

# Audit Committee Charter

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### References within this document

Within this document, a reference to Helia or 'the Company' refers to Helia Group Limited and its subsidiary companies.

References to the Board are to the Boards of Directors of Helia and its subsidiary companies unless a specific Board is specified. All References to amounts are in Australian Dollars (AUD).

# Helia Group Limited (Helia)

## Audit Committee Charter

### 1. Introduction

This document is the Charter of the Audit Committee (**Committee**), a committee of the Boards of Helia Group Limited (**HLI**), Helia Insurance Pty Limited (**Helia Insurance**) and Helia Indemnity Limited (**Helia Indemnity**) (collectively Helia, Helia Insurance and Helia Indemnity are referred to as the **Company**).

Helia is the authorised non-operating holding company and the designated 'parent entity' of the Helia Level 2 insurance group in Australia under APRA's Prudential Standards. Accordingly, this Charter applies to the activities that the Committee carries out in respect of Helia, and those activities carried out in respect of its controlled entities including:

- Helia Insurance Pty Limited, an authorised insurer under the *Insurance Act 1973* (Cth) which conducts lenders mortgage insurance business in Australia and New Zealand;
- Balmoral Insurance Company Limited which is registered under the Segregated Account Companies Act 2000 (Bermuda) and registered as a Class 3A insurer under the laws of Bermuda; and
- Helia Indemnity Limited, which holds mortgage insurance policies in run-off.

On becoming effective, this Charter supersedes all previous Company charters relating to the operation and responsibilities of the audit function of the Board, as delegated to any Board committee.

### 2. Objectives

The objectives of the Committee are to assist the Board in providing an objective non-executive review of the effectiveness of the Helia group's corporate reporting and internal control framework and in:

- (a) overseeing appropriate processes to verify the integrity of corporate reporting;
- (b) making timely and balanced disclosure; and
- (c) recognising and ensuring material financial risks are managed.

The ultimate responsibility for the Company's corporate reporting rests with the Board.

### 3. Operation

The Committee has the full authority of the Board to obtain all information or obtain any independent professional advice from external consultants or specialists it considers necessary or appropriate for the performance of its functions with any associated costs to be borne by the Company.

The Committee is entitled, at all times, to have free and unfettered access to the Company's senior management, Internal Audit Director, and heads of all risk management functions. The Committee is also entitled to have free and unfettered access to the External Auditor and the Appointed Actuary of the Company with or without executives or

management of the Company being present. These persons are also entitled to have free and unfettered access to the Committee.

The Company's Internal Audit Director will report and have unfettered access to the Committee, in addition to any other reporting line that may be in place.

The Committee may meet with the Company's Internal Audit Director with or without management being present.

The Committee will also be available to meet with APRA as required.

## 4. Composition

The Committee must comprise:

- (a) at least three directors;
- (b) only non-executive directors;
- (c) a majority of independent directors; and
- (d) an independent chairperson, who is not the chairperson of the Board.

The Committee will be of sufficient size, independence and its members should have the technical expertise to discharge its mandate effectively (including financial and account expertise). Each member of the Committee will be able to read and understand financial statements and have a sufficient understanding of the industry in which the Company operates. At least one member will be a qualified accountant or other financial professional with experience of financial and accounting matters.

The Board will decide appointments, rotations and resignations within the Committee.

## 5. Responsibilities

The responsibilities of the Committee include the following:

### Corporate reporting

- Review and make recommendations to the Board in relation to the adequacy of the Company's corporate reporting processes and internal control framework, including the Company's processes to verify the integrity of any periodic corporate report<sup>1</sup> it releases to the market that is not audited or reviewed by an external auditor.
- Review and recommend to the Board accounting policies and principles and the effect of any changes to them on the financial statements of the Company.
- Monitor and review compliance with related party disclosures required by the relevant Accounting Standards, the *Corporations Act 2001*(Cth) and other relevant legislation.
- Assess information from, and the appropriateness of accounting judgments by management, the Internal Audit Director and external auditors, which may affect the quality of financial reports.
- Review financial statements and reports, to determine whether the financial statements and reports reflect the understanding of the members of the Committee, and otherwise provide a true and fair view of, the financial position and performance of the Company, and recommend them for adoption by the Board.

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<sup>1</sup> Periodic corporate report is defined in the ASX Corporate Governance Principles & Recommendations 4th edition to mean an entity's annual directors' report, annual and half yearly financial statements, quarterly activity report, quarterly cash flow report, integrated report, sustainability report, or similar periodic report prepared for the benefit of investors.

