

## Appendix 4G

### Key to Disclosures Corporate Governance Council Principles and Recommendations

Name of entity:

IOOF Holdings Limited

ABN / ARBN:

49 100 103 722

Financial year ended:

30 June 2016

Our corporate governance statement<sup>2</sup> for the above period above can be found at:<sup>3</sup>

- ☐ These pages of our annual report:
- ☒ This URL on our website:  
[http://www.ioof.com.au/about\\_us/corporate\\_governance](http://www.ioof.com.au/about_us/corporate_governance)

The Corporate Governance Statement is accurate and up to date as at 24 October 2016 and has been approved by the Board.

The annexure includes a key to where our corporate governance disclosures can be located.

Date: 28 October 2016

Name of Director or Secretary authorising  
lodgement: A Paul M Vine, Company  
Secretary

<sup>1</sup> Under Listing Rule 4.7.3, an entity must lodge with ASX a completed Appendix 4G at the same time as it lodges its annual report with ASX.

Listing Rule 4.10.3 requires an entity that is included in the official list as an ASX Listing to include in its annual report either a corporate governance statement that meets the requirements of that rule or the URL of the page on its website where such a statement is located. The corporate governance statement must disclose the extent to which the entity has followed the recommendations set by the ASX Corporate Governance Council during the reporting period. If the entity has not followed a recommendation for any part of the reporting period, its corporate governance statement must separately identify that recommendation and the period during which it was not followed and state its reasons for not following the recommendation and what (if any) alternative governance practices it adopted in lieu of the recommendation during that period.

Under Listing Rule 4.7.4, if an entity chooses to include its corporate governance statement on its website rather than in its annual report, it must lodge a copy of the corporate governance statement with ASX at the same time as it lodges its annual report with ASX. The corporate governance statement must be current as at the effective date specified in that statement for the purposes of rule 4.10.3.

<sup>2</sup> "Corporate governance statement" is defined in Listing Rule 19.12 to mean the statement referred to in Listing Rule 4.10.3 which discloses the extent to which an entity has followed the recommendations set by the ASX Corporate Governance Council during a particular reporting period.

<sup>3</sup> Mark whichever option is correct and then complete the page number(s) of the annual report, or the URL of the web page, where the entity's corporate governance statement can be found. You can, if you wish, delete the option which is not applicable.

Throughout this form, where you are given two or more options to select, you can, if you wish, delete any option which is not applicable and just retain the option that is applicable. If you select an option that includes "OR" at the end of the selection and you delete the other options, you can also, if you wish, delete the "OR" at the end of the selection.

## ANNEXURE – KEY TO CORPORATE GOVERNANCE DISCLOSURES

| Corporate Governance Council recommendation                             |   | We have followed the recommendation in full for the whole of the period above. We have disclosed ...   | We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>  |
|---|---|--|--|
| <b>PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT</b> |   |  |  |
| 1.1   | A listed entity should disclose:<br>(a) the respective roles and responsibilities of its board and management; and<br>(b) those matters expressly reserved to the board and those delegated to management.  | ... the fact that we follow this recommendation:<br><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b><br><input type="checkbox"/> at [insert location]<br>... and information about the respective roles and responsibilities of our board and management (including those matters expressly reserved to the board and those delegated to management):<br><input checked="" type="checkbox"/> at <a href="http://www.ioof.com.au/about_us/corporate_governance">http://www.ioof.com.au/about_us/corporate_governance</a> | <input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b><br><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable |
| 1.2   | A listed entity should:<br>(a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and<br>(b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director. | ... the fact that we follow this recommendation:<br><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b><br><input type="checkbox"/> at [insert location]   | <input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b><br><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable |
| 1.3   | A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.   | ... the fact that we follow this recommendation:<br><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b><br><input type="checkbox"/> at [insert location]   | <input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b><br><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable |
| 1.4   | The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.   | ... the fact that we follow this recommendation:<br><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b><br><input type="checkbox"/> at [insert location]   | <input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b><br><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable |

<sup>4</sup> If you have followed all of the Council's recommendations in full for the whole of the period above, you can, if you wish, delete this column from the form and re-format it.

