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23 October 2020

Corporate Governance Statement

IOOF today released its Appendix 4G which contains a link to IOOF's Corporate Governance Statement. In accordance with ASX Listing Rule 4.7.4, a copy of that Corporate Governance Statement is attached.

-ENDS-

Authorised for release by the Company Secretary of IOOF Holdings Ltd.

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About IOOF Holdings Ltd

IOOF has been helping Australians secure their financial future since 1846. During that time, we have grown substantially to become one of the largest groups in the financial services industry.

IOOF provides advisers and their clients with the following services:

- **Financial Advice** services via our extensive network of financial advisers;
- **Portfolio Management and Administration** for advisers, their clients and hundreds of employers in Australia; and
- **Investment Management** products that are designed to suit any investor's needs.

Further information about IOOF can be found at www.ioof.com.au



Corporate Governance Statement

The Board of Directors of IOOF Holdings Ltd (IOOF) is responsible for the governance of IOOF and its controlled entities (the Group). Key aspects of the Group's corporate governance framework, policies and practices are set out in this Statement.

23 October 2020

Introduction

Our approach to corporate governance is based on a set of values and behaviours that underpin day-to-day activities, provide transparency and fair dealing, and seek to protect stakeholder interests. The Board of Directors and management of IOOF recognise the importance of good corporate governance and are committed to maintaining the highest standards of corporate governance within the Group.

This Statement reports against the ASX Corporate Governance Principles and Recommendations, 4th Edition (**ASX Governance Principles**). Further information regarding IOOF's compliance with the ASX Governance Principles is set out in IOOF's Appendix 4G, which is a checklist cross-referencing the ASX Governance Principles to the relevant disclosures in this Statement or other relevant documents.

This statement along with our ASX Appendix 4G was lodged with the ASX on 23 October 2020. Details about the ASX Governance Principles can be found on the ASX Limited (ASX) website www.asx.com.au

Board, Committees and oversight of management

Roles and responsibilities of the Board

The Board Charter and Delegated Authorities Policy outline the roles and responsibilities of the Board and management. Some of the key responsibilities of the Board which are exercised in consultation with the Chief Executive Officer (CEO) in his executive capacity include:

- approving the strategic direction of the IOOF Group and significant corporate initiatives;
- reviewing, approving and monitoring the progress of major capital expenditure, capital management and acquisitions and divestures;
- approving the Group's annual targets and financial statements and monitoring financial performance against forecast and prior periods;
- developing and approving succession plans for the Board and key senior executives;
- monitoring the senior executive team's performance and implementation of strategy and ensuring appropriate resources are available;
- monitoring and regularly reviewing systems of internal governance compliance, risk management and control, and

systems of legal compliance that govern the operations of the Group and ensuring that they are operating effectively;

- oversight of frameworks and programs for enterprise wide cybersecurity risk management and ensuring that they are operating effectively, including by maintaining an awareness of any significant cybersecurity incidents in the Group;
- monitoring and reviewing policies and processes relating to WH&S, compliance with laws and the maintenance of high ethical standards;
- setting the values and principles which drive the Group's culture; and
- providing oversight of governance arrangements.

The following matters are expressly reserved to the Board under the terms of the Charter:

- organisation wide operational or legal restructures;
- significant business acquisitions or divestments;
- entering into incorporated joint ventures;
- wind up of significant legal entities;
- appointing and removing the CEO;
- approval of policies as required by the Board;
- appointing and removing the external auditors;
- matters which exceed the CEO's delegation under the Delegations Policy; and
- matters required by the Corporations Act or ASX to be undertaken by the Board.

Delegations to CEO

The Board delegates overall management of all day to day operations to the CEO. Clear lines of communication have been established between the Chair and the CEO to ensure these responsibilities are understood. These responsibilities are specifically set out in the Board Charter, the Delegated Authorities Policy and other specific IOOF Group policies and delegations.

Appointment of Directors

The Board is responsible for the review of the Board's composition and performance. Prior to any formal appointment to the Board, the candidate will attend interviews with members of the Group Nomination Committee and undertake other processes required by the Committee. The selected candidate must complete a police check and must satisfy relevant fit and proper criteria.

All new Non-Executive Directors must stand for election by shareholders at the first Annual General Meeting (AGM) after their appointment and all Non-Executive Directors must then stand for re-election at the third AGM after their first election or any subsequent re-election. As the CEO's position as a

Director is linked to an executive office, the CEO is not required to stand for election.

Before each AGM, the Board reviews the performance of each Non-Executive Director standing for election or re-election and advises shareholders if it recommends their election or re-election. The Notice of Meeting provides any material information relevant to the election or re-election of each Director.

Each appointed Director receives a letter of appointment and associated documents (including a Deed of Indemnity, a copy of the Constitution and a copy of the Directors & Officers Insurance Policy) setting out remuneration, powers and duties as well as disclosure requirements. Before accepting the position, the Director must confirm that they have sufficient time to fulfil their obligations to the Company and provide details of their other commitments.

