



24 June 2015

IOOF commissions independent review

As noted in IOOF's statement of 22 June 2015, the company is committed to ensuring it meets the highest standards of governance and compliance in its different businesses.

In accordance with this approach, IOOF has engaged PwC to immediately commence an independent review of the IOOF Group regulatory breach reporting policy and procedures and the control environment within our Research division. This will be a thorough review and it is our intention to inform ASIC and APRA of the outcomes.

Most of the matters raised in the Fairfax press are historic in nature and IOOF believes all these issues have been addressed, including where relevant, thorough internal and board review, notifying industry regulators, ongoing review of compliance measures and controls, employee education and independent investigations. These initiatives have, where necessary, led to enhancement of processes and procedures and sought to improve the client experience and meet expected standards of compliance.

Nonetheless, IOOF has taken the decision to appoint PwC in the interests of providing clients and other stakeholders with confidence in the integrity of the company's controls in the Research division and its group regulatory breach reporting systems and the role they play in supporting IOOF's commitment to acting at all times in the client's best interests.

Detail of the scope of the review is set out below.

Research Division

The IOOF Advice Research division was reviewed in 2014, which led to the restructure in March 2015. This resulted in the appointment of a new "Group Head of Research and Portfolio Construction". The new Group Head is currently reviewing existing policies, procedures and how research is conducted and disseminated through the Group. PwC will be engaged to oversee and advise on the review.

PwC will assess the design and operating effectiveness of the Research division's control environment. This will include:

- (a) Performing business process and system walk-throughs to identify the key systems, processes and controls and assess their design effectiveness;
- (b) Test the operating effectiveness of the control environment through sample testing of key processes and controls; and
- (c) PwC will also conduct design effectiveness testing.

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Breach Reporting

Assess the design, implementation and operating effectiveness of Breach Reporting Processes for all regulated entities across the IOOF Group, including:

- (a) Review of the Breach Reporting Policy;
- (b) The design effectiveness of the systems, processes and controls in relation to the reporting of incidents/breaches across the Group; and
- (b) Assess the operating effectiveness of the breach reporting processes.

The review of the Breach Reporting Policy and assessment of effectiveness will be undertaken immediately and an interim report will be issued containing recommendations for any improvements.

Review and Consultation

IOOF will keep the market informed of any material outcomes of the review.