| Corporate Governance Council recommendation |   | We have followed the recommendation in full for the whole of the period above. We have disclosed ...   | We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>   |
|---|---|--|---|
| 1.5   | <p>A listed entity should:</p> <p>(a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them;</p> <p>(b) disclose that policy or a summary of it; and</p> <p>(c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them and either:</p> <p>(1) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or</p> <p>(2) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.</p> | <p>... the fact that we have a diversity policy that complies with paragraph (a):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at [insert location]</p> <p>... and a copy of our diversity policy or a summary of it:</p> <p><input checked="" type="checkbox"/> at <a href="http://www.ioof.com.au/about_us/corporate_governance">http://www.ioof.com.au/about_us/corporate_governance</a></p> <p>... and the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with our diversity policy and our progress towards achieving them:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at [insert location]</p> <p>... and the information referred to in paragraphs (c)(1) or (2):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at [insert location]</p> | <p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p> |
| 1.6   | <p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>  | <p>... the evaluation process referred to in paragraph (a):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at [insert location]</p> <p>... and the information referred to in paragraph (b):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at [insert location]</p>   | <p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p> |
| 1.7   | <p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of its senior executives; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>   | <p>... the evaluation process referred to in paragraph (a):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at [insert location]</p> <p>... and the information referred to in paragraph (b):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input checked="" type="checkbox"/> at Annual Report</p>  | <p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p> |

| Corporate Governance Council recommendation           |  | We have followed the recommendation in full for the whole of the period above. We have disclosed ...  | We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>   |
|---|--|---|---|
| <b>PRINCIPLE 2 - STRUCTURE THE BOARD TO ADD VALUE</b> |  |   |   |
| 2.1   | <p>The board of a listed entity should:</p> <p>(a) have a nomination committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.</p> | <p>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have a nomination committee that complies with paragraphs (1) and (2):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at [insert location]</p> <p>... and a copy of the charter of the committee:</p> <p><input checked="" type="checkbox"/> at <a href="http://www.ioof.com.au/about_us/corporate_governance">http://www.ioof.com.au/about_us/corporate_governance</a></p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input checked="" type="checkbox"/> at Annual Report</p> <p>[If the entity complies with paragraph (b):]</p> <p>... the fact that we do not have a nomination committee and the processes we employ to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at [insert location]</p> | <p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p> |
| 2.2   | A listed entity should have and disclose 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.  | <p>... our board skills matrix:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at [insert location]</p>   | <p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p> |

| Corporate Governance Council recommendation        |   | We have followed the recommendation in full for the whole of the period above. We have disclosed ...  | We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>  |
|--|---|---|--|
| 2.3  | A listed entity should disclose:<br>(a) the names of the directors considered by the board to be independent directors;<br>(b) if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and<br>(c) the length of service of each director. | ... the names of the directors considered by the board to be independent directors:<br><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b><br><input type="checkbox"/> at [insert location]<br>... and, where applicable, the information referred to in paragraph (b):<br><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b><br><input type="checkbox"/> at [insert location]<br>... and the length of service of each director:<br><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b><br><input type="checkbox"/> at [insert location] | <input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement   |
| 2.4  | A majority of the board of a listed entity should be independent directors.   | ... the fact that we follow this recommendation:<br><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b><br><input type="checkbox"/> at [insert location]  | <input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b><br><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable |
| 2.5  | The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.   | ... the fact that we follow this recommendation:<br><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b><br><input type="checkbox"/> at [insert location]  | <input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b><br><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable |
| 2.6  | A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.  | ... the fact that we follow this recommendation:<br><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b><br><input type="checkbox"/> at [insert location]  | <input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b><br><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable |
| <b>PRINCIPLE 3 – ACT ETHICALLY AND RESPONSIBLY</b> |   |   |  |
| 3.1  | A listed entity should:<br>(a) have a code of conduct for its directors, senior executives and employees; and<br>(b) disclose that code or a summary of it.   | ... our code of conduct or a summary of it:<br><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b><br><input type="checkbox"/> at [insert location]   | <input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement   |

| Corporate Governance Council recommendation                     |  | We have followed the recommendation in full for the whole of the period above. We have disclosed ...  | We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup> |
|---|--|---|---|
| <b>PRINCIPLE 4 – SAFEGUARD INTEGRITY IN CORPORATE REPORTING</b> |  |   |   |
| 4.1   | <p>The board of a listed entity should:</p> <p>(a) have an audit committee which:</p> <p>(1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, who is not the chair of the board,</p> <p>and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the relevant qualifications and experience of the members of the committee; and</p> <p>(5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.</p> | <p>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have an audit committee that complies with paragraphs (1) and (2):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at [insert location]</p> <p>... and a copy of the charter of the committee:</p> <p><input checked="" type="checkbox"/> at <a href="http://www.ioof.com.au/about_us/corporate_governance">http://www.ioof.com.au/about_us/corporate_governance</a></p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input checked="" type="checkbox"/> at Annual Report</p> <p>[If the entity complies with paragraph (b):]</p> <p>... the fact that we do not have an audit committee and the processes we employ that independently verify and safeguard the integrity of our corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at [insert location]</p> | <p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>                   |
| 4.2   | <p>The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.</p>   | <p>... the fact that we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at [insert location]</p>   | <p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>                   |