Induction of Directors, education and access to information

Upon appointment, all Directors receive an induction pack which sets out the Board's responsibilities, the Director's duties and the role of the Committees. In addition, newly appointed Directors are invited to participate in one-on-one sessions with each business head to understand their relevant business, organisational structure, strategy and their annual objectives.

All Directors must complete at least 10 hours of relevant education and training per annum to remain on the Board. IOOF supports the Directors with education and training by arranging in-house education facilitated by individuals with the relevant expertise. In addition, IOOF ensures that Directors can have access to any external training they require to ensure they remain fit and proper. Education provided throughout the year included sessions on conflicts of interest, ASX Corporate Governance Principles & Recommendations, industry developments in the UK, political climate, enhancement of board processes, occupational health and safety obligations and anti-money laundering.

Independence of Directors

All our Non-Executive Directors satisfy our criteria for independence, which align with the guidance provided in the ASX Governance Principles.

The Board assesses the independence of our Directors on appointment and annually. A Director of IOOF will generally be considered independent where the Director is independent of management and:

- does not hold a substantial interest in the Company and is not an officer, or otherwise associated with, a substantial shareholder of the Company;
- has not in the last three years had any material business or other relationship with the Company or its controlled entities, and has not been an officer of, or otherwise associated with, someone with such a relationship;

- does not have a material contractual relationship with the Company or its controlled entities other than as a Director;
- has not been employed in an executive capacity or been a partner, Director or senior employee of a material professional service provider of the Company or any of its controlled entities within the last three years;
- does not have close family ties with any person who falls within the categories described above; and
- has not been a Director of the Company for such a period that their independence may have been compromised.

For each of the above matters, the Board will assess the materiality of the interest, position, association or relationship to determine whether it might interfere, or might be reasonably seen to interfere, with the Director's capacity to exercise independent judgment. The Board has made its own assessment to determine the independence of each Director and notes that at the date of this report five of the six Directors (being all the Non-Executive Directors) are considered independent.

Board skills matrix

The Group Nominations Committee reviews the balance of skills, experience, independence, knowledge and diversity of Directors. This involves the creation of a board skills matrix setting out the mix of skills and diversity that the Board currently has or is looking to achieve in its membership. The Board considers that its collective aptitude for a particular skill is strong if two or more Board members possess that skill.

During the year each Board member completed a skills matrix. The Board was satisfied that the skills matrix results demonstrate that the Board collectively has the appropriate skills and experience necessary to oversee the operations and governance of IOOF. The following table summarises the board skills matrices and the skills and experience of the Directors.

Skills and experience	No of Directors
Threshold capabilities	
Honesty and integrity	6
A proven track record of creating value for shareholders	6
Time available to commit to the responsibilities	6
A preparedness to question, challenge and critique	6
Mergers and Acquisitions	6
Responsible Entity	6
Insurance	5
Operations	6
Human Resources	6
Influencer and negotiator	6
Crisis management	6

Strategic alignment	
Strategic thinking	6
Strategic initiatives:	
• Access to capital and strategic funding options	5
• Reporting and optimisation	4
• Customer intimacy	4
Technical	
Accounting and tax	3
Financial reporting literacy	6
Audit	5
Business management	5
Stakeholder engagement	4
Legal	2
Education	6
Governance	
Regulators	6
Policy development	6
Audit expertise	4
Risk and compliance expertise	6
Information Technology	5
Executive management	5
Commercial experience	5
Environment and social	3

Chair

The Board elects one of the independent Non-Executive Directors as Chair. The current Chair is Mr Allan Griffiths and his role includes:

- chairing Board meetings and shareholder meetings and facilitating discussion within each meeting;
- representing the views of the Board and the Company to shareholders and the public and ensuring the Board understands the views of major shareholders;
- reviewing corporate governance matters with the Company Secretary and reporting on those matters to the Board;
- overseeing the implementation of policies and systems for Board performance review and renewal;
- promoting constructive relations between Board members and between the Board and management;
- working with the CEO to develop corporate strategies and key strategic initiatives as well as identifying any material business risks faced by the Group; and
- ensuring the Board is provided with sufficient information relating to the Group's operations and strategies to assist the Board in discharging its duties.

Company Secretary

The Company Secretary is responsible for the operation and management of the company secretariat function. The Company Secretary has a dual reporting line to the CEO and the Chair (on behalf of the Board) with respect to the proper functioning of the Board. Each member of the Board has access to the Company Secretary.

The appointment and removal of the Company Secretary is determined by the Board.

Board and Board Committee Membership

Director	Director since	Status	Group Audit Committee	Group Risk & Compliance Committee	Group Remuneration Committee	Group Nominations Committee
Mr Allan Griffiths	July 2014	Non-Executive Director and Chair, independent	Member	Member	Member	Chair
Mr Renato Mota	June 2019	Chief Executive Officer				
Ms Elizabeth Flynn	September 2015	Non-Executive Director, independent	Member	Chair	Member	Member
Mr John Selak	October 2016	Non-Executive Director, independent	Member	Member	Chair	Member
Mr Andrew Bloore	September 2019	Non-Executive Director, independent	Member	Member	Member	
Ms Michelle Somerville	October 2019	Non-Executive Director, independent	Chair	Member		

The skills and experience of the members, the number of times the Committees met and individual attendances of the members at those meetings can be found in the Directors' Report within the 2020 Annual Report

Delegation of authorities to Board Committees

The Constitution enables the Board to delegate certain functions to Committees and management. The roles and responsibilities delegated to the Board Committees are captured in the Terms of Reference of each of the established Committees.

