



## AUDIT COMMITTEE CHARTER

### 1 Objectives

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- 1.1 The Audit Committee (“the **Committee**”) allows the Australian Unity Limited (“**AUL**”) board of directors (“the **Board**”), and the boards of various other Australian Unity Group companies (the “**Group**”), to discharge their responsibilities relating to:
- (a) the preparation and integrity of the Group’s financial accounts and statements;
  - (b) the external auditor’s audit of the Group’s financial statements and associated regulatory reports;
  - (c) the oversight of the supervisory and statutory reporting requirements, as well as other financial reporting and professional accounting requirements;
  - (d) the resourcing, performance and scope of work of the Group’s internal audit function;
  - (e) ensuring effective corporate governance by active and collaborative participation of the following: the Committee, the external auditors, the internal auditor (including any outsourced or co-sourced providers), external actuaries, other assurance providers and management; and
  - (f) ensuring the adequacy and independence of both internal and external audit functions.

### 2 Membership

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- 2.1 The Committee will comprise no less than three independent non-executive directors of the Board as determined and resolved by the Board from time to time. The **Secretariat** to the Committee will be the Chief of Internal Audit or designate.
- 2.2 The Board will appoint the chair of the Committee. The chair of the Board cannot chair the Committee. The chair of this Committee must be an independent non-executive director of the Board.
- 2.3 The term of any member of the Committee will be three years, but any director serving on the Committee may renominate for such further term or terms, as the Board deems appropriate.
- 2.4 The composition of the Committee may be amended from time to time provided that it will at all times consist of at least three independent and non-executive directors of the Board.

### 3 Roles and responsibilities

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3.1 The Board has authorised the Committee to:

- (a) perform activities required to address its responsibilities and make recommendations to the Board. These activities will include:
  - (i) the approval and adoption of accounting policies or any change to accounting policies;
  - (ii) oversight of the statutory and financial reporting process;
  - (iii) reviewing, in consultation with the Risk and Compliance Committee, matters of accountability and internal control affecting the operations of the Group;
  - (iv) reviewing, in consultation with the Risk and Compliance Committee, the effectiveness of management information systems and other systems on internal control;
- (b) resolve any disagreement between management and the external auditor, external and internal auditor;
- (c) select, engage and recommend the approval of fees for any professional advisers that the Committee may require to carry out its duties including, but not limited to:
  - (i) in consultation with the Group Managing Director, endorsing the appointment and/or removal of the internal auditor (including any co-source provider);
  - (ii) recommending the engagement and termination of the external auditor (with due consideration of relevant fit and proper policies as they relate to external auditors);
  - (iii) recommending the engagement and termination of the external (managed investment schemes) compliance plan auditor;
  - (iv) recommending the engagement and termination of the external actuary/s (with due consideration of relevant fit and proper policies as they relate to external actuaries); and
  - (v) recommending the engagement and termination of the external taxation compliance advisor/s;
- (d) approve the scope of work of selected professional advisers including the:
  - (i) internal auditor;
  - (ii) external audit function;
  - (iii) external actuarial function; and
  - (iv) tax compliance function;
- (e) require the attendance of any member of management at meetings of the Committee, as appropriate;

- (f) review annually and as required, the engagement of the external auditor, including assessment of whether the external auditor meets relevant independence tests including, but not limited to, the audit independence tests set out in APES 110 Code of Ethics for Professional Accountants and in APRA Prudential Standard CPS 510 – Governance (or any successor standards to these standards);
- (g) have oversight of, in consultation with the Risk and Compliance Committee, internal controls, policies and procedures that the Group uses to identify and manage business risks;
- (h) review regularly the audit plans of both internal and external auditors, ensuring they cover all material risks and financial reporting requirements; and
- (i) receive from employees, confidential information via the Chief of Audit or the externally hosted whistle-blower hotline (refer to Group Policy - Whistleblower), about accounting, internal control, compliance, audit and other matters that the employee has concerns about.

## **4 Duties**

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In fulfilling the Board's responsibilities, the Committee will have the following duties:

### **4.1 Assessment of Financial Information**

- (a) Review any significant accounting and reporting issues, including professional and public regulatory announcements and understand their effect on the Group's financial statements.
- (b) Review annual and semi-annual financial statements of the Group, which require approval of the Board and discuss the financial statements with the external auditor and management before recommending approval by the Board. For clarity, the Committee is not required to review annual and semi-annual financial statements that are within the ambit of the Australian Unity Limited Subsidiaries' Accounts Audit Committee.
- (c) Review, at least annually, the written attestations provided by the Group Managing Director, Group Executive – Finance & Strategy and Chief Financial Officer to the Board.

### **4.2 External Auditor**

- (a) Review and approve the external auditor's proposed audit plan and audit approach, including materiality levels.
- (b) Review and agree on the terms of engagement, including making an assessment of whether the auditor meets the audit independence tests set out in APES 110 Code of Ethics for Professional Accountants prior to the commencement of each audit.
- (c) Recommend approval of the audit fees for the external auditor prior to the commencement of each audit.
- (d) Review the external auditor's closing report.

