

BOARD COMMITTEE CHARTER

FINANCIAL SERVICES COUNCIL LIMITED
ABN 82 080 744 163
(FSC or the company)
[Consolidated for amendments to 5 December 2018]

CONTENTS

1. Introduction

2. Role of the Board Committees

3. Board Committee Size and Composition

4. Role of a Committee Chair

5. Board Committee Members

6. Board Committee Meetings

7. Representing FSC

A. Appendix 1 – Board Committee Mandates

1. Introduction

The Financial Services Council (**FSC**), as the industry association for the retail and wholesale funds management businesses, superannuation funds, life insurers, financial advisory networks and licensed trustee companies, has as its prime role the advancement of the efficiency and integrity of the financial services industry, its promotion through government and regulatory channels, and public communications in the interests of its members.

The Board of Directors of the FSC is accountable to members for the performance of the company.

In carrying out its responsibilities, the Board undertakes to serve the interests of its members, its members' customers and the broader community, honestly, fairly, diligently and in accordance with applicable laws. To assist it in carrying out its responsibilities, the Board has established in accordance with its Constitution and the FSC Board Charter the following Board Committees (**Board Committees**) covering policy and governance:

Policy Board Committees

- Superannuation Board Committee;
- Investment Board Committee;
- Life Insurance Board Committee; and
- Advice Board Committee.

Governance Board Committees

- Nominations Committee;
- Administration and Risk Committee; and
- Standards and Oversight Disciplinary Committee.

The purpose of this Board Committee Charter is to promote high standards of corporate governance and to clarify the role and responsibilities of the Board Committees and to set out regulations governing the Board Committees in accordance with the Company's constitution and the Board Charter. Board Committee mandates are provided at Appendix 1.

2. Role of the Policy Board Committees

A Policy Board Committees' responsibilities encompass the following:

a) Oversee the development of FSC policy by providing strategic direction, prioritisation and input to the various working parties dealing with advocacy projects;
b) Implementation of that strategy in accordance with the relevant Policy Board Committee mandate;
c) Effective and timely reporting to the FSC Board and Members;
d) Make recommendations to the FSC Board as appropriate; and
e) To assist in the education of members by participating as speakers at FSC functions, including Key Issues Presentations.

3. Board Committee Regulations

3.1 In accordance with the Constitution of the company and the Board Charter, the rules set out in this Charter from time to time are regulations applying to the Board Committees.

Co-Chairs

3.2 In accordance with the Constitution of the Company and the Board Charter, the FSC Board of Directors will appoint two Directors as Co-Chairs for each Committee. One or both may preside over Board Committee Meetings. The office of each Co-Chair will be rotated every 3 years (where practicable).

Size and Composition

Policy Board Committees

3.3 The FSC CEO in consultation with each of the Policy Committee Co-Chairs determines the size and composition of each relevant Policy Board Committee.

3.4 To ensure Policy Board Committees are a workable size the number of members will as a general proposition be restricted to 16 people (including Co-Chairs). This may be departed from if the Chair or Co-Chairs think fit or appropriate.

3.5 Membership of Policy Board Committees will be reviewed annually. The purpose of the annual review is to ensure that the Policy Board Committees continue to represent the views of all members and to give as many people as possible the opportunity to participate.

3.6 Policy Board Committee members may nominate a delegate to attend Committee meetings on their behalf, subject to the following

a) Any delegate so nominated by the Committee member to attend a Committee meeting
   (i) Must have the authority to make decisions on behalf of their company at the Board Committee meeting; and
   (ii) Must be either more senior than, or a direct report of, the Board Committee member.

b) The number of times a member exercises a valid power of delegation must not exceed two occurrences in any calendar year (provided that the FSC Secretariat can allow delegates above this cap but only in extraordinary circumstances).

c) The appointment and proposed use of a delegate must be advised to the FSC within a reasonable time prior to the Board Committee meeting and be minuted at the relevant meeting.

d) A Co-Chair is unable to validly nominate a delegate (however this does not prevent any member who represents the same member organisation as the Co-Chair from so nominating a delegate, subject to these provisions).

3.7 Membership of a Policy Board Committee will be revoked where:

a) The Committee member ceases to be a Member's Representative as a result of that person leaving the Member Firm;
b) A Committee member's firm ceases to be a member of FSC; or
c) There is low attendance results and the lack of effective contribution.

Governance Board Committees

3.8 Each of the Governance Board Committees will consist of three Directors of the Board only, appointed as agreed by the Board to that role.

3.9 In relation to the membership of Governance Board Committees:

a) Any review of a Governance Board Committee will be determined by the Board on such terms as it thinks fit and otherwise in accordance with the FSC Constitution;
b) Subject to the FSC Constitution, a Governance Board Committee will regulate its own proceedings; and
c) A member of a Governance Board Committee may resign on giving notice to the Chair of that Committee where applicable and also to the Chair of the FSC Board of Directors.