Board Committee members are chosen for the skills and experience that they can contribute to the respective Board Committees. Members and their qualifications are set out in the Directors' Report within the 2020 Annual Report.

Group Remuneration Committee

The Board has established a Group Remuneration Committee. The Terms of Reference include giving the Committee responsibility for:

- ensuring that the CEO and senior executive remuneration arrangements are performance based and correspond to the prevailing market levels;
- ensuring succession planning is in place; and
- approving all remuneration plans across the IOOF group.

See page 12 for additional information on our remuneration approach.

Group Nomination Committee

The Board has established a Group Nomination Committee. The Terms of Reference include giving the Committee responsibility for:

- nominating, assessing and recommending candidates for directorships and the CEO role, which may include initiating a search to be undertaken by an independent third party;
- ensuring appropriate checks are carried out on candidates which include experience, skills, character, education, qualifications and criminal record;
- assessing the Board skills matrix to determine that it includes the skills required to discharge effectively and competently the Board's duties; and
- reviewing the size, structure and composition of the Board having regard to the Board's skills matrix and its diversity.

Group Audit Committee

The Board has established a Group Audit Committee to provide assistance to the Board in accordance with established Terms of Reference (see page 9 for additional information).

Group Risk and Compliance Committee

The Board has established a Group Risk & Compliance Committee, which is responsible for reviewing all aspects of risk and compliance on behalf of the Board (see page 10 for additional information).

A copy of the terms of reference for each of the above Committees is available on the Company's website.

Performance

Board, Board Committees and Directors

The performance of the Board, Committees and Directors (including that of the Chair) is reviewed annually either through an internal process or an independent third party.

In 2017, the Board and all Board Committees conducted a skills and performance evaluation by way of an external assessment carried out by an independent third party. The Board performance review included evaluation to determine the effectiveness and composition of the Board; identify gaps in skills, experience and expertise; consider the operation and business of the Board and information provided to it; determine whether the Board is managing shareholder and stakeholder expectations and whether the Non-Executive Directors remain independent. Action items from that review were implemented and the Board conducted a further external evaluation of performance at the end of 2018, with further actions incorporated into its continuous improvement approach. The Company has commenced its annual review process for the performance of the Board, its Committees and Board members for the 2020 financial year. An external evaluation of Board performance is scheduled for the first half of 2021.

Management

All Executive candidates undergo appropriate background checks before appointment.

The Board, in conjunction with the Group Remuneration Committee, is responsible for approving the performance objectives and measures for the CEO and other senior executives and providing input into the evaluation of performance against these objectives. The Group Risk & Compliance Committee also refers to the Group Remuneration Committee any matters that it may consider appropriate with respect to remuneration policy or practices.

Management performance evaluations for the financial year ended 30 June 2020 were conducted following the end of the financial year.

There is further discussion on performance objectives and performance achieved in the Remuneration Report in the 2020 Annual Report.

Ethical and responsible decision making

The IOOF Group is committed to the highest standards of conduct and ethical behaviour in all our business activities, and to promoting and supporting a culture of honest and ethical behaviours, corporate compliance and good corporate governance.

Code of Conduct

The Board has adopted a Code of Conduct (the Code) which is reviewed each year and applies to all Directors, officers, employees, contractors and consultants within the IOOF Group and is designed to ensure a high standard of honest and ethical corporate and individual behaviour. Each employee is required to read and accept the Code as part of their induction and then review its terms annually.

The IOOF Values that underpin the Code include:

- **Commitment** – We do what we say we will do. We persevere in the face of challenges.
- **Excellence** – We search for ways to improve. We strive to exceed expectations.
- **Empathy** – We listen, we feel and we care. We treat each other with respect.
- **Trust** – We act honestly, openly and reliably. We nurture positive working relationships.

Our Code is an undertaking from all our people outlining the standards and values we have agreed to adopt. As we work in our day-to-day roles and deliver on our advice-led strategy, we all play a vital role in upholding the standards of the Code for our clients, the community and each other.

The Code interacts with various Group policies and associated practices including the following: Anti-Bribery and Anti-Corruption Policy, Anti-Money Laundering and Counter

Terrorism Financing Program – Parts A and B, Breach and Incident Policy, No Bullying Policy, Confidentiality Undertaking, Conflicts Management Framework, Conflicts Management Policy, Drug and Alcohol Policy, Equal Employment Opportunity Statement, Fraud Policy, Internal Social Media Policy, IT Code of Conduct, IT Acceptable Use Policy, IT Security Policy, Workplace Health & Safety Policy and Whistleblower Policy.

Breaches of the Code of Conduct are reported to the Board and relevant risk and compliance committees. The IOOF Code of Conduct is available on our website.

