

Audit and Risk Management Committee - Charter



Introduction	<p>Queensland Investment Corporation (“QIC”) was incorporated in July 1991 to act as manager and trustee of a number of investment trusts. QIC operates in two capacities, firstly, as a corporation conducting a funds management business, and secondly as trustee of various investment trusts. This Charter for the Audit and Risk Management Committee (“the Committee”) encompasses QIC’s dual capacities.</p>
Background to the Charter	<p>The Board of QIC resolved on 4 July 1991 to establish a Committee to assist the Board in discharging its responsibility to exercise due care, diligence and skill in relation to QIC’s audit, accounting policies and financial disclosure responsibilities.</p> <p>The Board at its 18 September 1997 meeting resolved to expand the terms of reference of the Committee to include a responsibility to monitor management’s performance in providing an effective corporate risk management function.</p> <p>The Board at its 1 March 2000 meeting resolved to approve this Charter for the Committee which was the result of a review conducted by the Committee to determine the appropriate responsibilities that the Committee should undertake having regard to developments in the regulatory framework and best practice pronouncements by relevant professional bodies.</p> <p>The Board at its 24 March 2003 meeting resolved to extend this Charter for the Committee to include QIC and its controlled entities. Accordingly, all references to “QIC” in this Charter include entities controlled by QIC.</p> <p>As a result of the increase in products over recent periods there has been an increase in the number of trusts established.</p>
Membership	<p>The Board determines membership of the Committee from time to time.</p> <p>The membership of the Committee shall be three independent non-executive directors. Current membership is as follows:</p> <p>Ms M M Micalizzi (Chairman) Mr J G Allpass Ms B K Morris Mr D H Harrison</p> <p>The Chairperson may not be the Chairperson of the Board.</p> <p>The Corporate Secretary shall act as secretary to the Committee.</p> <p>The following will be invited by the Committee to attend Committee meetings as required and shall be provided with Committee papers:</p> <p>Chief Executive Officer General Manager Corporate Services Executive Committee Members (Agenda only) Relevant QIC Corporate & Real Estate Accounting Groups Compliance & Risk Management Staff Internal Auditor (Ernst & Young) External Audit (Queensland Audit Office and KPMG)</p>

Audit and Risk Management Committee - Charter



Duties and Responsibilities

The Committee shall consider matters relating to:

- the financial affairs of QIC;
- the financial affairs of the trusts that QIC manages and / or acts as trustee for;
- QIC's internal and external audit; and
- QIC's risk management procedures.

The duties and responsibilities of the Committee include:

- oversight of compliance with statutory responsibilities relating to financial reporting principles and policies, controls and procedures;
- monitoring management's performance in establishing and maintaining an effective risk management system (refer below);
- oversight of significant operational risks faced by the Corporation;
- monitoring the processes of internal audit and internal controls in the light of the Corporation's risks and circumstances;
- review internal audit finding reports, recommendations and management response thereto;
- review and approval of the annual internal audit report;
- liaison with External Audit, including reviewing audit arrangements;
- review of significant accounting and financial reporting issues and judgements, including complex or unusual transactions made in connection with the preparation of the financial statements;
- review recent regulatory and professional pronouncements and understand their impact on the financial statements, as advised by management;
- review of financial disclosure policies and accounting policy choices;
- review the Effective Exposure and Stress Testing Review results of investment portfolios;
- monitoring of management's framework and processes for compliance with laws and regulations (refer below);
- assessing whether non-audit services provided by Internal and External Audit are consistent with maintaining Audit Independence (Both Internal and External Audit provide an Annual Declaration of Independence which is consistent with Accounting Professional and Ethical Standards (APES) 110 – Code of Ethics for Professional Accountants (June 2006) issued by the APES Board);
- ensuring that management reports to the Committee are relevant and appropriate;
- monitoring compliance with QIC's Fraud Control Plan and monitoring prompt and appropriate rectification of any deficiencies or breakdowns identified; and
- advising the Board on these and any other matters referred to it by the Board. Such advice may take the form of the minutes of the meetings.

