

# **SCHEME AUDIT AND RISK COMMITTEE CHARTER**

## **1. Purpose**

The purpose of the Scheme Audit and Risk Committee (Committee) is to assist the Board in the effective discharge of its responsibilities, as the board of the responsible entity of the Scheme, for financial and compliance reporting, internal controls (including the compliance plan for the Scheme (Compliance Plan)), risk management, and internal and external audits of the Compliance Plan and the Scheme.

The Committee has limited responsibilities in respect of the Company's financial position and reporting (as opposed to those in relation to the Scheme). These responsibilities are limited to matters that are relevant to the Compliance Plan including maintaining an Australian financial services licence.

## **2. Structure**

### **2.1 Membership**

The Committee will consist of:

- (a) at least 3 members appointed by the Board;
- (b) a majority of non-executive directors;
- (c) a majority of independent directors, as determined by the Board in accordance with both:
  - (i) the definition of external director in s.601JA of the Corporations Act 2001 (Cth) (**Corporations Act**); and
  - (ii) the definition of independent director adopted by the Board in its policy on the independence of directors;
- (d) members who are financially literate; and
- (e) at least one member who has accounting or financial management experience and at least one member who has relevant industry experience.

### **2.2 Chairman**

The members of the Committee may elect a chairman, but the Chairman of the Board (if a member of the Committee) must not be the chairman of the Committee.

### **2.3 Secretary**

The Company Secretary will act as secretary of the Committee and will be responsible for keeping minutes of meetings of the Committee and circulating them to members.

### **3. Powers of the Committee**

#### **3.1 Access to management, auditors and independent advice**

The Committee has delegated authority from the board to:

- (a) obtain any information or explanation from any employee of the Company, or any relevant external party;
- (b) request any employee of the Company or relevant external party to attend any Committee meeting;
- (c) require any reports from the internal auditor, external auditor or compliance auditor;
- (d) hold discussions with the internal auditors, external auditors or compliance auditors with or without management present;
- (e) carry out any investigation within the scope of the Committee's duties and responsibilities; and
- (f) seek independent legal, accounting or other professional advice on any matters within the scope of its duties and responsibilities.

### **4. Committee Responsibilities**

#### **4.1 External Reporting**

The Committee must promote an environment in the Company which is consistent with best practice financial and compliance reporting and appropriately reflects the financial status and compliance position of the Scheme to relevant users of the reported information. In particular, the Committee must:

- (a) review all financial statements which are required to be signed by, or on behalf of, the Directors;
- (b) review the annual report, directors' report and any report of management which is required by law to accompany any published financial statements (to the extent that such a report discusses the financial position or operating results) of the Scheme before approval by the Board;
- (c) review and assess with the external auditor the appropriateness of the Company's accounting policies for the Scheme;
- (d) receive and review copies of reports from the Compliance Manager to the Board in relation to compliance or non-compliance with the Scheme Constitution, the Corporations Act, the Compliance Plan, laws, regulations and other requirements, including the Company's Australian financial services licence, for the purposes of external reporting of financial and compliance information;

- (e) review and consider the processes used by management to monitor and ensure compliance with laws, regulations and other requirements relating to external reporting of financial information; and
- (f) review proposed professional and regulatory pronouncements regarding accounting policies and financial reporting and assess their impact on the Scheme.

#### **4.2 Internal Control and Risk Management**

The Committee must review and consider the appropriateness and adequacy of internal processes for identifying, monitoring and assessing material financial and non-financial risks. In particular, the Committee must:

- (a) consider whether the Company has effective risk management systems in place to identify, review, assess and manage material business, financial and operational risk for the Scheme;
- (b) review management's programs and policies approved by the Board which deal with the adequacy and effectiveness of internal controls over the Company's business processes, including the preparation of the financial statements, in respect of the Scheme;
- (c) receive reports concerning any material actual and suspected breaches of the law, including fraud and theft and assess systems to manage this risk;
- (d) review and consider the processes used by the Compliance Manager to monitor and ensure compliance with the Scheme Constitution, the Corporations Act, the Compliance Plan, laws, regulations and other requirements including the Company's Australian financial services licence;
- (e) review any litigation, claim or other contingency which could have a material effect upon the financial position or operating results of the Scheme;
- (f) make recommendations to the Board on changes (if required) to improve the effectiveness of the Company's risk management systems in respect of the Scheme; and
- (g) review and monitor related party transactions and assess their propriety.

#### **4.3 External Audit**

The Committee must review and assess key areas relating to the external audit of the Scheme. In particular the Committee must:

- (a) make recommendations to the Board on the appointment, reappointment or replacement and remuneration of the external auditor;
- (b) review the terms of engagement for the external auditor, and agree the terms with the external auditor;

- (c) monitor the effectiveness and independence of the external auditor;
- (d) review the scope of the external audit with the external auditor including identified risk areas;
- (e) review and assess non-audit services to be provided by the external auditor, with particular consideration to the potential to impair or appear to impair the external auditor's judgment or independence in respect of the Scheme;
- (f) subject to the independence of the auditor not being impaired or seen to be impaired, make recommendations to the Board whether to approve the terms of any non-audit services provided by the external auditor;
- (g) review and monitor management's responsiveness to the external audit findings; and
- (h) on a regular basis, meet with the external auditor without the presence of management.

#### **4.4 Compliance Audit**

The Committee must review and assess key areas relating to the compliance audit of the Scheme. In particular the Committee must:

- (a) make recommendations to the Board on the appointment, reappointment or replacement and remuneration of the compliance auditor;
- (b) review the terms of engagement for the compliance auditor, and agree terms with the compliance auditor;
- (c) monitor the effectiveness and independence of the compliance auditor;
- (d) review the scope of the compliance audit with the compliance auditor including identified risk areas;
- (e) review and monitor management's responsiveness to the compliance audit findings; and
- (f) on a regular basis, meet with the compliance auditor without the presence of management.

## **5. Meetings**

### **5.1 Holding of meetings**

- (a) Subject to paragraph (b), the Committee will meet often enough to undertake its role effectively, at the times determined by the Committee chairman, but must meet at least twice a year.
- (b) A member of the Committee may convene a meeting of the Committee at any time.

## **5.2 Quorum**

The quorum for a meeting of the Committee is 2 members who are independent directors.

## **5.3 Determining annual program and agendas**

The Committee shall develop and agree an annual program for the purpose of fulfilling its responsibilities.

The Chairman, with the assistance of the secretary of the Committee, will develop the agenda for each meeting on the basis of the annual program and any other matters deemed to be relevant to the particular meeting.

## **5.4 Committee papers and minutes**

The procedures for the conduct of Board meetings will apply to meetings of the Committee, except to the extent otherwise agreed by a majority of members of the Committee.

Committee minutes, agenda and supporting papers will be made available to every Director in the papers for the next full board meeting after each Committee meeting, providing no conflict of interest exists.

## **6. Reporting to the Board**

### **6.1 Regular reporting**

The Committee Chairman must report to the Board after each Committee meeting.