



# Audit and Finance Committee Charter (**AFC**) (the **Committee**)

Togethr Trustees Pty Ltd

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## **1 Purpose**

This Charter sets out the role, responsibilities, composition and operation of the Audit and Finance Committee of Togethr Trustees Pty Ltd (the **Trustee**), as Trustee of the Equip Super (the **Fund**).

## **2 Objectives**

The objective of the Committee is to assist the Board in the effective discharge of its responsibility to:

- (a) Independently verify and safeguard the integrity of the Trustee, Fund and associated entities (collectively the Group)'s financial and regulatory reporting;
- (b) Oversee the appointment, reward and performance of both the external and internal audit functions, the Tax Advisor, the Custodian of Fund Assets and Fund Actuaries;
- (c) Oversee the annual budget process and provide ongoing monitoring and oversight of Trustee and Fund's financial performance against budget; and
- (d) Oversee Service Provider management and arrangements with Material Service Providers.

## **3 Authority**

The Committee is established by the Board. The Committee's functions and powers are as set out in this Charter or otherwise delegated to it by the Board as authorised by the Trust Deed relating to the Fund and in accordance with the Trustee's Constitution and Instrument of Delegation.

This Charter may only be amended with the approval of the Board.

## **4 Role and Responsibilities**

The overall role of the Committee is to provide support and make recommendations to the Board related to the matters set out below, and to exercise any delegated authority from the Board in relation to those matters:

### **4.1 Financial Management**

The Committee is responsible for overseeing the Trustee's financial management and reporting framework with a view to safeguarding its integrity. The Committee's responsibilities in this capacity include:

- (a) Considering (at least annually) the appropriateness of, and approving changes (where necessary) to, the accounting policies of the group;
- (b) Reviewing the Trustee and Fund annual financial reports, to ensure their integrity and compliance with statutory requirements, and in doing so considering:
  - i. whether the reports have been prepared in accordance with relevant accounting standards and principles;
  - ii. the methods used to value the Fund's assets;
  - iii. the methods used to account for significant unusual transactions or transactions for which there is no specific accounting standard;
  - iv. significant estimates, assumptions and judgements made in the financial reports;
  - v. the scope and appropriateness of the disclosures made; and
  - vi. statutory requirements;
- (c) Undertaking any special investigations into financial reporting matters requested by the Board;

- (d) Overseeing the Trustee's and the Fund's budget processes<sup>1</sup>, including:
  - i. Review of the assumptions underpinning the draft budget;
  - ii. Recommending the draft budget to the Board for approval, which includes the budget requirements of the Strategic Plan; and
  - iii. Overseeing the financial performance of the Trustee and the Fund;
- (e) Reviewing and recommending any changes to the Reserves Policy to the Board for approval, and overseeing the adequacy and application of the Fund's reserves, including receiving Management's annual review of the appropriate level of funding of the Administration Reserve, Operational Risk Financial Reserve and Trustee Reserve; and
- (f) Reviewing and approving the Trustee's finance and financial-reporting related policies (according to the policies' scheduled reviews), including their compliance with laws, accounting standards, regulations and ethical guidelines<sup>2</sup>.

## 4.2 Internal Audit

The Committee is responsible for overseeing the activities and performance of the Internal Audit function. The Internal Auditor reports directly to the Committee and will at all times have unfettered access to the Committee. The Committee's responsibilities include:

- (a) Annually reviewing and approving the Internal Audit plan (including the budget and engagement letter) to ensure there is an appropriate level of review of the Trustee's and Fund's internal controls and operations;
- (b) Monitoring the progress of the Internal Auditor against the Internal Audit plan and objectives;
- (c) Reviewing Internal Audit findings to ensure that any reported major deficiencies or weaknesses in controls have been identified, and that appropriate and timely corrective action is taken by Management;
- (d) Annually appraising the quality and objectivity of the Internal Audit function and making recommendations (if any) to the Board; and
- (e) Overseeing the tender and appointment process in relation to the Internal Audit function, including:
  - i. reviewing and recommending the proposed tender process to the Board for approval;
  - ii. overseeing Management's conduct of any tender process; and
  - iii. recommending its preferred tenderer to the Board for approval.

