

Audit and Risk Committee Charter (Updated March 2023)



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1 Role of the Audit & Risk Committee

The Audit & Risk Committee (hereafter referred to as “A&R Committee”) is a committee of the Board. The role of the A&R Committee is to assist the Board in carrying out its accounting, auditing and financial reporting responsibilities, including oversight of:

- (a) the integrity of the Company’s external financial reporting and financial statements;
- (b) the independence and competence of the Company’s external auditors;
- (c) the performance of the external audit functions and review of their audits;
- (d) the effectiveness of the Company’s system of internal controls; and
- (e) the effectiveness of the Company’s risk management framework, as it relates to both financial and non-financial risks.

The A&R Committee will have full access to all books and records of the Company and the authority to engage independent advisers (as it determines necessary from time to time) to carry out its duties.

2 Audit responsibilities

2.1 External reporting

The A&R Committee is responsible for:

- (a) reviewing the appropriateness of the accounting policies and principles, any changes to those policies and principles and the methods of applying them to ensure that they are in accordance with the Company’s stated financial reporting framework;
- (b) overseeing the preparation of financial reports and reviewing the results of external audits of these reports;
- (c) assessing significant estimates and judgments in financial reports by examining the processes used to make material estimates and judgments and making enquiries of the external auditors as to the basis for their conclusions about the reasonableness of management’s estimates;
- (d) reviewing management’s processes for ensuring and monitoring compliance with laws, regulations and other requirements relating to the preparation of accounts and external reporting by the Company of financial and non-financial information;
- (e) assessing (before publication) whether external reporting is consistent with A&R Committee members’ information and knowledge;
- (f) reviewing the completeness and accuracy of the Company’s main corporate governance practices;
- (g) assessing information from external auditors that affects the quality of financial reports;
- (h) requesting that the external auditor provide an independent judgment about the appropriateness, not just the acceptability, of the accounting principles used and the clarity of financial disclosure practices used by the Company;
- (i) assessing the management of non-financial information in documents to ensure the information does not conflict inappropriately with financial statements; and
- (j) recommending to the Board whether the financial statements should be signed based on the A&R Committee’s assessment of them.

2.2 External audit

The A&R Committee is responsible for:

- (a) establishing procedures for the selection and appointment of the external auditor and for the rotation of the external audit engagement partners;
- (b) making recommendations to the Board on the appointment, removal and remuneration of the external auditor;
- (c) agreeing to the terms of engagement of the external audit before the start of each audit;
- (d) examining any suggestion by management that the auditor needs to be replaced or that the audit needs to be put out to tender and reporting to the Board on its examination before any decision is made by the Board;
- (e) reviewing the external auditor's fee and being satisfied that an effective, comprehensive and complete audit can be conducted for the set fee;
- (f) monitoring the effectiveness and independence of the external auditor;
- (g) reviewing the external auditor's independence based on the external auditor's relationships and services with the Company and other organisations;
- (h) assessing whether the external auditor's provision of non-audit services impairs or appears to impair their judgment or independence and, if required, developing policies for Board approval to ensure this does not occur;
- (i) inviting the external auditor to attend A&R Committee meetings to review the audit plan, discuss audit results and consider the implications of external audit findings;
- (j) reviewing the scope of the external audit, including identified risk areas and any additional procedures, with the external auditor on a periodic basis;
- (k) discussing with the external auditor any significant disagreements with management, irrespective of whether or not they have been resolved;
- (l) monitoring and evaluating management's response to the external auditor's findings and recommendations;
- (m) reviewing all representation letters signed by management and ensuring all information provided is complete and appropriate; and
- (n) meeting with the external auditor without management present at least once a year.

2.3 Internal control management

The A&R Committee is responsible for:

- (a) examining and evaluating the effectiveness of the internal control system with management and external auditors;
- (b) assessing existing controls that management has in place for unusual transactions or transactions that may carry more than an accepted level of risk; and
- (c) meeting periodically with key management, external auditors and compliance staff to understand the Company's control environment.
- (d) receiving reports concerning all suspected and actual frauds, thefts and breaches of the law;
- (e) assessing and ensuring that there are internal processes for determining and managing key areas, such as important judgments and accounting estimates;

2.4 Risk

The A&R Committee is responsible for:

- (a) reviewing the Company's processes for identifying and managing risk;
- (b) receive reports from management on new and emerging sources of risks and the risk controls and mitigation measures that management has put in place to deal with those risks;
- (c) oversee the maintenance, review and update of the Company's risk management framework implemented by management;
- (d) review and assess the effectiveness of the Company's risk management framework and mitigating controls.

2.5 Related party transactions

The A&R Committee is responsible for reviewing and monitoring the propriety of related party transactions.

