



# **ClearView Wealth Limited**

ABN 83 106 248 248

## **Board Audit Committee Charter**

27 July 2016

## Document Control & Version History

<b>Policy</b>	Board Audit Committee Charter
<b>Document Owner</b>	Legal and Company Secretariat

## Record of Amendments, Authorisations & Issues

<b>Version</b>	<b>Revision Date</b>	<b>Drafted by</b>	<b>Nature of Amendment</b>	<b>Approval Required</b>
1.0	27 July 2016	Legal and Company Secretariat	Minor amendments	BRCC

## 1. Purpose

---

The purpose of the Committee is to assist the Board and the boards of the ClearView Companies by providing an objective non-executive review of the effectiveness of the company's external financial reporting, and the internal control environment in relation to financial management and reporting. This includes obtaining an understanding of the financial, tax and accounting risks which the Group faces.

The Committee is also responsible for oversight of accounting policies, professional accounting requirements, internal and external audit, all APRA statutory reporting requirements and the appointment and removal of the Auditor.

The Board Risk and Compliance Committee oversees the implementation and operation of the Group's risk management and compliance frameworks. Nonetheless, the Committee also provides objective non-executive review of the effectiveness of ClearView's risk management framework. However, strategic risks are governed by the Board and it retains ultimate responsibility for all of these matters.

## 2. Authority

---

2.1 Subject to section 2.3 below, the Committee can exercise the powers of the Board under the Relevant Law and ClearView's constitution that it reasonably considers are necessary to enable it to perform its roles and responsibilities under section 3 and has authority to conduct or authorise investigations into any matters within its scope of responsibility.

2.2 The powers of the Committee under section 2.1 include the power to:

- (a) Resolve any disagreements between management and any Auditor engaged by a ClearView Company;
- (b) Pre-approve all auditing and non-audit services;
- (c) Retain independent counsel, accountants, or others to advise the Committee or assist in the conduct of an investigation;
- (d) Seek any information it requires from employees of the ClearView Companies, all of whom are directed to cooperate with requests from the Committee or the chair of the Committee, or from external parties; and
- (e) Meet with officers of ClearView Companies, external Auditors, or outside advisers, as it considers necessary.

2.3 ClearView delegates its powers under section 2.1 above to the Committee subject to:

- (a) the Committee complying with the duties imposed on Directors by:
  - the *Corporations Act 2001* (Cth.);
  - the *Life Insurance Act 1995* (Cth.)
  - the *Insurance Contracts Act 1984* (Cth.);
  - the *Superannuation (Industry) Supervision Act 1993* (Cth.); and
  - ClearView's constitution;
- (b) the Committee not causing ClearView or a ClearView Company to be in breach of the Relevant Law;
- (c) conditions of ClearView's registration as a non-operating holding company (NOHC); and

- (d) any policy, guideline, values, governance framework or specific direction of ClearView which relates to the exercise of the powers delegated to the Committee.

### 3. Responsibilities

---

#### 3.1 Financial reporting

- (a) Review and oversight of the integrity of the accounting and financial reporting processes of ClearView and the ClearView Companies;
- (b) Review significant accounting and reporting issues, including complex or unusual transactions and areas requiring a high degree of judgement;
- (c) Review the results of the audit with management, the internal auditor and the external Auditors;
- (d) Review the annual financial report and half-year financial report, and consider whether they are complete, consistent with information known to Committee members, and reflect appropriate accounting principles;
- (e) Review other sections of the annual report and related regulatory filings before release and consider the accuracy and completeness of the information;
- (f) Review interim financial reports with management and the external Auditors before filing with regulators, and consider whether they are complete and consistent with the information known to Committee members;
- (g) Review any new or significant changes to existing ClearView accounting policies and advise the Board of any significant new policies or significant changes in policy;
- (h) Ensure that appropriate policies are promulgated and complied with in relation to the regular review of models that calculate financial valuations of assets and liabilities;
- (i) Review the controls and processes that are used to reach the opinions provided in certifications of the Managing Director, Chief Financial Officer and Company Secretary of ClearView;
- (j) Review the declaration made by the Managing Director and Chief Financial Officer, in relation to ClearView Wealth Limited's financial statements, pursuant to s295A of the Corporations Act, to the effect that the declaration is founded on 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; and
- (k) Oversee APRA statutory reporting requirements and provide an independent review of the Group's reporting against APRA's requirements. This includes being available to meet with APRA upon request.