- (e) Resolve any disagreement between management and the external auditor in respect of financial reporting issues.
- (f) Without management present meet, as required, with the external auditor.

#### 4.3 **Internal Auditor**

- (a) In consultation with the Group Managing Director, review the appointment, terms of engagement and removal of the internal auditor.
- (b) Review and approve the internal audit work plan.
- (c) Monitor progress against the annual work plan, including any significant changes to it, and difficulties or restrictions on the scope of activities and any significant disagreements between the internal auditor and management.
- (d) Consider findings of the internal audit reports and review management's response in terms of content and timeliness.
- (e) Monitor the status of management's actions arising from issues raised in external and internal auditors' reports until they are fully implemented<sup>1</sup>.
- (f) Ensure the internal auditor maintains a current External Quality Assessment<sup>2</sup>, as required by the Institute of Internal Auditors.
- (g) Meet regularly with the internal auditor, without management present.
- (h) Conduct a comprehensive review of the internal audit function when considered necessary.

#### 4.4 **Business Risks and Internal Controls**

- (a) The Committee, in consultation with the Risk and Compliance Committee, has the following obligations regarding business risks and internal controls:
  - (i) assessment of adherence to the Group's risk management policy and oversight of the risk management system and its resourcing; and
  - (ii) reviewing the operational effectiveness of the policies and procedures relating to risk and the Group's internal control environment.

#### 4.5 **Fraud/Ethical Investigations**

- (a) In consultation with the Risk and Compliance Committee, oversee the process for the receipt, retention and treatment of information received under the Whistleblower Policy and associated procedures and also from external complainants regarding matters relating to audit, financial statements, internal controls or possible fraud.
- (b) Receive and evaluate reports from the internal auditor regarding proactive evaluations in respect of possible fraudulent activity.

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<sup>1</sup> Australian Unity Limited Audit & Compliance Committee Minutes – 19 March 2002. "All Group and External Audit and Compliance recommendations pending resolution must be registered for regular review by the Committee. Where the Anticipated Resolution Date has passed, a revised date may be sought and approved by the Manager, Group Audit. Should the revised date not be achieved, the responsible General Manager shall attend the next ensuing meeting of the Committee to explain the reasons for the delay. Any further deferrals shall be at the discretion of the Committee".

<sup>2</sup> A requirement of the Institute of Internal Auditors (IIA) International Standards for the Professional Practice of Internal Auditing.

- (c) Receive and evaluate reports from the internal auditor in respect of any fraud/ethical investigations.

## 5 Other responsibilities

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The Board authorises the Committee, within the scope of its duties and responsibilities set out in this charter, to recommend to the Board the selection, engagement and termination of the Group's transactional bankers.

## 6 Procedures

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- 6.1 The order of the meetings will include apologies, attendance, minutes for confirmation, agenda items and other business. The process for preparing the agenda, papers and minutes will be managed by the Chief of Audit or Company Secretary or delegate.
- 6.2 The Committee must meet at least four times in a calendar year. Meetings can be held in person or electronically.
- 6.3 The Group Managing Director, the Chief of Audit, the Chief Risk Officer and the General Manager – Risk and Compliance will have a **permanent** invitation to attend Committee meetings. The Executive Committee have a **standing** invitation to attend Committee meetings.
- 6.4 Two members of the Committee will constitute a quorum for meetings.
- 6.5 The Committee:
  - (a) has free and unfettered access to senior management, employees, all heads of risk management functions, internal and external auditors and any appointed actuary, as applicable, and information it considers relevant to its responsibilities under this charter; and
  - (b) if choosing to engage third-party experts, has power to do so in a manner that ensures that the engagement, including any advice received, is independent.
- 6.6 In addition to the Secretary of the Committee, the Company Secretary will attend all Committee meetings, assist with taking minutes at Committee meetings and maintaining records of Committee meetings.
- 6.7 The Committee's meeting agendas, together with relevant papers, are to be distributed prior to meetings to such persons as the Committee directs and, where appropriate, should contain specific recommendations.
- 6.8 All boards in the Group have unfettered access to this Committee.
- 6.9 The Committee chair will report to the Board, including recommendations on any specific decisions or actions the Board should consider.

## 7 Meetings

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- 7.1 Minutes of the Committee's meetings will be kept and provided in the papers to the Board following the Committee meeting.
- 7.2 The Committee may table a formal report to the Board on its activities when it considers the same to be appropriate.

7.3 Any matters arising at a meeting of the Committee must be determined by a resolution passed by a majority of votes of those present and voting.

7.4 The chair does not have a casting vote in addition to his or her deliberative vote.

## **8 Review**

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8.1 To ensure that the Committee is fulfilling its duties to the Board, the Committee will:

- (a) review this charter annually and recommend amendments to the Board (if required);
- (b) review the annual agenda; and
- (c) conduct an annual assessment of its performance against this charter, duties and responsibilities and provide a report of the findings to the Board.

<b>Policy Owner</b>	Governance
<b>Effective Date</b>	1 January 2019
<b>Superseded Document</b>	29 August 2018