| Corporate Governance Council recommendation                 |  | We have followed the recommendation in full for the whole of the period above. We have disclosed ...   | We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>   |
|---|--|--|---|
| 4.3   | A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.                  | ... the fact that we follow this recommendation:<br><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b><br><input type="checkbox"/> at [insert location]   | <input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b><br><input type="checkbox"/> we are an externally managed entity that does not hold an annual general meeting and this recommendation is therefore not applicable             |
| <b>PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE</b>    |  |  |   |
| 5.1   | A listed entity should:<br>(a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and<br>(b) disclose that policy or a summary of it. | ... our continuous disclosure compliance policy or a summary of it:<br><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b><br><input type="checkbox"/> at [insert location]  | <input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement  |
| <b>PRINCIPLE 6 – RESPECT THE RIGHTS OF SECURITY HOLDERS</b> |  |  |   |
| 6.1   | A listed entity should provide information about itself and its governance to investors via its website.   | ... information about us and our governance on our website:<br><input checked="" type="checkbox"/> at <a href="http://www.ioof.com.au/about_us/corporate_governance">http://www.ioof.com.au/about_us/corporate_governance</a>                          | <input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement  |
| 6.2   | A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.  | ... the fact that we follow this recommendation:<br><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b><br><input type="checkbox"/> at [insert location]   | <input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement  |
| 6.3   | A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.                                      | ... our policies and processes for facilitating and encouraging participation at meetings of security holders:<br><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b><br><input type="checkbox"/> at [insert location] | <input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b><br><input type="checkbox"/> we are an externally managed entity that does not hold periodic meetings of security holders and this recommendation is therefore not applicable |
| 6.4   | A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.                   | ... the fact that we follow this recommendation:<br><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b><br><input type="checkbox"/> at [insert location]   | <input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement  |

| Corporate Governance Council recommendation    |  | We have followed the recommendation in full for the whole of the period above. We have disclosed ...  | We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup> |
|--|--|---|---|
| <b>PRINCIPLE 7 – RECOGNISE AND MANAGE RISK</b> |  |   |   |
| 7.1  | <p>The board of a listed entity should:</p> <p>(a) have a committee or committees to oversee risk, each of which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.</p> | <p>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have a committee or committees to oversee risk that comply with paragraphs (1) and (2):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and a copy of the charter of the committee:</p> <p><input checked="" type="checkbox"/> at <a href="http://www.ioof.com.au/about_us/corporate_governance">http://www.ioof.com.au/about_us/corporate_governance</a></p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input checked="" type="checkbox"/> at Annual Report</p> <p>[If the entity complies with paragraph (b):]</p> <p>... the fact that we do not have a risk committee or committees that satisfy (a) and the processes we employ for overseeing our risk management framework:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> | <p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>                   |
| 7.2  | <p>The board or a committee of the board should:</p> <p>(a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and</p> <p>(b) disclose, in relation to each reporting period, whether such a review has taken place.</p>   | <p>... the fact that board or a committee of the board reviews the entity's risk management framework at least annually to satisfy itself that it continues to be sound:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input checked="" type="checkbox"/> at Annual Report</p> <p>... and that such a review has taken place in the reporting period covered by this Appendix 4G:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input checked="" type="checkbox"/> at Annual Report</p>   | <p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>                   |



| Corporate Governance Council recommendation |   | We have followed the recommendation in full for the whole of the period above. We have disclosed ...  | We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup> |
|---|---|---|---|
| 7.3   | <p>A listed entity should disclose:</p> <p>(a) if it has an internal audit function, how the function is structured and what role it performs; or</p> <p>(b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.</p> | <p>[If the entity complies with paragraph (a):]<br/>... how our internal audit function is structured and what role it performs:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>[If the entity complies with paragraph (b):]<br/>... the fact that we do not have an internal audit function and the processes we employ for evaluating and continually improving the effectiveness of our risk management and internal control processes:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> | <p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>                   |
| 7.4   | <p>A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.</p>  | <p>... whether we have any material exposure to economic, environmental and social sustainability risks and, if we do, how we manage or intend to manage those risks:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>  | <p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>                   |

| Corporate Governance Council recommendation            |  | We have followed the recommendation in full for the whole of the period above. We have disclosed ...  | We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>  |
|--|--|---|--|
| <b>PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY</b> |  |   |  |
| 8.1  | <p>The board of a listed entity should:</p> <p>(a) have a remuneration committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.</p> | <p>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have a remuneration committee that complies with paragraphs (1) and (2):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at [insert location]</p> <p>... and a copy of the charter of the committee:</p> <p><input checked="" type="checkbox"/> at <a href="http://www.ioof.com.au/about_us/corporate_governance">http://www.ioof.com.au/about_us/corporate_governance</a></p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input checked="" type="checkbox"/> at Annual Report</p> <p>[If the entity complies with paragraph (b):]</p> <p>... the fact that we do not have a remuneration committee and the processes we employ for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at [insert location]</p> | <p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>  |
| 8.2  | A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.   | <p>... separately our remuneration policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input checked="" type="checkbox"/> at Annual Report</p>  | <p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>  |
| 8.3  | <p>A listed entity which has an equity-based remuneration scheme should:</p> <p>(a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and</p> <p>(b) disclose that policy or a summary of it.</p>   | <p>... our policy on this issue or a summary of it:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input checked="" type="checkbox"/> at Annual Report</p>   | <p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we do not have an equity-based remuneration scheme and this recommendation is therefore not applicable <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p> |