#### 3.2 Risk Management

- (a) Provide oversight of the effectiveness of the systems of risk management and control over financial reporting;
- (b) Have authority to review and approve, on behalf of the Board, ClearView policies, procedures, charters and other governance instrument, and the Committee has the power to delegate this authority, on certain matters, in full or in part, to the Chairman of the Committee as it sees fit from time to time;
- (c) Ensure that the Auditor is informed of all Prudential Requirements applicable to ClearView Life Nominees Pty Limited and the RSE, ClearView Retirement Plan;

- (d) Review and monitor related party transactions and investments involving the ClearView Companies and their directors; and
- (e) Ensure that:
  - (i) management establishes and maintains a formal whistle-blowing policy and procedure that enables employees to submit information to, and communicate with, the Committee on a confidential basis;
  - (ii) such arrangements are kept under review by the Committee through a regular review of the policy;
  - (iii) arrangements are in place for appropriate investigation and follow-up action on such matters; and
  - (iv) whistle-blowing policies and procedures are adequately communicated to all employees.

### **3.3 Internal Controls**

- (a) Consider and provide assurance to the Board and boards of the ClearView Companies that the Group has an effective internal control framework, including information technology security and control; and
- (b) Oversee and monitor resolution of significant internal control deficiencies reported by the Auditor.

### **3.4 External Audit**

- (a) Recommend to the Board, or the board of the relevant ClearView Company, the appointment and, where necessary, the removal of the Auditor. This includes review and approval of the external Auditor's fee and terms of engagement. The Committee is required to provide prior endorsement for the appointment or removal of the auditor [Note: If the Auditor is removed from their position, the reasons for removal must be discussed with APRA as soon as practicable, and no more than 10 business days, after the Committee's endorsement is agreed upon];
- (b) Review and confirm the Auditor's engagement annually, including assessing Auditor independence in accordance with *Prudential Standard SPS 310 Audit and Related Matters* (SPS310) and *Prudential Standard LPS 310 Audit and Related Matters* (LPS310), and against the tests out in *APES 110 Code of Ethics for Professional Accountants*;
- (c) Have authority to review and approve, on behalf of the Board, the Auditor's proposed audit scope and approach, including coordination of audit effort with internal audit activity;
- (d) Ensure the adequacy, independence and effectiveness of the external Auditor, including rotation of the external audit partner;
- (e) Ensure that the Auditor meets the criteria for fitness and propriety of an auditor for the purposes of Prudential Acts, as contained in paragraphs 24 and 26 of *Prudential Standard CPS 520 Fit and Proper* (CPS520);
- (f) Ensure the Auditor complies with LPS310, SPS310, *Prudential Standard CPS 510 Governance* (CPS510) and *Prudential Standard SPS 510 Governance* (SPS510) in its role as Auditor;
- (g) Review and advise, for the purposes of the directors' report to be included in the annual report, the provision of all non-audit services by or on behalf of the external Auditor during the year to the Group, including whether those services comply with the statutory auditor independence requirements and the reasons;

- (h) Oversight of the annual appointment of the RSE Licensee's Auditor in accordance with SPS310 and setting out the terms of the engagement of the RSE Auditor. Where an RSE Licensee is a member of a group, the Auditor engaged by that group may also be engaged as the RSE Auditor for an RSE within the RSE Licensee's business operations (in accordance with SPS310), provided that the Auditor meets all of the requirements of SPS310;
- (i) Ensure that the RSE Auditor:
- Is not disqualified under s130D of the *Superannuation Industry (Supervision) Act 1993* (Cth.) (SIS Act);
  - Satisfies the eligibility criteria in *Prudential Standards SPS 520 Fit and Proper* (SPS520), as applicable to an RSE Auditor;
  - Is a fit and proper person in accordance with the RSE Licensee's Fit and Proper Policy as required by SPS520, including those requirements that apply specifically to the RSE Auditor; and
  - Satisfies the auditor independence requirements in *Prudential Standard SPS 510 Governance* (SPS510).
- (j) Ensure that the RSE Auditor's report provides reasonable assurance addressing:
- Annual financial statements of the RSE prepared in accordance with the Accounting Standards;
  - The annual information relating to the RSE, required under the reporting standards made by APRA under the *Financial Sector (Collection of Data) Act 2001* (Cth.) (FSCOD Act) (as listed in SPS310); and
  - Compliance with provisions of the SIS Act, SIS Regulations, Corporations Act, Corporations Regulations, and additional conditions imposed by s29EA of the SIS Act.
- (k) Ensure that the RSE Auditor's report provides limited assurance addressing:
- The annual information relating to the RSE required under the reporting standards made by APRA under the FSCOD Act (as listed in SPS310);
  - The RSE Licensee's systems, procedures and internal controls that are designed to ensure that the RSE Licensee has complied with all applicable prudential requirements, has provided reliable data to APRA as required under the reporting standards prepared under the FSCOD Act, and has operated effectively throughout the year of income;
  - The RSE Licensee's compliance with its risk management framework; and
  - The RSE Licensee's compliance with its operational risk financial requirement (ORFR) strategy.
- (l) Ensure the Auditor is informed of all applicable Prudential Requirements applicable to the RSE Licensee and the RSE, and the NOHC;
- (m) Meet regularly with the Auditor, in the absence of management, to discuss any matters that the Committee or the Auditor believes should be discussed privately.

