



Commonwealth Bank of Australia

Risk Committee Charter

1. Role of the Committee

- 1.1 The Risk Committee (**Committee**) of the Commonwealth Bank of Australia (**CBA** or **Bank**) has been established under Rule 13.5 of the Constitution to assist the Board in discharging its responsibilities on matters relating to:
 - 1.1.1 The governance of the Bank and its subsidiaries' (**Group**) risks.
 - 1.1.2 The design, implementation and operation of the Group's Risk Management Framework.
 - 1.1.3 The Group's risk profile and risk appetite.
 - 1.1.4 Risk culture.
- 1.2 The Committee is responsible for overseeing all risk and risk-related activities, other than those that are the responsibility of the Board or other Board Committees.
- 1.3 The Committee has authority to fulfil its responsibilities as set out in Section 5 of this Charter.

2. Composition

- 2.1 The Board appoints the members and Chair of the Committee.
- 2.2 The Committee will consist of at least four directors, all of whom must be independent non-executive directors.
- 2.3 The Chair must be an independent non-executive director and must not be the Chair of the Board.
- 2.4 At least one member of the Committee will have experience in identifying, assessing and managing risk exposures of large complex groups, and between them, the membership is to have the necessary technical knowledge and sufficient understanding of banking and financial services to be able to discharge its responsibilities.
- 2.5 The Company Secretary of the Bank, or such other person as the Board may nominate, will act as the Committee Secretary.
- 2.6 The Audit Committee Chair will be a member of the Committee and vice versa to assist with the flow of relevant information between the two Committees.
- 2.7 At least one member of the Committee will be a member of the Remuneration Committee.



3. Meetings

- 3.1 The Committee will meet at least quarterly or more frequently if necessary.
- 3.2 The presence of one half of members of the Committee (rounded upwards if not a whole number) will constitute a quorum.
- 3.3 All directors may attend Committee meetings and will have access to Committee papers.
- 3.4 The Group Chief Risk Officer, Chief Executive Officer, Chief Financial Officer and the Group Auditor will be invited to attend all Committee meetings.
- 3.5 The Chair, in consultation with the Committee Secretary, is responsible for the conduct of all Committee meetings.

4. Access, Reliance and Advice

- 4.1 The Committee will have free and unfettered access to senior management, any other relevant internal and external party and information and may make any necessary enquiries to fulfil its responsibilities.
- 4.2 The Group CRO will be provided with unfettered access to the Board and Committee and vice versa.
- 4.3 Management is responsible for the preparation, presentation and integrity of information provided to the Committee.
- 4.4 The Committee may obtain independent advice at the Bank's expense, including by engaging and receiving advice and recommendations from appropriate independent experts.
- 4.5 Committee members are entitled to rely on information and advice provided by management of the Bank on matters within their responsibility and on the expertise of independent experts, as long as they are not aware of any reasonable grounds where having such reliance is inappropriate.

5. Responsibilities of the Committee

Without limiting its scope, the Committee is responsible for:

Risk Management Framework

- 5.1 Overseeing the design, implementation and operation of the Group's Risk Management Framework (including key controls), and reviewing reports on the Risk Management Framework to ensure that it continues to be appropriate, adequate and effective and is complied with.
- 5.2 Reviewing and recommending to the Board for approval the Group Risk Appetite Statement.
- 5.3 Monitoring, and advising the Board on, the Group's current and future strategic and operational risk profile to assess risk appetite usage and the implications of this, for either varying risk limits or recommended management actions.



