

Audit Committee Charter

Introduction

1. The Charter outlines the roles, responsibilities and composition of the Audit Committee (**Committee**) of the Board of the Commonwealth Bank of Australia (**CBA or Bank**) and the manner in which it discharges its responsibilities for CBA and its subsidiaries (**Group**).

Purpose

2. The primary purpose of the Committee is to provide objective review and oversight of the financial reporting process, the audit process and the Group's system of internal controls and compliance.

Role of the Committee

3. The Committee has been established to assist the Board in discharging its responsibilities on a range of matters relating to:
 - The external reporting of financial information for the Group;
 - The internal control framework for the Group;
 - The internal auditor (**Group Auditor**), internal audit function (**Group Audit & Assurance**) and the external auditors (**External Auditors**); and
 - The Group's Risk Management Framework (**RMF**), in conjunction with the Risk & Compliance Committee.
4. The Board has delegated authority to the Committee to fulfil its responsibilities as set out in the Section entitled *Responsibilities of the Committee* of this Charter and may make other delegations to the Committee from time to time.

Composition

5. The Board appoints the members and Chair of the Committee.
6. The Committee will consist of at least three directors, all of whom must be independent, non-executive directors (NEDs) of the Bank.
7. Committee members are to be financially literate, and between them, are to have the accounting and financial expertise and sufficient understanding of the financial services industry to fulfil its responsibilities.
8. The Risk & Compliance Committee Chair will be a member of the Committee, and the Committee Chair will be a member of the Risk & Compliance Committee, this is to assist with the flow of relevant information between the two Committees.
9. The Company Secretary of the Bank, or such other person as the Board may nominate, will act as Committee Secretary.

Role of the Chair

10. The Committee Chair must not be the Board Chair.
11. The Committee Chair is responsible to lead the Committee and oversee the processes for the Committee's performance of its role in accordance with this Charter.

12. The Committee Chair has specific responsibilities to:
 - Foster an open, inclusive and, where appropriate, robust discussion and debate by the Committee;
 - Set the agenda with the Company Secretary, ensuring that appropriate time and attention is devoted to matters within the responsibilities of the Committee; and
 - Liaise with the Chief Financial Officer (**CFO**), Group Auditor and the External Auditor to ensure the Committee has the information necessary to enable effective decision-making.

Meetings

13. The Committee will meet six times per year or more frequently if necessary.
14. The presence of one half of the members of the Committee (rounded upwards if not a whole number) will constitute a quorum.
15. All directors will have access to Committee papers and may attend Committee meetings.
16. The Group Auditor and the External Auditor are invited to attend all Committee meetings.
17. Management may attend Committee meetings, at the invitation of the Committee Chair.
18. The Committee will meet periodically and separately with the Group Auditor and the External Auditor, without management present.
19. The Committee will regularly meet with the Bank's Chief Executive Officer (**CEO**) and the CFO, without the Group Auditor, External Auditor or management present.
20. The Committee will meet periodically with the Nomination Committee, Risk & Compliance Committee, and People & Remuneration Committee to consider material financial and non-financial risks relevant to executive performance and remuneration and share information about key matters where appropriate to ensure ongoing oversight of these matters.
21. The Committee will refer an issue to the Board or another Board committee where:
 - the issue falls within that Board committee's responsibility;
 - relates to evidence of material inconsistencies in compliance with a CBA Group framework, or policy by a Group entity;
 - there is evidence of failings of controls to effectively manage risks; or
 - if it would benefit the Board or another Committee's consideration.

Access, reliance and advice

22. The Committee will have free and unfettered access to the CEO and the CEO's direct reports, any other relevant internal and external party and information, and may make any enquiries necessary to fulfil its responsibilities.
23. The Group Auditor has a direct reporting line to the Committee, while maintaining an administrative reporting line to the CFO. Consequently, the Group Audit & Assurance function reports directly to the Committee through the Committee Chair.

24. The CFO is responsible for the preparation, presentation, quality and integrity of information provided to the Committee.
25. The Committee may obtain independent advice at the Bank's expense, including by engaging and receiving advice and recommendations from appropriate independent experts with prior approval of the Board Chair.
26. Committee members are entitled to rely on information, advice and assurances provided by management on matters within their responsibility and on the expertise of independent experts, as long as they are not aware of any grounds that would make such reliance inappropriate.

Responsibilities of the Committee

The Committee is responsible for:

Financial Reporting

27. Reviewing significant accounting and financial reporting processes and issues, including reviewing and approving policies relating to external reporting and the provision of financial information for the Group, and changes to the accounting standards and regulatory requirements and their impact on the financial statements of the Group.
28. 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:
 - Consistency in application of accounting policies and adherence to accounting standards and other reporting requirements;
 - The need for, appropriateness of, and correct disclosure of, any changes made to the Bank's existing accounting policies;
 - The accounting treatment for, and disclosure of, significant, complex or unusual transactions;
 - The appropriateness of significant judgments made by management in preparing the financial statements; and
 - Whether the Bank's financial statements provide a true and fair view of the financial position and performance of the Group.
29. Reviewing the processes and controls that support the opinions provided in the CEO and CFO certifications 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.
30. Overseeing key aspects of the Group's half and full-year investor presentations, including considering the assurances provided by the External Auditor that the financial content of the presentations is consistent with the half-year or full-year audited financial reports.
31. Obtaining assurance over the effectiveness of the processes and controls adopted for the Group's financial reporting obligations to the Australian Prudential Regulation Authority (**APRA**) from management and the External Auditor and considering the adequacy of the assurances.
32. Reviewing and recommending to the Board for approval the half and full-year Pillar 3 reports required by APRA.
33. Oversee and monitor financial, tax and accounting risks, including matters referred to the Committee by the Risk & Compliance Committee.

