

IOOF Holdings Limited

(and each of the Subsidiary RE and RSE Operating Entities)

Risk and Compliance Committee

Terms of Reference

Approved: IOOF Holdings Limited Board – 23 June 2009

1. Purpose

The Board of IOOF Holdings Limited (“Group”) has established a Risk and Compliance Committee (“Committee”) to monitor the Group’s compliance and risk management oversight to its commercial operations.

These Terms of Reference document the objectives and responsibilities of the Committee.

2. Scope

- 2.1 The Committee’s activities relate to compliance and risk oversight of the Group’s commercial operations and ancillary activities.
- 2.2 The Committee has oversight of all controlled subsidiaries in the Group.

3. Objectives

The primary objectives of the Committee are to monitor that:

- an appropriate commercial operations compliance and risk management framework is in place;
- commercial operations are conducted within the scope of that framework; and
- management provides proper attention to compliance and risk management issues.

4. Duties and Responsibilities

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

4.1. Compliance with regulatory obligations

- a. Monitor Group compliance with statutory and prudential obligations, under the following areas:
 - Australian Securities & Investments Commission - Australian Financial Services Licence (ASFL) compliance;
 - Anti-Money Laundering (AML) & Counter Terrorism Financing (CTF) laws;
 - Australian Securities Exchange (“ASX”) Market Participant compliance;
 - Responsible Entity licence and regulatory compliance; and
 - Australian Prudential Regulator Authority (“APRA”) - Registrable Superannuation Entity (“RSE”) licence and regulatory compliance.
- b. Supervise compliance with Financial Services laws generally in relation to the provision of financial products and advisory services.
- c. Supervise compliance with fiduciary responsibilities as a trustee generally.
- d. Confirm that the Group has appropriate controls in place to identify, prepare for and implement legislative and regulatory changes which will affect its operations.
- e. monitor that the management and administration of the products and services are conducted in accordance with relevant legislation, regulation, governing rules and within the terms of any delegation.

- f. review any regulatory reports submitted including management responses thereto and make recommendations to management where appropriate.
- g. Review any new or significant changes to existing internal policies and provide recommendation to the Board for amendment or adoption as appropriate.

4.2. Monitor external service providers

Supervise the provision of administrative and custodial services by relevant external service providers and monitor that such services are provided in accordance with relevant contracts and agreed service levels.

4.3. Supervision of the compliance management framework

- a. Review that the Group has established and is following appropriate internal controls, business policies and practices, and adequate monitoring systems to ensure commercial activities are conducted in compliance with the requirements of relevant legislation.
- b. Seek assurance from the business units that an appropriate system of internal controls is established and maintained covering all areas of product and advisory operations.
- c. Supervise the breach reporting process and make recommendations to management (where appropriate) on the resolution of breaches and reporting to the regulator/s.
- d. Monitor appropriate amendments to the Compliance Policy and material compliance policies.
- e. Oversee and review the findings of compliance reviews commissioned by the Compliance department.
- f. Monitor complaints reported to the Committee by the Compliance Manager and recommend appropriate action where appropriate.

4.4. Supervision of the risk management program

- a. Assist in identifying, evaluating, mitigating and monitoring the business risks that the Group faces during the course of its commercial operations.
- b. Review the Group has established and is following appropriate internal controls, financial management (at a transactional level) and business policies and practices, and adequate monitoring systems to ensure commercial activities are conducted within each entity's agreed risk tolerance;
- c. Ensuring accountability at a senior management level for risk oversight and management.
- d. Review the Group's risk profile ensuring it is regularly updated and includes an assessment and prioritisation of risks.
- e. Monitor the business risk self-certification process (positive assurance).
- f. Review appropriate amendments to the Risk Management Strategy and Plans.
- g. Evaluate exposure to fraud, review policies and procedures in place to minimise and detect fraud and make recommendations to the Board to enhance such policies and procedures.
- h. Assess and manage potential business continuity risks in reference to meet its financial, regulatory and service obligations to all its stakeholders.
- i. Monitor that appropriate due diligence is followed in respect of commercial operations projects and activities.

4.5. Compliance and risk culture

The Committee shall seek to foster an appropriate compliance and risk culture within the Group and consider key risk and compliance issues and activities in relation to the Group's commercial activities.

4.6. Internal and external auditing functions

- a. review reports and management letters from the internal and external auditors to monitor that the organisation sufficiently deals with audit issues and recommendations that relate to commercial operations; and
- b. commission and review appropriate compliance and risk reviews (independent to the activities of Internal Audit).

4.7. Training

The Committee shall review staff training schedules to monitor that staff are adequately trained to perform their duties and that procedures exist to maintain relevant competencies within the organisation.