- 5.4 Reviewing and recommending to the Board for approval the Group's Risk Management Strategy (**RMS**).
- 5.5 Overseeing management's implementation of the systems, policies and processes supporting the RMS, including by:
 - 5.5.1 Reviewing and approving the key risk frameworks and policies, relating to the Group's material risk types as detailed in the RMS, which have been delegated to the Committee.
 - 5.5.2 Overseeing the material changes to policies, relating to the Group's material risk types as detailed in the RMS, which have been delegated to management.
 - 5.5.3 Reviewing and recognising uncertainties, limitations and assumptions attached to the measurement of material risk types.
 - 5.5.4 Reviewing changes to the operational and governance structures to ensure they continue to facilitate effective risk management.
- 5.6 Participate in the capital adequacy assessment process, by reviewing and analysing the outcomes of Group-wide stress tests and their application in setting the Group's risk appetite and capital targets, following the Board's input into the development of stress testing scenarios.
- 5.7 Receiving and reviewing reports from management:
 - 5.7.1 On any significant breaches of, or material deviation from, the Group's Risk Management Framework.
 - 5.7.2 Relating to the resolution of significant risk matters and incidents, and monitoring management's remediation plans.
- 5.8 Reviewing information on risk-related issues reported under paragraph 5.7 and identify any thematic issues that require attention.
- 5.9 Reviewing the annual Risk Management Declaration (RMD) ahead of the RMD being considered by the Board.
- 5.10 Receiving and reviewing a triennial report on the appropriateness, effectiveness and adequacy of the Group's Risk Management Framework.
- 5.11 Constructively challenging management's proposals and decisions on all aspects of risk management arising from the Group's activities.
- 5.12 Considering any issues raised by the Group Auditor that affect the appropriateness or effectiveness of the Group's Risk Management Framework or management of risk.
- 5.13 Monitoring compliance with the exercise of any authority given by the Committee to management.
- 5.14 Reviewing a report from management, for subsequent consideration by the Board, to ascertain if the Committee and Board have fulfilled their prudential and other relevant risk



responsibilities (including under the relevant Charters), and addressing any actions (if any) arising from the report.

Compliance

- 5.15 Overseeing the systems and processes implemented by management to effectively manage the Group's compliance risks.

Risk Culture

- 5.16 Guiding management to establish and maintain a sound risk culture, and report to the Board any risk culture-related matters that affect the Group's ability to operate consistently within its risk appetite, including any desirable changes to the risk culture.
- 5.17 Managing the process to ensure the Board is able to satisfy its obligations in respect to risk culture under prudential requirements.

Group Chief Risk Officer and Risk Function

- 5.18 Overseeing and providing prior endorsement to the CEO for the appointment or removal of the Group Chief Risk Officer.
- 5.19 Setting the objectives for, and reviewing the performance of, the Group Chief Risk Officer.
- 5.20 Monitoring the ongoing effectiveness and independence of the:
 - 5.20.1 Group Chief Risk Officer.
 - 5.20.2 Group risk function to ensure that it is appropriate for the size, business mix and complexity of the Group, including being adequately resourced.

Remuneration

- 5.21 Assessing, and advising the Remuneration Committee, of any material risk issues that warrants consideration when it considers variable remuneration award outcomes for the CEO and senior direct reports to the CEO.

6. US Requirements

- 6.1 Overseeing, in the capacity as Risk Committee for the Group's US combined operations, the Risk Management Framework and key policies relevant to the Group's US combined operations and compliance with the framework and policies.
- 6.2 Providing an annual certification to the Federal Reserve Board in accordance with section 165 of the Dodd-Frank Wall Street Reform and Consumer Protection Act.

7. Reporting

- 7.1 The minutes of Committee meetings will be circulated to all directors.
- 7.2 The Committee Chair will report on the business of Committee meetings to the Board and convey Committee recommendations.



- 7.3 The Committee will refer any matter relating to financial, tax and accounting risks to the Audit Committee.

8. Committee Performance and Charter Review

- 8.1 The Committee will review its performance annually, as part of the annual Board performance review.
- 8.2 The Committee will review the adequacy of this Charter at least every two years and recommend amendments to the Board for approval.

9. Other

- 9.1 Committee members will meet with APRA upon request.
- 9.2 The Committee will perform any other responsibilities as may be ascribed by the Board from time to time.

[Charter Approved: October 2017](#)