## 4.3 External Audit

The Committee is responsible for overseeing the activities and performance of the External Auditor. The External Auditor reports directly to the Committee and will at all times have unfettered access to the Committee.

The Committee's responsibilities include:

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<sup>1</sup> Where there is a change to the Fund administration fee(s) in connection to the Budget, it may be reviewed and recommended to the Board by the AFC as part of the Budget recommendation. Management will consult with the Stakeholder Engagement and Innovation Committee (SEIC) Chair in advance of the AFC considering the recommendation.

<sup>2</sup> For the avoidance of doubt, the AFC does not have authority to approve policies required to be approved by the Board under the relevant APRA Prudential Standards (and any other applicable regulations/laws).

- (a) Annually reviewing and approving the External Audit plan (including the budget and engagement letter) to ensure there is an appropriate level of review of the Trustee's and Funds' controls and operations;
- (b) Monitoring the progress of the External Audit against the External Audit plan;
- (c) Reviewing the annual financial statements and supporting documents with the External Auditor, and recommending them to the Board for approval, including reporting any issues arising out of those statements;
- (d) Reviewing External Audit findings to ensure that any reported major deficiencies or weaknesses in controls have been identified and that appropriate and timely corrective action is taken by Management;
- (e) Annually assessing whether the External Auditor meets:
  - i. the Auditor Independence tests set out in APES 110 Code of Ethics for Professional Accountants; and
  - ii. the additional auditor independence requirements set out in the APRA Prudential Standard – Governance (SPS 510) and ensuring the adequacy and independence of the External Audit function;
- (f) Annually appraising the quality of the audit work and the External Audit function and making recommendations (if any) to the Board;
- (g) Overseeing the tender and appointment process in relation to the External Audit function, including:
  - i. reviewing and recommending the proposed tender process to the Board for approval;
  - ii. overseeing Management's conduct of any tender process;
  - iii. recommending its preferred tenderer to the Board for approval<sup>3</sup>; and
- (h) Overseeing the rotation of the principal External Auditor.

#### **4.4 Provision of Non-Audit Services by External Auditor**

The Committee is responsible for overseeing the provision of non-audit services by the External Auditor. The Committee's responsibilities include:

- (a) Receiving confirmation in writing that the External Auditor has complied with all professional and regulatory requirements relating to auditor independence prior to the completion of each year's financial statements;
- (b) Overseeing the approval process in relation to non-audit services, including:
  - i. reviewing and confirming its agreement with the External Auditor's independence assessment and the External Auditor's conclusion that it can provide the service;
  - ii. reviewing and approving the non-audit services (including commercials); and
- (c) Receiving information, at least annually, from the External Auditor, setting out fees paid for approved non-audit services.

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<sup>3</sup> The appointment process includes considering Management's analysis of the fitness and propriety of the proposed External Auditor and recommending the External Auditor's appointment as a Responsible Person of the Trustee (as specified by APRA) to the Board for approval, in accordance with the Trustee's Fit and Proper Policy.

## **4.5 Tax**

The Committee is responsible for overseeing the activities and performance of the Trustee's and Fund's tax advisors. The Committee's responsibilities include:

- (a) Triennially reviewing and approving updates to the Trustee's Tax Policy;
- (b) Receiving regular reports on Trustee and Fund tax matters from Management;
- (c) Annually appraising the quality of the tax advisor services to the Trustee and Fund and approving related recommendation (if any);
- (d) Overseeing the tender and appointment process in relation to the tax advisor for the Trustee and Fund, including:
  - i. reviewing and approving the proposed tender process;
  - ii. overseeing Management's conduct of any tender process; and
  - iii. approving the preferred tenderer; and
- (e) Considering the annual tax review provided by the Company's tax advisors and reporting any material matters to the Board from that review.