### 3.5 Internal Audit

- (a) Make recommendations to the Board and to the boards of relevant ClearView Companies on the appointment and removal or replacement of the internal auditor. The Committee is required to provide prior endorsement for the appointment or removal of the internal auditor [Note: If the internal auditor is removed from their position, the reasons for removal must be discussed with APRA as soon as practicable, and no more than 10 business days, after the Committee's endorsement is agreed upon];
- (b) Review with management and the internal auditor the charter, activities, staffing and organisational

structure of the internal audit function;

- (c) Ensure the internal audit function evaluates the adequacy and effectiveness of the financial and risk management framework of the ClearView Companies;
- (d) Have authority to review and approve, on behalf of the Board, the annual internal audit plan and all major changes to the plan;
- (e) Ensure the internal audit function is independent and adequately resourced;
- (f) Review the effectiveness of the internal audit function;
- (g) Regularly meet with the internal auditor separately, to discuss any matters that the Committee or internal audit activity believes should be discussed privately;
- (h) Ensure that the internal auditor has a reporting line and unfettered access to the Committee; and
- (i) For ClearView the internal auditor must at all times have unfettered access to all the business lines and support functions.

### **3.6 Taxation**

- (a) Review significant taxation issues, including complex or unusual transactions and areas which require a high degree of judgement by management;
- (b) Review the annual financial report, and consider whether it reflects taxation treatment principles; and
- (c) Review any new or significant changes to existing ClearView taxation treatment policies and advise the Board of any significant new taxation treatment policies or significant changes in taxation treatment policy.

### **3.7 Other responsibilities**

The Committee:

- (a) may perform other activities related to this Charter as requested by the Board or a board of a ClearView Company;
- (b) may need to request or, if approved by the Board or by the board of a ClearView Company, to direct a special project or investigation into a serious issue or significant transaction that falls within the ambit of the overall responsibilities of the Committee; and
- (c) must examine any other matters referred to it any time by the Board or by the board of a ClearView Company.

### **3.8 Recommendation**

The Committee may at any time make recommendations to the Board or to the board of a relevant ClearView Company as it sees fit.

### **3.9 Review of Charter**

The Committee must, each year, review and assess the adequacy of this Charter and recommend to the Board any changes that the Committee considers are desirable.

### **3.10 Annual performance appraisal**

An evaluation of the performance of the Committee and each individual Committee member's performance and the extent to which the Committee and each member has met the requirements of this Charter will be conducted through the Board's annual performance appraisal process.

### **3.11 Publication of Charter**

This Charter will be made available by posting it to the website of ClearView.

## **4. Composition**

---

### **4.1 Membership**

- (a) Each member of the Committee is appointed by the Board.
- (b) The Committee must comprise at least 3 members, all of whom must be Non-Executive Directors.
- (c) A majority of the members of the Committee must be Independent Directors of ClearView.
- (d) The chair of the Board of ClearView or of any of the ClearView Companies may be a member of the Committee, but may not be chair of the Committee.
- (e) Each member of the Committee must be financially literate.
- (f) At least one member of the Committee must have financial reporting expertise.
- (g) All members of the Committee are required to keep up to date on financial issues and, where appropriate, shall receive induction and ongoing professional development to ensure this.

