

# Audit and Risk Committee Charter

December 2019



## Composition

The Audit and Risk Committee shall be structured so that, where practicable, it has at least three members, all of which are non-executive directors and a majority of whom are independent directors. The Chair of the Audit and Risk Committee must be independent and not also Chair of the Board. The Company Secretary will be the Secretary of the Audit and Risk Committee.

All members of the Audit and Risk Committee must be financially literate (that is, be able to read and understand financial statements); at least one member must have relevant qualifications and experience (that is, should be a qualified accountant or other finance professional with experience of financial and accounting matters); and all members should have an understanding of the industry in which the Company operates.

From time to time, non Audit and Risk Committee members may be invited to attend meetings of the Audit and Risk Committee, if it is considered appropriate.

## Role

The role of the Audit and Risk Committee is to review and make recommendations to the Board in relation to:

- (a) the adequacy of the Company's corporate reporting processes and internal controls framework;
- (b) whether the Company's financial statements reflect the understanding of the Audit and Risk Committee members of, and otherwise provide a true and fair view of, the financial position and performance of the Company;
- (c) the appropriateness of the accounting judgments or choices exercised by management in preparing the Company's financial statements;
- (d) the appointment or removal of the external auditor, the rotation of the audit engagement partner, the scope and adequacy of the external audit, the independence and performance of the external auditor and any proposal for the external auditor to provide non-audit services and whether it might compromise the independence of the external auditor;
- (e) the Company's internal financial control system and oversee the Company's risk management framework;
- (f) compliance with the Company's *Code of Conduct, Whistleblower Policy and Anti-Bribery and Corruption Policy*;
- (g) the Company's process for managing its compliance obligations;
- (h) if the Company has an internal audit function:
  - (i) *the appointment or removal of the head of internal audit;*
  - (ii) *the scope and adequacy of the internal audit work plan; and*
  - (iii) *the objectivity and performance of the internal audit function; and*

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- (i) the adequacy of the Company's processes for managing risk, including:
  - (a) reviewing the Company's risk profile in light of the economic, social, political, legal and regulatory environment in which the Company operates and setting the Company's risk appetite.
  - (b) the Company's Risk Management Policy and, in line with that policy:
    - (a) ensuring the Company has an adequate risk management system in place;
    - (b) regularly reviewing management's performance against the Company's risk management system, including whether it is operating within the risk appetite set by the Board and whether internal compliance and control procedures are adequate to ensure effective identification, monitoring and management of material business risks;
    - (c) receiving reports from management on new and emerging sources of risk and the risk controls and mitigation measures that management has put in place to deal with those risks;
    - (d) regularly reporting to Board on the efficiency and effectiveness of the Company's risk management system and associated internal compliance and control procedures; and
    - (e) reporting to Board on any material changes in the Company's risk profile.
- (j) any material incident involving fraud or other break down of the Company's internal controls and "lessons learned"; and
- (k) the Company's insurance program, having regard to the Company's business and the insurable risks associated with its business.
- (l) perform such other functions as assigned by law, the Company's Constitution or the Board.
- (m) Overview of taxation matters and implications in financial reporting.
- (n) Overview of taxation planning.
- (o) Consideration of taxation implications of major transactions.

Ultimate responsibility for a Company's financial statements and the Company's risk management framework rests with the full Board.

## Operations

The Audit and Risk Committee meets at least quarterly, with further meetings on an as required basis. Minutes of all meetings of the Audit and Risk Committee must be kept. The minutes must be tabled at each subsequent meeting of the full Board, and a report of actions taken by the Audit and Risk Committee also given by the Chair of the Audit and Risk Committee at each subsequent meeting of the full Board. Audit and Risk Committee meetings will be governed by the same rules, as set out in the Company's Constitution as they apply to the meetings of the Board.

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## Responsibilities

Annual responsibilities of the Audit and Risk Committee are as set out in the *Audit and Risk Committee Charter – annual action points* (attached).

## Authority and resources

The Company is to provide the Audit and Risk Committee with sufficient resources to undertake its duties, including provision of educational information on accounting policies and other financial topics relevant to the Company, and such other relevant materials requested by the Audit and Risk Committee.

The Audit and Risk Committee has rights of access to management and has the authority to seek explanations and additional information from the Company's external auditors, without management present, when required.

The Audit and Risk Committee has the power to conduct or authorise investigations into any matters within the Audit and Risk Committee's scope of responsibilities. The Audit and Risk Committee has the authority, as it deems necessary or appropriate, to retain independent legal, accounting or other advisors.

## Reporting to the Board and shareholders

The Audit and Risk Committee is to report to the Board, at least annually, on the following matters:

- (p) assessment of whether external reporting is consistent with Audit and Risk Committee members' information and knowledge and is adequate for shareholder needs;
- (q) assessment of the management processes supporting external reporting, including processes to verify the integrity of any periodic corporate report released to the market that is not audited or reviewed by an external auditor;
- (r) recommendations for amending the Company's *Procedure for the Selection, Appointment and Rotation of the External Auditor*;
- (s) recommendations for the appointment or, if necessary, the removal of the external auditor;
- (t) assessment of the performance and independence of the external auditors. Where the external auditor provides non-audit services, the report should state whether the Audit and Risk Committee is satisfied that provision of those services has not compromised the auditor's independence;
- (u) assessment of the performance and objectivity of the internal audit function (if any);
- (v) the results of the Audit and Risk Committee's review of the Company's risk management framework and internal control systems;
- (w) the results of the Audit and Risk Committee's review of this Audit and Risk Committee Charter; and
- (x) comment on the Audit and Risk Committee's operation and composition.