## **4.6 Service Provider Management**

The Committee will monitor the Trustee's material service provider arrangements. The Committee's responsibilities include:

- (a) Reviewing and recommending to the Board for approval any changes to the Service Provider Management Policy;
- (b) Oversight and monitoring overall compliance with the Service Provider Management Policy and for the identification and management of risks associated with service provider arrangements;
- (c) Monitoring the performance, compliance and risks of material service providers (bi-annually);
- (d) Reviewing internal audit reports in relation to material service provider arrangements;
- (e) Ensuring that any breaches are reported and managed in accordance with the Incident, Breach and Remediation Policy; and
- (f) Reporting issues (if any) to the Board Chair or Board as it considers appropriate.

## **4.7 Custody**

The Committee will monitor the activities and performance of the Custodian. The Committee's responsibilities include:

- (a) Annually appraising the performance of the Custodian and making recommendations (if any) to the Board; and
- (b) Overseeing the tender and appointment process in relation to the Custodian, including:
  - i. reviewing the appointment of the Custodian at least one year prior to the expiry of the management agreement;
  - ii. reviewing and recommending the proposed tender process to the Board for approval;
  - iii. overseeing Management's conduct of any tender process; and
  - iv. recommending its preferred tenderer to the Board for approval.

## 4.8 Actuarial

The Committee is responsible for monitoring the activities and performance of the Fund's Actuaries. The Committee's responsibilities include:

- (a) Reviewing and recommending to the Board the appointment of the Fund's Actuaries<sup>4</sup>;
- (b) Receiving and discussing the Fund's Actuaries' annual presentation and triennial comprehensive actuarial review, reporting to the Board on that review, and making recommendations to the Board (if any);
- (c) Reviewing and recommending to the Board any changes to the Contribution and Funding Policy, monitoring compliance with the policy and reporting any issues to the Board; and
- (d) Monitoring the funding position of the defined benefit sub-plans in the Fund, including:
  - i. reviewing and recommending shortfall limits to the Board for approval, as required;
  - ii. reviewing and recommending restoration plans to the Board for approval, in the event that a sub-plan moves into an unsatisfactory financial position; and
  - iii. receiving regular reports on the sub-plans funding positions.

## 5 Committee Chair

The Committee Chair is appointed by the Board and is responsible for:

- (a) Efficient conduct of the Committee's functions;
- (b) Ensuring the Committee's responsibilities are properly discharged;
- (c) Setting the agenda for Committee meetings in consultation with the Chief Financial Officer and Chief Risk Officer and Company Secretary or their delegate;
- (d) Chairing Committee meetings to facilitate discussion and decision-making;
- (e) Facilitating the effective contribution of all Committee members; and
- (f) Reporting to the Board and, where appropriate, making recommendations to the Board.

The Committee Chair must be a director and cannot be the Chair of the Board.

## 6 Meetings

The Committee will generally meet at least four times per year, or as otherwise required for the proper and efficient discharge of its functions and responsibilities. Meetings may be held in person or by any technology deemed appropriate.

All Committee members are expected to attend each meeting unless they are genuinely unable to do so.

A Committee member may requisition a Committee meeting at any time. Committee members may participate in meetings by attending in person, or by means of telephone or video conference or electronic means as deemed appropriate.

With consent of the Committee Chair, the Committee may meet without the presence of management at any time either prior to, or during, any meeting.

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<sup>4</sup> The appointment process includes considering Management's analysis of the fitness and propriety of the proposed Actuary and recommending the Actuary's appointment as a Responsible Person of the Trustee (as specified by APRA) to the Board for approval, in accordance with the Trustee's Fit and Proper Policy.

All Directors have a standing invitation to attend all Committee meetings.

The Internal Auditor, the External Auditor, the Fund's Actuaries, the Chief Risk Officer, the Head of Risk and the Head of Compliance always have free and unfettered access to the members of the Committee and the Board as a whole to discuss any matters which they think appropriate.

The Chief Risk Officer and the Chief Financial Officer are generally expected to attend all meetings of the Committee (unless requested by the Committee Chair to be absent). Other members of management and service providers attend as required.

