

Audit Committee Charter

**HCF Life Insurance Company Pty Ltd (ACN
001 831 250)
(the "Company")**

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1. Introduction and Purpose of this Charter

The Audit Committee (**Committee**) has been established by the Board of HCF Life Insurance Company Pty Limited to provide an objective, non-executive review of the effectiveness of the Company's financial reporting in accordance with legislative and regulatory requirements, including the Life Insurance Act 1995 and Prudential Standard CPS 510 (the **Standard**) issued by the Australian Prudential Regulation Authority (**APRA**).

The Board authorises the Committee, within the scope of its responsibilities, to perform the activities identified in this Charter.

The Committee will report on its proceedings and make its recommendations to the Board.

2. Role and Responsibilities of the Committee

2.1 Role

The principal role of the Committee is to assist the Board in fulfilling their corporate governance and oversight review responsibilities in objectively assessing the effectiveness of the Company's:

- a) financial and statutory reporting;
- b) financial condition
- c) internal control structure;
- d) professional accounting requirements;
- e) appointed actuary; and
- f) internal and external audit functions.

The Committee also plays a role in reviewing the Company's compliance with, and effectiveness of, the risk management framework by receiving such reports annually from internal and/or external audit. The Risk Committee remains responsible for general oversight and monitoring of risk management activities, reporting, receiving the results of the three-yearly comprehensive review of the risk management framework and recommending relevant changes to the Board.

2.2 Responsibilities

The Committee's specific objectives and responsibilities are:

Financial Reporting

- a) reviewing financial reports and statements for compliance with accounting standards and policies and other requirements relating to the preparation of financial reports and assessing whether the financial reports are consistent with the Committee members' information and knowledge;
- b) reviewing the appropriateness of the accounting policies adopted by management in relation to the financial reports;
- c) reviewing and making recommendations to the Board regarding significant financial, accounting and reporting issues;
- d) reviewing all representation letters signed by management to ensure the information provided is appropriate;
- e) reviewing the effectiveness of the Company's financial reporting framework and supporting policies and controls to maintain the integrity of the Company's financial statements;
- f) reviewing the assessment by the Appointed Actuary of actuarial and other matters related to the overall financial condition of the Company (Financial Condition Report) on an annual basis and management's response to ensure issues are addressed in an appropriate and timely manner;

External Audit

- g) annually considering and making recommendations to the Board on the appointment, reappointment, rotation of the lead partner or replacement of the external auditors as well as assessing the adequacy, expertise and competency of the external auditor;

- h) reviewing the terms of engagement and fees of the external auditor at the start of each audit;
- i) reviewing the scope and plan for the annual external audit to ensure it covers all material risks and financial reporting requirements.;
- j) reviewing the findings of the audit with the external auditor and management's response to ensure issues are addressed in an appropriate and timely manner;
- k) reviewing the external auditor's engagement annually and being satisfied that the auditor is independent as defined in Part 2M.4 of the *Corporations Act 2001*, meets the auditor independence requirements of set out in the Standard and any other applicable regulatory or professional standards;
- l) approving any engagement of the external auditors for non-audit related services unless otherwise delegated by the Board under the HCF Group's Delegated Authority Policy. The Committee will not approve the engagement of the external auditor to perform any non-audit or assurance services that, in its opinion, may impair or appear to impair the external auditor's judgment or independence in respect of the Company;

Internal Audit

- m) approving the scope of the internal audit plan and regularly reviewing the plan to ensure it covers, in conjunction with the external audit plan, all material risks and financial reporting requirements;
- n) reviewing the internal auditor's charter and quality control procedures ensuring that they are clearly documented;
- o) reviewing the internal auditor's reports on significant findings and recommendations on internal control and management's response to ensure issues are addressed in an appropriate and timely manner;
- p) ensuring that the internal audit function is adequately resourced and skilled for the size and corporate complexity of the Company;
- q) reviewing the performance, expertise, objectivity, independence and effectiveness of the internal audit function;
- r) reviewing and recommending to the Board the position description and key performance indicators of the Chief Internal Auditor, reviewing the criteria for selection of appropriate person and recommending to the Board the appointment of candidates for the role of Chief Internal Auditor;

Risk Management and Compliance

- s) reviewing the annual reports from internal and/or external audit on the compliance with, and effectiveness of the Company's risk management framework;
- t) reviewing and recommending to the Board for approval the Company's Whistleblower Protection Policy for the confidential disclosure of known or suspected breaches of the Company's Code of Conduct, policies or laws (including any accounting, internal controls, compliance, audit, and other matters about which the employee has concerns), and monitor its effectiveness. This includes a process for ensuring employees are aware of these policies and procedures; and
- u) ensuring APRA is notified as soon as practical, and no more than 10 business days, following the removal of the Chief Internal Auditor or the external auditor.

3. Role of the Chair

The Chair is responsible for:

- a) providing appropriate leadership to the Committee;
- b) setting the agenda, style and tone of Committee discussions;
- c) monitoring the performance of the Committee; and
- d) liaising with any person as deemed necessary to assist with fulfilling the responsibilities of the Committee.