|   |  |   |   |
|---|--|---|---|
| Corporate Governance Council recommendation                             |  | We have followed the recommendation in full for the whole of the period above. We have disclosed ...  | We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup> |
| ADDITIONAL DISCLOSURES APPLICABLE TO EXTERNALLY MANAGED LISTED ENTITIES |  |   |   |
| -   | <p><i>Alternative to Recommendation 1.1 for externally managed listed entities:</i></p> <p>The responsible entity of an externally managed listed entity should disclose:</p> <p>(a) the arrangements between the responsible entity and the listed entity for managing the affairs of the listed entity;</p> <p>(b) the role and responsibility of the board of the responsible entity for overseeing those arrangements.</p> | <p>... the information referred to in paragraphs (a) and (b):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>         | <p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>                   |
| -   | <p><i>Alternative to Recommendations 8.1, 8.2 and 8.3 for externally managed listed entities:</i></p> <p>An externally managed listed entity should clearly disclose the terms governing the remuneration of the manager.</p>  | <p>... the terms governing our remuneration as manager of the entity:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> | <p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>                   |

# Corporate Governance

IOOF Holdings Limited ABN 49 100 103 722

The Board of Directors of IOOF Holdings Limited (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.

24 October 2016

## 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, 3rd 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.

Details about the ASX Governance Principles can be found on the ASX Limited (**ASX**) website [www.asx.com.au](http://www.asx.com.au). IOOF's Appendix 4G is available at [www.ioof.com.au](http://www.ioof.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 Managing Director, 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 Company'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;
- establishing, monitoring and regularly reviewing systems of internal governance compliance, risk management and control, and systems of legal compliance that govern the operations of the Company and ensuring that they are operating effectively;
- 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 Company'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;
- incorporated joint ventures;
- wind up of significant legal entities;
- appointing and removing the Managing Director;
- approval of policies as required by the Board;
- matters which exceed the Managing Director's delegation under the Delegations Policy; and
- matters required by the Corporations Act or ASX to be undertaken by the Board.

## Delegations to Managing Director

The Board delegates overall management of all day to day operations to the Managing Director. Clear lines of communication have been established between the Chairman and the Managing Director 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.

## 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 Remuneration and Nominations Committee and undertake other processes required by the Committee. The selected candidate must complete a police check and must satisfy the Company's 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 Managing Director's position as Director is linked to an executive office, the Managing Director is not required to stand for re-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, power 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

All Directors upon appointment 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 to remain on the Board. The Company supports the Directors with education and training by arranging in-house education facilitated by individuals with the relevant expertise. In addition, the Company 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 tax, technology and cyber risk, ASIC focus areas, accounting standards and equity plans.

## 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 Remuneration and 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.

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

| Skills and experience           | No of Directors |
|---------------------------------|-----------------|
| <b>Industry</b>                 |                 |
| • Superannuation                | 6               |
| • Financial planning            | 4               |
| • Funds management              | 6               |
| • Trustee                       | 6               |
| • Mergers and Acquisitions      | 6               |
| • Accounting                    | 6               |
| • Responsible Entity            | 6               |
| • Insurance                     | 5               |
| • Operations                    | 6               |
| • Human Resources               | 6               |
| • Audit                         | 5               |
| <b>Technical</b>                |                 |
| • Accounting                    | 5               |
| • Business management           | 5               |
| • Stakeholder engagement        | 6               |
| • Education                     | 6               |
| <b>Governance</b>               |                 |
| • Strategy                      | 6               |
| • Regulators                    | 6               |
| • Policy development            | 6               |
| • Financial performance         | 6               |
| • Risk and compliance oversight | 6               |
| • Information Technology        | 4               |
| • Executive management          | 5               |
| • Commercial experience         | 6               |
| <b>Behavioural</b>              |                 |
| • Ethics and integrity          | 6               |
| • Leadership                    | 6               |
| • Contribution                  | 6               |
| • Influencer and negotiator     | 6               |
| • Crisis management             | 6               |

| Skills and experience             | No of Directors |
|-----------------------------------|-----------------|
| • Commitment                      | 6               |
| • Critical and innovative thinker | 6               |

\* The Board Skills Matrix does not include information on Mr John Selak as he was appointed after the date of the assessment.