### **4.2 Cessation**

The Board may at any time remove any individual from the Committee and need not give a reason for doing so. If a member of the Committee ceases for any reason to be a Director, that individual automatically ceases to be a member of the Committee.

### **4.3 Fees**

The services of a member of the Committee are beyond the ordinary duties of a Director. Accordingly, under cl. 6.3(f) of the Constitution of ClearView, Committee members are entitled to receive remuneration as determined from time to time by the Board (on the recommendation of the Nomination and Remuneration Committee of ClearView).

## **5. Chair**

---

### **5.1 Appointment**

- (a) The chair of the Committee is appointed by the Board.
- (b) The chair of the Committee must be an Independent Director of ClearView but may not be chair of the Board.



## **5.2 Acting chair**

If the chair of the Committee is absent from a meeting of the Committee and no acting chair has been appointed, the members of the Committee present at the meeting must choose one of the members of the Committee present, whether independent or not, to chair that particular meeting.

## **6. Secretary**

---

### **6.1 Appointment**

The Committee must appoint a secretary of the Committee.

### **6.2 Minutes**

The secretary of the Committee must ensure that minutes are taken of meetings of the Committee. If the secretary is asked to withdraw for all or any part of any meeting the chair must ensure that minutes are taken in respect of that part of the meeting.

## **7. Meetings**

---

### **7.1 Meetings**

When meeting, the Committee must have regard to each ClearView Company whose financial situation and risk management framework is under consideration and the interests' particular to that particular ClearView Company.

### **7.2 Meetings other than in person**

The Committee may meet for the dispatch of business, adjourn and otherwise regulate their meetings as they see fit.

The Committee may conduct meetings by telephone or other form of communication without a member being in the physical presence of another member or other members.

### **7.3 Frequency**

The Committee must meet often enough to undertake its role effectively. The Committee must meet at least 3 times per calendar year.

### **7.4 Quorum**

A quorum for a meeting of the Committee is 2 members provided a majority of members present are Independent Directors of ClearView.

### **7.5 Voting**

- (a) Voting at a Committee meeting is by simple majority and shall require a minimum of 2 votes in favour of the proposal.
- (b) The chair has a casting vote (if required).

## **7.6 Other attendees**

- (a) Other members of management of ClearView or of any of the ClearView Companies, or parties external to ClearView, may be invited to attend any meeting of the Committee;
- (b) The Auditor of ClearView and the Appointed Actuary of ClearView Life Assurance Limited must be invited to attend any meeting of the Committee.

## **7.7 Delegation by the Board and on-delegation to Sub-committees**

The Committee's responsibilities including having authority to review and approve, on behalf of the Board, ClearView policies, charters and codes of conduct, and the Committee has the power to delegate this authority, on certain matters, in full or in part, to the Chairman of the Committee as it sees fit from time to time.

The Committee may at any time form and delegate authority to sub-committees, comprised of one or more members of the Committee as it considers necessary or appropriate. Each sub-committee has the full power and authority of the Committee, subject to the terms of its delegated authority.

## **8. Reporting by the Committee**

---

### **8.1 Circulation of minutes**

Minutes of each meeting of the Committee must be approved and signed by either the chair of the Committee or the chair of that meeting and then provided to the Board and to the board of each of the ClearView Companies at the next meeting of the Board or the board of the relevant ClearView Company.

### **8.2 Reports to the Board**

The Committee must:

- (a) Through its chair, report regularly to the Board and to the board of each of the ClearView Companies at the earliest possible board meeting after each meeting of the Committee about Committee activities, issues and related recommendations. Such report should include any matters that, in the opinion of the Committee, should be brought to the attention of the relevant board, and any recommendations requiring the approval of the relevant board;
- (b) Provide open communication between internal audit activity, the Auditor and the Board and the board of each of the ClearView Companies;
- (c) Ensure that a report to shareholders of ClearView is prepared annually describing the Committee's composition, responsibilities and how they were discharged, and any other information required by regulation, including approval of non-audit services; and
- (d) Review any other reports that any of the ClearView Companies issue that relate to the Committee's responsibilities.

