



## AUDIT AND RISK COMMITTEE CHARTER

### Committee Members

The Board has established an Audit & Risk Management Committee. The Corporate Governance Principles and Recommendations require the Audit & Risk Management Committee to be structured so that it:

- (a) Consists only of non-executive Directors;
- (b) Consists of a majority of Independent Directors;
- (c) Is chaired by an Independent Chairperson who is not the Chairperson of the Board; and
- (d) Has at least three members.

Each member of the Audit & Risk Management Committee is to be financially literate and at least one member of the Committee should have accounting or related financial management experience.

The members of the Audit & Risk Management Committee are:

- (a) Glenister Lamont (Chairman)
- (b) Graham Spurling
- (c) Ian Schache
- (d) Ian Pattison

The company secretary and representatives of the auditors may be invited to attend meetings of the Audit & Risk Management Committee from time to time.

### Purpose

- (a) This Audit & Risk Management Committee Charter (the **Charter**) sets out the role, responsibilities, composition, authority and membership requirements of the Audit & Risk Management Committee of the Company.
- (b) The Charter will be made publicly available, ideally by posting it to the Company's website in a clearly marked corporate governance section. The Charter is available to shareholders of the Company upon request to the Company Secretary.

### Definition and Objectives of the Committee

- (a) The Audit & Risk Management Committee (**Committee**) is a Committee of the Board.
- (b) The Committee's primary function is to assist the Board in discharging its responsibility to exercise due care, diligence and skill in relation to the Company by:

#### Audit Related

- (i) ensuring that the quality of financial controls is appropriate for the business of the Company;
- (ii) reviewing the scope and results of external and internal audits;

- (iii) monitoring corporate conduct and business ethics, including Auditor Independence and ongoing compliance with laws and regulations;
- (iv) maintaining open lines of communication between the Board, Management and the external auditors, thus enabling information and points of view to be freely exchanged;
- (v) reviewing matters of significance affecting the financial welfare of the Company;
- (vi) ensuring that systems of accounting and reporting of financial information to shareholders, regulators and the general public are adequate;
- (vii) reviewing the Company's internal financial control system;
- (viii) considering the appointment of the external auditor and approving the remuneration and terms of engagement of the external auditor;
- (ix) monitoring and reviewing the external auditor's independence, objectivity and effectiveness, taking into consideration relevant professional and regulatory requirements; and
- (x) developing and implementing policy on the engagement of the external auditor to supply non-audit services, taking into account relevant ethical guidance regarding the provision of non-audit services by the external audit firm.

#### **Risk Related**

- (i) ensuring the establishment of an appropriate risk management policy framework that will provide guidance to Management in developing and implementing appropriate risk management practices and systems;
  - (ii) periodically reviewing Management's implementation of risk management practices and systems;
  - (iii) clearly communicating the Company's risk management philosophy, policies and strategies to Directors, Management, employees, contractors and appropriate stakeholders;
  - (iv) ensuring that Management establishes a risk aware culture which reflects the Company's risk policies and philosophies;
  - (v) reviewing methods of identifying broad areas of risk and setting parameters or guidelines for business risk reviews; and
  - (vi) making informed decisions regarding business risk management, internal control systems, business policies and practices and disclosures.
- (c) Membership of the Committee and the qualifications of the members will be disclosed in the Annual Report.

#### **Reporting**

- (a) Proceedings of all meetings are minuted and signed by the Chairperson.
- (b) The Committee, through its Chairperson, is to report to the Board at the earliest possible Board meeting after each Committee meeting. Minutes of all Committee meetings are to be circulated to the Board. The report should where applicable include but is not limited to:
  - (i) the minutes of the Committee and any formal resolutions;
  - (ii) information about the audit process including the results of internal and external audits;
  - (iii) an assessment of:
    - (A) whether external reporting is consistent with Committee members' information and knowledge and is adequate for shareholder needs; and
    - (B) the management processes supporting external reporting;

- (iv) procedures for the selection and appointment of the external auditor and for the rotation of external audit engagement partners;
  - (v) recommendations for the appointment or, if necessary, removal of an auditor;
  - (vi) an assessment of the performance and independence of the external auditor and whether the Committee is satisfied that independence of this function has been maintained having regard to the provision of non-audit services;
  - (vii) assessment of the performance and objectivity of the internal audit function;
  - (viii) results of its review of risk management and internal compliance and control systems;
  - (ix) any matters that in the opinion of the Committee should be brought to the attention of the Board and any recommendations requiring Board approval and/or action; and
  - (x) at least annually, a review of the formal written Charter and its continuing adequacy, and an evaluation of the extent to which the Committee has met the requirements of the Charter.
- (c) In addition, the Chairperson of the Committee must submit an annual report to the Board (at the Board meeting at which the year end financial statements are approved) summarising the Committee's activities during the year. The report must include:
- (i) the number of meetings held during the relevant period and the number of meetings attended by each member;
  - (ii) details of any change to the Independent status of any member during the relevant period, if applicable; and
  - (iii) details of any determination by the Audit & Risk Management Committee regarding the external auditor's independence.

## **Risk Management Policies**

The Committee will ensure that the risk management policies of the Board are implemented by:

- (a) devising a means of measuring the effectiveness of risk management and internal compliance and control systems; and
- (b) reviewing, at least annually, the effectiveness of Management's implementation of the risk management system.

## **Attendance at Meetings**

- (a) Other Directors (executive and non-executive) have a right of attendance at meetings. However, no Board Director is entitled to attend that part of a meeting at which an act or omission of that Director or a contract, arrangement or undertaking involving or potentially involving that Director or a related party of that Director is being investigated or discussed.
- (b) If in the opinion of the Committee, their investigation or discussion will be assisted by hearing from the interested Director, the Committee may invite that Director to address the Committee. The Committee will give fair consideration to that address. The Director will not, however, be invited to take part in the deliberations following that address.

## **Access**

- (a) The Committee shall have unlimited access to the external and internal auditors, and to senior management of the Company and any subsidiary. The Committee shall also have the ability and authority to seek any information it requires to carry out its duties from any officer or employee of the Company and such officers or employees shall be instructed by the Board to co-operate fully in provision of such information.
- (b) The Committee also has the authority to consult independent experts where they consider it necessary to carry out their duties. Any costs incurred as a result of the Committee consulting an independent expert will be borne by the Company.

## **Application of Standing Rules**

The Standing Rules for Committees apply to, and are deemed to be incorporated into this Charter, save where the Standing Rules conflict with any of the express terms in this Charter.