As a result of the assessment, the Board has established a plan to assist in ensuring continual improvement to the information provided to the Board and the training and education undertaken by the Board.

## Chairman

The Board elects one of the independent Non-Executive Directors as Chairman. The current Chairman is Dr Roger Sexton and his role includes:

- chairing Board meetings and shareholder meetings and facilitate discussion within each meeting;
- representing the views of the Board and the Company to shareholders and the public and to ensure 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 Managing Director to develop corporate strategies and key strategic initiatives as well as identifying any material business risks faced by the Company; and
- ensuring the Board is provided with sufficient information relating to the Company'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 Managing Director and the Chairman (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   | Audit Committee | Risk & Compliance Committee | Remuneration & Nominations Committee |
|-------------------------------|----------------|--|-----------------|-----------------------------|--------------------------------------|
| <b>Dr Roger Sexton AM*</b>    | May 2002       | Non-Executive Director and Chairman, independent | Member          |                             | Member                               |
| <b>Mr Christopher Kelaher</b> | April 2009     | Managing Director                                |                 |                             |                                      |
| <b>Mr George Venardos**</b>   | April 2009     | Non-Executive Director, independent              |                 | Member                      | Chair                                |
| <b>Ms Jane Harvey</b>         | October 2005   | Non-Executive Director, independent              | Chair           | Member                      | Member                               |
| <b>Mr Allan Griffiths</b>     | July 2014      | Non-Executive Director, independent              | Member          | Chair                       |                                      |
| <b>Ms Elizabeth Flynn</b>     | September 2015 | Non-Executive Director, independent              | Member          | Member                      |                                      |
| <b>Mr John Selak***</b>       | October 2016   | Non-Executive Director, independent              |                 |                             |                                      |

\* As announced on 4 October 2016, Dr Sexton will retire from the Board at the 2016 AGM.

\*\* Following the conclusion of the 2016 AGM, Mr Venardos will become the Chairman of IOOF.

\*\*\* Mr Selak was appointed as a director on 14 October 2016 and shareholders will be asked to consider and approve his appointment at the 2016 AGM.

## 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 2016 Directors' Report.

## Remuneration and Nominations Committee

The Board has established a Remuneration and Nominations Committee. The Terms of Reference give the Committee responsibility for:

- nominating, assessing and recommending candidates for directorships and the Managing Director 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;
- ensuring that the Managing Director and senior executive remuneration arrangements are performance based, correspond to the prevailing market levels;
- ensuring succession planning is in place and approving all short term and long term incentive plans across the IOOF group;
- assessing the Board skills matrix to determine that it includes the skills required to discharge effectively and competently the Board's duties;

- reviewing the size, structure and composition of the Board, including the mix of skills, experience, expertise and diversity having regard to the Board's skills matrix.

## Audit Committee

The Board has established an Audit Committee to provide assistance to the Board in accordance with established Terms of Reference (see page x for additional information)