The Chair of the Audit and Risk Committee, if appointed, is to be present at the annual general meeting to answer questions, through the Chair of the Board.

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## Review of Charter

The Board will review this Audit and Risk Committee Charter at least annually, and update it as required.

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## Corporate Governance Calendar Q1

- Review annual financial statements
  - Assess management's selection of accounting policies and principles
  - Assess if the external auditors report is adequate for shareholders' needs
  - Obtain sign-off from Finance Managers to support annual and half-year section 295A declaration, if appropriate
  - Discuss the Company's choice of accounting policies and methods, and any recommended changes
  - Discuss the adequacy and effectiveness of the Company's internal controls
  - Consider the external audit of the financial statements and the external auditor's
  - Discuss any significant findings and recommendations of the external auditor and management's response to those findings and recommendations
  - Discuss any difficulties or disputes with management encountered during the course of the audit including any restrictions or access to required information
- Consider internal controls including the Company's policies and procedures
- Ensure *CEO (or equivalent) and CFO (or equivalent) declaration provided in accordance with Recommendation 4.2 and section 295A* has been received
- Prepare corporate governance statement for publication in Annual Report or on the Company's website
- Confirm the independence of the external auditor, including reviewing the external auditor's non-audit services and related fees

## Q2

- Ensure external auditor is given notice of all general meetings and is requested to attend AGM
- Evaluate the adequacy and effectiveness of the Company's risk management framework
- Identify material changes to the Company' risk profile
- Formulate an action plan to address areas of perceived risk and monitor implementation programs
- Review and make recommendations on the strategic direction, objectives and effectiveness of the Company's risk management framework
- Consider internal controls, including the Company's policies and procedures to assess, monitor and manage risks

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## Q3

- Review half year financial statements
  - Assess management's selection of accounting policies and principles
  - Assess if the external auditors report is adequate for shareholders' needs
  - Obtain sign-off from Finance Managers to support annual and half-year section 295A declaration, if appropriate
  - Discuss the Company's choice of accounting policies and methods, and any recommended changes
  - Discuss the adequacy and effectiveness of the Company's internal controls
  - Consider the external audit of the financial statements and the external auditor's
  - Discuss any significant findings and recommendations of the external auditor and management's response to those findings and recommendations
  - Discuss any difficulties or disputes with management encountered during the course of the audit including any restrictions or access to required information
- Ensure *CEO (or equivalent) and CFO (or equivalent) declaration provided in accordance with Recommendation 4.2 and section 295A* has been received

## Q4

- Verify the composition of the Audit and Risk committee function is in accordance with the Audit and Risk Committee Charter
- Review the independence of each Audit and Risk Committee member based on the *Company's Policy on Assessing the Independence of Directors*
- Review the Audit and Risk Committee Charter and Action Points at least annually, and update as required.

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## Audit and Risk Committee Charter – annual action points

### Financial and corporate reporting and internal controls

- Review half-year and annual financial statements
- Review compliance with relevant statutory and regulatory requirements
- Assess management's selection of accounting policies and principles
- Consider the external audit of the financial statements and the external auditor's report thereon including an assessment of whether external reporting is consistent with Audit and Risk Committee members' information and knowledge
- Consider internal controls including the Company's policies and procedures to assess, monitor and manage financial risks including tax risk (and other business risks if authorised), including processes to verify the integrity of any periodic corporate report released to the market that is not audited or reviewed by an external auditor
- Assess if the external auditors report is adequate for shareholder needs
- Obtain sign-off from Finance Managers to support annual and half-year section 295A declarations, if appropriate.

### Annual meeting with external auditor

- Discuss the Company's choice of accounting policies and methods, and any recommended changes
- Discuss the adequacy and effectiveness of the Company's internal controls
- Discuss any significant findings and recommendations of the external auditor and management's response to those findings and recommendations
- Discuss any difficulties or disputes with management encountered during the course of the audit including any restrictions or access to required information.

### External auditor

- Review the Company's *Procedure for the Selection, Appointment and Rotation of External Auditor*
- Recommend to the Board to appoint and, if necessary, remove the external auditor and approve the terms on which the external auditor is engaged
- Establish/review permissible services that the external auditor may perform for the Company and pre-approve all audit/non-audit services
- Confirm the independence of the external auditor, including reviewing the external auditor's non-audit services and related fees
- Assess the overall performance of the external auditor
- Ensure external auditor is given notice of all general meetings and is requested to attend AGM

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## Internal communications and reporting

- Provide the report described in clause 6 of the Audit and Risk Committee Charter
- Regularly update the Board about Audit and Risk Committee activities and make appropriate recommendations
- Ensure the Board is fully aware of matters which may significantly impact the financial conditions or affairs of the business.

## Risk

- Evaluate the adequacy and effectiveness of the Company's risk management framework
- Identify material changes to the Company's risk profile
- Formulate an action plan to address areas of perceived risk and monitor implementation programs
- Review and make recommendations on the strategic direction, objectives and effectiveness of the Company's risk management framework
- Consider internal controls, including the Company's policies and procedures to assess, monitor and manage risks.

## Other

- Verify the composition of the Audit and Risk Committee function is in accordance with the Audit and Risk Committee Charter
- Review the independence of each Audit and Risk Committee member based on the Company's *Policy on Assessing the Independence of Directors*
- Review the Audit and Risk Committee Charter and Action Points at least annually, and update as required
- Develop and oversee procedures for treating complaints or employee concerns received by the Company regarding accounting, internal accounting controls, auditing matters and breaches of the Company's *Code of Conduct and/or Anti-Bribery and Corruption Policy*
- Consider continuous disclosure requirements with regard to corporate reporting.