4. Role of a Committee Chair

4.1 The Chair or Co-Chairs for each Board Committee Meeting has the task of ensuring that the Board Committee is well informed and effective and that the members of the Board Committee, individually and as a group, have the opportunity to air differences, explore ideas and generate the collective view and wisdom necessary for the proper operation of the Board Committee.

4.2 The Chair is responsible for ensuring that the meetings are conducted competently and ethically and is expected to provide effective leadership in formulating the strategic direction for the Board Committee.

4.3 The Chair must ensure that meetings are conducted efficiently and that Members have adequate opportunity to air their views and obtain answers to their queries.

4.4 Included within the other responsibilities of the Chair, subject to the FSC Constitution, are the following:

- to ensure that new Board Committee members are well briefed and have access to information on all aspects of the Board Committee's operations;
- to be the Board Committee's representative in relating to the FSC Board, ensuring that its views are communicated clearly and accurately;
- to act as the primary counsellor to the Director of Policy and Senior Policy Manager, in the case of a Policy Board Committee; and
- to have discretion as to whether or not to fill any casual vacancy on the Board Committee, in consultation with the FSC Board and / or CEO.

5. Board Committee Members Obligations

5.1 Board Committee members are expected to keep Board Committee information, discussions and decisions that are not publicly known, **confidential** and will not use information gained through the Board Committee for their or their employers' interest. This means that any information or results of research or regulatory decisions should not be acted upon by committee members until the information or decision has been released to the broad FSC membership.

5.2 In relation to conflicts:

a) A Board Committee member must disclose to the Chair or Co-Chairs of any actual or potential conflicts of interest or duty which may exist or be thought to exist, as soon as they become aware of the issue;

b) Such a Board Committee member must take any necessary and reasonable measures to try to resolve the conflict;

c) If such a conflict is unable to be resolved to the reasonable satisfaction of the Chair or Co-Chairs, then the Board Committee Member will not be provided with any relevant Board Committee papers or take part in any deliberations of the Committee and must be absent from the meeting of the Committee dealing with the particular matter where the conflict is manifested;

d) A Board Committee member should advise the Chair or Co-Chairs of any proposed Board, Executive or committee appointment to other entity where such appointment gives or may give rise to any such real, sensible possibility of conflict, as soon as practicable;

e) If a Board Committee member also is a director or other officer of the FSC, these provisions apply in addition to any other rules and obligations to which that member is subject; and

f) The Chair or Co-Chairs will liaise with the Secretary to maintain records of any such disclosure made in accordance with this Charter.

6. Board Committee Meetings

6.1 A Board Committee generally meets formally six times per annum and whenever necessary to deal with urgent matters which might arise between scheduled meetings. The quorum necessary for the transaction of the business of the relevant Board Committee shall be five members, or such greater number as may be fixed by the Chairman.

6.2 A record of decisions taken will be minuted and a discursive summary on current issues will be included in Board Papers.

6.3 The CEO, Director of Policy and the Senior Policy Manager normally attend Board Committee meetings to present reports on, or seek approvals for, certain courses of action. In this respect they will be assisted as required by the General Counsel.

6.4 Non-attendance by Board Committee members at more than three board meetings within the calendar year without leave may result in a member being required to resign their position on the Board Committee.

7. Working Groups

7.1 The Policy Board Committees will be supported by a number of standing and issues based working groups as the Board, the Board Committees and the FSC may determine from time to time.

7.2. The FSC will review, in consultation with working group members, working group chairs every two years to ensure rotation, where appropriate.

7.3 The FSC will review working groups every six months to ensure they remain relevant.

7.4 Following each Working Group meeting, a written record in summary form will be made of agreed outcomes and relevant action items and a discursive summary on relevant written records of the Working Group meetings will be included in the appropriate Board Committee Papers.

8. Board Committee Self- Assessment

8.1 Each Board Committee will conduct an annual self-assessment of its performance**,** and that of the FSC Secretariat in relation to the servicing of their Committees, with relevant feedback to be provided to the FSC Director of Policy.

9. Representing FSC

The Chair will generally be the spokesperson for the committee at FSC Board meetings and other formal meetings unless delegated to other committee members by the Chair. The FSC CEO or such person nominated from time to time by the CEO will be the spokespersons to the media.

APPENDIX 1

MANDATES

Superannuation Board Committee

This Committee has responsibility for developing FSC's strategies and policies in relation to superannuation and retirement savings.

The Committee's objectives are to:

- enhance the effectiveness, efficiency and adequacy of the superannuation system;
- maintain and increase consumer confidence in superannuation; and
- improve levels of engagement and financial literacy in superannuation.