Securities Trading

Under the Personal Trading in IOOF Holdings Limited Securities Policy (**Group Trading Policy**), Directors, employees and certain associates of those persons are restricted from dealing in securities of IOOF if they are in possession of inside information. The Group Trading Policy aims to balance the personal investment interests of IOOF staff with the responsibilities and interests of IOOF, its shareholders and the market by ensuring that all personal trading and investing activities are lawfully and properly conducted.

The Group Trading Policy also prohibits Directors, employees and certain restricted persons from trading in IOOF securities during 'blackout periods' as defined in the Policy. The Group Trading Policy provides for some exceptional circumstances where trading may be permitted during a prohibited period with prior written approval.

Directors have entered into an agreement with the Company which requires approval before trading in the Company's securities as well as ongoing disclosure to the Company of any change in the Director's interest in securities within three business days of the change occurring. Certain restricted employees are also required to obtain consent before conducting any trading in IOOF securities.

The Group Trading Policy prohibits employees and their associates from engaging in trading in IOOF shares where the trading is likely to be considered short-term, speculative or excessive. It also prohibits employees from hedging interests that have been granted under any IOOF employee share plan that are either unvested or subject to a holding lock. Any staff margin lending arrangements over IOOF shares are required to be notified to the Company Secretary.

A copy of the Group Trading Policy is available on our website.

The IOOF Group also has other trading policies which govern the personal trading activities of certain staff who are part of a broking business of the Group or may have access to inside information about funds, companies and business which have been obtained during the course of their employment and is not otherwise publicly available. These policies include the Research Personal Trading Policy, the Investment Division Trading Policy and Bridges & Associates Trading Policy.

Whistleblower Protection

Under the IOOF Whistleblower Policy, employees (and other eligible whistleblowers) are encouraged to raise any concerns and report instances of misconduct or dishonest or illegal activity. IOOF is committed to absolute confidentiality and fairness in all matters raised under the Policy and whistleblowers will not be personally disadvantaged in their employment by having made a report in accordance with the Policy. A whistleblower may elect to report anonymously.

The Whistleblower Policy outlines the channels for reporting internally or externally to the Whistleblower Hotline. A whistleblower may report to the IOOF Whistleblower Protection Officer (WPO), who is appointed to safeguard the interests of Whistleblowers, so they feel free to report without fear of retaliatory action. The WPO will provide reports of any Whistleblower notifications to the Chair of the Group Risk & Compliance Committee (and any other relevant Risk & Compliance Committees). The IOOF Whistleblower Investigation Officer (WIO) will work with an investigations team to review, assess and prepare a findings report on all Whistleblower Reports. The WPO and the WIO will work independently of each other and each will be provided direct and unrestricted access to financial, legal and operational assistance when this is required for an investigation.

Once an investigation has been completed, the Company Secretary and Chief Legal Officer will review the findings before making a determination in their final report about the appropriate course of action to be taken. The final report is provided to the Chair of the Group Audit Committee, Chair of the Group Risk & Compliance Committee (and any other relevant Risk & Compliance Committees) and the CEO (who will provide the final report to the relevant Board(s) and senior managers). The IOOF Whistleblower Policy is available on our website.

Anti-Bribery and Anti-Corruption

Under the IOOF Anti-Bribery and Anti-Corruption Policy, employees are prohibited from engaging in any activity that constitutes bribery or corruption. This Policy outlines the Group's approach to identifying, managing, and mitigating bribery and corruption risks. Any incidents and potential or actual breaches in relation to this Policy must be managed in accordance with the Risk Management Framework. Policy breaches will be dealt with in accordance with the Group Incidents and Breaches Policy. Breaches of the Policy are reported to the Board.

Suspected Policy breaches may also be reported via the mechanisms set out in the IOOF Group Whistleblower Policy.

The IOOF Anti-Bribery and Anti-Corruption Policy is available on our website.

Diversity and Inclusion

IOOF is committed to creating an environment where everyone can bring their whole self to work and where diversity is welcomed across all areas of difference, including gender, age, cultural identity, ethnicity, disability, sexual orientation, religious beliefs, family/lifestyle needs, personal styles and backgrounds.

IOOF has a Diversity and Inclusion Action Plan to support this commitment. The plan sets out the diversity and inclusion initiatives for the IOOF Group to help drive progress against key focus areas. This plan is reviewed and updated annually and endorsed by the Board. It is available on our website.

The current Diversity and Inclusion Action Plan focuses on supporting key areas including gender diversity, mental health, financial wellbeing, flexible working to enable inclusion of more employees, and leadership capability. IOOF has also developed a policy specifically to address Domestic and Family Violence.

Some of the key achievements over 2019/2020 include:

- Launch of the 'Our Leading Women' female development program.
- Campaign to educate and raise awareness on all forms of flexible working.
- Launch of the Growing Together mentoring program.
- Free financial advice offer for all employees, whatever their life stage.
- Signed a partnership with Financial Executive Women which provides education and support which all our employees can access.
- Refresh of the Diversity & Inclusion Advisory Committee who act as a representative body on behalf of all employees and a sounding board for matters related to the Diversity & Inclusion Plan.
- Capturing employee perceptions about Diversity and Inclusion and demographic data through the annual engagement survey.
- Creation of a wellbeing hub to support employees across physical, mental and emotional wellbeing.