The Committee has free and unfettered direct access, and vice versa, to:

- (a) the Auditor;
- (b) the internal auditor;
- (c) any employee of a ClearView Company;

- (d) the Chief Financial Officer and Company Secretary of ClearView or any ClearView Company;
- (e) the Chief Actuary and Risk Officer (CRO) of ClearView or any of the ClearView Companies;
- (f) the approved auditor and the Appointed Actuary of ClearView Life Assurance Limited;
- (g) the Head of Group Risk and Compliance of ClearView or any of the ClearView Companies; and
- (h) the chair of the Board, and the chair of the board of any ClearView Company if he or she is not a member of the Committee.

## 9. Definitions and Interpretation

---

9.1 In this Charter, unless the contrary intention appears:

**“Accounting Standards”** means the Accounting Standards issued by the Australian Accounting Standards Board;

**“APRA”** means the Australian Prudential Regulation Authority;

**“ASIC”** means the Australian Securities and Investments Commission;

**“ASX”** means the Australian Securities Exchange;

**“at any time”** means at any time and from time to time;

**“Auditor”** means an external firm registered as an auditor, who is appointed as auditor of ClearView or of a ClearView Company under the *Corporations Act* and, in particular, the Audit, Risk and Compliance engagement partner within that firm;

**“Board”** means the board of directors of ClearView;

**“Chief Risk Officer”** (or **CRO**) means the role and the person appointed to that role in accordance with the requirements of CPS220, and otherwise means the head of risk function within ClearView’s management team.

**“ClearView”** means ClearView Wealth Limited (ACN 106 248 248);

**“ClearView Companies”** means ClearView and the following subsidiary companies of ClearView:

- ClearView Group Holdings Pty Limited;
- ClearView Financial Management Limited;
- ClearView Life Nominees Pty Limited and its RSE, ClearView Retirement Plan;
- ClearView Financial Advice Pty Limited;
- Matrix Planning Solutions Limited;
- Matrix Planning Investments Pty Limited;
- ClearView Administration Services Pty Limited;

and **“a ClearView Company”** accordingly bears an appropriate meaning;

**“Committee”** means the Audit Committee established by resolution of the Board, and whose Charter this is;

**“Corporations Act”** means the *Corporations Act 2001* (Cth.);

**“Corporations Regulations”** means the *Corporations Regulations 1994* (Cth.);

**“Director”** means a member of the Board or of the board of directors of one of the ClearView Companies;

**“Group”** means the ClearView Companies collectively, as defined above;

**“Independent Director”** has the same meaning as in the CPS 510 ‘Governance’;

**“Non-Executive Director”** has the same meaning as in the Prudential Standards CPS 510 ‘Governance’ and SPS 510 ‘Governance’;

**“Prudential Requirement”** has the same meaning as in Prudential Standard SPS 310;

**“Prudential Standard”** means a Prudential Standard issued by APRA;

**“RSE”** means the ClearView Retirement Plan as the Registrable Superannuation Entity;

**“RSE Licensee”** means ClearView Life Nominees Pty Limited;

**“Relevant Law”** means:

- the *Life Insurance Act 1995* (Cth.);
- the *Insurance Contracts Act 1984* (Cth.);
- the *Superannuation (Industry) Supervision Act 1993* (Cth.);
- the *Corporations Act 2001* (Cth.);
- the *Financial Sector (Collection of Data) Act 2001* (Cth.);
- any other present or future law of Australia or a State or Territory of Australia with which ClearView or a ClearView Company must comply;
- any direction, instruction, ruling or guideline given by a person duly authorised by a competent Parliament for this purpose which ClearView determines is legally required to be followed;
- any direction, instruction, ruling, guideline, licence or registration condition issued by the applicable person who exercises a statutory function in relation to that matter; and
- any present or future law of Australia or a State or Territory of Australia which ClearView determines to be a Relevant Law for the purpose of this Charter.

**“SIS Regulations”** means *Superannuation Industry (Supervision) Regulations 1994* (Cth.)

## 9.2 In this Charter:

- (a) references to any statute or other law includes all laws changing, consolidating or replacing them, and includes all laws, regulations, modification orders and other instruments issued under the statute or law;
- (b) references to regulatory standards or guidelines of APRA or ASIC are construed as references to those for the time being in place;
- (c) all matters which are stated as being included in (or examples within) the scope of an expression do not limit the scope and generality of that expression; and
- (d) references to ASX Listing Rules (“LR”), clauses of the constitution of ClearView (“cl.”), or Principles of Good Corporate Governance and Best Practice Recommendations of the ASX Corporate Governance Council (“BPR”) are construed as references to those for the time being in force.