



# **Audit & Risk Committee Charter**

**July 2021**

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## 1. OBJECTIVES

**The objectives of the Audit & Risk Committee are to:**

- Ensure the integrity of external corporate reporting;
- Safeguard the independence of the external auditor;
- Oversee the performance of the internal and external audit functions and review of their audits;
- Ensure that Directors are provided with financial and non-financial information that is of high quality and relevant to the judgements to be made by them;
- Ensure that controls are established and maintained in order to safeguard the Group's financial and physical resources;
- Ensure that systems or procedures are in place so that the Group complies with relevant statutory and regulatory requirements;
- Assess financial and other risks arising from the Group's operations and consider the adequacy of measures taken to manage those risks; and
- Ensure that the Group has an adequate risk management framework in place.

## 2. MEMBERSHIP

**The Committee shall comprise of at least three (3) non-executive Directors, the majority of who are independent. The Chair of the Committee will be independent and not be the Group Chairman.**

- Members shall be appointed by the Group Board;
- The Committee must be structured so that, between them, the members of the Committee should have the accounting and financial expertise and a sufficient understanding of the industry in which the Company operates, to be able to discharge the Committee's duties effectively;
- Executive Directors shall not be members of the Committee.

## 3. AUTHORITY

- The Committee shall make determinations about matters for which it is responsible, save where this Charter limits the Committee's authority to that of making recommendations to the Group Board;
- The Committee shall be provided with secretarial and other services to enable it to perform its functions;
- With prior notice being given to the Group Chairman and/or MD & CEO, the Committee has the authority to require members of management or others to attend meetings and to provide advice or information;
- The Committee has the authority to access the entity's documents and records; and
- With the consent of the Group Chairman, the Committee shall have access to legal or other specialist advice.

## 4. RESPONSIBILITIES

### a) Generally

- To ensure that members are informed about changes in statutory requirements, accounting standards or guidelines affecting financial reporting;
- To assess whether the resources devoted to the accounting function (including training and succession planning) are adequate to ensure that reporting arrangements are of high quality and to advise the Board of any identified shortcomings;
- To ensure that periodic assessments are undertaken of the financial and other risks faced by the entity in the course of its operating activities and to review and agree on the arrangements undertaken to manage or mitigate those risks;
- To consider and review the adequacy of internal controls having regard to risks;
- To consider, periodically review and recommend the delegated authorities of the Managing Director & CEO to the Group Board for approval;
- To provide a line of communication so that employees may raise issues of concern relating to the management of the organisation's physical and financial resources or to the accuracy or sufficiency of information being provided to managers or the Group Board or Board Committees; and
- To provide a statement in the entity's corporate governance statement describing the Audit and Risk Committee's objectives and responsibilities and how it has discharged those responsibilities during the past financial year.

### b) Related party transactions and executive expenditure

- To consider and if thought appropriate, pre-approve any material proposed related party transactions that are referred by the Managing Director & CEO or Executive; and
- To review the adequacy of internal controls relating to the Managing Director & CEO and the direct reports of the Managing Director & CEO executive travel and entertainment.

### c) Responsibilities in relation to independent external audit

- To conduct audit tenders when considered necessary and recommend the appointment of an external auditor;
- To make recommendations to the Board on the rotation of the audit engagement partner;
- To propose to the Group Board, the terms of the contractual engagement with the auditor, over and above statutory requirements;
- To review the audit plan proposed by the external auditor and suggest potential improvements or changes in coverage;
- If considered appropriate, to pre-approve any arrangements for the provision of non-audit services that will not threaten the independence of the auditor;
- To review audit fees each year and the terms of the audit engagement;

- To seek the external auditor's assessment of the quality and coverage of internal audit work and of the competence of internal audit staff; and
- To assess the performance of the external auditor on an annual basis and to consider whether it is appropriate to propose to the Board that an auditor be removed, or that competitive tenders for audit work be sought.

**d) Responsibilities in relation to internal reporting**

- To consider the completeness and quality of financial and operational information being provided to the Group Board and Committees and to suggest ways in which those reports might be improved; and
- To periodically seek advice from internal and external auditors regarding the completeness and quality of financial and operational information being provided to senior management and the Board;

**e) Responsibilities in relation to internal audit**

- To review and approve management's recommendation of the appointment, replacement, re-assignment or dismissal of the internal auditor;
- To review the organisation and quality of internal audit staff;
- To review with the internal auditor and the external auditor the co-ordination of audit efforts to ensure the efficient effective use of audit resources;
- To ensure that the internal auditor reports directly to the Board and to the Committee; and
- To review the internal audit plan each year and monitor the progress against that plan.

**f) Responsibilities in relation to external reporting**

- To review the Statement of Accounting Policies and other notes in the draft accounts and to gain an awareness of the areas in which management discretion in the choice of accounting methods has been exercised, to make determinations in relation to the choice of accounting policies and also to ensure that notes to the financial statements describing the choice and application of accounting policies are informative;
- To review draft financial statements prior to approval by the Group Board;
- To review half yearly and other interim reports for compliance with regulatory requirements;
- To review and, where appropriate, make recommendations to the Board in relation to the adequacy of the corporate reporting processes including that these processes independently verify and safeguard the integrity of corporate reporting;
- Before the Board approves the financial statements for a financial period, receive a declaration from the Managing Director & CEO and CFO that, in their opinion, the financial records of the Group have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the Group;

- To assess (before publication) whether external reporting is consistent with the understanding of the Committee members and otherwise provide a true and fair view of, the financial position and performance of the Group; and
- To review reporting arrangements to ensure that the Group meets its obligations to undertake continuous disclosure to the market and regulatory agencies.