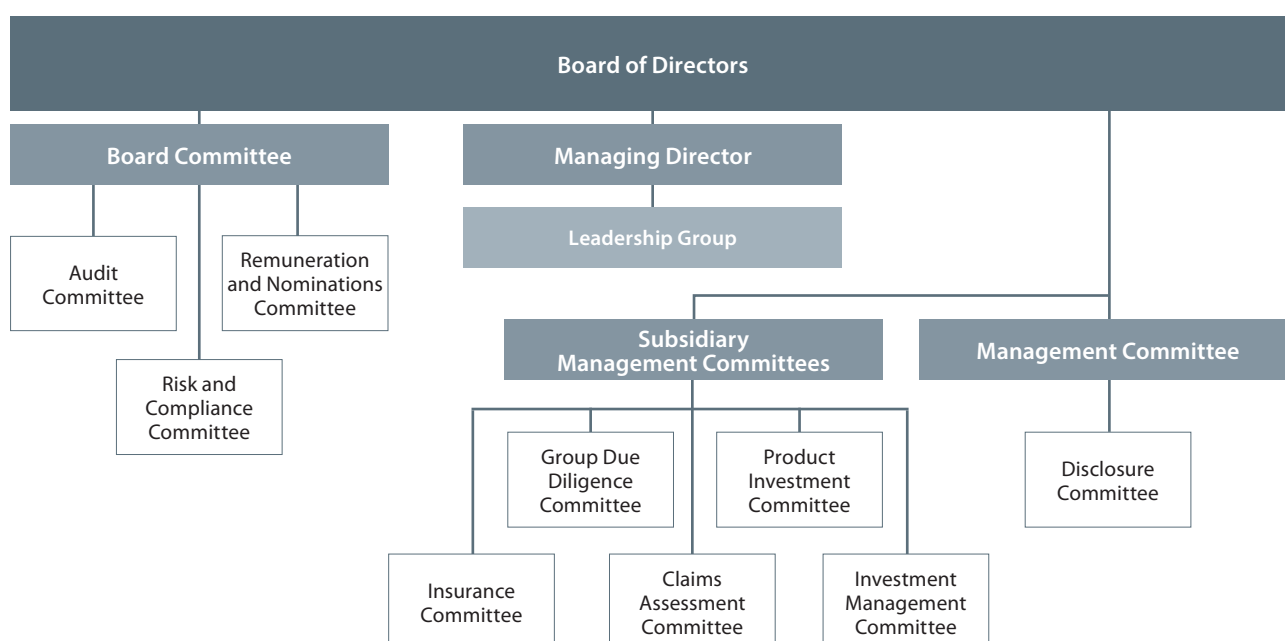
## Risk and Compliance Committee

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

## Management Committees

The Board has established a number of management committees. Each of these Committees has a formal Terms of Reference. The minutes of each of the Committee meetings are provided to the relevant group board for noting.

## Board and Committee Structure



## Performance

### Board, Board Committees and Directors

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

As at the date of this report, the Board and all Board Committees had conducted a skills and performance evaluation by way of a self-assessment survey and one-on-one meetings with the Chairman. The Board performance review includes evaluation to determine the effectiveness and composition of the Board; identify gaps in skills, experience and expertise, and determine whether the Board is managing shareholder and stakeholder expectations and whether the Non-Executive Directors remain independent.



## Management

The Board, in conjunction with the Remuneration and Nominations Committee, is responsible for approving the performance objectives and measures for the Managing Director and other senior executives, and providing input into the evaluation of performance against these objectives. The Risk & Compliance Committee also refers to the 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 2016 were conducted following the end of the financial year.

There is further discussion on performance objectives and performance achieved in the Remuneration 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 which 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 of Conduct as part of their induction and provide annual confirmation of its terms.

The IOOF Values that underpin the Code include:

- **Integrity** – because we do as we say and adhere to our moral and ethical beliefs. True to label, living by the values, honesty and transparency, doing the right thing
- **Commitment** – because we are focused on delivery. Dedication, accountability, consistency, reliability, ownership, “head and heart”
- **Excellence** – because we aspire to be the best in chosen markets. Raising the bar, performance benchmarking, measurement, quality, knowledge, capability
- **Innovation** – because we continuously seek better ways. Creativity, finding better ways, continuous improvement
- **Empathy** – because we care. Putting ourselves in others’ shoes, consideration, understanding, listening
- **Recognition** – because we value achievement. Acknowledging, rewarding, communicating, encouraging, constructive feedback.

The Code of Conduct adopts various Group policies and associated practices including Risk Management, Confidentiality, Conflicts of Interest, Fraud, Social Media, IT Code of Conduct, Workplace Health & Safety, Equal Opportunity and Diversity, Privacy, Document Retention, AML/CTF, Breach Reporting, Whistleblower, Securities Trading and Continuous Disclosure. The Code of Conduct is reviewed annually by the Board and is available on our website.

### Securities Trading

Under the IOOF Group Policy – Personal Trading in IOOF Holdings Limited Securities (**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 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 Policy also prohibits Directors, employees and certain restricted persons from trading in IOOF securities during ‘blackout periods’ as defined in the Policy. The Policy also 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 Policy also 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 this 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 Division Trading Policy, the Investment Division Trading Policy, Shadforth Trading Policy and Bridges Trading Policy.

## Whistleblower Protection

Under the IOOF Whistleblower Policy, employees and contractors are encouraged to raise any concerns and report instances of unethical, illegal, fraudulent or undesirable conduct. The Policy outlines the reporting channels, including the Whistleblower Hotline which enables reporting on an anonymous basis.

IOOF commits 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.

The IOOF Whistleblower Investigation Officer is authorised to investigate all Whistleblower Reports and has direct and unrestricted access to financial, legal and operational assistance when this is required for an investigation. Once an investigation has been completed, the Head of Investigations and General Manager of Legal, Risk and Compliance review the findings before determining the appropriate course of action to be taken. The final report is provided to the Chair of the Audit Committee, Chair of the Risk & Compliance Committee and the Managing Director, with communication to the Board being reported by the Managing Director.

## Diversity

IOOF has a Diversity Plan that sets out the diversity initiatives for the IOOF Group. In this context, diversity covers gender, age, ethnicity, race, sexual orientation, physical abilities, religious beliefs and other ideologies. It also extends to differences surrounding socio economic or educational background, marital status and family responsibilities.