Where the Chair is unable to attend, or is unwilling to act, the remaining Directors present shall elect a Chair for that meeting.

## **7 Composition**

The Committee is comprised of four Directors.

The Board may appoint additional Committee members from time to time, who may be Directors or external parties with specialist expertise. The Board may also appoint specialist consultants to assist the Committee in carrying out its role and responsibilities, including in relation to specific matters or on a general or ongoing basis, provided that such consultant(s) are considered by the Board to have the required independence and objectivity to be able to effectively advise the Committee.

## **8 Quorum and Voting**

A quorum of the Committee will be three members.

The Committee is expected to make decisions on a consensus basis. However, where a consensus cannot be reached, a vote will be undertaken and decided by two thirds majority of Committee Members present and able to vote.

## **9 Written Resolutions**

If:

- (a) all Committee members, other than any Committee member on leave or any Committee member who is disqualified from considering the resolution in question on the grounds of a conflict of interest or that they are not entitled at law to do so, assent to a document containing a resolution (Written Resolution); and
- (b) the Committee members who assent to the document would have constituted a quorum at a Committee meeting, then the Written Resolution is to be taken as having been passed by a meeting of the Committee on the day on which it was last approved by a Committee member entitled to vote who constitutes a quorum of the Committee in respect of that vote.

A Committee member entitled to vote may signify their assent to a Written Resolution by signing it, or by notifying the Committee of their assent in person or by any other means. Committee members entitled to vote may sign the same copy or separate (identical) copies of the Written Resolution.

## **10 Agendas and papers**

An agenda will be prepared by the Company Secretary or their delegate and approved by the Committee Chair, prior to each meeting.

Agendas and papers will clearly identify whether a decision is to be made at the Trustee level, or whether the information / decision is specific to a Fund.

The agenda and supporting papers for each meeting will be distributed to Committee members and other



attendees in enough time to enable Committee members to read the material and prepare for the meeting.

## **11 Conflicts of Interest**

All Directors must have the ability to recognise, disclose, and manage or avoid actual, perceived and potential material conflicts of interest and conflicts of duty (conflicts) so as to ensure that priority is given to the best financial interests of the Fund's beneficiaries.

Where there is a conflict, the Committee must give priority to the interests of the beneficiaries of the Fund over the interest of other persons and ensure that the Trustee's duties to the beneficiaries are met despite the conflict and that the interests of the beneficiaries are not adversely affected by the conflict.

Conflict procedures are included as a standing agenda item for every meeting. The Committee Chair reminds members at the beginning of every meeting of their obligation to disclose any conflict or potential conflict with regard to any agenda item for consideration at that meeting.

Any identified conflicts are recorded, along with the action taken to avoid or manage the conflict, in accordance with the Trustee's Conflict Management Policy.

Where a recorded conflict could reasonably be foreseen to impact an agenda item, the Committee member(s) affected shall not receive the papers for that agenda item.

## **12 Reporting**

The Company Secretary or their delegate will be responsible for taking, writing and presenting formal and accurate minutes of all Committee meetings.

The minutes of all Committee meetings are to be distributed to the Committee Chair for review, within a reasonable time.

The minutes will thereafter be submitted to Committee members for their review, with the final version to be approved and (unless the Committee determines otherwise) signed at the next meeting by the Committee Chair or other person chairing the meeting.

The Committee, via its Chair, will report to the Board on a regular basis.

## **13 Review**

On an annual basis, the Committee will review the appropriateness and effectiveness of the Committee's composition and its performance. Subsequently, the Committee Chair will provide a report on the outcomes of the review to the Board.

An independent review of the Committee's effectiveness, performance and composition will be conducted every three years. This review may be undertaken in conjunction with the triennial independent Board performance assessment.

This Charter will be reviewed by the Company Secretary at least every two years for ongoing relevance and effectiveness, and any proposed changes will be presented to the Committee for consideration and recommendation to the Board for approval.