4.8. General

- a. Request reports from management on any significant proposed regulatory or reporting issue, to assess the potential impact upon the monitoring and control systems within the business structure; and
- b. Handle any other matter referred to the Committee by the Board.

5. Membership

- 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 two members who are non-executive and independent directors. The Chair of the committee must be independent and not Chair of the Board.
- 5.4. The Chair of the Board is an ex-officio appointment to the Committee and other non-executive directors may attend as observers. The Managing Director cannot be a member of the Committee.
- 5.5. Representatives from management and internal audit or other as deemed necessary will attend meetings at the invitation of the Committee Chair and provide such reports and information as the Committee requires.

6. Secretarial and 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 Group General Counsel or the internal 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 Chair shall appoint a Committee Secretary.
- 6.6. The Committee Secretary shall (in conjunction with the Committee Chair) draw up the agenda and circulate it together with explanatory documentation, to Committee members at least five 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 Terms of Reference.
- 6.8. The Secretary shall be responsible for keeping the minutes of meetings of the Committee and circulating them to Committee members.
- 6.9. The Committee may invite other relevant parties to attend meetings and to assist the Committee as required from time to time.

7. Reporting

- 7.1. The Chairperson of the Committee shall report significant findings and recommendations of the Committee to the Board after each Committee meeting, on an exception basis. The minutes of all Committee meetings shall be provided to the Board.
- 7.2. The Committee shall have no executive powers with regard to its findings and recommendations except where expressly authorised by the Board.
- 7.3. The Committee will have an ongoing relationship with the Audit 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. Access

- 8.1. The Committee has all access to, and authority to seek information from management to fulfil its objectives, duties and responsibilities.
- 8.2. The Committee may take independent professional advice as it considers necessary. The Committee may arrange for external third parties with relevant experience and expertise to attend meetings at the expense of the Group as it considers necessary.

9. Review

- 9.1. 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.
- 9.2. 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.

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 |

Appendix A - Standing Items for Risk and Compliance Committee Meetings

| | Feb | Apr | Jun | Aug | Oct/Nov |
|--|-----|-----|-----|-----|---------|
| General | | | | | |
| Group Compliance, ASAC, Risk and Legal Report | ✓ | ✓ | ✓ | ✓ | ✓ |
| | | | | | |
| Policy Review | | | | | |
| Liquidity Policy | | ✓ | | | |
| Unit Pricing Policy | | ✓ | | ✓ | |
| Reserving Policy | | ✓ | | | |
| Outsourcing Policy | ✓ | | | | |
| Counterparty Credit Policy | | | | | ✓ |
| Complaints Policy | | ✓ | | | |
| Spot Check Policy | | | | | ✓ |
| Breach Reporting Policy | | | ✓ | | |
| Fit and Proper Policy | | | | | |
| Group Compliance Policy | | | | | |
| Group Risk Policy | | | | | |
| Business Continuity Plan | | ✓ | | | |
| Fraud Framework | ✓ | | | | |
| | | | | | |
| External Service Providers | | | | | |
| Review Investment Manager/Asset Consultant | ✓ | | | | |
| Review Custodian | | | | | ✓ |
| | | | | | |
| Risk Management | | | | | |
| Review Group's Risk Profile | | | | ✓ | |
| Review Risk Management Strategy and Plans | | | | ✓ | |
| Monitor Business Risk Self-certification Process | ✓ | ✓ | ✓ | ✓ | ✓ |
| Review Due Diligence Terms of Reference | | | | | ✓ |
| | | | | | |
| Compliance | | | | | |
| Licensee Compliance Matrix | ✓ | ✓ | ✓ | ✓ | ✓ |
| Review MIS Compliance Plans | | | ✓ | | |
| Oversee and Monitor Compliance Reviews | ✓ | ✓ | ✓ | ✓ | ✓ |
| Monitor Breach Management | ✓ | ✓ | ✓ | ✓ | ✓ |
| Monitor Complaints Management | ✓ | ✓ | ✓ | ✓ | ✓ |
| Review and Monitor Regulatory Reports | ✓ | ✓ | ✓ | ✓ | ✓ |
| | | | | | |
| Training | | | | | |
| Review Responsible Officer Training Schedules | | | | ✓ | |
| Review Mandatory Training for all Staff | | | | ✓ | |
| | | | | | |
| Internal & External Audit | | | | | |
| Internal Audit Reports (commercial operations) | ✓ | ✓ | ✓ | ✓ | ✓ |
| External Audit Management Letters | | | | | ✓ |
| | | | | | |
| Membership & Committee Governance | | | | | |
| Confirm Membership and Chair of Committee | | | | ✓ | |
| Committee Self Assessment Review | | | | ✓ | |
| Review of Committee Terms of Reference | | | | ✓ | |