



## COMPLIANCE COMMITTEE CHARTER

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**Licensee:** Aurora Funds Management Limited

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**Licence Number:** 222110

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**Registered Address:** Level 11 / 88 Phillip Street, Sydney NSW 2000

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**Principal Place of Business:** Level 11 / 88 Phillip Street, Sydney NSW 2000

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**Effective Date:** 29 July 2009

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## **1 Purpose**

The purpose of the Charter is to set out the duties and functions of the Aurora Compliance Committee, including its membership, terms of office and meeting requirements.

The Compliance Committee has been established by the Board to satisfy the requirements of the Corporations Act. The scope of the Compliance Committee is limited to each of those Schemes (the "Scheme") operated by the Responsible Entity under the Corporations Act, which the Compliance Committee accepts appointment to.

## **2 Functions**

The Compliance Committee has specific statutory functions, which are outlined in section 601JC of the Corporations Act. These are:

- (a) to monitor to what extent the Responsible Entity, in its capacity as responsible entity, complies with the Scheme's Compliance Plan and to report its findings to the Responsible Entity; and
- (b) to report to the Responsible Entity:
  - (i) any breach of the Corporations Act involving the Scheme; or
  - (ii) any breach of the provisions included in the Scheme's Constitution in accordance with section 601GA, of which the Committee becomes aware or that it suspects; and
- (c) to report to ASIC if the Committee is of the view that the Responsible Entity has not taken, or does not propose to take, appropriate action to deal with a matter reported under paragraph (b); and
- (d) to assess at regular intervals whether the Compliance Plan is adequate, to report to the Responsible Entity on the assessment and to make recommendations to the Responsible Entity about any changes that it considers should be made to the Plan.

The Compliance Committee will report to the Board at least four times each year, by the Internal Member tabling the minutes of the Compliance Committee meetings at meetings of the Board.

The Compliance Committee must also comply with any direction of the Board that is reasonable and is consistent with the Compliance Plan, Applicable Laws and the Constitution.

## **3 Appointment of Members**

In appointing Members of the Compliance Committee, the Responsible Entity will consider the skills, experience, qualifications, good fame and character and such other determinants as it considers necessary in order for the membership and functioning of the Compliance Committee to comply with the provisions of the Corporations Act.

The Responsible Entity may determine, at its discretion, the composition of the Compliance Committee, including the number of members, having regard to these matters and any others.

Members may be appointed under the terms of a service agreement or contract of employment with the Responsible Entity. The service agreement or contract will specify the terms of the Member's appointment, their duties, remuneration and such other things as may be considered necessary.

Members must consent to their appointment in writing and may be required to:

- (a) provide written references, by an independent source, to the Responsible Entity which attest to their good fame and character; and
- (b) provide a declaration to the Responsible Entity stating that they qualify as an external member under section 601JB (2) of the Corporations Act. This must be done prior to the appointment being made. Members are obliged to advise the Responsible Entity on the occurrence of any event that may compromise this status.

In addition, Members must disclose to the Responsible Entity prior to their appointment, and thereafter immediately upon the event occurring:

- (a) any directorships they hold in other companies; and
- (b) any membership of any other compliance committee; and
- (c) if the Member:
  - i. becomes a bankrupt;
  - ii. is convicted of a criminal offence;
  - iii. breaches any specific term or condition of their appointment; or
  - iv. becomes aware of, or knows of, anything which may affect or compromise their performance as a Member.

#### **4 Duties of the Member**

All Members of the Compliance Committee must perform their duties in accordance with section 601JD of the Corporations Act. They must:

- (a) act honestly;
- (b) exercise the degree of care and diligence that a reasonable person would exercise if they were in the Member's position;
- (c) not make use of information acquired through being a Member of the Committee in order to:
  - i. gain an improper advantage for the Member or another person; or
  - ii. cause detriment to the members of the Scheme; and
- (d) not make improper use of their position as a Member of the Committee to gain, directly or indirectly, an advantage for themselves or for any other person or to cause detriment to the members of the Scheme.

In addition, Compliance Committee Members must:

- (a) take all reasonable steps to assist ASIC in carrying out a check under section 601FF(1);
- (b) disclose to the Committee a direct or indirect pecuniary interest that they have in a matter being considered by the Committee, or about to be considered, if their interest could conflict with the proper performance of their duties in relation to the consideration of the matter. This interest must be disclosed at the first meeting of the Committee after the interest and relevant facts become known to the Member. The minutes of the meeting must record this event; and
- (c) disclose to the Committee a direct or indirect interest (and any changes therein) in any Scheme operated by the Responsible Entity;
- (d) disclose to the Committee all other ASIC appointments held by the Member; and
- (e) keep confidential any confidential information concerning the Scheme which is disclosed to the Member. The Member must not disclose any information except:
  - i. to the extent necessary to perform the Member's duties;
  - ii. to the extent required by law; or
  - iii. with the prior consent of the Board.

