



Audit and Risk Committee Charter

1. Scope

The Audit Committee is a committee of the Board of the Company with the specific powers delegated under this charter. The charter sets out the Audit Committee's function, composition, mode of operation, authority and responsibilities.

2. Function

The primary function of the Committee is to assist the Board in fulfilling its responsibilities relating to accounting and reporting practices of the Company. In addition, the Committee will:

- (a) oversee, co-ordinate and appraise the quality of the audits conducted by both the Company's external and internal auditors;
- (b) determine the independence and effectiveness of the external and internal auditors;
- (c) maintain open lines of communications among the Board, the internal and external auditors to exchange views and information, as well as confirm their respective authority and responsibilities;
- (d) serve as an independent and objective party to review the financial information submitted by management to the Board for issue to shareholders, regulatory authorities and the general public; and
- (e) review the adequacy of the reporting and accounting controls of the Company.

The Committee is not required to personally conduct accounting reviews or audits and is entitled to rely on employees of the Company or professional advisers where appropriate.

3. Membership and composition

The Board shall appoint the members of the Committee and review the composition of the Committee at least annually.

- (a) The Committee must comprise at least three members;
- (b) A majority of the members of the Committee must be independent non-executive Directors in accordance with the criteria set out in Annexure A of the Board Charter.
- (c) The Board will appoint members of the Committee. The Board may remove and replace members of the Committee by resolution.
- (d) All members of the Committee must be able to read and understand financial statements.
- (e) The Chairman of the Committee must not be the Chairman of the Board of Directors and must be independent
- (f) The Chairman shall have leadership experience and a strong finance, accounting or business background; and
- (g) The external auditors, the other Directors, the Managing Director, Chief Financial Officer, Company Secretary and senior executives, may be invited to Committee meetings at the discretion of the Committee.

4. Meetings

The Committee shall:

- (a) meet as frequently as required but at least two times per year; and
- (b) the minimum quorum for a committee meeting is two members.

The secretary of the Committee is the Company Secretary;

5. Authority

In performing its functions in accordance with any applicable law, the Committee:

- (a) has unrestricted access to the external auditors, the internal audit firm, senior management and employees of the Company;
- (b) has unrestricted access to information and reports relevant to fulfilling its responsibilities;
- (c) may seek independent external advice on matters brought before the Committee or in relation to the functions and responsibilities of the Committee; and
- (d) shall have the power to conduct or authorise investigations into any matters within the committee's scope of responsibilities or when requested by the Board.

6. Responsibilities

The Committee must promote an environment within the Company which is consistent with best practice financial reporting. In particular, the Committee must:

- (a) perform an independent review of financial information prepared by management for external reporting. This will include conducting reviews of the annual report, directors' report, annual financial statements, half yearly financial statements and any other externally reported financial information required by law;
- (b) ensure that before the Board approves the Company's financial statements for a financial period, the Chief Executive Officer and Chief Financial Officer (or equivalent) have declared that, in their opinion, the financial records of the Company have been properly maintained and that the financial statements comply with the appropriate accounting standards and give true and fair view of the financial position and performance of the Company and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.
- (c) monitor the integrity and effectiveness of financial reporting processes;
- (d) review and assess the external audit arrangements;
- (e) appoint, review and assess the internal audit arrangements and consider significant internal audit findings and management's responses and related actions;
- (f) review and ensure implementation of legislated major accounting changes;
- (g) ensure that appropriate policies are established and adequate systems are in place to identify and disclose related-party transactions and assess the propriety of any related party transactions; and
- (h) ensure that the Board is kept regularly informed on general progress and activities, and is promptly briefed on all significant matters.

7. External audit arrangements

The Committee shall report to the Board on external audit arrangements, including:

- (a) making recommendations to the Board on the appointment, re-appointment, replacement and remuneration of the external audit firm;
- (b) review the terms of engagement for the external auditor;
- (c) review the scope of the external audit with the external auditor including identified risk areas;
- (d) monitor the performance of the external audit including assessment of the quality and rigour of the audit, quality of the service provided and the audit firm's internal quality control procedures;
- (e) review and assess non-audit services to be provided by the external auditor, with particular consideration to the potential to impair or appear to impair the external auditors' independence;
- (f) review and monitor management's responsiveness to the external audit findings; and
- (g) on a periodic basis, meet with the external auditor without the presence of management.

8. Access to Advice

- (a) Members of the Committee have rights of access to management and to the books and records of the Company to enable them to discharge their duties as Committee members, except where the Board determines that such access would be adverse to the Company's interests.
- (b) Members of the Committee may meet with the auditors, both internal and external (if applicable), without management being present.
- (c) Members of the Committee may consult independent legal counsel or other advisers they consider necessary to assist them in carrying out their duties and responsibilities, subject to prior consultation with the Chairman. Any costs incurred as a result of the Committee consulting an independent expert will be borne by the Company.

9. Appointment of external auditor

Should a change in auditor be considered necessary, a formal tendering process will be undertaken. The Committee will identify the attributes required of an auditor and will ensure the selection process is sufficiently robust so as to ensure selection of an appropriate auditor.

The Committee will ensure that prospective auditors have been provided with a sufficiently detailed understanding of the Company, its operations, its key personnel and any other information, including group structures and financial statements, that will have a direct bearing on each firm's ability to develop an appropriate proposal and fee estimate.

The Committee and the Board will consider the appointment in conjunction with senior management.

In selecting an external auditor, particular consideration will be given to determining whether the fee quoted is sufficient for the work required, that the work is to be undertaken by people with an appropriate level of seniority, skill and knowledge and whether the work proposed is sufficient to meet the Company's needs and expectations.

The appointment of a new external audit firm will be placed before shareholders for ratification at the next annual general meeting after the appointment is made.

10. Rotation and succession planning

The Committee will discuss with the auditor the provisions the audit firm has in place for rotation of the lead engagement partner and the independent review partner. The Company shall require that the lead engagement partner be rotated at least every 5 years and the review partner be rotated at least every 3 years.

11. Risk Management

The Audit and Risk Committee, or in its absence the full board, has the responsibility for:

- (a) Overseeing the Company's risk management systems, practices and procedures to ensure effective risk identification and management and compliance with internal guidelines and external requirements.
- (b) Assisting to identify and manage potential or apparent business, economic, environmental and social sustainability risks (if appropriate).
- (c) Reviewing the Company's risk management framework at least annually to satisfy itself that it continues to be sound.
- (d) Reviewing reports by management on the efficiency and effectiveness of the Company's risk management framework and associated internal compliance and control procedures.

And in addition

- (e) The Committee will oversee the Company's environmental risk management and occupational health and safety processes.
- (f) As contemplated by the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, and to the extent that such deviation or waiver does not result in any breach of the law, the Committee may approve any deviation or waiver from the "*Corporate code of conduct*". Any such waiver or deviation will be promptly disclosed where required by applicable law.
- (g) Monitor related party transactions.

12. Review

The Board will conduct an annual review of the membership to ensure that the Committee has carried out its functions in an effective manner, and will update the Charter as required or as a result of new laws or regulations.

The Charter shall be made available to members on request, to senior management, to the external auditor and to other parties as deemed appropriate and will be posted to the Company's website.

13. Report to the Board

The Committee must report to the Board formally at the next Board meeting following from the last Committee meeting on matters relevant to the Committee's role and responsibilities.

The Committee must brief the Board promptly on all urgent and significant matters.

14. Approval and review details

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