

## **AUDIT & RISK COMMITTEE CHARTER**

### **1. Purpose and Objectives**

The Audit & Risk Committee has been established by the Board. Its primary function is to assist the Board in fulfilling its responsibilities by reviewing the:

- Quality and integrity of financial reporting.
- Systems of internal control which management and the Board have established in order to safeguard the Company's financial assets and facilitate compliance with relevant statutory and regulatory requirements.
- Processes for financial and business risk identification, quantification and mitigation.
- Effectiveness and independence of the external audit process.
- Quality and relevance of financial information provided to management and the Board on which decisions will be based.

### **2. Membership and Meetings**

The following are the membership and meeting requirements of the Audit & Risk Committee:

- (a) The membership of the Audit & Risk Committee should consist of at least three Non-executive Directors designated by the full Board, at least two of whom should be independent. The Chairperson should be an independent Non-executive Director with appropriate qualifications, but not be the Chairperson of the Board.
- (b) A quorum shall be two Members, one of whom shall be independent.
- (c) Executive Directors should not be members of the Audit & Risk Committee. All Non-Executive Directors may attend all meetings of the Committee, but shall not vote.
- (d) Members of the Audit & Risk Committee shall be appointed for an initial two year term after which their appointment may be subject to annual rotation at the Board's discretion.
- (e) Election and removal of members by the Board shall be by majority vote.
- (f) The duties and responsibilities of the members of the Audit & Risk Committee are in addition to those as a member of the Board of Directors.
- (g) The Audit & Risk Committee shall meet at least twice per year or more frequently if circumstances require.
- (h) The Audit & Risk Committee may invite Executive Directors, the Chief Executive Officer, the Chief Financial Officer, and other senior executives as may be appropriate from time to time, to attend Meetings of the Committee. The External Auditors shall be invited to attend Meetings dealing with the interim financial report and the annual financial report and on such other occasions as the Committee deems necessary.
- (i) The Company Secretary, or such other Executive as the Board may deem appropriate, shall serve as Secretary to the Committee. The Secretary (in conjunction with the Chairperson) is responsible for setting the meeting schedule for the year, circulating the meeting agenda and supporting material to all committee members and external audit representatives as appropriate prior to each meeting. Normal committee distribution requirements for minutes, agendas and supporting material will apply. The Secretary must keep minutes of each meeting of the Committee. After approval by the Committee, Minutes of each meeting will be circulated to the full Board.

### **3. Audit & Risk Committee Responsibilities**

In meeting its responsibilities, the Audit & Risk Committee is expected to:

- (a) Conduct audit tenders (as deemed necessary) and recommend to the Board the appointment of the external auditor.
  - (b) Review and recommend to the Board audit fees each year and the terms of the audit engagement. Approve arrangements for the provision of non-audit services based on criteria that do not threaten the independence of the external auditors.
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- (c) Assess the performance of the external auditors on an annual basis and consider whether it is appropriate to propose to the Board that the auditor be retained or that competitive tenders for audit work be sought.
  - (d) Consider and review, in consultation with the external auditors:
    - The scope and program for the statutory audit including any suggested improvements or changes in coverage.
    - Accounting policies applied by the Company.
    - The adequacy of the Company's internal controls including computerised information system controls and security.
    - Any related significant findings and recommendations of the external auditors together with management's responses.
  - (e) Review with management and the external auditors at the completion of the half yearly review and annual statutory audit:
    - The Company's draft half yearly and annual financial statements and related notes prior to approval by the Board.
    - The half yearly review and statutory audit process together with draft management letters and other reports of the external auditors.
    - Any significant changes that may be desirable in subsequent half yearly reviews and statutory audit programs.
    - Any serious difficulties or disputes with management encountered during the course of the audit.
    - Any matters relating to generally accepted accounting or auditing standards.
  - (f) Meet with the external auditors and management in separate executive sessions to discuss any matters that the Committee or these groups believe should be discussed privately. The Independent Non-Executive Directors may meet privately with the External Auditors.
  - (g) Provide an open avenue of communication between the external auditors and the Board of Directors.
  - (h) Provide a line of communication so that employees may raise issues of concern relating to the management of the Company's physical and financial resources or to the accuracy or sufficiency of information being provided to management or the Board.
  - (i) Ensure that periodic assessments are undertaken of financial controls in place in the Company and their effectiveness in mitigating risks to its operations. Assess whether audit plans developed by the external auditors are consistent with the financial/operating risks facing the organisation. In the absence of an Internal Audit function, commission periodic assessments of the adequacy of, and risks to, the Company's financial management and control systems.
  - (j) Review policies and procedures in relation to management's discretionary expenditure, expense accounts, credit cards and other benefits, including its use of corporate assets.
  - (k) Review schedules of delegations at least annually or whenever there are major changes in the management structure of the Company.
  - (l) Consider the completeness and quality of financial and operational information provided to senior management and the Board and suggest ways in which those reports might be improved. Periodically seek advice from the external auditors on this matter.
  - (m) Assess whether the resources devoted to the accounting function (including training and succession planning) are adequate to ensure that reporting arrangements are maintained at the agreed standards and advise the Board of any shortcomings.
  - (n) Review legal and regulatory matters that may have a material impact on the financial statements and related corporate policies.
  - (o) Provide the Board with minutes of Audit & Risk Committee meetings and report the Committee's actions to the Board with appropriate recommendations.
  - (p) Have the authority to conduct or authorise investigations into any matters within the scope of the Committee's responsibilities. The Committee has the right to seek additional information or explanations from Management to its satisfaction. The Committee may, in consultation with the Chairman, retain independent counsel, accountants, or others to assist it in the execution of its functions.
  - (q) Annually review and update the Committee's Charter for approval by the Board.
  - (r) Perform such other functions as assigned by the Board.
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#### **4. Committee Performance**

The Board will from time to time evaluate the performance of the Committee to determine whether it is functioning effectively by reference to its Charter and current best practice.