Gender Diversity

The table below sets out the number of women in board, executive, senior management positions, and across the whole workforce:

Category	Female Representation
Board (excluding CEO)	40.00%
Executives (including CEO)	27.27%
Senior Managers ¹	36.27%
Other Managers ²	40.53%
Other	51.61%
Total	49.12%

¹ Senior Managers includes all roles reporting to an Executive, excluding administrative support roles.

² Other Managers includes all other managers.

Our measurable objective for achieving gender diversity in the composition of the Board is to have not less than 30% representation of each gender. IOOF currently meets this objective.

Our measurable objectives for achieving gender diversity in the composition of senior executives and workforce generally are in the process of being finalised and will be in place by December 2020.

The Diversity and Inclusion Advisory Committee continues to support programs important to the employees of IOOF. These include increasing the number of female employees in senior management positions and promoting culture wellness and educational initiatives across the Group.

The IOOF Diversity and Inclusion Policy and the IOOF Diversity and Inclusion Action Plan are available on our website.

Environmental, Social & Governance practices

IOOF views sustainable and responsible environmental, social and governance (ESG) business practices as important for our business and for the communities in which we operate. ESG is about managing risks and opportunities in a way that balances the long term needs of stakeholders, including customers, employees, shareholders, suppliers, the community and the environment.

IOOF views ESG practices as the decision-making and implementation processes that guide all of IOOF's activities, support our employees and determine Company policies; including our environmental policies. We strongly believe that our ethical values, engaging culture and reputation are key factors to our continued success.

Responsible Investment

Our multi-manager investment management offering ensures ESG factors are considered by underlying investment managers in their investment decision-making processes in order to protect and manage investments for the long term.

In 2018, we developed a Responsible Investing Statement of Principles, which was approved and implemented in 2019. The Statement defines the role that responsible investment plays in the assessment, selection and monitoring process of externally appointed managers in our multi-manager funds. Furthermore, it outlines the framework for identifying and managing ESG impacts, risks and opportunities across the multi-manager funds we operate.

We have undertaken a process to review our approaches to the measurement and scoring of portfolios against the Responsible Investing Statement of Principles and are rolling out an investment database system called 'Factset' which captures the individual security holdings of our investment managers. Once complete, Factset will assist us in monitoring exposure to ESG sensitive sectors and ultimately score funds on carbon exposure and other aspects of Responsible Investing.

Last year we modified our Investment Management Agreements with the underlying fund managers to exclude tobacco manufacturing companies from our portfolios. Our Responsible Investing Statement of Principles allows for the exclusion of individual companies or sectors where the principle of engagement is unlikely to be successful in achieving Responsible Investing objectives. In the case of tobacco, engagement with management of tobacco manufacturers was viewed as unlikely to result in reducing long term investment risks specific to this sector that may reasonably be expected to emerge, due to a high proportion of tobacco companies' total revenue being generated through the sale of tobacco products.

The Australian Government has introduced the Commonwealth Modern Slavery Act (2018) which obliges companies of a certain size and revenue threshold to report on their own operations as well as their supply chains, and in the case of investors, the supply chains of underlying investee companies. As this is an emerging issue, we are currently working towards this reporting requirement.

Climate change and the environment

Climate change presents significant challenges for society and generates both risks and opportunities for IOOF's business and stakeholders. In September 2018, IOOF announced its support for the Taskforce for Climate-Related Financial Disclosure (TCFD) recommendations. The TCFD recommendations are designed to solicit consistent, decision-useful, forward-looking information on the material financial impacts of climate-related risks and opportunities, including those related to the global transition to a lower-carbon economy. As a leading provider of wealth management solutions, this will ultimately help us better understand climate-related issues and how they can impact investment decisions.

As a diversified financial services company, we seek to minimise our impact on the environment through a range of waste, energy and emission-reduction activities.

In recent years, we completed significant projects to consolidate our property footprint, which better enables us to monitor and manage our environmental impact.

We also continue to seek better ways to minimise our environmental impact, including:

- working with contractors, landlords and service providers to increase waste recycling;
- reducing non-essential air travel; and
- encouraging employee work practices that reduce environmental impacts.

Detailed information can be found in our ESG report within our 2020 Annual Report.

The IOOF Foundation

At IOOF we are dedicated to making an ongoing positive contribution to the communities in which we live. Through our IOOF Foundation, we have donated more than \$15 million to community groups across Australia since 2001. We invest in initiatives that improve quality of life and help others achieve their potential to meaningfully participate in the community. Our focus areas include progressive neurological diseases, supporting basic needs for disadvantaged families and education programs supporting today's youth. Underpinning all these initiatives is an emphasis on mental health funding programs that focus on early intervention and prevention.

Detailed information can be found in our ESG report within our 2020 Annual Report.

Our people

Our people are our most important asset. Our success depends on them.

