

# BOARD AUDIT COMMITTEE CHARTER

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## PURPOSE

1. Insurance Australia Group Limited (**IAG**) Audit Committee (**Committee**) is appointed and authorised by the IAG Board (**Board**) and assists the Board by providing objective non-executive oversight to monitor:
  - a. the integrity of IAG and its subsidiaries' (**Group**) financial reporting, including compliance with applicable laws, regulations and other requirements in relation to external financial reporting;
  - b. the internal control framework for the Group (specifically financial, tax and audit related systems, processes and controls) is effective and fit for purpose; and
  - c. the independence of the External Auditor, Executive General Manager, Internal Audit (EGM, Internal Audit), internal audit function and Global External Peer Review (**EPR**) Actuary and Chief Actuary.
2. The Committee also serves as the audit committee of Insurance Australia Limited and certain subsidiaries of IAG that the Board determines from time to time. References to 'Board' or 'Boards' in this Charter also apply to each of those subsidiary companies.

## RESPONSIBILITIES

To assist in meeting its objective, the Committee is responsible for:

### External Financial Reporting

3. Reviewing the Group's corporate and statutory financial reporting and requirements, APRA statutory reporting requirements, professional accounting requirements and financial data related declarations and key aspects of the Group's market presentations and make recommendations to the Board.
4. Overseeing the appropriateness of the Group's accounting policies and principles (as amended) and the methods of applying them, to verify compliance with the stated financial reporting standards and guidelines including, where relevant, statutory and regulatory reporting frameworks.
5. Reviewing the Group's financial statements for adherence to accounting standards and policies, and to ensure they reflect the understanding of the Committee members and provide a true and fair view of, the financial position and performance of the Group, as a basis for recommendation to the Board.
6. Overseeing and monitoring any tax, financial or accounting risks and their potential impact on the Group's statutory and regulatory reports.
7. Considering the assurances provided by Management that support the opinions included in the Group Chief Executive Officer (**CEO**) and Chief Financial Officer (**CFO**) declarations provided for the Group's half year and full year financial reporting and reviewing the declarations.
8. Overseeing audit reports issued by the External Auditor on the Group's financial reports and APRA returns.
9. Assessing information from the External Auditor, EGM, Internal Audit and Management regarding the quality of both external and internal financial reports.
10. Reviewing the adequacy of IAG's corporate reporting processes and making recommendations to the Board.

## External Audit and the External Auditor

11. Recommending to the Board the appointment or removal of the External Auditor for shareholder approval and overseeing arrangements for the rotation of the audit engagement partner.
12. Reviewing the External Auditor's engagement annually and recommending to the Board approval of the fees to be paid to the External Auditor.
13. Reviewing and assessing the total fees paid to the External Auditor for all non-audit services provided by the External Auditor.
14. Providing approval of all non-audit services proposed to be provided by the External Auditor in accordance with IAG's Framework for Dealing with External Auditor's Firm Non-Audit Services (**Framework**) and discuss all conflicts that arise within the operation of the Framework.
15. Annually reviewing and approving the scope and adequacy of the Audit Plan to ensure it covers all relevant material financial reporting requirements of the Group, discussing audit results with the External Auditor, considering and critiquing Management's responsiveness to the External Auditor's recommendations and considering the implications of the external audit findings for the control environment.
16. Regularly reviewing the findings of the external audit and ensuring that issues are being managed and rectified in an appropriate and timely way.
17. Reviewing and ensuring the adequacy of the external audit function and external audit plan.
18. Overseeing and annually assessing the External Auditor's performance and independence in accordance with the requirements of corporations and insurance laws, regulations, standards and Code<sup>1</sup>.
19. Receiving and considering the External Auditor's annual independence declaration to be provided to the Board.

## Internal Financial Controls

20. Overseeing the adequacy and effectiveness of the Group's internal financial control systems with Management, the EGM, Internal Audit, EPR Actuary and External Auditor.
21. Evaluating Group processes for assessing and continuously improving internal financial controls, particularly those related to areas of material risk.
22. Receiving reports from the Appointed Auditor in accordance with prudential requirements.

## Internal Audit

23. Reviewing and approving the Internal Audit Charter and budget for the Internal Audit function.
24. Reviewing the adequacy, independence, performance and effectiveness of the internal audit function and its compliance with the Internal Audit Charter.
25. Annually reviewing and approving the scope and adequacy of the Internal Audit Plan, ensuring it covers all relevant material risks, regularly reviewing the progress of work performed in relation to the plan.
26. Reviewing and considering internal audit reports, including regularly reviewing internal audit findings and overseeing Management's progress in managing and rectifying in an appropriate and timely way.

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<sup>1</sup> Code refers to the *Code of Ethics for Professional Accountants* issued by the Accounting Professional and Ethical Standards Board.

27. Approving the EGM Internal Audit's performance objectives and ratings and provide performance feedback (this is a function of the Audit committee Chair).
28. Periodically meeting with the EGM, Internal Audit without management being present and maintaining a direct functional reporting line between the EGM Internal Audit to the Chair of the Audit Committee.

### Global External Peer Review (EPR) Actuary

29. Considering and approving the terms of the appointment, reappointment and remuneration, and overseeing the effectiveness and independence of the EPR Actuary.