#### **5 External Members**

The Compliance Committee must comprise at least 3 Members, a majority of whom must be External Members. An External Member has the meaning given to it in section 601JB(2) of the Corporations Act.

Any Member appointed as an External Member must:

- (a) confirm to the Responsible Entity in writing that they qualify as an External Member under section 601JB(2) of the Corporations Act. Each year after the initial appointment, a Member must confirm that they continue to qualify as an External Member; and
- (b) advise the Responsible Entity immediately they become aware they no longer qualify as an External Member.

## **6 Retirement**

A Member may retire by giving written notice under their service agreement or contract of employment.

## **7 Removal**

The Board, or a delegate authorised by the Board for this purpose, may remove a Member by giving notice to them under the terms specified in the Member's service agreement or contract.

## **8 Responsibilities of the Compliance Committee**

Each member of the Compliance Committee acknowledges that the Responsible Entity is required by the law to operate and manage the Scheme and perform the functions conferred upon it by the Constitution and the Corporations Act.

The Compliance Committee reports to the Board of the Responsible Entity and to ASIC as required by section 601JC of the Corporations Act.

## **9 Indemnification and Insurance of Compliance Committee Members**

To the extent permitted by law, the Responsible Entity, or a related body corporate, will indemnify, or agree to indemnify, from the Scheme Assets, a person who is or has been a Compliance Committee Member of a Scheme against a liability incurred by the person, in his or her capacity as a Member, to another person (other than the Responsible Entity or a related body corporate of the Responsible Entity) provided that the liability does not arise out of conduct involving a lack of good faith on the part of that Member.

To the extent permitted by law, the Responsible Entity will indemnify, or agree to indemnify, for a period of 7 years, from the Scheme Assets, a person who is, or has been, a Compliance Committee Member of a Scheme against a liability for costs and expenses incurred by that person:

- (i) in defending any proceedings in which judgement is given in that person's favour, or in which that person is acquitted; or
- (ii) in connection with an application in relation to such proceedings in which the court grants relief to that person under the Corporations Act.

To the extent permitted by law, the Responsible Entity will pay, or agree to pay, from the Scheme Assets, a premium in respect of a contract insuring a person who is, or has been, a Compliance Committee Member of a Scheme against a liability:

- (i) incurred by that person in his or her capacity as a Compliance Committee Member of a Scheme, provided that the liability does not arise out of conduct involving a wilful breach of a duty referred to in section 601JD of the Corporations Act; and
- (ii) for costs and expenses incurred by that person in defending proceedings, whatever their outcome.

## **10 Responsibilities of the Responsible Entity**

The Responsible Entity is responsible for operating the Schemes and performing the functions conferred upon it by the Constitution and the Corporations Act. The Responsible Entity must establish the Compliance Committee within the period referred to in section 601JA) of the Corporations Act unless the Board has a majority of external Directors.

The Responsible Entity may appoint Members to the Compliance Committee from time to time. The membership of the Committee must at all times comply with section 601JB(1) of the Corporations Act. If the membership of the Committee ceases to satisfy section 601JB(1), the Responsible Entity must make appointments to the Committee which satisfy that requirement in accordance with section 601JB(5).

The Responsible Entity must inform the Committee as soon as practical after the receipt of correspondence from ASIC in relation to ASIC visits and/or investigations, and all compliance incident/breaches.

## **11 Meetings**

Meetings of the Compliance Committee will be held at least quarterly, or more frequently if required. Any Member may call additional meetings as and when considered necessary by giving reasonable notice, in writing, to the Compliance Officer. The period of notice must not be less than 5 days, unless agreed by all parties.

## **12 Quorum**

A quorum is two Members. For the quorum to be effective, one of the two Members must be external and the Chairperson (for that meeting) must also be external. Those Members must be present at all times during the meeting.

## **13 Voting**

Voting is by simple majority. The Chairperson has a casting vote if necessary.

Objections to any vote cast may only be made at the meeting.

## **14 Location of Meetings**

Meetings will be held at the offices of the Responsible Entity, or such other place as the Members agree with the Responsible Entity.

A meeting may be called or held using any technology consented to by all the Members. Where a meeting is held using such technology as agreed to by all the Members, the location of the meeting will be taken to be the place at which the Chairperson for the meeting is physically located.