IOOF is committed to being a diversity leader in the financial sector by:

- providing a diverse, inclusive workplace in which everyone has the opportunity to participate and be valued for their distinctive skills, experiences and perspectives;
- incorporating diversity into business practices through its corporate social responsibility initiatives that aim to improve quality of life for its workforce, their families, communities and society at large; and
- ensuring diversity extends and is embraced across all aspects of the Group including recruitment and appointment to roles, talent development, Board appointments, retention, mentoring and coaching programs, flexible work arrangements, succession planning, training and development and across all of the relevant Group policies and procedures.

IOOF's plan to manage diversity includes facilitating equal employment opportunities based on relative ability, performance or potential; continuing to grow our workforce through multicultural diversity; creating programs that prepare women to take on senior roles within the business; establishment of the Women's Committee and continuation of our traineeship program, with representation in every state of Australia.

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

| Group                               | September 2015 | September 2016 |
|-------------------------------------|----------------|----------------|
| Women in executive/ Board positions | 3              | 4              |
| Women in senior management          | 9              | 15             |

In order to create a focus on encouraging a gender balanced workplace, IOOF has supported a number of initial research programs to address any gaps that may be evident. A pay equity audit has been conducted annually since 2011 amongst all levels of IOOF staff to determine whether a gender pay gap existed within the IOOF Group in order to identify any trends. Whilst a pay gap became evident, the audit demonstrated that both genders experience equality of remuneration; however the gap was due to the imbalance of women in higher level positions. As a result, a Women's Committee was established to continue to drive initiatives and programs and to foster and develop women into senior roles across the business whilst ensuring that no employee is disadvantaged.

Initiatives of the Committee this year included:

- leadership education series;
- awareness/education on work life balance and flexibility;
- networking luncheons;
- opportunities for small groups to attend industry networking and skills specific conferences and workshops to enhance their education and potential to encourage networking with industry and business peers.

The Board has approved a Diversity Plan for 2014-2016 which is available on our website.

## Sustainability

IOOF views sustainable and responsible business practices as important for our business and shareholder value. Sustainability is about managing risks and opportunities in a way that balances the long term needs of stakeholders, including customers, employees, investors, suppliers, the community and the environment.

IOOF views corporate social responsibility (CSR) as the decision-making and implementation processes that guide all of IOOF's activities, supporting our employees and company policies including our environmental policies. We ensure CSR compliance within our operations and relations to society and the communities in which we operate. We strongly believe that our ethical values, engaging culture and reputation are key factors to our continued success.

## 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 Managing Director 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 Company's risk management system (financial, strategic and operational) and its effectiveness.

### Audit Committee

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

The primary objectives of the Committee are to:

- review the integrity of the Company's financial reports;
- oversee the auditors' independence and recommend the appointment of internal and external auditors;
- oversee and make recommendations in relation to unit pricing matters for any trusts operated within the Group; and
- oversee that there is a sound system of risk management, compliance and internal control framework relating to IOOF's financial risks.

The Committee comprises four 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 Audit Committee and Risk & Compliance Committee papers, attends all meetings of both Committees and is available to Committee members at any time. The external auditor attends the AGM to answer questions from shareholders regarding the conduct of its audit, the audit report and 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 carried out by PricewaterhouseCoopers (PwC). The internal audit function is governed by a Charter which is reviewed by the 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 CFO and functionally Internal Audit has a direct reporting line to the Chair of the Audit Committee.

Internal Audit has authority to audit all parts of the IOOF Group that are majority owned and have 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 Audit Committee, Risk & Compliance Committee and other relevant 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 major developments that may have an impact on the Company. In line with this commitment, IOOF maintains a Disclosure and Communications Policy which governs how we communicate with shareholders and the investment community.

The Policy is designed to facilitate compliance with IOOF's requirements under the ASX Listing Rules and 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 matters that are notified 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 the Policy. 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.

### Information about IOOF and its governance framework

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

The Board encourages active participation by shareholders at any Company meetings. The Board encourages shareholders to attend the AGM and take the opportunity to ask questions of the Board. The meeting is held in Melbourne and is also webcast live. The external auditor will attend the AGM and will be 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. 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 as well as the voting results, are released on the ASX.

Shareholders may electronically 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 and operational results. IOOF also conducts briefings, meetings, telephone calls and webcasts for institutional and retail investors, analysts and financial media to present on the business as well as the half year and full year results.

In all communications with investors, analysts and media, only publicly available information or information which is not market sensitive is discussed. 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.

