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ARIADNE

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# Audit and Risk Management Committee Charter

Ariadne Australia Limited (ABN 50 010 474 067)

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# Audit and Risk Management Committee Charter

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# Committee Charter

## 1. Introduction

The Ariadne Australia Limited (**Ariadne**) Board of Directors (the **Board**) has established an Audit and Risk Management Committee (the **Committee**).

The Committee is guided by the following Committee Charter (the **Charter**) and the constitution of Ariadne.

## 2. Objectives

The objectives of the Committee are to assist the Board in fulfilling its corporate governance responsibilities for Ariadne and its controlled entities (the **Group**) by providing transparency, focus and independent judgement in regard to corporate reporting, audit and risk management, including:

- a) the integrity of financial reporting;
- b) compliance with legal and statutory obligations;
- c) the effectiveness of the Group's risk management and internal control framework; and
- d) oversight of the internal and external auditors.

## 3. Authority

The Committee has authority to conduct or authorise investigations into any matters within its scope of responsibility. It is authorised to:

- a) appoint, compensate, and oversee the work of any registered public accounting firm;
- b) oversee and direct the internal audit function, as required;
- c) resolve any disagreements between management and the external/internal auditor(s) regarding financial and assurance reporting;
- d) pre-approve all external/internal audit services and non-audit services provided by the external auditor;
- e) implement and oversee the internal control structure and risk management systems;
- f) retain independent counsel, accountants, or others to advise the Committee or assist in the conduct of an investigation;
- g) seek any information it requires from employees or officers of the Group, all of whom are directed to cooperate with the Committee's requests;
- h) seek any information it requires from external parties; and
- i) meet with the Groups officers, external auditors, or outside counsel, as necessary.

## 4. Composition

The Committee will consist of at least three members of the Board. The Board will appoint the Committee members and the Committee chair (the **Chair**). A member's position on the Committee is automatically terminated if he/she ceases to be a director of Ariadne.

Each Committee member:

- a) must be an independent, non-executive director;
- b) financially literate with a familiarity of finance and accounting principles;
- c) understand the Group's operational, financial and strategic risk profile; and
- d) must notify the Committee Secretary if, as a result of a change in circumstances, he/she no longer meets the criteria for independence.

The Chair, who shall not be the chair of the Board, shall have leadership experience and a strong finance, accounting and/or business background.

## 5. Meetings

The Committee should meet at least two times a year, with meetings principally to coincide with half-year and annual financial reporting. A quorum for a meeting of the Committee will comprise any two members.

The Committee has the authority to convene additional meetings at any other time as the Chair considers appropriate. The Chair will be required to call a meeting of the Committee if so requested by any member of the Committee, the external auditor or the chair of the Board.

Committee members are expected to attend each meeting. Members may attend a meeting in person, via telephone or via videoconference, provided that all Committee members involved in the meeting are able to participate in discussion.

Each Committee member is entitled to reasonable notice of a meeting. Meeting agendas will be prepared and provided in advance to members, along with appropriate briefing materials.

The Committee may invite others to join Committee meetings. This may include members of management and Ariadne's auditors, as is deemed necessary by the Committee. However, the Committee shall meet separately with the external auditors and internal auditors, where applicable, without the presence of management at least annually.

The Ariadne Secretary will be the secretary of the Committee (the **Secretary**). The Secretary will take minutes of the proceedings and resolutions of the Committee and circulate these minutes to the members of the Committee for their comments as soon as possible.

The Chair, or in his absence any other member of the Committee in his place, shall attend the Annual General Meetings of Ariadne and be prepared to answer questions thereat.

## 6. Reporting

The Committee will ensure the Secretary circulates the minutes of each meeting to the Board for review at the next Board meeting.

The Committee may also prepare and submit to the Board any additional reports as appropriate.

## 7. Duties and responsibilities

The Committee shall ensure it understands the Group's structure, controls and types of transactions in order to adequately assess the significant risks faced by the Group.

In addition to the functions specified under sections 2 and 3 above, the Committee will assist the Board in discharging its responsibilities to exercise due care, diligence and skill by making recommendations to the Board and accepting the areas of responsibility set out below:

### 7.1. Financial integrity

- a) Review significant accounting and reporting issues, including complex or unusual transactions and highly judgmental areas.
- b) Review recent professional and regulatory pronouncements, and understand their impact on the financial statements.
- c) Ensure compliance with taxation law(s) and review the accounting implications of Ariadne's tax position.

