

HBF Health Limited

Audit Committee Charter

1. Role and Authority

- 1.1. This Charter outlines the roles, responsibilities, and terms of operation of the Board Audit Committee (Committee) of HBF Health Limited (HBF) and should be read with the Board Charter.
- 1.2. The purpose of the Committee is to assist the Board by providing an objective non-executive review of the effectiveness of HBF's financial reporting framework and risk management framework. The responsibilities of the Committee include oversight of:
 - a) all Australian Prudential Regulation Authority (APRA) statutory reporting requirements;
 - b) other financial reporting requirements;
 - c) professional accounting requirements;
 - d) internal and external audit; and
 - e) the appointment, removal and performance of the external auditor, Head of Internal Audit and Appointed Actuary.
- 1.3. The Board has delegated to the Committee the responsibilities set out in Attachment 1 and may make other delegations to the Committee from time to time.

2. Committee Composition

- 2.1. The Committee comprises of at least three members, all of whom must be non-executive directors and the majority of whom must be independent.
- 2.2. The Chair of the Committee must be an independent director and will not be the Chair of the Board.
- 2.3. All Committee members will have a working familiarity with finance and accounting practices, and at least one member of the Committee will have a professional accounting qualification.
- 2.4. The Company Secretary (or their nominee) will be the Secretary of the Committee.

3. Committee Meetings

- 3.1. The Committee meets at least quarterly, or more often if necessary, to fulfill its responsibilities.
- 3.2. A quorum of the Committee will comprise any two members.
- 3.3. All directors will have access to Committee papers and may attend Committee meetings.
- 3.4. Non-executive directors may meet periodically without management present. The Committee may request or invite the internal auditor, management, or external consultants to attend all or part of a Committee meeting. The external auditor and appointed actuary will be invited to attend all Committee meetings.

4. Agenda and Minutes

- 4.1. Each Committee meeting will have a structured agenda. The agenda is determined by the Committee Chair, the Chief Financial Officer, and the Company Secretary. Any director, the external auditor, internal auditor, and appointed actuary may request that a particular item is added to the agenda.
- 4.2. The agenda and supporting documentation will be distributed to Committee members within a reasonable time before each meeting.

4.3. Minutes of each Committee meeting will be prepared by the Company Secretary and presented for approval at the next Committee meeting.

5. Access to Management and Others

5.1. The Committee has free and unfettered access to the Chief Executive Officer, Chief Risk Officer, senior management, external auditor, internal auditor, appointed actuary, the heads of all risk management functions, and any other relevant internal and external party, and information and may make any enquiries to fulfill its responsibilities.

5.2. The Chief Executive Officer, Chief Risk Officer, senior management, external auditor, internal auditor, appointed actuary and the heads of all risk management functions have free and unfettered access to the Committee. The internal auditor has a reporting line to the Committee.

5.3. Committee members may rely on information, professional or expert advice given, prepared or relied upon by an individual in accordance with section 189 of the *Corporations Act 2001 (Cth)*.

6. Independent Professional Advice

6.1. The Committee has the right to seek independent professional advice, subject to the approval of the Board Chair (or in the Board Chair's absence, the Deputy Chair), at HBF's expense, in respect of any matter related to the discharge of its responsibilities.

6.2. Advice received should be distributed to the whole Committee as appropriate.

6.3. Committee members are entitled to rely on the expertise of independent experts, so long as they are not aware of any grounds that would make such reliance inappropriate.

7. Reporting

7.1. The Committee Chair will report to the Board on the business of the Committee.

7.2. The Committee will refer an issue to the Board or another Board Committee where the issue falls within their responsibility, or if it would benefit from having the Board or that Board Committee's consideration.

8. Committee Performance and Charter Review

8.1. The Committee conducts an annual review of its own performance and makes recommendations for improvements where necessary.

8.2. This Charter will be reviewed by the Committee every two years, or sooner if circumstances require, with any amendments recommended to the Board for approval.

Attachment 1 | Duties & Responsibilities

Financial Reporting

1. Reviewing and recommending to the Board for approval the annual financial statements of the HBF Group and the accounting policies on which they are based.
2. Reviewing the appropriateness of material judgements and estimates made by management in preparing the financial statements.
3. Should it be necessary, reviewing the appropriateness and disclosure of any changes made to the Group's existing accounting policies.
4. Reviewing changes to the accounting standards and regulatory requirements and their impact on the financial statements of the HBF Group.
5. Assessing the adequacy and effectiveness of the internal controls and risk management procedures in place to ensure the accuracy of the financial statements.
6. Overseeing HBF's strategic capital management allocation.