## Risk management

### Roles and responsibilities

The Board recognises that effective management of risk is an integral part of sound management 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 and control framework. The Board has implemented a policy framework designed to ensure that the Group's risks are identified, analysed, evaluated, monitored and communicated 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 Audit Committee, the Board has established a Risk & Compliance Committee which is responsible for:

- monitoring compliance with regulatory obligations;
- monitoring internal and external service providers;

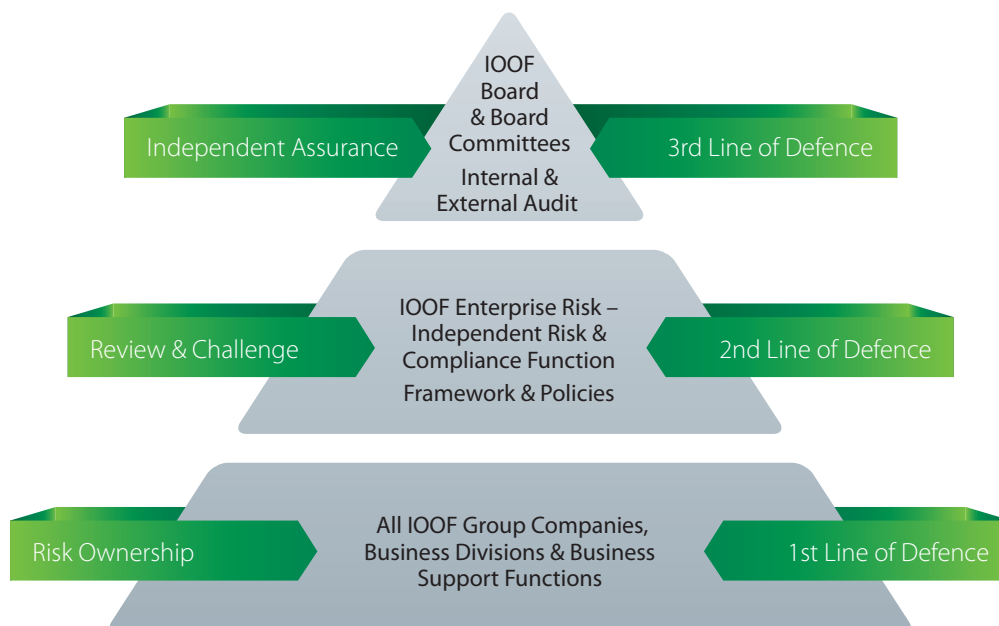
- supervising the risk management program;
- fostering an appropriate compliance and risk culture;
- commissioning and reviewing compliance and risk reviews.

The Risk & Compliance Committee comprises four independent Non-Executive Directors and is attended by representatives from the Governance Services division, Internal and External Audit functions as well as representatives from each operating business within the Group. The Head of Enterprise Risk and Chief Risk Officer – APRA Regulated Entities 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 and provides minutes of Committee meetings and relevant reports to the Audit Committee.

### 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 Function

The second line of defence is the independent Risk function comprising the Chief Risk Officer – APRA Regulated Entities (CRO-RE) and the IOOF Enterprise Risk 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 through risk training, tools and methodologies.

### Third Line of Defence – Independent Review

The Board and its Committees provide a third line of independence and oversight over both the second line and first line activities. This oversight is supported by independent internal and external audit functions and other independent reviews as determined by the Board. The Board and Committees in their capacity as the third line of defence are responsible for:

- an effective governance structure;
- oversight of the Risk Management Framework;
- review and approval of the Risk Management Strategies;
- setting 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 seven material risk categories:

- **strategic** – the execution of a strategic plan and/or changes within the external environment;
- **governance** – management practices, communication and delegation;
- **reputation** – negative brand perception on the part of customers, counterparties, shareholders, investors or regulators that can adversely affect the ability to maintain existing, or establish new business relationships;
- **financial** – achieving desired financial performance and strength;
- **investment** – achieving investment objectives and investment performance;
- **operational** – losses resulting from inadequate or failed internal processes, people, systems or from external events; and
- **legal/compliance** – regulatory or legal compliance and action, disputes, contractual performance or non-performance and internal breaches.

The Managing Director 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 Company'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 Company'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 x to x of the 2016 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.

The Board has also established the Remuneration and Nominations Committee. The Committee's responsibilities are set out in the Terms of Reference which are available on the Company's 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 Managing Director and other senior executives who may, in the opinion of the Committee, affect the financial soundness of IOOF;
- the 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 Remuneration Policy;
- the total remuneration packages for the Managing Director and senior executives, any changes to remuneration packages and as part of the annual review process proposed rewards after performance evaluation procedures; and
- the recruitment, retention and termination policies for the Managing Director and senior executives and any changes to those policies.

The Board may engage an external independent consultant to provide market data and to provide advice in relation to levels of remuneration and suitable short or long term incentive arrangements. The Remuneration Committee consists of three Non-Executive Directors and is chaired by an independent Non- Executive Director, who is not the Chairman of the Board.