

## **Risk Assessment & Management Committee**

---

Charter

## Contents

---

<b>About this document</b>	<b>2</b>
Objectives.....	2
Scope.....	2
Related documentation .....	2
Updates.....	2
Next Review .....	2
1. Background .....	2
2. Purpose.....	2
3. Scope & Duties.....	3
4. Membership .....	4
Committee Members.....	4
Chairman .....	4
Secretary .....	4
Other Attendees .....	4
5. Meetings .....	5
6. Liaison with the Audit & Compliance Committee .....	5
7. Reporting .....	6
8. Authority .....	6
9. Review .....	7

---

## About this document

---

### Objectives

---

The aim of this document is to set out the charter for the Risk Assessment & Management Committee.

### Scope

---

This charter has been approved by the Board of Directors.

### Related documentation

---

- Board Charter

### Updates

---

If you have any questions about this document, or suggestions for improving its accuracy or usability, please send a message to Cathryn Nolan.

Version no.	Status	Draft no.	Version date	Description of change	Created by
1.0	Definitive		11 Sept 2008	Formatting	MN
2.0	definitive	1	25 Aug 2009	Review. Amendments as recommended by committee and approved by a resolution of the Board.	CCN
3.0	Definitive		28 Sept 2010	Approved by resolution of board	Board

### Next Review

---

This charter is due to be reviewed by the Legal Department 30 September 2013.

## 1. Background

---

- 1.1. The Risk Assessment & Management Committee (the Committee) is a committee of the Praemium Group Board, with specific powers delegated as set out in this Charter.
- 1.2. Praemium Ltd has resolved to comply with the principles and recommendations set out in Part 7 of the ASX Corporate Governance Principles and Recommendations (2<sup>nd</sup> Edition).
- 1.3. Prior to the formation of this Committee, responsibility for advising the Board in respect to risk matters was delegated to what was formerly known as the Audit, Risk & Compliance Committee. Review and monitoring of Financial Risks remain the responsibility of that Committee.

## 2. Purpose

---

- 2.1. The purpose of the Committee is to assist the Group Board:

- (a) in fulfilling its risk management responsibilities as defined by:
  - (i) applicable law and regulations;
  - (ii) Praemium Ltd's Constitution;
  - (iii) Principle 7 (and related Recommendations) of the Corporate governance Principles and Recommendations;
- (b) by ensuring that the Group:
  - (iv) develops an appropriate and sound policy for the management of Risk;
  - (v) manages risk in accordance with Policy and applicable Standards;
- (c) to provide Governance, Oversight and Strategic Direction; and
- (d) by initiating and overseeing special projects in respect to key risk areas (for example security, technology, intellectual property, reputation, change management, succession planning etc) from time to time.

### **3. Scope & Duties**

---

- 3.1. Without limiting its role as described under the heading "Purpose" above, the specific duties and responsibilities of the Committee include:
  - (a) Considering and making recommendations to the Board in respect to policies developed by management in respect to Risk Assessment and Management;
  - (b) To liaise with management in respect to the ongoing assessment the Group's risk profile and identify all material risks, in particular those relating to non-financial matters, facing the Group and individual group entities;
  - (c) To monitor compliance of the risk management and internal control systems with the Group's Risk Management policies;
  - (d) Monitoring emerging risks and changes in the Group risk profile;
  - (e) Assessing the effectiveness of insurance coverage and reviewing insurance reports;
  - (f) Making recommendations to the Board in respect to insurance matters;
  - (g) Monitoring the Group's reputation and reputational risks;
  - (h) To take an active interest in ethical considerations regarding the Group's policies and practices;
  - (i) To monitor the standard of corporate conduct in areas such as arms-length dealings and likely conflicts of interest;
  - (j) To ensure a safe working culture is sustained in the workforce; and
  - (k) To identify and direct any special projects or investigations deemed necessary.
- 3.2. In performing these duties the Committee must consider and monitor the reasonable expectations of stakeholders, including shareholders, employees, customers, creditors and users and the broader financial

services community in each jurisdiction in which the company operates.

## **4. Membership**

---

### **Committee Members**

- 4.1. The Committee will consist of not less than four members. Members will be appointed by the Board from amongst the Directors of Praemium Limited or any of its wholly owned subsidiaries, and where possible a majority of members will also be independent non-executive Directors. At least one member will be a member of the Board of the UK subsidiary group, nominated by the Chair of Praemium Portfolio Services Ltd (the Company's wholly owned UK subsidiary). Further, both the Chair of the Audit & Compliance Committee and the Chief Operations Officer will be permanent members of the Committee.
- 4.2. The Board Charter defines "independence" as follows: "An independent director is one who is not a previous executive, is not involved in material contracts with the Company and is not an adviser to the Company for fees or some benefit".
- 4.3. The Corporate Governance Principals and Recommendations (2nd Edition) published by the ASX Corporate Governance Council defines an independent director as a non-executive director who is not a member of management and who is free of any business or other relationship that could materially interfere with – or could reasonably be perceived to materially interfere with – the independent exercise of their judgement. It goes on to say, in effect, that directors will be considered independent if none of the matters stipulated in "Box 2.1" of the Principles (which set out the relationships which, in the view of the ASX Corporate Governance Council, affect independence).
- 4.4. At present all of the non-executive directors of the Company and the UK Subsidiary are independent (by reference to both of these definitions).