- d) Review, with management and the external auditors, all matters required to be communicated to the Committee under generally accepted auditing standards.
- e) Review, with management and the external auditors, the results of the full year audit and half year review, including any difficulties encountered.
- f) Review the annual and interim financial statements, and consider whether they are complete, consistent with information known to the Committee members, reflect appropriate accounting principles, and otherwise reflect a true and fair view of the financial position and performance of the Group.
- g) Review other sections of the annual and half year financial reports and related regulatory filings before their release and consider the accuracy and completeness of included information.
- h) Ensure financial reports and associated filings and announcements adequately address shareholders' needs.

## **7.2. Legal and regulatory compliance**

- a) Monitor compliance with all relevant statutory and regulatory obligations, including the ASX's continuous disclosure obligations.
- b) Consider the effects of any new or proposed accounting and tax practices, principles or developments, disclosure requirements and legislative or regulatory announcements.

## **7.3. Risk management and internal controls**

- a) Consider the effectiveness and adequacy of the Group's internal control systems, including information technology security and control.
- b) Advise on significant changes to that structure so as to obtain reasonable assurance that assets are safeguarded, including against error and fraud, and that reliable financial records are maintained.
- c) Review any material incident involving fraud or a break-down of the entity's risk controls and the "lessons learned".
- d) Receive reports from management on new and emerging sources of risk and the risk controls and mitigation measures that management has put in place to deal with those risks.
- e) Understand the scope of the external auditor's review of internal controls, and obtain reports on significant findings and recommendations, together with management's responses.
- f) Implement internal audit processes as necessary and receive reports to ensure adequacy of risk management procedures and internal controls.
- g) Review the Group's risk management framework at least annually to satisfy itself that it continues to be sound and make recommendations to the board in relation to changes that should be made to the entity's risk management framework or to the risk appetite set by the board.
- h) Monitor management's performance against the entity's risk management framework, including whether it is operating within the risk appetite set by the board.
- i) Review whether the Group has any material exposure to economic, environmental and social sustainability risks and how the Group manages those risks.
- j) Discuss with management, internal auditors and external auditors the adequacy and effectiveness of accounting and financial controls, including policies and procedures to assess, monitor and manage business risk, and conduct reviews of Work Health and Safety and Human Resources procedures and practise.
- k) Consider the Group's insurance program, having regard to the Group's business and the insurable risks associated with its business.

#### **7.4. Audit effectiveness**

- a) Review the external auditor's proposed audit scope and approach. The Committee must ensure that the audit approach covers all financial statement areas where there is a risk of material misstatement and that audit activities are carried out in the most effective, efficient and comprehensive manner.
- b) Review the performance of the external auditors and the cost effectiveness thereof, and exercise final approval on the appointment, partner rotation or discharge of the auditors.
- c) Review and confirm the independence of the external auditors by obtaining statements on relationships between the auditors and the Group, including the provision of non-audit services.
- d) Review the performance of the internal audit function, as required, and exercise final approval on the appointment or discharge of any internal audit consultants.

#### **7.5. Corporate governance controls**

- a) Responsible for reviewing management's application of the ASX Corporate Governance Council's guidelines in respect of financial reporting and risk management.
- b) Provide assurance that the Group is adequately managing corporate governance and market integrity risks and is maintaining appropriate controls against fraud.
- c) With Board approval, the Committee may investigate other areas of the Group's business activities, with the objective of enhancing risk management policies and protection against corporate governance failures.

#### **7.6. Reporting**

- a) Regularly report to the Board about Committee activities, issues, and related recommendations.
- b) Provide an open avenue of communication between the external auditors and the Board.
- c) Report annually to shareholders, describing the Committee's composition, responsibilities and how they were discharged, and any other required information.

#### **7.7. Other**

- a) Institute and oversee special investigations as needed and/or as requested by the Board.
- b) Establish procedures for the receipt, retention and treatment of complaints received by the Group regarding accounting and audit related matters.
- c) Review reports on violations of the Corporations Act, the ASX Listing Rules and other breaches of fiduciary duties.
- d) Confirm annually that all responsibilities outlined in this Charter have been carried out.
- e) Evaluate the Committee's and individual members' performance at least annually to determine whether the Committee is functioning effectively.

The duties and responsibilities of a member of the Committee shall be in addition to those set out for them as a director of Ariadne.

### **8. Review and publication of charter**

The Committee must review the Charter annually.

Any changes to the Charter recommended by the Committee must be approved by the Board.

This Charter will be available on Ariadne's website.