

# Audit and Risk Committee Charter

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## Audit and Risk Committee Charter

### Role and Responsibilities

The role of the Audit and Risk Committee (“the Committee”) is to represent and assist the Board in relation to internal control policies and procedures, external audit, and the identification, management and treatment of financial and other business risks.

The Committee’s responsibilities are described in the Corporate Governance Statement, these being:

- in conjunction with the external auditors, assure the integrity of financial statements;
- recommend to the Board the appointment of and review the performance of the external auditor;
- manage the appointment, renewal and remuneration of the external auditor;
- oversee the integrity of the external audit process;
- oversee the integrity of the entity’s financial reporting and financial disclosures;
- oversee the integrity of the release of periodic corporate information required by regulators;
- ensure that the entity has in place an appropriate risk management framework and set the risk appetite within which the Board expects management to operate; and
- implement a process to identify the likelihood and impact of financial and other business risks and develop recommendations to strategically address the identified risks.

### Committee Membership

The Committee will be chaired by an independent, non-executive director of the Company. Membership of the Committee will be determined by the Board and will include at least two directors (other than the Managing Director/Chief Executive Officer) and the Company Secretary (Committee Secretary).

The Managing Director/Chief Executive Officer and Chief Financial Officer may be invited to meetings but will be excused from discussions if the Committee so determines.

External auditors will be invited to attend meetings as required.

### Detailed Responsibilities

#### ***Appointment of the External Auditor and Management of the External Audit Process***

The Committee will manage the relationship between the Company and the external auditor, ensuring the external auditor has the requisite expertise and experience. The Committee will adopt an objective process to recommend to the Board appointment, performance management and, as required, replacement of the external auditor.

Each year, the Committee will recommend to the Board an external audit program which complies with good accounting practice and the Company’s statutory and regulatory obligations. The Committee will discuss any problems, disagreements, and reservations arising from the external audit with executive management and provide the forum for these issues to be considered and for recommendations to be made to the Board.

The Committee will require from the external auditors a formal, written statement describing the audit process, quality control procedures, and any material issues for consideration by the Board as well as a program to ensure rotation of personnel to ensure objectivity.

The Committee will recommend to the Board fees to be paid to the external auditor.

#### ***Integrity of Financial Statements and Financial Reporting Systems***

The Committee will oversee the Company’s financial reporting and financial disclosure processes. It will make recommendations to the Board for the approval of the half-year and full-year financial statements and associated disclosures, which are to be released to the Australian Securities Exchange or any other statutory or regulatory authority.

It will review the Company’s financial statements for accuracy, ensuring material management judgments are reviewed and these judgements are considered appropriate. The Committee will oversee the appropriateness of the accounting policies adopted by

management in the composition and presentation of financial reports, including making recommendations for approval of new or changed policies to the Board.

### **Release Periodic Corporate Information**

The Committee will review periodic corporate reports that are required to be disclosed publicly as part of its role in assisting the Board to meet its oversight responsibilities. The Committee will review and consider the integrity of these reports via actions such as: discussing reports with subject-matter experts; reviewing the accuracy and material requirements of information; and ensuring that periodic corporate reports provide clear, concise and effective disclosure. Upon review of reports, the Committee should provide a recommendation to the Board to approve and release the reports.

### **Management of the Risk Framework**

The Committee will ensure that executive management has a satisfactory framework for financial and other business risk identification and a management program in each entity. The major components of the framework include:

1. **Establish the Context** – Determine the environment in which the risk may occur by consideration of internal and external factors such as changes in business operations, the global economy or changes in technology;
2. **Risk Identification** – Identify what impact there could be on the achievement of the Company's objectives;
3. **Risk Assessment** – Understand the risk by considering the potential consequence of the risk and the likelihood of the consequences occurring;
4. **Risk Evaluation/treatment** – Evaluate the risk to determine if additional treatments are needed to move the risk assessment to an acceptable level;
5. **Monitoring and Review** – Ongoing monitoring of risks, controls, and action plans including regular updates to executive management and the Audit and Risk Committee;
6. **Communication and Consultation** - Ensure ongoing communication and consultation on the Risk Management Framework.

### **Meetings**

The Committee will meet as often as necessary to effectively discharge its responsibilities but not less than four times per year and any Committee member may call a meeting of the Committee. A quorum will comprise the Chairman and at least one other Committee member and will use the same meeting protocols as the full Board.

Each director will be copied with the notice of meeting and agenda and will have the opportunity to suggest agenda items.

The Committee will report to the full Board at the Board meeting immediately after the Committee meeting, with Committee minutes and any other papers being distributed as part of the Board papers.

### **Annual Review of Performance**

To determine whether it is functioning effectively, once each year the Committee shall:

1. review this Charter; and
2. undertake an evaluation of its performance.