- Internal Control**
34. Overseeing management’s design and implementation of the Group’s internal control framework and the processes for assessing the effectiveness of the Group’s internal controls.
 35. Obtaining assurance from management, the Group Auditor and the External Auditor on a periodic basis, and reporting to the Board, on the adequacy and effectiveness of the Group’s internal control framework and implementation of that framework.
 36. Monitoring the timely resolution of significant internal control deficiencies identified by the Group Auditor, the External Auditor, management or regulators.
 37. Providing information to the Risk & Compliance Committee in relation to any significant internal control matter where the control is inadequate or has not operated, or is not operating, as intended, and could have a significant impact on the Group's risk profile, including the RMF and risk appetite.
- Entity Governance**
38. Oversee and monitor the Group’s entity governance arrangements, including the implementation of controls, systems and frameworks to support effective entity governance.
 39. Reviewing and approving frameworks and policies relating to the Group’s entity governance, other than those that require, or are reserved for, Nominations Committee or Board approval.
- Group Auditor and Group Audit & Assurance**
40. Approving, on the recommendation of management, the appointment and the removal of the Group Auditor.
 41. Approving the Group Audit & Assurance Charter.
 42. Approving the Group’s annual internal audit plan, including any significant changes to it and overseeing progress against it.
 43. Receiving regular reports from Group Audit & Assurance on significant audit findings and the timeliness and adequacy of management’s responses and progress in resolving the outstanding significant audit findings.
 44. Assessing, at least annually, the adequacy, independence, and effectiveness of Group Audit & Assurance and providing feedback to management. At the Committee’s discretion and at least once every three years, obtaining an external assessment on Group Audit & Assurance’s adequacy and effectiveness.
 45. Reviewing the balanced scorecard and subsequent performance of the Group Auditor.
- External Audit**
46. Recommending the appointment or removal of the External Auditor to the Board for shareholder approval.
 47. Reviewing and approving:
 - the scope and terms of the annual audit services engagement;
 - the engagement fee for the External Auditor for audit and non-audit services; and
 - the rotation of external audit partners for the External Auditor.
 48. Reviewing the annual audit plans of the External Auditor.
 49. Assessing, at least annually, the performance, adequacy, effectiveness and independence of the External Auditor, including against any auditor independence requirements arising under legal, regulatory, or accounting, requirements or the Group’s policies.

50. Reviewing the half-year and annual audit review and audit reports over the Group financial statements and other internal controls and regulatory reports issued by the External Auditor, assessing the findings and recommendations, and seeking confirmation that management has responded appropriately to the findings and recommendations.
51. Reviewing and approving, on an annual basis, the External Auditor Services Policy (**Policy**), and reviewing reports from management and the External Auditor on compliance with the Policy.
52. 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

53. 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 RMF.
54. Reviewing and recommending to the Board for approval the Group Whistleblowing Policy (including material changes to that Policy) and reviewing reports from management:
 - Informing of any significant incidents, themes and trends, reported under the Speak Up Program, Group Whistleblower Policy and Group Anti-Bribery and Corruption Policy;
 - 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 reported fraud and/or unethical behaviour; and
 - Outlining the processes in place to ensure employee awareness of the Speak Up Program and Group Whistleblower Policy.
55. Considering any significant issues raised at audit committee meetings of APRA regulated subsidiaries within the Group and Global Regulated Entities (referred to in this Charter as **Regulated Subsidiary** or **Regulated Subsidiaries**) as reported to the Committee Chair and responding appropriately.
56. Considering, and reporting to the People & Remuneration Committee, any financial and/or internal control matter relevant to the determination of variable remuneration outcomes for the CEO and the CEO's direct reports.

Standing delegation

57. 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.
58. The Committee delegates authority to the:
 - Committee Chair (or in his/her absence the Risk & Compliance Committee Chair) to approve the engagement of the External Auditor to carry out an External Auditor Service in accordance with the limits specified in the Policy; and
 - Executive General Manager, Group Finance (or equivalent) to approve the engagement of the External Auditor to carry out an External Auditor Service in accordance with the limits specified in the Policy.

59. The Committee Chair and the Executive General Manager, Group Finance (or equivalent) must report the details of any exercise of authority delegated to the Committee on a quarterly basis.

Reporting

60. Minutes of Committee meetings will be made available to all Board directors.
61. The Committee Chair will report on the business of Committee meetings to the Board and convey Committee recommendations.

Committee performance and Charter review

62. The Committee will assess its performance and the fulfilment of its responsibilities under the Charter annually (including having an external review every three years).
63. The Committee will review the adequacy of this Charter annually and recommend amendments to the Board for approval.

Other

64. Committee members will meet with relevant regulatory bodies upon request.
65. The Committee will perform any other responsibilities as may be delegated to it by the Board from time to time.

Approval date

Charter approved	June 2020 (Effective 1 July 2020)
Next review	June 2021