We are committed to attracting and retaining the best talent. We recognise the value of diversity and embrace an inclusive culture where people from diverse backgrounds, with different skills, knowledge and experiences can develop their unique talents.

Equipping our people with the right tools, knowledge and development opportunities is an investment we make for our future success. IOOF provides a number of initiatives to support all of our people, including career and development planning, learning opportunities, and commitment to financial study support. In addition, we offer a range of programs and services to support the wellbeing of all employees, including support to achieve an appropriate balance between work and family.

Further information can be found in our ESG report within our 2020 Annual Report.

Financial reporting

The Board has a strong commitment to the integrity and quality of its financial reporting and its systems for risk management, compliance and internal control. The Board of IOOF receives regular reports about the financial condition and operational performance of IOOF and its controlled entities. The CEO and Chief Financial Officer report in writing to the Board that the consolidated financial statements of IOOF and each of the subsidiaries for each half year and full year present a true and fair view, in all material respects of the Group's financial condition and are in accordance with accounting standards. In addition, they report on the Group's risk management system (financial, strategic and operational) and its effectiveness.

Unaudited financial information is provided to the market in the form of the Directors' Report, quarterly Funds Under Management, Advice and Administration (FUMA) updates, and other ad hoc market updates such as profit guidance. The content of these reports and updates is verified through monthly management reports, with key strategies reviewed by relevant executive team members and their teams to ensure they are relevant and current before release to the market.

Group Audit Committee

The Board has established a Group Audit Committee to provide assistance to the Board in accordance with its established Terms of Reference. The Committee provides a review of financial reporting and assists the Board in carrying out its accounting, auditing, financial risk management, regulatory, compliance and financial reporting requirements.

The primary objectives of the Committee are to:

- review the integrity of the Group's financial reports;
- oversee the auditors' independence and recommend the appointment of internal and external auditors;
- oversee that there is a sound system of risk management, compliance and internal control framework relating to IOOF's financial risks.

The Committee comprises five independent Non-Executive Directors. The Chair of the Committee is not the Chair of the Board. All Audit Committee members have appropriate financial experience, an understanding of the financial services industry and satisfy the independence requirements under the ASX Governance Principles.

External auditor

The role of the external auditor is to provide an independent opinion that the financial reports are true and fair, and comply with applicable regulations.

Our external auditor is KPMG. The external auditor receives all Group Audit Committee and Group Risk & Compliance Committee papers, attends all meetings of these Committees and is available to Committee members at any time. The external auditor has the opportunity to present to the Audit

Committee at least annually without management being present. The external auditor attends the AGM to answer questions from shareholders regarding the conduct of its audit, the audit report, financial statements and its independence.

KPMG is required to confirm its independence and compliance with independence standards. In order to ensure this independence, the roles of lead audit partner and review audit partner must be rotated every five years and cannot be resumed by the same person for a minimum of five years.

The Board has also adopted a formal policy on the provision of non-audit services from any audit firm engaged.

Internal audit

The internal audit function is currently performed by PricewaterhouseCoopers (**PwC**). The internal audit function is governed by a Charter which is reviewed by the Group Audit Committee and approved by the Board. The Charter sets out the purpose, role and scope of the function.

The scope of responsibility of internal audit is to determine whether the organisation's network of risk management, control and governance processes are adequate and functioning. Internal audit reports administratively to the Chief Risk Officer and functionally Internal Audit has a direct reporting line to the Chair of the Group Audit Committee.

Internal Audit has authority to audit all parts of the IOOF Group that are majority owned and has full and complete access to any of the organisation's records, physical properties and personnel relevant to the performance of an internal audit.

Each year the Board approves an internal audit plan and the findings of these reviews are presented to the relevant Group Committees and other relevant committees and personnel within the IOOF Group.

Market and shareholder communication

Market disclosure

The Board is committed to keeping its shareholders and the market fully informed of material developments that may have an impact on the Group. In line with this commitment, IOOF maintains a Disclosure and Communications Policy which governs how we communicate with shareholders and the investment community.

The Disclosure and Communications Policy is designed to ensure compliance with IOOF's requirements under the ASX Listing Rules and the Corporations Act. Procedures are in place to identify matters that are likely to have a material effect on the price of the Company's securities and to ensure notifications to the ASX are factual and made in a timely manner in accordance with the ASX Listing Rule requirements. Processes for engagement with analysts and investors are also detailed in this Policy, including a requirement that any investor or analyst presentation is released to the ASX ahead of

the presentation. Once relevant information is disclosed to the market, it is also published on the IOOF website.

The Board is supported by a management Disclosure Committee which is responsible for considering potentially market sensitive information, and monitoring IOOF's disclosure processes and reporting framework. The Terms of Reference for the Disclosure Committee are available on the IOOF website.

The Company Secretary has been nominated as the person responsible for all communications with the ASX, and Board members are provided with copies of all material market announcements once they have been made.

Information about IOOF and its governance framework

IOOF recognises the right of shareholders to receive effective communication which ensures shareholders are informed of all necessary information to fully assess the performance of the Group. IOOF communicates shareholder information about the Group through its Annual Report, disclosures to the ASX, at the AGM and via the IOOF website. In addition, shareholders have the opportunity to receive relevant documentation electronically via the Company's Registry and can communicate with IOOF via email.