**g) Responsibilities in relation to risk management**

- To monitor the adequacy of the risk management framework and satisfy itself that the Group is operating with due regard to the risk appetite set by the Board including satisfying itself that the risk management framework deals adequately with contemporary and emerging risks such as conduct risk, digital disruption, cyber-security, privacy and data breaches, sustainability and climate change;
- It is noted that where from time to time circumstances dictate that the Group needs to operate outside the current risk appetite set by the Board, the matter should be brought to the attention of the Board.
- Review management's approach to the management of risks, (including economic dependency, the adequacy of insurance arrangements, business continuity planning, regulatory compliance, subsidiary compliance, reputational and exposures to movements in premium and commission rates);
- To assess whether audit plans developed by the internal and external auditor are consistent with the financial and operating risks facing the organisation;
- Management to provide the Committee with the Risk Management Statement for approval each year;
- To oversee the preparation of a summary of the main internal and external risk sources that could adversely affect the Group's prospects for future financial years, for inclusion in the operating and financial review section of the directors' report;
- To review and assist management's approach to ensuring that there are adequate procedures in place to manage the risks associated with subsidiaries;
- To annually review and make recommendations to the Board in relation to the Risk Management Policy; and
- To assess whether the Group has any material exposure to economic, environmental and social sustainability risks and recommend to the Board how to manage those risks.

**h) Responsibilities in relation to compliance**

- To ensure that the procedures established to monitor compliance with statutory requirements, regulations and contractual obligations are appropriate.

## 5. PROCEDURES

### a) Attendance

- All Directors who are not members of the Committee shall have the right to attend meetings of the Committee;
- The Managing Director & CEO, Chief Operating Officer and the Chief Financial Officer shall be invited to attend all meetings of the Audit and Risk Committee (though not necessarily for all agenda items);
- The external auditor shall be invited to attend all meetings (though not necessarily for all agenda items); and
- The Chief Risk Officer, who heads up the internal audit function, shall be invited to attend meetings (though not necessarily for all agenda items).

### b) Meetings and Quorum

- The Committee's secretary shall propose a schedule of Committee meetings to ensure that all of the Committee's responsibilities are addressed during the financial year and to ensure that communications with internal and external auditors are maintained on a regular basis;
- Normally the Committee shall meet at least four times per annum; and
- Meetings may be called by the Chair of the Committee or at the request of the Chair of the Group Board.
- Two (2) members of the Committee shall constitute a quorum;
- A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.

### c) Secretarial services, minutes and reporting to the Board

The Board shall appoint an executive to act as secretary to the Committee. The secretary shall (in conjunction with the Chair) be responsible for:

- Drawing up the agenda, supported by documentation and circulating that material to Committee members prior to each meeting;
- Procuring a report at each meeting from the Internal Auditor which must include a summary of audits completed and details of weak findings;
- Reports from the external auditor shall be provided to members prior to the meeting;
- The secretary shall provide draft minutes of meetings and provide them for review by the Chair of the Audit and Risk Committee within ten working days;
- Minutes shall be accompanied by an 'action plan' detailing matters that require attention as the result of the Committee's deliberations; and
- Copies of the minutes of Committee meetings shall be provided to the Board at its next meeting after those draft minutes have been reviewed by the Chair.



#### **d) Reporting to the Board**

The Committee shall regularly update the Board about matters relevant to the Committee's role and responsibilities and make appropriate recommendations including a briefing by the Chair at each Board meeting following a Committee meeting.

#### **e) Reporting relationships with the external auditor**

- ▶ The external auditor normally shall communicate directly with the Committee, while recognising that in certain situations the auditors may wish to communicate with the Board or other sub-Committees of the Board;
- ▶ The Chair of the Committee shall be provided with draft management letters or other reports at the same time as they are provided to management (but shall, except in exceptional circumstances, not pursue enquiries until management have had an opportunity to respond to the draft report); and
- ▶ The Chair of the Committee shall provide opportunities for the external auditor to meet with the Committee without executive Directors or other management representatives present.

#### **f) Reporting relationships with the internal auditor (Chief Risk Officer)**

- ▶ The Committee is the 'client' of the internal auditor (save where the Committee has agreed with management that certain projects be undertaken for the assistance of management);
- ▶ The Committee will receive a report from the internal auditor for each meeting summarising audits undertaken, risk reports, audits deferred (including reasons) and progress against the approved plan;
- ▶ Audits cannot be deferred unless approved by the Managing Director & CEO and the CFO and where this occurs, the Committee will also be informed at the next meeting;
- ▶ The Chair of the Committee shall provide opportunities for the internal auditor to meet with the Committee without executive Directors or other management representatives present; and
- ▶ the internal auditor shall have direct access to the Chair of the Committee, the Group Chairman and other Committee members relating to his/her responsibilities.

#### **g) Confidential communications from employees and requirement to raise matters with Chair**

Subject to the requirements of Part 9.4AAA (Protection for whistleblowers) of the Corporations Act and the Group's Whistleblower Policy, employees shall be advised that they should communicate with the Chair of the Committee regarding potential fraud or misappropriation, weaknesses in internal controls or the adequacy or accuracy of the information being provided within the organisation to senior managers or the Board. This is currently facilitated through the Group's Whistleblower Policy.

#### **h) Review of Committee performance**

- ▶ The Committee shall review its performance annually with particular attention being paid to the extent to which it has met its responsibilities in terms of this Charter.



**i) Publication and review of the Charter**

- ▶ The Charter shall be made available on the Company's website; and
- ▶ The Charter shall be reviewed annually, initially by the Committee and then by the Group Board. The Board may, in its discretion, adjust or exclude a specific requirement of this charter from time to time, either generally or on a case by case basis. This charter may be amended, ceased or replaced, by resolution of the Board.

**July 2021**