

IOOF Holdings Limited

(Including IOOF Holdings Limited; Questor Financial Services Limited; Australian Executor Trustees Limited; IOOF Investment Management Ltd; IOOF Ltd; IOOF Life Ltd; IOOF Global One Limited; Bridges Financial Services Pty Limited; Wealth Managers Pty Limited; SMF Wealth Management Pty Limited; Executive Wealth Management Financial Services Pty Limited and Consultum Financial Advisory Pty Ltd)

Audit Committee

Terms of Reference

1. Scope

The purpose of these Terms of Reference (“TOR”) is to document the objectives, responsibilities and duties of the Group Audit Committee (“Committee”).

The Committee is appointed and authorised by the Board of Directors of IOOF Holdings Limited (“Board”) to assist in fulfilling their corporate governance and oversight responsibilities in relation to the company’s financial reporting, internal control and risk management systems and the internal and external audit functions as outlined in this TOR below.

2. Objectives

The primary objectives of the Committee are to:

- review the integrity of the company’s financial reports;
- oversee the independence of the internal and external auditors; and
- oversee that there is a sound system of risk management and internal control and that the system is operating effectively in all material respects

in relation to financial reporting risks of IOOF Holdings Ltd, its subsidiaries and associated entities (“Group”).

The Committee is responsible for monitoring compliance with Australian Securities Exchange (“ASX”) Listing Rules.

3. Duties and Responsibilities

The main duties and responsibilities of the Committee are as follows:

3.1 Accounting Practices and External Reporting

- a. Review the audited annual and half yearly financial statements and any reports which accompany published financial statements with management and external auditors in order to recommend their approval to the Board.
- b. Review with management, significant accounting and financial reporting issues raised by internal or external audit.
- c. Review any new or significant changes to existing Group Accounting Policies and provide recommendations to the Board for amendment or adoption as appropriate.
- d. Review the controls and processes that are used to reach the opinions provided in the regulatory certifications of the Managing Director and Chief Financial Officer (“CFO”).
- e. Review the major reports to financial sector regulators and make recommendations to the Board on their approval or amendment if required.
- f. Review the Group Actuary/s’ Insurance Liabilities Report (“ILR”) for each quarterly reporting period, and recommend, if considered appropriate, the adoption by the Board of the 30 June ILR.
- g. Review the Financial Condition Report/s prepared by the Appointed Actuary.
- h. Confirm that the Group is meeting all reporting, capital adequacy, solvency and liquidity requirements.
- i. Review procedures for the receipt, retention and treatment of complaints regarding accounting, internal accounting controls or auditing matters.
- j. Confirm that there are appropriate practices in place to allow employees to make confidential,

anonymous submissions regarding accounting, internal accounting controls or auditing issues.

3.2 External Audit

- a. In consultation with management and the external auditors review the integrity and effectiveness of the Group's financial reporting systems and controls.
- b. Maintain oversight of all audit and non-audit services (including the fees and terms thereof) to be performed for the Group by the external auditor. Review that the Committee Chair (or his/her delegate) approves all non-audit related services provided by the Groups external auditor prior to engagement.
- c. Review the external auditor's engagement, at least annually, including making an assessment of whether the auditor meets the Audit Independence tests as set out in regulatory standards and guidelines, including partner rotation.
- d. Make recommendations to the Board regarding the selection, evaluation results, compensation and where appropriate, replacement of the external auditor.
- e. Review all representation letters signed by management.
- f. Receive and review all management letters presented by the external auditors.
- g. Appointed committee members to meet privately, at least on an annual basis, with the external auditor, to ensure that management have not placed undue restrictions on the auditors.

3.3 Financial Risk Management and Compliance

- a. Taking into account the Board's allocation of responsibility for review of non-financial risk and compliance to the Risk and Compliance Committee, review the financial risk management internal control systems and compliance processes for accounting and external reporting.
- b. Review the major reports of financial sector regulators which relate to accounting and external reporting of the Group and management's response.
- c. Establish and maintain procedures so that relevant matters that come to the attention of the Group Audit Committee are referred to the Risk and Compliance Committee.
- d. Review reports on any major defalcations, fraud or thefts and evaluate the Group's exposure to fraud.

3.4 Internal Audit

- a. Review the scope of the Internal Audit plan with management and the external auditors and regularly monitor the progress of work performed in relation to the audit plan.
- b. Review Internal Audit reports and management responses to issues reported.
- c. Appointed committee members to meet privately, on at least an annual basis, with Internal Audit.
- d. Assess whether the Internal Audit function is independent of management and the external auditor and whether there is the appropriate level of access to management and rights to seek information.
- e. Evaluate and approve any major proposed outsourcing of the Internal Audit function.
- f. Review and approve the responsibilities, budget and staffing of Internal Audit, and, if appropriate, recommend changes.
- g. Following consultation with management, recommend to the Board the appointment (and thereafter monitor his/her performance) and if relevant, dismissal of the Internal Audit Manager.

- h. Assess the objectives and policies of Internal Audit as documented in its charter.

3.5 Appointed Actuary

- a. Make recommendations to the Board on the appointment and removal of the Appointed Actuary.
- b. Appointed committee members to meet privately, at least annually, with the Group Actuary and the Appointed Actuary.

3.6 Conflicts of Interest

- a. Review policies and practices established to avoid conflicts of interest (pecuniary or otherwise) by directors, management, staff, and Agents.