### **Chairman**

- 4.5. The Group Board will appoint the Chairman of the Committee. The Committee's Chairman shall be an independent director who is not the chair of the Board.

### **Secretary**

- 4.6. The Company Secretary will be the Committee Secretary.

### **Other Attendees**

- 4.7. The Group CEO / UK Managing Director, the Chief Operations Officer, the Chief Information Officer, the Chief Security Officer, the CFO / UK Head of Finance, General Counsel, the Compliance Officer(s), other members of senior management and, if appropriate, external advisers, may be invited to be present for all or part of the meetings of the Committee at the discretion of the Committee's Chairman, but will not be members of the Committee.

- 4.8. Representatives of any external auditor engaged to audit or report on control systems and/or compliance with standards are expected to attend, in person or by telephone, each meeting of the Committee at which their reports are presented to the Committee for consideration.
- 4.9. At least once a year the Committee shall meet with the Company's external control and systems auditors without any management staff or executives present.

## **5. Meetings**

---

- 5.1. The Committee will meet at least once each year and ideally twice annually.
- 5.2. The Chairman will call a meeting of the Committee if requested by any Committee member, the Managing Director or the external auditor.
- 5.3. Notice of meetings of the Committee is to be provided to all directors who are not members of the Committee and such directors may attend meetings of the Committee. If requested, any member of the Executive staff must attend. All executive Directors have the right to attend and speak at any meeting of the Committee.
- 5.4. A quorum is any 2 members.
- 5.5. The Committee may invite any contractor or other person who may assist the Committee in carrying out its functions and duties. The Committee must advise the Managing Director of any invited persons.
- 5.6. The Secretary in conjunction with the Chairman must draw up an agenda which will be circulated within a reasonable time prior to each meeting to the members of the Committee.
- 5.7. The Secretary will prepare minutes of the meeting of the Committee for the approval of the Chairman at its next meeting.

## **6. Liaison with the Audit & Compliance Committee**

---

- 6.1. The Group has established a separate Audit & Compliance Committee.
- 6.2. It is acknowledged that from time to time certain issues may not naturally fall within the scope of only one of the two committees.
- 6.3. The Committee and the Audit & Compliance Committee must liaise closely to ensure that all significant matters within their respective portfolios are appropriately monitored and addressed. As noted above, to facilitate this, the Chair of the Audit & Compliance Committee is a permanent member of the Committee. Further, the Chair of the Committee shall be a standing member of the Audit & Compliance Committee.

## **7. Reporting**

---

- 7.1. The signed minutes of each Committee meeting are to be circulated to all directors at the directors' meeting next following the Committee meeting.
- 7.2. The minutes of an Risk Assessment & Management Committee meeting must be circulated prior to the next board meeting and tabled at the meeting for discussion, unless they are less than a week apart then the minutes, along with any recommendations, are to be tabled at the Board meeting following the Committee meeting.
- 7.3. The minutes of the meetings of the Risk Assessment & Management Committee may be approved at the next Board meeting, provided that the Chair of the Risk Assessment & Management Committee has not received any objection from any committee member who is not present at the Board meeting.
- 7.4. With the approval of the Chairman, certain matters where conflict issues may arise may be recorded in a confidential minute book and not circulated to directors but reported verbally to the directors at a directors' meeting.
- 7.5. At least once annually the Committee must require management report to it on the extent to which management designed and implemented risk management and internal control systems to manage the Group's material business risks.
- 7.6. The Committee must recommend to the Board the form of any disclosure to be made by the Company in accordance with Recommendation 7.2 and 7.4 of the Corporate Governance Recommendations and Principles.
- 7.7. The Committee must liaise with the Audit and Compliance Committee if requested by the Chairman of that Committee or the Board in respect to the disclosures in recommended 7.3 of the Corporate Governance Recommendations and Principles.

## **8. Authority**

---

- 8.1. The Committee is authorised by the Board to investigate any activity within its charter.
- 8.2. The Committee is required to make recommendations to the Board on all matters within the Committee's charter.
- 8.3. The Committee discharges its responsibilities by making recommendations to the Board.
- 8.4. The Committee does not have any executive powers to commit the Board or Management to implementation of recommendations unless authorised by resolution of the Board.

- 8.5. The Committee is not responsible for supervising the performance of executives and must not become involved in day to day operations, management functions or decision making.
- 8.6. The Committee may obtain information from and consult with the Managing Director or other executive officer of the Company or any subsidiary entity, as and when it considers appropriate. The Committee will have access to management, auditors (external and internal), Compliance Officers and external compliance consultants with or without management present, and has the right to seek explanations and additional information. It is authorised to seek any information it requires from any employees and all employees are directed to cooperate with any request made by the Committee. The Committee is authorised by the Board to obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary.
- 8.7. The Committee shall, after notifying the Board or the Chairman of the Board and the Managing Director, have the ability to:
- (a) Require the conduct of a special investigation into a particular matter (whether by the Executive or external consultants);
  - (b) seek advice of the entity's auditors or solicitors;
  - (c) engage and consult independent experts where necessary to carry out its duties; and/or
  - (d) commission and consult external reports and other documents.

## **9. Review**

---

- 9.1. The Committee shall prepare, and report to the Board the results of, an annual performance evaluation of the Committee, which shall compare the performance of the Committee with the requirements of this Charter.
- 9.2. This Charter must be reviewed not less than once every three years. The Charter may only be amended with the approval of the full board following recommendation from the Committee.