The Committee also has oversight of FSC's relationship with relevant regulators and government departments that have responsibility for superannuation, including the Australian Prudential Regulation Authority (**APRA**); Australian Securities and Investments Commission (**ASIC**); Australian Tax Office (**ATO**); and the Department of Treasury.

Investment Board Committee

This Committee has responsibility for developing FSC's strategies and policies in relation to funds management and capital markets.

The Committee's objectives are to:

- enhance market integrity and efficiency;
- promote sound corporate governance practices in the funds management industry; and
- maintain and increase consumer confidence in the funds management industry.

The Committee also has oversight of FSC's relationship with relevant regulators and government departments that have responsibility for funds management and capital markets, including the Australian Securities Exchange (**ASX**), the Australian Securities and Investments Commission (**ASIC**) and the Department of Treasury.

Life Insurance Board Committee

This Committee has responsibility for developing the FSC's strategies and policies in relation to life insurance.

The Committee's objectives are to:

- develop policies and standards for the life insurance industry to support the provision of affordable and appropriate life insurance and financial protection for Australians;
- encourage and support the industry to continually improve its efficiency and effectiveness for the benefit of its consumers;
- improve levels of consumer awareness of the value of adequate levels of life insurance;
- support and promote underwriting practices that are based on a fair and evidence-based assessment of risk;
- maintain and increase consumer confidence in the life insurance industry; and

- continually advocate an appropriate regulatory and tax regime to ensure the most efficient delivery of life insurance products to Australians.

The Committee has oversight of the FSC's relationship with relevant regulators and State and Federal government departments that have responsibility for life insurance, including the Australian Prudential Regulation Authority (**APRA**); Australian Securities and Investments Commission (**ASIC**); the Department of Treasury and relevant State and Territory revenue offices.

Advice Board Committee

This Committee has responsibility for the development of FSC's strategies and policies in relation to financial advice and Financial Advisory Networks (**FANs**).

The Committee's objectives are to:

- enhance the operation of the financial services regulatory regime to ensure that FANs are able to provide affordable quality advice;
- demonstrate the value of advice and FANs;
- promote sound quality assurance and governance practices in the financial advice industry; and
- maintain and increase consumer confidence in FANs and financial advice.

The Committee also has oversight of FSC's relationship with relevant regulators and government departments that have responsibility for financial advice and FANs, including: the Australian Securities and Investments Commission (**ASIC**) and the Department of Treasury.

Nominations Board Committee

The Committee is responsible for providing support and advice to the Board in fulfilling its responsibility to members to ensure that the Board is comprised of individuals who reflect the full diversity of FSC's membership and are best able to discharge the responsibilities of Directors having regard to the law and the highest standards of governance by:

- assessing the skills required to be a Board member;
- periodically assessing the extent to which:
    - the required skills are represented on the Board; and
    - the level of diversity of representation which has been achieved.
- assessing nominations for members of the Board;
- establishing processes to identify and interview candidates for election or to fill vacancies on the Board; and
- supporting the Board by making timely recommendations on candidates it considers appropriate for Board membership.

Administration & Risk Board Committee

The Committee is responsible for the oversight of the financial and risk management of FSC.

The role of the Committee is to provide ongoing assurance in areas of:

- financial administration and reporting;

- audit control and independence;
- legal compliance;
- internal controls; and
- risk oversight and management.

The objectives of the Committee are to assist the Board discharge its responsibilities in relation to:

- effective management of financial and operational risks;
- accurate management and financial reporting;
- compliance with relevant laws and regulations;
- ensuring that Directors are provided with financial and non-financial information that is of high quality and relevant to the judgments to be made by them;
- effective audit functions and communications between the Board and the auditors;
- ensuring the maintenance of high standards of business ethics and corporate governance;
- recommending to the Board for adoption policies and procedures on risk oversight and management to establish an effective and efficient system for:
    - identifying, assessing, monitoring and managing risk; and
    - disclosing any material change to the risk profile.

The Committee is also responsible for the approval of FSC Supporting Member applications and recommending FSC Full Member applications to the Board for approval.

Standards, Oversight & Disciplinary Board Committee

The Committee is responsible for the oversight of FSC Standard No 1 – Code of Ethics & Code of Conduct, and reviewing FSC member compliance with FSC Standards.

The role of the Committee is to:

- consider Board Committee proposals for the development of new Standards and revisions to existing Standards;
- review and make final recommendations to the Board for the approval of draft Standards or Guidance Notes, and revisions to existing Standards or Guidance Notes;
- oversee the annual FSC Standards compliance process and provide a report to the Board; and
- hear and assess complaints against FSC member companies, non-compliance with FSC's Standards and expediting disciplinary action if required.