3.7 Other

- a. From time to time, the Committee may need to request, or, if approved by the Board, to direct, a special project or investigation into a serious issue or significant transaction that falls within the ambit of the Committee's overall responsibilities.
- b. The Committee shall examine any other matters referred to it by the Board.

4. Authority and Delegation

- 4.1 The Committee is established as a sub-committee of the Board with no separate authority, except where expressly delegated by the Board. The Board retains collective responsibility for decisions, performance and outcomes of the Committee.
- 4.2 The Committee has all necessary access to, and authority to seek information from any employee or relevant external party and to conduct investigations to fulfil its objectives, duties and responsibilities.
- 4.3 The Committee has the ability to consult independent experts at the Group's expense, where the members consider it necessary to carry out their duties.
- 4.4 The Committee has a right to directly contact internal and external auditors and the right to oversee and co-ordinate their activities.

5. Composition

- 5.1 Members of the Committee are appointed by the Board. The Chair of the Board shall recommend the appointment or reappointment of each member of the Committee.
- 5.2 The Board will annually confirm the membership and Chair of the Committee. Election and removal of members by the Board will be by majority vote.
- 5.3 The Committee must consist of at least three members who are non-executive and independent directors. The Chair of the committee must be independent and not the Chair of the Board.
- 5.4 Members of the Committee should have a diverse range of backgrounds, skills and experiences. All members of the Committee must be financially literate. The Committee is required to have at least one member with accounting or financial expertise (i.e. a qualified accountant or other financial professional with appropriate experience of financial and accounting matters).
- 5.5 New Committee members will undertake a robust orientation process to enable them to understand their role and responsibilities. Ongoing training will be provided as required.
- 5.6 The Managing Director and CFO cannot be members of the Committee.

- 5.7 The Managing Director, CFO, internal and external auditors and Group General Counsel are expected to attend meetings, or relevant parts thereof, at the standing invitation of the Chair. Representatives from management or others as deemed necessary will attend meetings at the invitation of the Committee Chair and provide such reports and information as the Committee requires.

6. Meetings

- 6.1 The Committee shall meet often enough to effectively undertake their duties and responsibilities, a minimum of four times per year.
- 6.2 In addition, the Committee Chair may call a meeting at his/her discretion or if requested to do so by the Board Chair, any Committee member, the Managing Director, CFO, or the internal or external auditors.
- 6.3 Any Director of the Board may attend a meeting, by providing reasonable notice to the Committee Chair.
- 6.4 The quorum for any Committee meeting is two Non-Executive Directors and normal Committee voting procedures apply.
- 6.5 The Committee will be responsible for appointing a Secretary.
- 6.6 The Secretary, in conjunction with the Chair and CFO, will be responsible for drawing up the agenda and circulating it, supported by explanatory documentation, to Committee members at least five business days before each meeting.
- 6.7 The Secretary, in conjunction with the Chair will prepare an annual calendar year work plan to ensure completion of all of its obligations arising from this TOR.
- 6.8 The Secretary will be responsible for keeping minutes of Committee meetings which must be signed by the Chair.

7. Reporting

- 7.1 The Committee, through its Chair, reports to the Board at the earliest possible Board meeting after each Committee meeting, any matters that should be brought to the attention of the Board, and any recommendations requiring Board approval and/or action.
- 7.2 The Committee should recommend to the Board acceptance of annual and half yearly financial statements after providing the Board an assessment of:
- a. the performance and independence of the external auditor;
 - b. the performance and objectivity of the internal audit function and the management controls which support external reporting;
 - c. the internal compliance and control systems for financial reporting; and
 - d. whether external reporting is consistent with internal information and knowledge and is adequate for shareholder needs.
- 7.3 The minutes of all Committee meetings will be circulated by the Secretary to all Directors of the Board.
- 7.4 All parties are responsible for drawing to the Committee's immediate attention any material matter that relates to the financial condition of the Company, any material breakdown in internal controls, any matters relating to breach of compliance requirements and any material event of fraud or malpractice.
- 7.5 The Committee will have an ongoing relationship with the Risk and Compliance Committee. This will be facilitated by:
- a. Dissemination of meeting minutes between the secretaries of each Committee and to other persons, where relevant;

- b. Identification of issues that affect both Committees to be dealt with by each; and
- c. Regular meetings between the Chairs of each Committee and other relevant members or attendees as deemed appropriate.

8. Dispute Resolution

- 8.1 In the event that either internal or external audit have a dispute with management the following process is to be followed:
- i. Attempt to resolve with the Group General Counsel or CFO (as appropriate).
 - ii. If not successful, attempt to resolve with the Group Managing Director.
 - iii. If not successful, report to the Chair of the Group Audit Committee and if necessary Chair of the Board.

9. Review

- 9.1 The Committee will formally review these Terms of Reference annually and confirm to the Board their appropriateness. Where changes are required, these will be recommended to the Board for approval.
- 9.2 The Committee will conduct an annual assessment of its objectives, duties, responsibilities and compliance with terms of reference. The Board will determine the appropriate party to perform the assessment and all results will be provided to the Board.

Version History

Version	Issue Date	Nature of Amendment	Approved By
1.0	May 2009	New Terms of Reference developed.	IOOF Holding Limited Board – 23 June 2009