



Audit Committee Charter

August 2019

1. Purpose & Responsibilities

- 1.1 The purpose of the Committee is to assist the Board fulfil its responsibilities in relation to financial governance, external financial reporting, external financial report audit and internal audit.

2. Matters delegated to the Committee

The Board has delegated to the Committee responsibility to:

2.1 Financial Governance

- a) **Financial governance framework:** Review and monitor the Group's financial governance framework;
- b) **Taxation governance framework:** Review and monitor the Group's taxation governance framework;
- c) **Treasury operations:** Review and approve treasury and credit management policies, including in relation to hedging, liquidity, credit risk and insurance, international trade risk and the use of guarantees/letters of comfort, and monitor compliance with these policies.
- d) **Capital and investment:** Review and approve the Group's capital and investment governance framework for assessing expenditure;
- e) **Capital management:** Review and recommend to the Board the Group's capital management policy and the capacity to pay dividends, buyback shares and any other capital returns each reporting period;
- f) **Monetary authorities:** Review and recommend to the Board monetary authority limits delegated by the Board. Review and monitor the appropriateness of sub-delegation of authorities by the Managing Director and Chief Executive Officer (**MD&CEO**);
- g) **Board delegations:** Approve matters delegated to the Committee under the monetary authority limits approved by the Board.
- h) **Member companies:** Review and approve the Group's policy on appointment of directors to member companies;
- i) **Superannuation:** Review the structure (other than benefit design) and performance of the Group's defined benefit retirement and superannuation plans, including the performance of the trustees or managers and recommend to the Board any changes to the structure.

2.2 External Financial Reporting

- a) **Accounting policy:** Review and recommend to the Board changes to the Group's accounting policies and principles that are required to be reported in the financial report, including the appropriateness of those policies and conformance with relevant accounting standards and mandatory professional financial reporting requirements;
- b) **Financial judgements:** Review and recommend to the Board material financial estimates and areas of financial judgement each reporting period, including non-current asset impairment testing and material provisions or contingencies;
- c) **Financial reporting standards:** Review and monitor Australian financial reporting standard changes and other financial reporting pronouncements, including assessment of their impact on the Group;
- d) **Underlying adjustments:** Review and approve the principles for determining non-IFRS (underlying) earnings adjustments and recommend to the Board the adjustments each reporting period;
- e) **Financial report:** Review and recommend to the Board the financial report, including discussion with the external auditor of accounting policies and issues and the proposed audit report;

- f) **Directors' report:** Review and recommend to the Board the directors' report (excluding the remuneration report) and ASX Listing Rule appendix 4D/4E reports, including assessing whether compliant with relevant laws, regulations, reporting guidelines, appropriately reflect the financial status of the Company to external parties and is reasonably adequate for shareholder needs;
- g) **CEO/CFO declarations:** Review the process to support the financial reporting declarations, as required by law and the ASX Corporate Governance Councils Principles and Recommendations and review the proposed declarations;
- h) **Regulatory correspondence:** Review and monitor any correspondence with regulatory or government bodies which raise material issues regarding the Group's financial reporting, including discussions with the external auditor;
- i) **Related parties:** Review and monitor related party transactions and assess their propriety.

2.3 External Financial Report Audit

- a) **Appointment:** Review and recommend to the Board the appointment or replacement of the external auditor;
- b) **Annual engagement:** Review and approve the terms of engagement of the external auditor, including the annual audit plan and fees;
- c) **Effectiveness and independence:** Review and assess the effectiveness and independence of the external auditor;
- d) **Access:** Meet with the External Auditor without the presence of management, and ensure the external auditor has unrestricted and confidential access to the MD&CEO, the Chair of the Committee, the Committee or, if deemed necessary by the external auditors, to the Chair of the Board;
- e) **Audit findings:** Review and monitor the effectiveness of management's response to external audit findings;
- f) **Coordination with internal audit:** Review and monitor how the external auditor is coordinating, and leveraging off, the internal audit program;
- g) **Non-audit services:** Review and recommend to the Board the Group's policy on the rotation of audit partners, recruitment of auditor employees and the provision of non-audit services by the external auditor. Review and recommend to the Board non-audit services (if any) provided by the external auditor during the financial year, including amounts paid or payable for those services, a statement whether the Committee is satisfied that the provision of those services is compatible with the general standard of independence for auditors and the reasons for the Committee's opinion.

2.4 Internal Audit

- a) **Charter:** Review and approve the Internal Audit Charter;
- b) **Appointment:** Approve the appointment of the Internal Auditor where the internal auditor is an executive of the Group, or where the internal auditor is an external contractor approve the appointment and terms of engagement;
- c) **Effectiveness and independence:** Review and assess the effectiveness and independence of the Internal Auditor and Internal Audit function;
- d) **Annual plan:** Review and approve the annual internal audit plan, including program of work and resources, and any significant changes to the plan throughout the year;
- e) **Audit findings:** Review and monitor significant audit findings and the effectiveness of management's response to internal audit findings;
- f) **Access:** Meet with the Internal Auditor without the presence of management.