- To review periodic corporate reports of the Company, including earnings releases and earnings guidance, provided to, or prepared for the benefit of, investors, analysts or rating agencies.

## Regulatory

- Oversee all Australian Prudential Regulation Authority (APRA) statutory reporting requirements as relevant to financial reporting.

## Internal and External Audit

- Review and recommend to the Board the appointment and removal of the external auditor and the Internal Audit Director.
- Review annually the external auditor's engagement (including scope and adequacy), performance, relationship and appropriateness of fees for audit and for non-audit work and recommend to the Board the terms of engagement of the external auditor.
- Ensure that the External Auditor's rotation policy meets the requirements of APRA Prudential Standards, the ASX Corporate Governance Council's Principles & Recommendations and any other applicable regulatory requirements.
- Monitor and evaluate the independence of the External Auditor, with reference to the independence tests set out in *APES 110 Code of Ethics for Professional Accountants* and the requirements of APRA Prudential Standards.
- To establish and maintain an internal audit team, and to seek to ensure that the internal audit team has sufficient authority to fulfil its duties.
- Review the independence, objectivity and performance of the internal audit function, including reviewing and approving the internal audit charter, reviewing internal audit's scope, resourcing, level of standing within the Company and co-ordination with external auditors.
- Review every three years, or more frequently if required, and recommend to the Board the Charter of Audit Independence and monitor compliance with the Charter, including relevant proposals for the external auditor to provide non-audit services to the Company.
- Monitor and evaluate on a regular basis the performance of the Internal Audit Director and the internal audit function.
- Review and approve all internal and external audit plans annually or more frequently if required, ensuring that they cover all material risks and financial reporting requirements. Internal audit plans to be reviewed and approved should include the risk-based internal audit plan and the internal audit department's budget and resource plan.
- Regularly review the findings and recommendations of internal and external audits and ensure that findings and recommendations, including the appropriateness of financial controls, are being managed and implemented within agreed timeframes.
- Monitor and evaluate communications from the Internal Audit Director on the internal audit team's performance relative to its plan and other matters.

## Actuarial

- Review and recommend to the Board the appointment and removal of the Appointed Actuary and any external peer review actuary appointed by the Company from time to time.
- Review the reports of the Appointed Actuary any external peer review actuary and recommend to the Board the adoption of the insurance liabilities recommended by the Appointed Actuary.
- Oversee the operation of the Company's Actuarial Advice Framework.

## 6. Meetings

The Committee will appoint a chairperson and a secretary.

The Committee will ensure that the Company's Internal Audit Director, External auditor and Appointed Actuary are invited to all meetings of the Committee and may invite such other persons to attend Committee meetings as it regards appropriate.

All directors of the Company are invited to attend meetings of the Committee and are particularly encouraged to do so for those meetings that consider the annual financial report and the half yearly financial report.

The Committee will hold meetings at least four times annually to coincide with the production of financial statements and other corporate reports and the assessment of internal and external audit reports. The Committee will meet more frequently as it considers necessary to fulfill its role.

A quorum will comprise two Committee members. A quorum shall not be present unless a majority of the Committee members present at the meeting are independent directors.

Any issues requiring resolution arising at any meeting of the Committee will be decided by a majority of votes.

Committee meetings may be held by Directors communicating with each other through any technological means through which they can participate in discussion even though they may not be physically present in the same place.

The Secretary of the Committee shall call a meeting of the Committee if so requested by any Director, the Chief Executive Officer, the Chief Financial Officer, the Internal Audit Director, the External Auditor or the Appointed Actuary.

The Secretary, in conjunction with the Chairperson, shall prepare an agenda for each meeting, which shall be circulated to all Directors with all relevant Committee papers prior to the meeting.

The Secretary shall prepare draft minutes of each meeting of the Committee promptly following the meeting for review by the Chairperson. Thereafter, the draft minutes shall be circulated to all Committee members for final review and approval at the next Committee meeting.

## 7. Reporting to the Board

The Committee Chairperson will communicate the outcomes of the Committee to the Board after each Committee meeting. Copies of the minutes of each Committee meeting will be included in the papers for the next full Board meeting after each meeting of the Committee.

Minutes shall be distributed to all Committee members, after the preliminary approval has been given by the Committee Chairperson. Minutes, agendas and supporting papers shall be made available to any Director upon request to the Secretary, provided no conflict of interest exists.

## 8. Reviewing and Amending this Charter

The Committee shall review its Charter once every three years or otherwise, as it considers necessary.

This Charter may be amended by a resolution of the Committee at any time and from time to time subject to the approval of the Board of Directors of the Company.

Version history	
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1.0	4 December 2014
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