### Chief Actuary

30. Receiving and considering insurance liabilities reports from the Chief Actuary.

### Other Responsibilities

31. Reviewing the results of the review by internal or external audit into compliance with and effectiveness in respect of the risk management framework.
32. Providing endorsement to the CEO for:
  - a. the appointment or removal of the CFO, Chief Actuary or EGM, Internal Audit; and
  - b. any restructure to the reporting lines of the CFO, Chief Actuary or EGM, Internal Audit, or to the scope of responsibilities of these positions.
33. Overseeing the effectiveness of the audit governance frameworks implemented by the audit committees of IAG subsidiaries that are regulated by Australian Prudential Regulation Authority (APRA) or other regulators<sup>2</sup>, (each a **Regulated Subsidiary**) through:
  - a. oversight of the audit committees' minutes;
  - b. the Chair of the Committee, meeting with the Chairs of audit committees at least annually; and
  - c. provision of a written report from the audit committees.
34. Overseeing that IAG maintains policies and procedures for employees to submit, confidentially, information about concerns relating to accounting, internal control, compliance, audit and other matters, and that there is a process for employees to be made aware of these policies and for dealing with matters raised by these policies.
35. Reviewing and assessing annually the Committee's fulfilment of its responsibilities under this Charter and report findings to the Board.
36. Reviewing this Charter at least every three years or as required and recommend amendments to the Board for approval.
37. Members must be available to meet with APRA and other regulators upon request.
38. If appropriate, considering any audit matter, notwithstanding that the particular matter may have been previously referred to, and considered by, another Board Committee.

### REPORTING

39. The Chair of the Committee will meet with the Chairs of the Risk Committee and the People and Remuneration Committee at least annually to consider and share key information identified by those committees and where appropriate, reporting to the Board for consideration the types of

<sup>2</sup> Regulators includes the Reserve Bank of New Zealand.

financial reporting and risk covered by each of these committees.

40. The Chair of the Committee (or a person nominated by the Chair of the committee for that purpose) must report to the Board at the Board's next meeting on matters relevant to the Committee's duties and responsibilities, including making recommendations, as appropriate.
41. The Committee will immediately escalate any actual or suspected material concerns to the Chair of the Board or to the Chair of the appropriate Board Committee.
42. Minutes of Committee meetings will be circulated to all Directors.

## COMPOSITION

43. The Committee will comprise at least three members, all of whom must be independent Non-Executive Directors.
44. The Committee members are to be financially literate, and between them, have accounting and financial expertise and a sufficient understanding of the Group's business, financial, accounting and risk requirements required to fulfil the Committee's responsibilities under this Charter effectively.
45. The Board will appoint the members of the Committee and its Chair.
46. The Chair of the Committee must be an independent Non-Executive Director. The Chair of the Committee must not be the Chair of the Board.
47. Should the Chair of the Committee be absent from a meeting, the members present will appoint a chair for that particular meeting.
48. At least one member of the Board Audit Committee will be a member of the Board Risk Committee to assist with the flow of relevant information between the two Committees.
49. The Committee may, in its discretion, delegate some or all of its duties and responsibilities to the Chair of the Committee or the Chair of the Board and may delegate any of its duties and responsibilities to a sub-committee of the Committee.
50. The composition of the Committee and its performance will be reviewed annually by the Board and the Committee to ensure an appropriate balance of expertise, skills and experience.

## MEETINGS

51. The Committee will meet as least four times annually and as often as required to undertake its role effectively.
52. A quorum for meetings will be two Committee members, including the Chair.
53. Other Directors of the Board are entitled to attend Committee meetings and will receive copies of the Committee papers and minutes.
54. Any issues requiring resolution, arising at any meeting of the Committee, will be decided by a majority of votes. The Chair does not have a casting vote.
55. The External Auditor, Chief Actuary, Group Chief Risk Officer and EGM, Internal Audit each have a standing invitation to attend Committee meetings.
56. The Committee may invite Management, external advisors and subject-matter experts to attend its meetings.
57. All Directors will have access to Committee papers and may attend Committee meetings.
58. The Chair of the Committee will be required to call a meeting of the Committee if requested by any Committee member, the CEO, CFO, EPR Actuary, Chief Actuary or External Auditor.

59. The Company Secretary or their designated representative will act as Secretary to the Committee.
60. The Committee will hold at least two meetings annually with any of the Chief Actuary, EGM, Internal Audit, External Auditor or EPR Actuary or all together, without other Management being present.

### ACCESS AND ADVICE

61. The Committee will have free and unfettered access to management, the External Auditor, EGM, Internal Audit, EPR Actuary, Chief Actuary and any other persons (internal or external) required to fulfil its responsibilities, and vice versa.
62. The Committee has unrestricted access to company records and information that the Committee considers relevant to its responsibilities under this Charter.
63. The Boards of subsidiaries of IAG covered by the Committee will have free and unfettered access to the Committee.
64. The Committee may obtain independent legal or other professional advice as required by the Committee to carry out the responsibilities and delegations outlined in this Charter.

### DOCUMENT CHANGE HISTORY

Version Number	Conducted by	Approved by	Date	Description of changes
1	Group Finance & CSO	Board	25 November 2021	Biennial Review – for compliance with regulatory and governance requirements.
2	CSO	Board	1 July 2023	Biennial Review – for compliance with regulatory and governance requirements.