The Board encourages active participation by shareholders at any Company meeting. The Board encourages shareholders to attend the AGM and take the opportunity to ask questions of the Board either at the meeting or ahead of the meeting. The meeting in 2020 will be held via webinar. The external auditor attends the AGM and is available to answer any questions relevant to the audit report.

The Board ensures that the Notice of Meeting and Explanatory Notes are clear and concise and provides shareholders with all necessary information in order for them to make an informed decision when voting. Resolutions are decided by poll. The Notice of Meeting provides shareholders with information on the business to be considered, including information relevant to the election or re-election of Directors. These materials, together with any presentations made at the AGM and the voting results, are released on the ASX.

Shareholders may appoint proxies and lodge proxy instructions for items of business to be considered at general meetings.

Investor relations program

IOOF has a scheduled program of regular disclosures to the ASX on its financial results. IOOF also hosts strategy briefings, meetings, telephone calls and webcasts for institutional and retail investors, analysts and financial media to give further information on the business, in addition to the half year and full year results.

Advance notice of investor and analyst briefings is announced via the ASX and a copy of the presentations are also made available on the ASX and IOOF websites. In all communications with investors, analysts and media, only publicly available information or information which is not market sensitive is discussed.

Risk management

Roles and responsibilities

The Board recognises that effective management of risk is an integral part of sound governance and is vital to the continued growth and success of IOOF. The Board is ultimately responsible for the oversight of the IOOF Group's Risk Management Framework. The Board has implemented a framework designed to ensure that the Group's risks are identified, analysed, evaluated, monitored and communicated, both within the organisation or to any relevant external party and that adequate controls and mitigation processes are in place and function effectively.

In addition to the Group Audit Committee, the Board has established a Group Risk & Compliance Committee which is responsible for:

- monitoring compliance with regulatory obligations;
- monitoring internal and external service providers;
- supervising the Compliance Management Framework and the Risk Management Framework;
- fostering an appropriate compliance and risk culture; and
- commissioning and reviewing compliance and risk reviews.

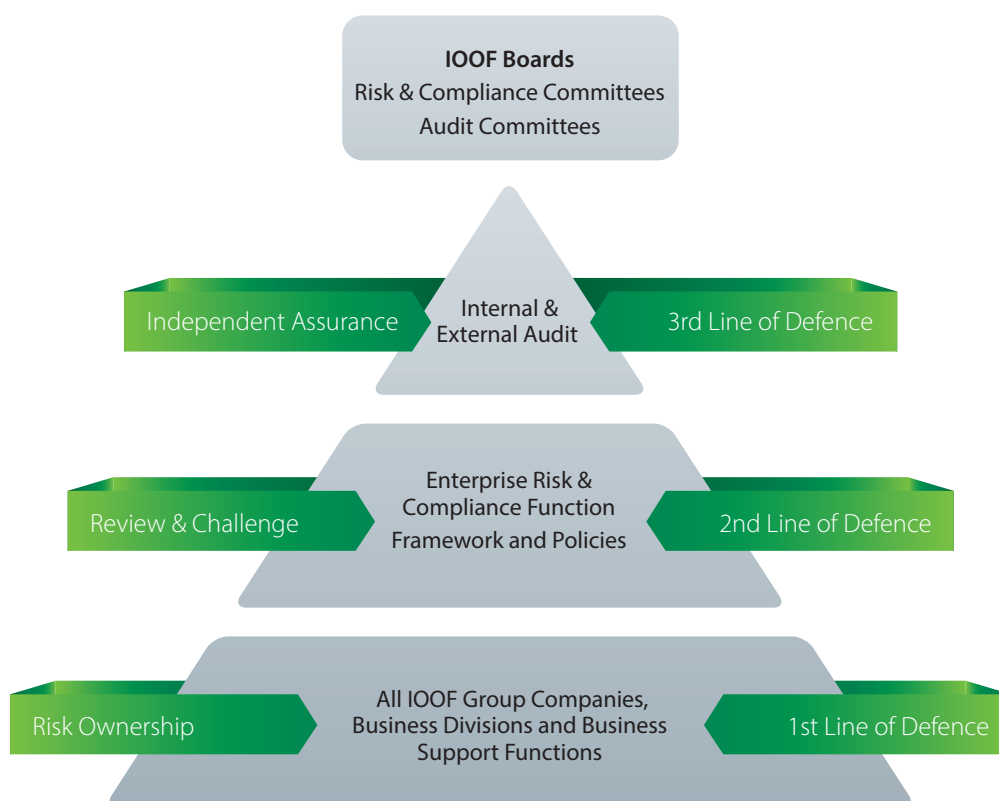
In accordance with the annual work plan, the Group Risk & Compliance Committee reviewed the risk management framework during the reporting period to satisfy itself that it continues to be sound.