The Members of the Committee may pass a resolution without a Committee meeting being held if all of the Members entitled to vote on the resolution sign a document containing a statement that they are in favour of the resolution set out in the document. Separate copies of the document may be used for signing by Members if the wording of the resolution and statement is identical in each case. The resolution is passed when the last Member signs. A facsimile or scanned email copy of the document signed by a Member has the same status as the original for the purposes of this paragraph.

## **15 Adjournments**

The Chairperson, with the approval of the Compliance Committee, may adjourn a meeting for any reason to a place and time as the Chairperson thinks fit.

## **16 Chairperson**

The Responsible Entity may appoint a Chairperson to the Compliance Committee for a specified term, or for a meeting if one has not already been appointed.

If a Chairperson has not been appointed, or is absent from a meeting, the Members present may elect a Chairperson for the meeting. The Chairperson must be a Member of the Committee.

The Chairperson may determine how a meeting of the Committee will be regulated subject to the Compliance Plan and the Corporations Act. The Chairperson has a casting vote if necessary. This is in addition to any vote they have in their capacity as a Member.

## **17 Secretariat**

The Compliance Officer will provide secretariat services to the Compliance Committee.

## **18 Nominating an Alternate Member**

A Member may nominate a suitably qualified alternate Member, with the Responsible Entity's approval, to attend any meeting or exercise some or all of that Member's duties for a specified period. The appointing Member may terminate the alternate's nomination at any time.

If the Compliance Committee Member is an External Member, the alternate must also qualify as an External Member.

## **19 Vacancies**

Any vacancy on the Committee is to be filled by the Responsible Entity within the timeframe prescribed by the Corporations Act.

## **20 Minutes and Records of the Meetings**

The Committee must keep minutes of its meetings and records of its reports and recommendations. These records may be kept by the Compliance Officer but must be approved by the Chairperson.

At the next meeting of the Compliance Committee, the minutes will be considered, and if found to be true and correct will be signed by the Member who was Chairperson of the minutes under review.

## **21 Attendance at Meetings**

Generally, and to assist the Compliance Committee in the proper performance of its duties, staff and management of Aurora may, if the Responsible Entity determines, be represented at the meetings of the Compliance Committee.

The Compliance Committee may request that the auditors of the Compliance Plan, Scheme, and Responsible Entity, or representatives of any other service provider, attend a meeting of the Committee on an annual basis.

## **22 Reports to the Compliance Committee**

Reports to the Compliance Committee will be prepared by the Compliance Officer. The reports must be provided to all Members within a reasonable period before the meeting. Such a period will generally be five ordinary days, or such other time as the Compliance Committee Members determine.

The Compliance Officer may, from time to time, provide additional reports to the Compliance Committee. The Compliance Officer will keep the records of the reports to the Compliance Committee. The Compliance Committee may request written reports from the Internal Member or Compliance Officer on matters relevant to the Committee functions and which will assist it in the proper performance of the Committee's duties.

The Board may instruct management of the Responsible Entity to provide the Compliance Committee with access to relevant information and records, which are necessary for the Compliance Committee to fulfil its responsibilities.

The Compliance Committee must promptly inform the Responsible Entity if it considers that it does not have adequate resources or reasonable access to information to enable it to perform its functions properly.

### **23 Advice to the Compliance Committee**

In carrying out its functions, the Compliance Committee may commission independent legal, accounting or other professional advice or assistance, at the reasonable expense of the Responsible Entity. The Compliance Committee must notify the Board, through the Compliance Officer, before commissioning any advice.

### **24 Terminating the Compliance Committee**

The Responsible Entity may advise the Compliance Committee that it is no longer appointed in respect of a Scheme if the law does not require a Compliance Committee for that Scheme. Such circumstances may include where at least half of the Directors of the Responsible Entity are classified as External Directors, or where a Scheme is wound up.

### **25 Surveillance checks by ASIC**

ASIC may, from time to time, check whether the Responsible Entity of a registered scheme is complying with the Constitution, Compliance Plan and the Corporations Act. ASIC may conduct a physical surveillance check or request further information from the Responsible Entity.

The Responsible Entity, its staff and the Compliance Committee must take all reasonable steps to assist ASIC in carrying out a check.

## **Contact**

Enquiries about this Policy should be directed to:

Compliance Officer  
Aurora Funds Management Limited  
Level 11, Aurora Place  
88 Phillip Street  
Sydney NSW 2000

PO Box R1695, Royal Exchange NSW 1225

Telephone: 02 9080 2377  
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