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RISK COMMITTEE CHARTER

Version: 6 December 2019

Role of Committee

The Committee has been established by the Board to assist the Board by providing objective oversight of the implementation and operation of Tyro's risk management framework.

The responsibilities of the Committee include:

- advising the Board on Tyro's overall current and future risk appetite and risk management strategy;
- oversight with an organisational-wide view of Tyro's current and future risk position relative to its risk appetite and capital strength;
- advising the Board in relation to its annual declaration to APRA on risk management;
- oversight of management's implementation of the risk management strategy;
- constructive challenge of management's proposals and decisions on all aspects of risk management arising from Tyro's activities;
- reviewing the performance and setting the objectives of Tyro's Chief Risk Officer (**CRO**), and ensuring the CRO has unfettered access to the Board and the Committee; and
- oversight and prior endorsement of the appointment and removal of the CRO.

Membership

Composition of Committee

The Committee will:

- be appointed and removed by the Board;
- be of sufficient size, independence and technical expertise to discharge its mandate effectively;
- consist of at least 3 non executive directors, the majority of whom must be independent;
- have an independent Chair, who is not Chair of the Board and who will be appointed and can be removed by the Board; and
- appoint a chair for any meeting of the Committee where the Chair of the Committee is absent.

Ceasing to be a member of the Committee

A person will cease to be a member of the Committee if:

- the person gives reasonable notice in writing to the Committee Chair of the person's resignation as a member of the Committee;
- the Committee Chair, with approval of the Board, gives the person notice in writing that the person is to cease to be a member of the Committee; or
- the person ceases to be a Director, in which case the person automatically ceases to be a member of the Committee.

Secretary

The Committee will have a secretary, which is to be the Company Secretary or such other person as nominated by the Board (**Committee Secretary**). The Committee Secretary will attend all Committee meetings.

Chief Risk Officer

The CRO has direct access to the Risk Committee on matters pertaining to the Risk Management Framework and may meet with the Committee without other members of management present.

Meetings & Authority

Meetings

The Committee will meet often enough to undertake its role effectively. The Chair will call a meeting of the Committee if requested to do so by any member of the Committee or by the Chair of the Board. The quorum for any meeting will be 2 members.

The internal auditor, CRO and Chief Financial Officer are required to attend all Risk Committee meetings in an advisory and reporting capacity unless their attendance would be inappropriate. The Committee may invite such other persons including Tyro employees, external service providers, external advisors or consultants to its meetings, as it deems necessary, whether on a permanent or ad hoc basis.

Unless otherwise prescribed in this Charter, the rules governing the meetings and resolutions (including written resolutions) of the Board shall apply to the Committee, with such changes considered necessary. The proceedings of all meetings will be minuted and these will be included in the papers for the next Committee meeting.

Authority

The Committee has all of the power necessary to enable it to perform its functions.

The authority of the Committee is derived from:

- Tyro's Constitution;
- this Charter; and
- separate Board delegations, resolutions and approvals.

The Committee has the authority to conduct or direct any investigation required to fulfil its responsibilities. In doing so it has free and unfettered access to senior management, risk and financial control personnel and other parties (internal and external).

The Committee may obtain outside legal, compliance, risk management or other professional advice as it determines necessary to carry out its responsibilities and has the power to do so in a manner that ensures that the engagement, including the advice received is independent.

The Committee may form and delegate authority to individuals and to sub-committees made up of Committee members or others. Any sub-committee will have the full power of authority delegated to it and must report to the Committee in relation to matters arising in the exercise of that authority.

The Committee will be available to meet with APRA on request.

Duties and responsibilities

The duties and responsibilities of the Committee are further particularised in this section.

Risk Appetite Statement and Risk Governance

In relation to Tyro's overall risk governance the Committee's responsibilities are:

- oversee the implementation and operationalisation of the Risk Management Framework;
- ensure sufficient resources are dedicated to risk management;
- review and recommend the Tyro Risk Appetite Statement to the Board for approval;
- review and monitor Tyro's risk profile against the Risk Appetite Statement;
- review and recommend the Risk Management Strategy to the Board for approval;
- review and endorse the Executive Risk Committee Charter.