External Audit

7. Recommending to the Board for approval the appointment, and should it be necessary, the removal, of the external auditor.
8. Reviewing and recommending to the Board, the rotation of the lead audit partner of the external auditor.
9. Reviewing the financial statement, statutory audit, and other audit services engagement letters, including annual audit fees.
10. Regularly reviewing the external audit plans, ensuring that they cover HBF's financial reporting risks and requirements.
11. Regularly reviewing the findings of audits and overseeing that those issues are being managed and rectified in an appropriate and timely manner.
12. Assessing, at least annually, and monitoring the performance of the external auditor.
13. Reviewing, at least annually the engagement of the external auditor, including making an assessment of whether the external auditor satisfies the eligibility and independence requirements in the *Corporations Act 2001* (Cth) and the Audit Independence tests sets out in APES 110 *Code of Ethics for Professional Accountants*, as well as other additional independence requirements set out in APRA's Prudential Standard CPS 510 – Governance.
14. Approving the engagement of the external auditor for the provision of all non-assurance services.
15. Assessing, at least annually, that the external auditor remains fit and proper in accordance with APRA's Prudential Standard CPS 520 – Fit and Proper and HBF's Fit and Proper Policy.

Internal Audit

16. Recommending to the Board for approval the appointment, and should it be necessary, the removal, of the Head of Internal Audit.
17. Regularly reviewing the internal audit plan and ensuring that it covers HBF's material risks.
18. Ensuring that the objectives of the internal audit function include evaluation of the adequacy and effectiveness of the financial reporting framework and risk management framework of HBF.
19. Regularly reviewing the findings of internal audits and overseeing that those issues are being managed and rectified in an appropriate and timely manner.
20. Assessing, at least annually, and monitoring the performance and independence of the internal audit function.
21. Ensuring that the internal audit function is adequately resourced for the size, business mix and complexity of HBF and has unfettered access to HBF's business and support functions.

22. Ensuring that HBF maintains policies and procedures for employees to submit, confidentially, information about accounting, internal control, compliance, audit, and other matters about which the employee has concerns.
23. Overseeing that HBF has a process for ensuring employees are aware of these policies and for dealing with matters raised by employees under these policies.
24. Ensuring that HBF has a quality, assurance and improvement program that enables an evaluation of the internal audit activities and that the results of the program are communicated to the Committee, at least on an annual basis.

Actuarial

25. Reviewing and recommending to the Board for approval the Actuarial Advice Framework.
26. Recommending to the Board for approval the appointment, and should it be necessary, the removal, of the appointed actuary.
27. Reviewing reports and information received from the appointed actuary, including the Financial Condition Report and Actuarial Valuation Report.
28. Reviewing recommendations proposed by the appointed actuary and overseeing, in conjunction with the Risk Committee, where appropriate, that management's responses and actions are appropriate and implemented in a timely manner.
29. Assessing, at least annually, and monitoring the performance and independence, including monitoring any conflicts of interest of the appointed actuary.
30. Assessing, at least annually, that the appointed actuary remains fit and proper in accordance with APRA's Prudential Standard CPS 520 – Fit and Proper and HBF's Fit and Proper Policy.

Risk Management

31. Ensuring that compliance with, and the effectiveness of the Risk Management Framework is subject to review by internal and external audit at least annually, with the results of the review being reported to the Committee.
32. Approving HBF's Tax Governance Framework and overseeing that effective processes are in place to manage tax risk.

Governance and Regulator Engagement

33. Overseeing all APRA statutory reporting requirements, other financial reporting requirements and professional accounting requirements.
34. Approving policies and standards that require or are reserved for Committee approval under HBF's Policy Framework.
35. Overseeing HBF's engagement with APRA and other regulators on statutory financial reporting matters and meeting with APRA or any other regulator on request.
36. In consultation with the Board Chair, engaging with APRA as soon as practicable, but within ten business days, following Board approval to remove the external auditor or the Head of Internal Audit.