4. Role of Committee Members

Committee members are responsible for:

- a) ensuring they understand the Company's structure, controls and types of transactions in order to adequately assess the significant risks faced by the Company and the effectiveness of its compliance culture, programs and processes;
- b) ensuring they understand the management responsibilities, performance measures, business, objectives and operating environment of the Company;
- c) disclosing to the Committee any actual or potential conflict of interest (including details of transactions and relationships) that may exist or might reasonably be thought of to exist in relation to their role and responsibilities as a Committee Member as soon as the situation arises and if deemed desirable by the Committee, take such steps as necessary and reasonable to resolve any conflict within an appropriate period;
- d) devoting as much time and attention to the Committee for it to carry out its responsibilities; and
- e) making themselves available to meet with any regulator (including APRA) on request.

5. Role of Management

Primary Responsibility

Management is responsible for:

- a) undertaking the audit, risk and compliance activities of the Company; and
- b) the preparation, presentation and integrity of the financial reports and statements of the company;
- c) implementing, managing and maintaining prudentially compliant accounting, and financial reporting strategies; and
- d) maintaining sufficient knowledge, skills and expertise within the audit, risk and compliance management functions;
- e) nurturing a culture of risk and compliance throughout the Company and embedding audit, risk and compliance obligations in business processes wherever possible.

Communication

The Chief Financial Officer (and other members of the management team, as appropriate) as well as the internal and external auditors and the Appointed Actuary, are responsible for ensuring that all financial and accounting matters are appropriately communicated to the Committee.

The Chief Internal Auditor and the Chief Risk Officer respectively (and other members of the management team, as appropriate), are responsible for ensuring that all internal audit, risk and compliance matters that fall within the Committee's scope of responsibilities are appropriately communicated to the Committee.

6. Committee Structure

6.1. Composition

The Committee will be comprised of at least 3 directors, all of whom must be non-executive directors of the Company.

All Committee members shall be financially literate. At least one Committee member shall have accounting and/or related financial management expertise.

A majority of members must be independent. The criteria used in defining independence are set out in the Company's Board Charter. All appointments (including that of the Chair) and rotations will be determined by the Board.

6.2. Chair

The Chair of the Committee will be appointed by the Board.

The Chair must be an Independent Director, but must not be the Chair of the Board.

The Chair should have leadership experience and a strong finance, accounting and/or business background.

The Committee may elect from any Independent Director member of the Committee a temporary Chair for the duration of any meeting of the Committee where the Chair is not present.

6.3. Attendance at meetings by non-members

All Directors of the Board are entitled to receive Committee papers and can attend the Committee as an invitee, subject to there being no conflict of interest. They are entitled to ask questions and express their views.

Other persons/advisers may be invited to attend the Committee's meetings from time to time, by the Committee via the Chair.

7. Conduct of Committee Business

7.1. Frequency of meetings

The Committee will meet as frequently as required to perform its role but at least four times each year.

7.2. Quorum

The quorum for Committee meetings will be two members.

7.3. Secretary

The Secretary of the Committee will be the Company Secretary of the Board, or his/her nominee.

7.4. Conduct of meetings

Meetings will be formally structured, held in appropriate facilities with timely notice, agendas, supporting papers and minutes of prior meetings distributed sufficiently in advance.

The Committee will meet in private session at least once each year to assess the effectiveness of management, the external and internal auditors and the Appointed Actuary.

The process for preparation and approval of minutes and the security and retention of papers is set out in the HCF Director Board/Committee Papers and Minutes Policy.

7.5. Access to Information and Independent Advice

The Committee will at all times have:

- a) free and unfettered access to the external and internal auditors, senior management, the heads of all risk management functions and the Appointed Actuary, and vice versa; and
- b) unrestricted access to resources and information the Committee considers relevant to its responsibilities.

The Committee will provide sufficient opportunity (on at least one occasion each year) for the external auditor, internal auditor, Chief Risk Officer and the Appointed Actuary to meet privately with members of the Committee and to ensure that the external auditor, internal auditor, Chief Risk Officer and Appointed Actuary have unfettered access to raise matters directly with the Board or the Committee at any time.

The Committee may seek independent professional advice, at the expense of the Company, if it is considered necessary for the proper performance of the Committee's responsibilities. The Chair of the Committee and the Secretary will facilitate the procurement of any such advice.

The Chief Internal Auditor has a direct reporting line and unfettered access to the Committee.

8. Reporting

The Committee will make a copy of its minutes available to the Board and will:

- a) through its Chair, regularly update and make recommendations to the Board on matters falling within the scope of its role and responsibilities; and
- b) ensure the Board is aware of matters before the Committee that may materially impact the financial condition or affairs of the Company.

9. Evaluation of Committee Performance

The Committee must perform an evaluation of its performance at least annually to determine whether it is functioning effectively and meeting the terms of this Charter and will report the outcome of the evaluation to the Board.

10. Review of Charter

The Committee will review this Charter on an annual basis and, as appropriate, make recommendations to the Board on appropriate amendments.