2.5 Oversee specific categories of risk delegated by the Board in relation to matters within its remit

Review and approve the risk appetite and tolerance measures, review the Group's performance against the risk appetite and review high rated internal audit findings associated with the following categories of risk delegated to it by the Board:

- a) Accounting and external financial reporting, including compliance with laws and regulations;
- b) Taxation, including compliance with laws and regulation;
- c) Business unit cash flow and earnings in relation to reporting frameworks and policy;
- d) Growth and investment in relation to assessment frameworks and policy;
- e) Debt, leverage and liquidity; and
- f) Dividends and capital returns.

3. Composition

- 3.1 The Committee will have at least three members and will comprise only Non-Executive Directors, with a majority of the members being assessed as independent by the Board.
- 3.2 All members of the Committee must be able to read and understand financial statements, and at least one member of the Committee should have financial expertise.
- 3.3 The members of the Committee will appoint one of their number to be the Committee Chair provided that:
 - a) the Committee Chair must be assessed as independent by the Board, and
 - b) the Chair of the Board cannot be the Committee Chair.
- 3.4 In the absence of the Committee Chair, the members will elect one of their number as Committee Chair for that meeting.
- 3.5 The Committee Secretary will be a Company Secretary, or their delegate.

4. Exercise of powers

- 4.1 The Committee and the Committee Chair must exercise the powers delegated to them in accordance with any directions of the Board.
- 4.2 The Committee has authority to perform any function delegated to it by the Board and may make recommendations to the Board in relation to all matters within its responsibility.
- 4.3 The Committee may delegate any of its responsibilities to one or more members of the Committee or to any director or executive officer of the Group, subject to conditions and on any terms the Committee determines.
- 4.4 The Committee may exercise its powers:
 - a) by resolution passed by a majority of directors who vote on the resolution at a meeting of the Committee; or
 - b) by a resolution in writing signed by a majority of the members of the Committee entitled to vote on the resolution.

5. Access to resources and independent advice

- 5.1 The Committee is to have access to adequate internal and external resources, and may obtain independent professional advice to assist it in the proper exercise of its powers and responsibilities, with the cost to be borne by the Group.
- 5.2 The Committee is entitled to rely on employees of the Group or professional advisers or consultants engaged by the Group or the Committee where there are reasonable grounds to believe that the employee, adviser or consultant is reliable and competent; and the reliance was made in good faith and after making an independent assessment of the information.
- 5.3 Each member of the Committee, with the consent of the Committee Chair, may attend seminars and training or seek independent professional advice at the expense of the Group on any matter connected with the discharge of his or her responsibilities. The consent of the Committee Chair will not be unreasonably withheld.

6. Meetings

- 6.1 The Committee will meet regularly, at the times determined by the Committee Chair, but at least four scheduled times a year.
- 6.2 A member of the Committee, Board Chair or MD&CEO may request that a meeting of the Committee be convened.
- 6.3 The Internal Auditor or External Auditor may also request that a meeting of the Committee be convened.

7. Quorum

- 7.1 Two members, present in person or by using any technology, will constitute a quorum.

8. Attendance

- 8.1 The MD&CEO may be invited by the Committee Chair to attend meetings of the Committee.
- 8.2 The Committee may invite any other person to attend for all or part of any meeting as it considers appropriate.
- 8.3 Non-executive Directors have a standing invitation to attend meetings except when the Committee Chair determines otherwise.

9. Conflicts of interest

- 9.1 Conflicts of interest will be managed in accordance with the Procedure for Managing Directors' Outside Interests.

10. Equality of votes

- 10.1 The Committee Chair will not have a second or casting vote.

11. Committee papers

- 11.1 The Committee Secretary will distribute in advance of a meeting of the Committee an agenda and any related papers to each member of the Committee and, unless directed by the Committee Chair, each other Director.

12. Committee minutes

- 12.1 The Committee Secretary will prepare minutes of meetings and have them approved by the Committee Chair.
12.2 Approved Committee minutes will be placed in the Minute Register within one month of the meeting.
12.3 Minutes of meetings will be confirmed at the next meeting of the Committee.

13. Reporting

- 13.1 The Committee chair will immediately report to the Chairman of the Board any matter that could materially impact reputation of the Group.
13.2 The Committee Chair will provide an oral report to the next Board meeting as to any material matters arising out of the Committee meeting.
13.3 Where a material matter arises at a Committee meeting which relates to the responsibilities of a different sub-committee then the Committee Chair will discuss the matter with the relevant Chair.
13.4 Minutes of each meeting will be provided to the Board.

14. Knowledge and Understanding

- 14.1 The Committee members will participate in a program of induction, training and development.

15. Review

- 15.1 The Committee will evaluate its performance each year having regard to the purpose, responsibilities and other requirements of its Charter, including assessing the effectiveness of knowledge sharing with other Committees in the fulfilment of its responsibilities.
- 15.2 The Committee will, at least once in each year, assess the adequacy of this Charter and recommend to the Board any necessary or desirable amendments to ensure it remains consistent with the Board's objectives, current law and best practice.