

## **CORPORATE GOVERNANCE - AUDIT COMMITTEE CHARTER**

### **Composition of the Audit Committee**

The full Board performs the function of an Audit Committee. At least one member is to have relevant qualifications and experience. From time to time, non-Board members may be invited to attend Board meetings when audit matters are being discussed, if it is considered appropriate.

### **Role of the Audit Committee**

The role of the Audit Committee is to:

- (a) monitor and review the integrity of the financial reporting of the Company, reviewing significant financial reporting judgments;
- (b) review the Company's internal financial control system and, unless expressly addressed by the Board itself, risk management systems;
- (c) monitor, review and oversee the external audit function including matters concerning appointment and remuneration, independence and non-audit services;
- (d) monitor and review compliance with the Company's Code of Conduct; and
- (e) perform such other functions as assigned by law, the Company's Constitution, or the Board.

### **Operations**

The Board meets as the Audit Committee at least half yearly, with further meetings on an as required basis. A separate independent Chairperson, other than the chair of the Board, may be elected to chair the meeting when the Board meets as the Audit Committee. Minutes of all meetings of the Audit Committee are to be kept. Audit 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.

### **Authority and Resources**

The Company is to provide the Audit 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 Committee. The Audit 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 Committee has the power to conduct or authorise investigations into any matters within the Audit Committee's scope of responsibilities. The Audit Committee has the authority, as it deems necessary or appropriate, to retain independent legal, accounting or other advisors. Representatives of the external auditor are expected to attend each meeting of the Audit Committee and at least once a year the Audit Committee shall meet with the external auditors without any management staff or executives present. The external auditor is invited to attend the Annual General Meeting.

### **Reporting to the Board and Shareholders**

To assist the Board to carry out its audit function, the Board should compile a report, at least annually, on the following matters:

- (a) assessment of whether external reporting is consistent with Audit Committee members' information and knowledge and is adequate for shareholder needs;
- (b) assessment of the management processes supporting external reporting;
- (c) recommendations for amending the Company's Auditor Selection, Appointment & Rotation Procedure of external audit engagement partners;
- (d) recommendations for the appointment or, if necessary, the removal of the external auditor;

- (e) 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 Committee is satisfied that provision of those services has not compromised the auditor's independence; and
- (f) the results of the Audit Committee's review of risk management and internal control systems.

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

### **Responsibilities**

Annual responsibilities of the Audit Committee are as set out in the Audit Committee Charter – Annual Action Points (attached).

### **Review**

This Charter will be formally reviewed by the Board no less than every 3 years or when certain milestones of the Company are approaching.

## **AUDITOR SELECTION, APPOINTMENT & ROTATION PROCEDURE**

### **Responsibility**

The Board is responsible for the initial appointment of the external auditor and the appointment of a new external auditor when any vacancy arises, as per the recommendations of the Audit Committee. Any appointment made by the Board must be ratified by shareholders at the Annual General Meeting of the Company.

### **Selection Criteria**

#### *Mandatory criteria*

Candidates for the position of external auditor of the Company must be able to demonstrate complete independence from the Company and an ability to maintain independence through the engagement period. Further, the successful candidate must have arrangements in place for the rotation of the audit engagement partner on a regular basis.

#### *Other criteria*

Other than the mandatory criteria mentioned above, the Board may select an external auditor based on criteria relevant to the business of the Company such as experience in the industry in which the Company operates, references, cost and any other matters deemed relevant by the Board.

### **Performance Review**

The Audit Committee will review the performance of the external auditor on an annual basis and make any recommendations to the Board.

## AUDIT COMMITTEE CHARTER – ANNUAL ACTION POINTS

### **Financial Reporting and Internal Controls**

- Review half-year, annual and, if applicable, quarterly financial statements
- 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 Committee members' information and knowledge
- Consider internal controls including the Company's policies and procedures to assess, monitor and manage financial risks (and other business risks if authorised)
- Assess if the external auditors report is adequate for shareholder needs

### **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 thereto
- 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

### **Internal Communications and Reporting**

- Provide the report described in the Reporting to the Board and Shareholders section of this Audit Committee Charter
- Regularly update the Board about Audit 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

### **Other**

- Verify the membership of the Audit Committee is in accordance with the Audit Committee Charter
- Review the independence of each Audit Committee member based on the Company's Independence of Directors Assessment Policy
- Review and update the Audit Committee Charter and Action Points
- 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