Each member of the Committee is entitled to rely on management of QIC, 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 they are not aware of any reasonable grounds upon which to question its accuracy.

Audit and Risk Management Committee - Charter



Management is responsible for implementing, managing and maintaining appropriate control framework systems, policies and procedures, reporting protocols and internal controls designed to ensure compliance with the applicable laws and regulations.

The Committee shall perform periodically (i.e. 2 years intervals) a self-evaluation of its performance to determine whether it is functioning effectively and meeting the requirements of its Charter.

Investment Risk Management

QIC in its business of funds management is continuously involved in the assessment and measurement of investment risk. This is part of the process undertaken by its investment professionals to maximise returns for QIC's clients at specified risk levels. QIC's investment professionals monitor and develop strategies to mitigate or exploit identified investment and financial market risks. Division Heads, the Investment Strategy Committee (a management Committee) and the Board receive reports from management and supervise these processes.

The role of the Committee is to review management's consideration of corporate and operational risk management areas as distinct from investment risk. The monitoring of investment risk is the direct responsibility of management and the Board.

Reporting to the Board

The Committee's findings and recommendations shall be reported to the Board at the first appropriate opportunity after each Committee meeting.

Access to Professional Advisers, Internal Audit, External Audit & Management

Professional advisers may be appointed, where necessary, to assist the Committee in evaluating specific issues or risks and the strategies put in place to deal with the issue or manage the risk.

The Committee has the right of direct contact with management, with Internal Audit and with External Audit. The Committee shall hold a separate private meeting at least annually with each of Internal Audit and External Audit or more frequently if it so determines.

Internal Audit and External Audit have a right of direct and unfettered access to the Committee through the Chairman of the Committee.

The Committee shall perform an evaluation of both External Audit and Internal Audit's performance at least annually to determine whether it is functioning effectively by reference to current best practice.

Training

The members of the Committee have the opportunity for internal or external training to ensure that the members keep up to date on relevant topical issues, as required. Anyone seeking training may do so with the consent of the Chairman of the Board or Chairman of the Committee.

Meetings

The Committee may conduct its meetings in the way it considers appropriate.

Convening and holding meetings

Meetings of the Committee should be held at the times and places that the Committee determines.

Meetings shall be held as frequently as deemed appropriate by the Chairman of the Committee or the Board but no less than four times per annum. So far as is practicable,

Audit and Risk Management Committee - Charter



the dates of Committee meetings should be agreed at the commencement of a calendar year and the Corporate Secretary should circulate the agreed dates to all Committee members.

Agenda

The Secretary, in conjunction with the Chairman of the Committee and the Chief Executive Officer, shall draw up an agenda which shall be circulated at least one week prior to each meeting to the members of the Committee.

Individual Committee members are afforded the opportunity to have issues of significance included in the agenda. Where a Committee member wishes a particular matter to be discussed, the Chief Executive Officer is to be advised in sufficient time for a background briefing paper to be prepared and included in Committee papers.

Each meeting should also allow for informal discussions between Committee members.

Committee papers

Committee members should ordinarily receive papers and related material not later than five (5) days prior to the relevant meeting.

Quorum and voting

Two members are required to be present to constitute a quorum.

Minutes

The Corporate Secretary is to prepare the minutes for each Committee meeting and the Chief Executive Officer is to review the minutes. Draft minutes are to be circulated to all Committee members and if any Committee member has any comments or suggested amendments these should be notified to the Corporate Secretary and Chairperson. However, it should be noted that this process is not intended to restrict the ability of Committee members to suggest improvements or amendments to the draft minutes during the course of the next Committee meeting.

Committee minutes should contain no unnecessary detail and are to record decisions made and papers noted, and a very brief overview of any relevant discussion.