Capital

In relation to Tyro's capital risk governance the Committee's responsibilities are:

- oversee and review the Internal Capital Adequacy Assessment Process, including reviewing the outcomes of Tyro's stress testing;
- review and monitor capital levels for consistency with Tyro's Risk Appetite Statement.

Emerging and Strategic Risks

In relation to Tyro's governance of emerging and strategic risks, the Committee's responsibilities are:

- monitor changes anticipated for the economic and business environment that may impact Tyro's risk profile or appetite.

Liquidity Risk

In relation to Tyro's governance of liquidity risks, the Committee's responsibilities are:

- endorse the Liquidity Risk Management Framework;
- endorse policies and limits supporting the Liquidity Risk Management Framework and monitor management's performance against the policies and limits;
- endorse Tyro's funding strategy and oversee management's monitoring and delivery of the strategy;
- monitor the effectiveness of systems to manage liquidity risk;
- endorse recovery and resolution plans, as required.

Credit Risk

In relation to Tyro's governance of credit risk, the Committee's responsibilities are:

- endorse the Tyro Credit Risk Management Framework;
- endorse key policies and limits supporting the Credit Risk Management Framework and monitor management's performance against the policies and limits;
- endorse delegated credit risk approval authorities to the CRO or delegated authorities;
- subject to special conditions, endorse individual credit risks in excess of the CEO, CRO or other delegated authorities.

Investment and Market Risk

In relation to Tyro's governance of investment and market risk, the Committee's responsibilities are:

- endorse the Investment and Market Risk Framework;
- endorse the key policies and limits supporting the Investment and Market Risk Framework;
- monitor management's performance against the policies and limits, including monitoring Tyro's investment risk exposures in line with risk tolerances.

Operational Risk

In relation to Tyro's governance of operational risk, the Committee's responsibilities are:

- endorse the Operational Risk Management Framework;
- endorse the key policies and limits supporting the Operational Risk Management Framework;
- monitor management's performance against the policies, limits and controls processes.

Compliance Risk

In relation to Tyro's governance of compliance risk, the Committee's responsibilities are:

- endorse the Compliance Risk Management Framework, which includes compliance, financial crime and regulatory risk components;
- endorse the key policies and limits supporting the Compliance Risk Management Framework;

- monitor management’s performance against the policies and limits;
- monitor the processes Tyro has in place to manage regulatory change and ensure compliance with applicable laws and regulations that are relevant;
- monitor adherence to internal policies, procedures and controls and monitor employee awareness of these policies and procedures;
- discuss with management and the external auditor all regulator correspondence and investigations that raise issues material to Tyro.

Customer and Conduct Risks

In relation to Tyro’s governance of customer and conduct risk, the Committee’s responsibilities are:

- endorse the Customer and Conduct Framework;
- endorse the key policies and limits supporting the Customer and Conduct Framework
- monitor management’s performance against the policies and limits;
- monitor adherence to internal policies, procedures and controls and monitor employee awareness of these policies and procedures;
- review new areas of conduct risks that impact Tyro’s business and ensure management develops policies, procedures and controls to help mitigate or reduce these new risks.

Whistleblowing

Oversee the procedures for the receipt, retention, and treatment of complaints or material incidents received by regarding accounting, internal accounting controls, or auditing matters, and the confidential, anonymous submission by employees of concerns regarding such matters.

Reporting to the Board

The Chair will report and as appropriate make recommendations to the Board after each meeting of the Committee on matters dealt with by the Committee. The Committee will ensure that the Board is made aware of risk management and compliance matters it has considered which may significantly impact upon the Company in a timely manner.

The Chair will also refer and report to the Board Audit Committee and the Board Nominations and Remuneration Committee any matter that the Committee determines is relevant for that Committee, in a timely manner.

Committee performance

Each year, the Chair of the Board will facilitate an assessment of the performance of the Committee and its Chair, comparing their performance with the requirements of the Risk Committee Charter and the reasonable expectations of the Board regarding the Committee.

Other matters

Adoption and Amendment of Charter

This Charter was adopted by the Board on the date on the front cover of this Charter, and takes effect from that date and replaces any previous Charter. This Charter can only be amended with the approval of the Board. The Board will review and reassess this Charter periodically.