The Group Risk & Compliance Committee comprises five independent Non-Executive Directors and is regularly attended by representatives from the Enterprise Risk & Compliance division, Internal and External Audit as well as representatives from each operating business within the Group at the request of the Chair. The Chief Risk Officer and the Enterprise Risk & Compliance team report to the Committee on the monitoring of risk through the enterprise-wide framework including, where appropriate, positive assurance.

The Committee meets regularly and reports to the Board.

Risk management framework

IOOF adopts a Three Lines of Defence Model to govern risk management activities across the organisation. The model is represented as follows:



First Line of Defence – Business Ownership

The first line of defence is business line management and employees, which means that business units are accountable for identifying, managing and owning the risks inherent in the products, services, activities, processes and systems for which they are responsible.

Second Line of Defence – Independent Risk & Compliance Function

The second line of defence is the independent Enterprise Risk Management function comprising the Chief Risk Officer and the Enterprise Risk & Compliance Team.

The second line of defence is responsible for the design, maintenance and ongoing development of the Risk Management Framework and to support the first line in its risk management responsibilities by providing risk insight and advice, training, and providing challenge and oversight. Oversight includes assessing the use and adequacy of frameworks, systems, processes, and behaviours to form a view of how well risk and compliance is being managed across the Group.

Third Line of Defence – Independent Review

Internal and external audit provide a third line of independence and oversight over both the second line and first line activities. This oversight may include other independent reviews commissioned by the Board.

Board and Committees

The Board and Committees are responsible for:

- an effective governance structure;
- oversight of the Risk Management Framework;
- review and approval of the Risk Management Strategies;
- setting the risk appetite for each risk category;
- oversight of the Group risk profile; and
- promoting a sound risk culture.

The Board has determined there to be eight material risk categories:

- **strategic and tactical** – the execution of a strategic plan and/or changes within the external environment, including regulatory change;
- **governance** – management practices, communication and delegation;
- **reputation** – negative brand perception on the part of members, clients, counterparties, shareholders, investors, or regulators that can adversely affect the ability to maintain existing, or establish new business relationships;
- **conduct** – the failure of our frameworks, product design or practices to prevent inappropriate, unethical or unlawful conduct (either by negligence or deliberate actions) or conduct that is not aligned to our purpose or within our risk appetite;

- **financial and liquidity** – achieving desired financial performance and strength;
- **investment governance** – achieving investment objectives and investment performance;
- **operational** – inadequate or failed internal processes, people, systems or from external events. Includes cyber and information risks;
- **legal/compliance** – regulatory or legal compliance and action, disputes, contractual performance or non-performance and internal breaches;
- **insurance** – making insured benefits available to members; and
- **contagion** – the activities of any entity in the Group can impact other entities in the Group.

The CEO and the Chief Financial Officer report to the Board that to the best of their knowledge the financial reporting assurances given under section 295A Corporations Act are founded on a sound system of risk management and internal compliance and control which is operating efficiently and effectively in all material respects in so far as they relate to financial, strategic and operational risks. This report confirms that the system which implements the policies adopted by the Board either directly or through delegation to management, and the Group's risk management and internal compliance are operating effectively in all material respects as at the date of the report, based on the risk management model adopted by the Board. The statement provides a reasonable, but not absolute, level of assurance and does not imply a guarantee against adverse events or more volatile outcomes arising in the future. In addition, the report sets out that the risk management and internal compliance and internal control systems are subject to periodic declaration by process owners and review through the Group's internal audit process and by regulators.

Material Exposure to Economic, Environmental and Social Sustainability Risks

There are a number of material business risks that could adversely affect the Group and the achievement of the Group's financial performance objectives. These risks and how they are managed are described on page 14 to 18 of the 2020 Annual Report.

The Board does not believe it has any material exposure to environmental and social sustainability risk. The Board is responsible for setting the Company's risk appetite and ensures that it reviews the Group risk profile for the business on a quarterly basis.

Remuneration

The remuneration policy for the Board and remuneration of each Director and senior executive is set out in the Remuneration Report. Information in relation to IOOF's remuneration framework can be found in the Remuneration Report in the Company's 2020 Annual Report.

The Board has also established the Group Remuneration Committee. The Committee's responsibilities are set out in the Terms of Reference which are available on the IOOF website.

The responsibilities of the Committee in relation to remuneration matters include (but are not limited to) developing, reviewing and making recommendations to the Board on:

- the remuneration framework for Non-Executive Directors, the CEO and other senior executives or other persons who may, in the opinion of the Committee, affect the financial soundness of IOOF;
- the Group Remuneration Policy, any changes to the Policy and the implementation of the Policy (including any shareholder approvals required) as well as assessing the Policy's effectiveness and compliance with APRA Prudential Standards;
- the remuneration of categories of persons covered by the Group Remuneration Policy; and
- the total remuneration packages for the CEO and senior executives, any changes to remuneration packages and as part of the annual review process proposed rewards after performance evaluation procedures.

The Board may engage an external independent consultant to provide market data and to provide advice in relation to levels of remuneration and suitable remuneration plans. The Remuneration Committee consists of four Non-Executive Directors and is chaired by an independent Non- Executive Director, who is not the Chair of the Board.