



Commonwealth Bank of Australia

Audit Committee Charter

1. Role of the Committee

- 1.1 The Audit Committee (**Committee**) of the Commonwealth Bank of Australia (**CBA** or **Bank**) has been established under Rule 13.5 of the Constitution to assist the Board in discharging its responsibilities on matters relating to:
 - 1.1.1 The external reporting of financial information for CBA and its subsidiaries (**Group**).
 - 1.1.2 The internal control environment of the Group.
 - 1.1.3 The internal auditor (**Group Auditor**), internal audit function (**Group Audit**) and the external auditors (**External Auditors**).
 - 1.1.4 The Group's Risk Management Framework, in conjunction with the Risk Committee.
- 1.2 The Committee has the authority to fulfil its responsibilities as set out in Section 5 of this Charter.

2. Composition

- 2.1 The Board appoints the members and the Chair of the Committee.
- 2.2 The Committee will consist of at least four directors, all of whom must be independent non-executive directors.
- 2.3 The Chair must be an independent non-executive director and must not be the Chair of the Board.
- 2.4 Committee members are to be financially literate, and between them, the membership will have the accounting and financial expertise, and sufficient understanding of the financial services industry to be able to fulfil their responsibilities.
- 2.5 The Risk Committee Chair will be a member of the Committee and vice versa to assist with the flow of relevant information between the two Committees.
- 2.6 The Company Secretary of the Bank, or such other person as the Board may nominate, will act as Committee Secretary.

3. Meetings

- 3.1 The Committee will meet six times per year and on other occasions as required.
- 3.2 The presence of one half of the members of the Committee (rounded upwards if not a whole number) is necessary to constitute a quorum.
- 3.3 All directors may attend Committee meetings and will have access to Committee papers.



- 3.4 The Group Auditor and External Auditor are invited to attend all Committee meetings.
- 3.5 Management will attend Committee meetings, at the invitation of the Chairman.
- 3.6 The Committee will periodically meet with the Group Auditor and External Auditor, without management present.
- 3.7 The Committee will regularly meet with the Chief Executive Officer (CEO) and the Chief Financial Officer (CFO), without the respective auditors and other management present.
- 3.8 The Chair, in consultation with the Committee Secretary, is responsible for the conduct of all Committee meetings.

4. Access, Reliance and Advice

- 4.1 The Committee will have free and unfettered access to senior management, any other relevant internal and external party (and vice versa) and information, and may make any necessary enquiries to fulfil its responsibilities.
- 4.2 The Group Auditor has a direct reporting line to the Audit Committee, while maintaining an administrative reporting line to the CFO. Consequently, the Group Audit function reports directly to the Committee through the Committee Chair.
- 4.3 Management is responsible for the preparation, presentation and integrity of information provided to the Committee.
- 4.4 The Committee may obtain independent advice at the Bank's expense, including by engaging and receiving advice and recommendations from appropriate independent experts.
- 4.5 Committee members are entitled to rely on information and advice provided by management of the Bank on matters within their responsibility and on the expertise of independent experts, as long as they are not aware of any reasonable grounds where such reliance is inappropriate.

5. Responsibilities of the Committee

Without limiting its scope, the Committee is responsible for:

Financial Reporting

- 5.1 Reviewing significant accounting and reporting issues, including changes to the accounting standards and regulatory requirements and their impact on the financial statements.
- 5.2 Reviewing and recommending to the Board for approval the half and full year financial statements of the Group and any accompanying reports, following discussion with management and the External Auditor. In discharging this responsibility the Committee will focus on:
 - 5.2.1 the consistency in application of accounting policies and adherence to accounting standards and other reporting requirements.
 - 5.2.2 the need for, appropriateness of, and correct disclosure of, any changes made to the Bank's existing accounting policies.



- 5.2.3 the accounting treatment for, and disclosure of, significant, complex or unusual transactions.
- 5.2.4 significant judgments made by management in preparing the financial statements.
- 5.3 Reviewing the processes and controls that support the opinions formed in the CEO and CFO certifications provided for the Group's half year and full year financial reporting, and management's report on risk management and internal controls over financial reporting processes, including the disclosures made.
- 5.4 Overseeing key aspects of the Group's half and full year investor presentations, including considering the assurances provided by the External Auditor that the presentations are consistent with the half year or full year audited financial reports.
- 5.5 Assessing the processes and controls adopted for the Group's financial reporting requirements to the Australian Prudential Regulation Authority (**APRA**) and considering the assurances provided by management and the External Auditor over the processes and controls.
- 5.6 Reviewing and recommending to the Board for approval the half and full year Pillar 3 reports required by APRA.

