

# Charter of Audit and Risk Management Committee

## 1. FORMATION

The Board has resolved to establish an Audit and Risk Management Committee (**ARMC**) and has delegated to it the responsibilities set out in this Charter.

## 2. ROLE

The role of the ARMC is to assist and advise the Board in discharging its responsibilities in relation to the following:

- (a) Oversight of the integrity and quality of interim and annual financial reporting and disclosures;
- (b) identification and management of key risks, financial risks, and regulatory risks;
- (c) oversight of compliance with relevant laws, regulations, standards, and codes; and
- (d) oversight of the adequacy of the internal control framework.

## 3. RESPONSIBILITIES

### 3.1 Oversight of systems of risk management, compliance and control

The ARMC will oversee and review the Company's financial and risk management compliance and internal control frameworks. Its responsibilities in this capacity include:

- (a) overseeing the creation, implementation and maintenance of the risk management system and internal control framework;
- (b) reviewing the effectiveness of the Company's implementation of its risk management system and internal controls on an ongoing basis;
- (c) making recommendations to the Board in relation to changes to the risk appetite set by the Board;
- (d) develop an understanding of the overall business environment, relevant laws, regulations and codes of particular significance to the Company, and the Company programs in place to provide reasonable assurance of compliance;
- (e) review reports on insurance coverage and claims trends;
- (g) oversight of the Company's global Quality, health, safety and environmental performance.

### 3.2 Oversight of reporting financial information

The ARMC will oversee the Company's system of reporting all financial information with a view to safeguarding its integrity. Its responsibilities in this capacity include:

- (a) reviewing all financial information in the annual and interim reports that are distributed externally with particular focus on:
  - (i) the adequacy, accuracy, necessity and completeness of financial information;
  - (ii) comparing the changes from prior periods; and
  - (iii) considering important judgment questions impacting on the overall integrity of the information, including the quality of earnings;
- (b) recommending that the Board approve the release of financial report and disclosures when satisfied with propriety and accuracy of the financial reports; and
- (c) reviewing all significant accounting policy changes and, where appropriate, recommending to the Board that the changes be adopted by the Company.

### 3.3 Oversight of internal audit function

The ARMC will monitor the activities and effectiveness of the internal audit function. Its responsibilities in this capacity include:

- a) establishing guidelines for the selection and appointment of the internal audit service provider;
- b) making recommendations to the Board in relation to the appointment and removal of the internal audit service provider;
- c) approving the roles and responsibilities of the internal audit function, and relating it to the ARMC's expectations;
- d) approving the annual internal audit objectives and risk based plan/work priorities;
- e) appraising the quality and objectivity of internal audit work on an annual basis; and
- f) reviewing reports from the internal auditor on major issues arising from the internal audit program and reporting to the Board on those issues as appropriate.

### 3.4 Oversight of external audit function

The ARMC will monitor the activities and performance of the external auditor. Its responsibilities in this capacity include:

- (a) establishing guidelines for the selection and appointment of the external auditor and the rotation of the principal audit partner;

- (b) making recommendations to the Board in relation to the appointment and removal of the external auditor, and overseeing the rotation of the principal external audit partner;
- (c) reviewing external auditors' assessment of financial statement materiality and proposed disclosure of any critical audit matters;
- (d) inquiring about the causes of any significant year-end adjustments;
- (e) appraising the quality of audit work;
- (f) reviewing the annual accounts with the external auditors and reporting to the Board on those accounts, and any issues arising out of those accounts, as appropriate; and
- (g) approving the annual audit fee.

### **3.5 Other internal and external audit issues**

The ARMC will take all reasonable steps to ensure:

- (a) adequate audit coverage is achieved between internal and external audit with no significant gaps, or unnecessary duplication;
- (b) that no management restrictions or limitations have been placed on internal or external auditors; and
- (c) the objectivity and independence of internal and external audit is preserved.

### **3.6 Other responsibilities**

The ARMC will:

- (a) Meet with the Chief Risk Officer, the lead External Audit Partner and the lead Internal Auditor without other members of management present, on a periodic basis and whenever it is deemed appropriate by the Committee Chairman.
- (b) review internal and external audit findings to ensure that any reported major deficiencies or weaknesses in controls have been identified, and appropriate and timely corrective action is taken by management;
- (c) evaluate exposure to fraud, including reviewing reports from management on any major defalcations, frauds, thefts, or losses, and the action taken to prevent any recurrence;
- (d) discuss with management and the external auditor the implementation and post-implementation plans relating to a new accounting pronouncement;

- (e) discuss with management and the external auditor any correspondence with regulatory or governmental bodies and any published records which raise material issues regarding the Company's financial statements; and
- (f) also examine any other issues referred to it by the Board.