3 Membership

3.1 Composition and size

The A&R Committee will:

- (a) consist of at least three members;
- (b) consist of only non-executive directors;
- (c) have a majority of independent directors; and
- (d) be chaired by an independent chair, who is not chair of the Board.

The members of the A&R Committee are Dr David Crean (chair), Ms Sally Herman, Ms Sylvia Falzon and Mr Tim Antonie.

Membership is reviewed periodically and re-appointment to the A&R Committee is not automatic. Appointments and resignations are decided by the Board.

3.2 Chairperson

The chairperson of the A&R Committee is appointed by the Board. If, for a particular A&R Committee meeting, the A&R Committee chairperson is not present within 10 minutes of the nominated starting time of the meeting, the A&R Committee may elect a chairperson for the meeting.

3.3 Technical expertise

The A&R Committee must be structured so that:

- (a) all members are financially literate, that is, are able to read and understand financial statements;
- (b) at least one member has financial expertise, that is, is an accountant or financial professional with experience of financial and accounting matters; and
- (c) some members have an understanding of the industry in which the Company operates.

3.4 Commitment of Committee members

A&R Committee members must devote the necessary time and attention for the A&R Committee to carry out its responsibilities.

3.5 Secretary

The company secretary (or another individual appointed by resolution of the A&R Committee) is the secretary of the Committee.

4 Committee meetings and processes

4.1 Meetings

Meetings and proceedings of the A&R Committee are governed by the provisions in the Company's Constitution regulating meetings and proceedings of the Board and committees of the Board in so far as they are applicable and not inconsistent with this charter.

4.2 Frequency and calling of meetings

The A&R Committee will meet as frequently as required to undertake its role effectively. The chairperson must call a meeting of the Committee if requested by any member of the Committee, the external auditor or the chairperson of the Board.

4.3 Quorum

Two directors constitute a quorum for meetings of the A&R Committee.

4.4 Attendance by management and advisors

The Chief Executive Officer (or the Chairman in the absence of a Chief Executive Officer) and external auditors have a standing invitation to all scheduled meetings of the A&R Committee.

The A&R Committee chairperson may also invite directors who are not members of the A&R Committee, other senior managers and external advisors to attend meetings of the A&R Committee. The A&R Committee may request management and/or others to provide such input and advice as required.

4.5 Agenda and documents

The chairperson of the A&R Committee determines the meeting agenda after appropriate consultation.

The A&R Committee secretary distributes the agenda and any related documents to all A&R Committee members and other attendees before each proposed meeting.

4.6 Access to information and advisors

The chairperson of the A&R Committee receives all reports between the external auditor and management.

The A&R Committee has the authority to:

- (a) require management or others to attend meetings and to provide any information or advice that the A&R Committee requires;
- (b) access the Company's documents and records;
- (c) obtain the advice of special or independent counsel, accountants or other experts, without seeking approval of the Board or management; and
- (d) approach management and external auditors for information.

4.7 Minutes

The secretary will keep minute books to record the proceedings and resolutions of meetings of the A&R Committee.

The chairperson of the A&R Committee, or its delegate, will report to the Board after each A&R Committee meeting. Minutes of A&R Committee meetings will be included in the papers for the next Board meeting after each A&R Committee meeting.

4.8 CEO Attestation Statement

The A&R Committee will ensure that it receives an annual statement from the CEO and CFO (or Company Secretary in the absence of a CFO) regarding the integrity of the Company's financial statements and confirmation that the integrity of the financial statements is founded on a sound system of risk management and internal compliance and control.

This statement will be provided to the Board along with the A&R Committee's recommendations and comments in relation to the half-year and annual financial statements.

4.9 Risk control on Taxation

The A&R Committee's responsibilities to oversee the Company's financial risk management and reporting extends to the company's tax risk control framework whereby the A&R Committee shall ensure:

- (a) the Company can fulfil its day to day tax compliance and reporting requirements;
- (b) adequate tax records exist to ensure timely and accurate preparation of tax returns and payments;
- (c) tax is properly considered as part of the decision-making process for major transactions;
- (d) sound advice is obtained in respect of major transactions and changes in legislation; and
- (e) it is made aware of any enquiries, audits or reviews performed by tax authorities in any country within which the Company operates.

5 A&R Committee's performance evaluation

The A&R Committee will review its performance from time to time and whenever there are major changes to the management structure of the Company.

The performance evaluation will have regard to the extent to which the Company has met its responsibilities in terms of this charter.

6 Review and publication of charter

The A&R Committee will review this charter from time to time and report to the Board any changes it considers should be made. The charter may be amended by resolution of the Board.