Internal Control

- 5.7 Overseeing management's design and implementation of the Group's internal control framework (including as it relates to financial, tax and accounting risks) and the processes for assessing the effectiveness of the Group's internal controls.
- 5.8 Assessing, on a periodical basis, and reporting to the Board, on the adequacy and effectiveness of the Group's internal control framework and implementation.
- 5.9 Monitoring the timely resolution of significant internal control deficiencies identified by the Group Auditor, External Auditor or management.

Group Audit

- 5.10 Approving, on the recommendation of management, the appointment and, if necessary, the removal of the Group Auditor.
- 5.11 Approving the Group Audit & Assurance Charter.
- 5.12 Approving the Group's internal audit plan, including any significant changes to it and overseeing progress against it. The Committee Chair is delegated the authority to approve changes to the annual audit plans of the Group Auditor and will report any exercise of the delegation at the Committee's next meeting.
- 5.13 Receiving regular reports from Group Audit on significant audit findings and monitoring the adequacy of management's responses and progress in resolving the significant issues.
- 5.14 Assessing, at least annually, the adequacy, independence, and effectiveness of the Group Audit function and providing feedback to management. At the Committee's discretion and at least once every five years, obtaining an external assessment on their adequacy and effectiveness.
- 5.15 Reviewing the balanced scorecard of the Group Internal Auditor.



External Audit

- 5.16 Recommending the appointment or removal of the External Auditor to the Board for shareholder approval.
- 5.17 Reviewing and approving the terms of engagement and engagement fee for the External Auditor, and reviewing the rotation of external audit partners for the External Auditor.
- 5.18 Assessing, at least annually, the performance, effectiveness and independence of the External Auditor, including against any auditor independence requirements arising under legal, regulator, accounting or prudential requirements.
- 5.19 Reviewing the annual audit plans of the External Auditor.
- 5.20 Reviewing reports from the External Auditor, assessing the findings and recommendations, and seeking confirmation that management has responded appropriately to findings and recommendations.
- 5.21 Reviewing and approving, on an annual basis, the External Auditor Services Policy, including receiving reports from the External Auditor to monitor compliance with it.
- 5.22 Approving non-audit services not otherwise listed in the External Auditor Services Policy (**Non-Specified Audit Service**) prior to the engagement of the External Auditor. The Committee delegates the authority to the:
 - 5.22.1 Committee Chair to approve the engagement of the External Auditor to carry out a Non-Specified Audit Service; and
 - 5.22.2 Head of Group Finance to approve the engagement of the External Auditor to carry out Non-Specified Audit Services in accordance with the thresholds agreed by the Committee.
- 5.23 Reporting any delegation exercised by the Committee Chair and Head of Group Finance under paragraph 5.21 to the Committee on a six monthly basis.
- 5.24 Reviewing and recommending to the Board for approval the disclosure relating to the provision of non-audit services provided by the External Auditor (including whether the provision of non-audit services is compatible with auditor independence requirements) for inclusion in the annual report.

Risk Management

- 5.25 Reviewing the results of the annual review conducted by the Group Auditor and/or the External Auditor, of compliance with, and the adequacy and effectiveness of, the Group's Risk Management Framework.
- 5.26 Reviewing reports from management:
 - 5.26.1 summarising the outcomes of investigations of matters raised under the Speak Up Program and the Group Whistleblower Policy, and overseeing management's actions to investigate and address serious cases of fraud and/or unethical behaviour.
 - 5.26.2 outlining the processes in place to ensure employee awareness of the Speak Up Program and Group Whistleblower Policy.



- 5.27 Considering any significant issues raised at audit committees of Group subsidiaries and responding appropriately.
- 5.28 Assessing, and advising the Remuneration Committee, of any matter relevant to financial outcomes that warrant consideration when it considers variable remuneration award outcomes for the CEO and senior direct reports to the CEO.

6. Reporting

- 6.1 The minutes of Committee meetings will be circulated to all directors.
- 6.2 The Committee Chair will report on the business of the Committee meetings to the Board and convey Committee recommendations.

7. Committee Performance and Charter Review

- 7.1 The Committee will review its performance annually, as part of the annual Board performance review.
- 7.2 The Committee will review the adequacy of this Charter at least every two years and recommend amendments to the Board for approval.
- 7.3 The Committee will annually review fulfilment of its responsibilities under the Charter.

8. Other

- 8.1 Committee members will meet with APRA upon request.
- 8.2 The Committee will perform any other responsibilities as may be ascribed by the Board from time to time.

Charter Approved: October 2017