#### **4. REPORTING TO THE BOARD**

The ARMC will regularly report to the Board. These reports will contain all matters relevant to the ARMC's responsibilities, including:

- (a) an assessment of whether external reporting is consistent with the ARMC's information and knowledge, and if this external reporting is adequate for shareholder needs;
- (b) any recommendations for changes to the financial statements;
- (c) the ARMC's guidelines for the selection and appointment of the external auditor and for the rotation of external audit engagement partners;
- (d) any recommendations for the appointment or removal of an external auditor;
- (e) a statement to the Board for inclusion in the annual report as to whether the ARMC is satisfied that the provision of any non-audit services is compatible with the independence of the external auditor; and
- (f) the results of its review of risk management and internal compliance and control systems.

#### **5. MEMBERSHIP**

##### **5.1 Appointment**

The members of the ARMC will be determined by the Board.

##### **5.2 Number**

The Board will appoint at least three, and not more than five, non-executive Directors as members of the ARMC.

##### **5.3 Independence**

All members of the ARMC will be independent non-executive Directors (as determined by the Board).

#### **5.4 Chair**

The Board will appoint one member of ARMC to be Chair of ARMC. The Chair must be an independent director, who is not also Chair of the Board. In the absence of the appointed Chair, the remaining members present will elect one of their number, who must also be an independent director and not Chair of the Board, to chair the meeting.

#### **5.5 Qualifications**

All members of the ARMC should have sufficient experience and training to be able to consider and contribute to the matters for which the ARMC is responsible. At least one member should have financial expertise.

#### **5.6 Attendance by Board Chair and other Directors**

The Chair of the Board and other directors who are not members of the ARMC have a standing invitation to attend each ARMC meeting.

### **6. MEETINGS**

#### **6.1 Frequency**

The ARMC will meet as often as it considers necessary to discharge its responsibilities. However, it is intended that the ARMC will meet at least four regular meetings each year. The meetings will be set in order to allow adequate time for preparation of substantive reporting to the Board.

#### **6.2 Calling of meetings**

The Chair of the ARMC will call a meeting if formally requested to do so by any member of the ARMC, the chief executive officer, or the internal or external auditor. Meetings will be convened by the ARMC secretary.

#### **6.3 Annual plan**

An annual plan of the ARMC's meetings and activities will be adopted after approval by the ARMC.

#### **6.4 Attendance by executives, auditors etc**

Any employee or any internal or external auditor or other external professional advisor, may attend the ARMC's meetings if invited by the ARMC.

#### **6.5 Distribution of the ARMC's papers**

The ARMC's papers will be distributed to all meeting invitees at least five days prior to each meeting.

## **6.6 Quorum**

The quorum for a meeting of the ARMC will be two members of the ARMC.

## **6.7 Secretary and Minutes**

The ARMC will appoint a secretary for the ARMC who will prepare minutes of all ARMC Meetings, including the names of those present. A copy of the minutes as approved by the ARMC Chair will be distributed to all members of the Board.

## **6.8 Reports to Board**

The Chair of ARMC will report the findings and recommendations of the ARMC to the Board after each ARMC meeting.

## **6.9 Resolutions by Circular**

In cases where circumstances make it impractical to convene and hold a meeting, the ARMC may pass resolutions by each member signing a circular resolution. The resolution may consist of several documents in the same form each signed by one or more of the members. A facsimile transmission or other document produced by mechanical or electronic means under the name of a member with the member's authority is considered a document in writing signed by the member and is deemed signed when received in legible form.

## **7. AUTHORITY**

The ARMC is authorised by the Board to:

- (a) investigate any matter brought to its attention, and seek any information it requires from any employee of the Company or its controlled entities;
- (b) consider any matters concerning the financial affairs of the company and its controlled entities, and external and internal audit, and risk management, that it considers necessary;
- (c) gain direct and unlimited access to either internal or external auditors, tax and other financial advisors engaged by the Company; and
- (d) obtain or retain any independent professional advice it considers necessary.

## **8. REVIEW**

This Charter will be reviewed by the ARMC every three years, or earlier as the ARMC or the Board determines.

**This document represents the Charter of the ARMC as adopted by the Board on 18 June 2020.**