



# **Risk and Compliance Committee Charter**

April 2019

## Contents

1. Purpose .....	3
2. Authority .....	3
3. Committee Membership and Meetings .....	3
a. Committee Membership .....	3
b. Chair .....	3
c. Quorum .....	3
d. Meetings .....	3
e. Attendance at Meetings .....	4
f. Appointment of Committee Secretary .....	4
g. Right to Access and Information .....	4
h. Reporting to the Board .....	4
4. Roles and responsibilities .....	4
a. Risk Policies and Controls .....	4
b. Risk Environment .....	4
c. Insurance .....	5
d. Management .....	5
e. Compliance .....	5
f. Other .....	5
5. Review .....	5

## 1. Purpose

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The Board has responsibility for establishing a framework of risk management across Thorn.

The purpose of the Risk and Compliance Committee (the Committee) is to assist the Board to discharge its responsibilities in relation to:

- \* ensuring the Board is satisfied with the risk management framework by assessing the effectiveness of Thorn's overall risk management framework and compliance framework;
- \* compliance with Thorn's Australian Credit Licence, Code of Conduct and other regulatory obligations; and
- \* supporting a prudent and risk aware approach to business decisions across Thorn.

The Committee will work with the Audit Committee and Remuneration and Nomination Committee to assist the Board in fulfilling its responsibilities for ensuring sound management of risk and compliance across Thorn.

## 2. Authority

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The Board authorises the Committee to:

- \* take such steps and actions as the Committee deems necessary to achieve its Purpose;
- \* seek information it requires from employees or from external parties; and
- \* obtain advice from any external parties, as appropriate, at Thorn Group's expense.

## 3. Committee Membership and Meetings

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### a. *Committee Membership*

- \* Members of the Committee are appointed by the Board and consist of at least 3 independent non-executive directors.
- \* All members of the Committee must have sufficient understanding of the risk and compliance issues which affect Thorn and at least one member must have significant risk and compliance experience. In addition, all members must have appropriate understanding of the business of Thorn and the financial, operating and legal issues which affect Thorn.

### b. *Chair*

- \* The Board will determine the chair of the Committee which should not be the Chair of the Board.

### c. *Quorum*

- \* The quorum for all Committee meetings is two members.

### d. *Meetings*

- \* The Committee will meet at least 4 times per year with additional meetings convened as necessary at the request of any member.
- \* All other non-executive directors of the Board are invited to attend all meetings as observers.
- \* Unless otherwise agreed by all Committee members, notice of each meeting confirming the venue, date and time together with an agenda of items to be discussed and information papers

relevant to such items, will be forwarded to each member of the Committee and any person invited to attend, no fewer than 4 business days prior to the date of the meeting.

- \* The Committee may pass or approve a resolution without holding a meeting in accordance with the procedures (so far as they are appropriate) in section 248A of the Corporations Act 2001 (Cth).

*e. Attendance at Meetings*

- \* The Committee may extend an invitation to any person to attend all or part of any meeting of the Committee which it considers appropriate.
- \* The Chief Executive Officer and the Chief Risk Officer are to attend all Committee meetings.

*f. Appointment of Committee Secretary*

- \* The Company Secretary or their nominee will act as the Secretary to the Committee, unless otherwise determined by the Committee.
- \* The Secretary will keep minutes of proceedings and resolutions of the Committee together with copies of supporting papers. Minutes will be circulated to the Chair promptly after the meeting and confirmed at the next meeting of the Committee.

*g. Right to Access and Information*

- \* The Committee has unrestricted access to executive management, all employees and all Thorn records, tax and financial advisers, legal advisers, and internal and external auditors.

*h. Reporting to the Board*

- \* The minutes of each Committee meeting will be included in the papers and provided to members of the Board for the next full Board meeting.
- \* The Chair of the Committee (or a person nominated by the Chair of the Committee for that purpose) must report to the Board at the Board's next meeting on any matters relevant to the Committee's duties and responsibilities.

## **4. Roles and responsibilities**

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*a. Risk Policies and Controls*

The Committee must:

- \* oversee the establishment and implementation of Thorn's risk management framework, appropriate risk policies and mitigation plans for managing material risks, review and approve any variations to the risk management framework, and recommend any variations of the policies for approval by the Board;
- \* assist the Board in setting the risk appetite for the operations of Thorn Group; and
- \* review statements by Thorn to external stakeholders regarding Thorn risk appetite statement and risk policy.

*b. Risk Environment*

The Committee must:

- \* monitor identified and emerging risks;

- \* review Thorn's Risk and Compliance function's annual program of work to assess material risks that may affect Thorn's ability to achieve its corporate objectives;
- \* review and monitor Thorn's business continuity and disaster recovery plans;
- \* review and monitor the effectiveness of the operation of the risk management framework and the sufficiency of resources to operate:
  - the design of the framework;
  - identification and management of risks;
  - the allocation of risk-management responsibilities and reporting;
  - risk assessment and evaluation criteria;
  - risk appetite; and
  - risk tolerance.

*c. Insurance*

The Committee must review and monitor the adequacy and effectiveness of Thorn's insurance policies and arrangements.

*d. Management*

The Committee must:

- \* review the structure and performance of Thorn's Risk and Compliance function;
- \* provide input into the appointment or termination of the Chief Risk Officer who reports functionally to the Committee in respect of duties as the Chief Risk Officer; and
- \* provide input into the objectives and appraisal of the Chief Risk Officer as appropriate.

*e. Compliance*

The Committee shall:

- \* oversee and review the establishment and implementation of Thorn's compliance management framework;
- \* monitor compliance with key legal requirements and the compliance environment;
- \* review and monitor the operating effectiveness of the compliance management framework;
- \* monitor any current or pending litigation or dispute that could have a material financial or reputational risk exposure for the company; and
- \* review regulatory compliance statements (e.g. AML/CTF, Credit License).

*f. Other*

The Committee must undertake such further investigations which the Committee considers necessary or may be requested by the Board.

## **5. Review**

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This charter will be reviewed and approved on an annual basis by the Board.

The Board will review the performance of the Committee annually, with particular attention being paid to the extent to which it has met its responsibilities in terms of this charter.

Reviewed April 2019