUNCTION WITH THE BOARD (outside the direct mandate of the Board Risk Committee)

- Strategic Risk
- Reputation Risk