

## AUDIT AND RISK COMMITTEE CHARTER

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### 1 PURPOSE

The audit committee is appointed by the board of directors (Board) to assist the Board to discharge its responsibilities in relation to the governance, oversight, and monitoring of:

- Financial reporting processes;
- External audit; and
- Risk management and internal control.

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### 2 AUTHORITY

The Board authorises the audit committee to undertake activities to fulfil its responsibilities as described in section 4, as well as:

- resolve any disagreements between management and the auditor on financial reporting;
- review the company's internal control procedures periodically to ensure their adequacy;
- seek any information it requires from employees or external parties;
- seek advice from external consultants or specialists where the committee considers it necessary or appropriate. With the approval of the chair of the Board, any expenditure required to gain external advice will be borne by the company.

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### 3 COMPOSITION

The audit committee will consist of at least three members of the Board. All members of the committee must be non-executive directors and the majority must be independent. The Board will appoint and remove audit committee members and the chair of the committee. The chair of the committee must be non-executive and independent and must not be the chair of the Board.

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### 4 RESPONSIBILITIES

The committee will carry out the following responsibilities:

#### Financial Reporting

- Review significant and complex accounting and reporting issues and understand their impact on financial reports;
- Oversee the periodic financial reporting process implemented by management and review any financial statements and announcements before their release;
- Review the audited annual financial statements before their presentation to the Board, to ensure they represent a true and fair view of the organisation's financial position and performance, and the organisation's cash flow;

- Review the Chief Executive Officer (CEO) and Chief Financial Officer (CFO) representation declarations required by the Corporations Act 2001 for the annual statutory accounts; and
- Based on its review of the financial reports, provide a recommendation to the Board as to whether the financial report should be approved.

#### **External Audit**

- Appoint, evaluate, and where appropriate replace, the external auditor;
- Ensure the independence of the external auditors;
- Review the external auditor's proposed audit scope and approach to ensure that it is appropriate and effective;
- Periodically review the appointment and terms of engagement of the external auditor;
- Approve the proposed fees of the external auditor for the half-year review and the annual audit process;
- Meet with the external auditors to review results and discuss the adequacy and effectiveness of accounting and financial controls, and any issues the external auditors wish to raise;
- Ensure the rotation of the audit engagement partner every five years;
- Authorise any non-audit engagement of the external auditor. The audit committee will not approve the provision of a non-audit service if the provision of the service would compromise the independence of the auditor. Non-audit services which will be specially excluded include:
  - book keeping services and other services related to the preparation of the company's accounting records or financial statements;
  - financial information system design and implementation services;
  - internal audit services;
  - management functions;
  - appraisal or valuation services, fairness opinions.

#### **Financial Management**

- Ensure a system is in place to assess the appropriateness of and compliance with the organisation's internal control systems;
- Advise the Board on financial management and reporting matters, including the financial processes and procedures of the organisation;
- Review and monitor the effectiveness of the risk management framework;
- Review the proposed annual budget, assessing alignment to strategic business plans and appropriateness of underlying assumptions before recommending it to the Board;
- Monitor the solvency of the organisation and immediately raise any concerns with the Board.

#### **Risk Management**

- Monitor significant risks to the organisation and recommend strategies to the Board to manage and mitigate identified risks;
- Monitor compliance with applicable laws, regulations, standards, contracts, and best practice guidelines;
- Review the level and type of insurance coverage for the organisation and make recommendations to the Board as required.

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## **5 INVITEES**

Other people may attend meetings of the audit committee by invitation. They may take part in discussions but have no voting rights. On occasion they may be asked to leave the meeting if the committee requires a closed session.

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## **6 MEETINGS**

The audit committee will meet at least two times a year and hold extra meetings as required. Meetings requested by the external auditor must be held.

A quorum will be more than half of the members.

In the chair's absence, the members who are present will select a chair for that meeting.

The notice and agenda of a meeting will include relevant supporting papers and must be made available to committee members at least 3 working days prior to the meeting date.

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## **7 VOTING**

Matters will generally be decided by consensus, or if a consensus can't be reached, by a majority of votes from the members present.

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## **8 CONFLICTS OF INTEREST**

Committee members will be invited to disclose conflicts of interest at the start of each meeting. Ongoing conflicts of interest need not be disclosed at each meeting once they have been acknowledged. Where members or invitees are deemed to have a real or perceived conflict of interest they will be excused from committee discussions regarding the issue where a conflict exists.

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## **9 SECRETARIAT DUTIES**

The company secretary, who would usually be invited to Audit Committee meetings, will act as secretary to the audit committee. In the absence of the company secretary, the members who are present will select a secretary for that meeting.

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## **10 MINUTES**

Minutes must be prepared, approved by the chair and circulated to the members within two weeks of a committee meeting. The minutes must be ratified and signed by the chair within 4 weeks of the meeting.

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## **11 REPORTING TO THE BOARD**

The chair of the audit committee is to report to the Board following each committee meeting. They may distribute a copy of the minutes, supplemented with other necessary information, and the recommendation of the audit committee required for Board approval/action.

The committee is to ensure that the Board is aware of any matters that may significantly affect the financial position of the company.

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## **12 REVIEWS**

The audit committee will review this charter periodically to ensure that it remains consistent with the Board's objectives and responsibilities.