



ONEMARKET™

# Audit and Risk Committee Charter

OneMarket Limited ACN 623 247 549 (**Company**)

Approved by the Board on 16 August 2018

# Audit and Risk Committee Charter

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## 1 Purpose and authority

The Audit and Risk Committee (**Committee**) is a committee of the board of directors of the Company (**Board**) established in accordance with the Company's constitution. It has the authority delegated to it by the Board, and power to undertake the roles and exercise the responsibilities, as set out in this Charter and under any separate resolutions of the Board from time to time.

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## 2 Overview

The ASX Corporate Governance Council's "Principles of Good Corporate Governance and Best Practice Recommendations" (**Recommendations**) recommend that the Company has formal and rigorous processes that independently verify and safeguard the integrity of its corporate reporting and that it has a sound risk management framework.

The Committee is to assist the Board by undertaking the roles, and exercising the responsibilities, set out in this Charter and other reviews or assignments as requested by the Board. The Committee will report regularly to the Board on matters relevant to these roles and responsibilities.

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## 3 Corporate reporting

The Committee's role is to oversee the adequacy of the Company's corporate reporting processes.

The Committee is responsible for:

- (a) **compliance:** reviewing management's processes for compliance with laws, regulations and other requirements relating to the preparation of accounts and corporate reporting by the Company of financial and non-financial information;
- (b) **adequate processes:** making recommendations in relation to the adequacy of the Company's corporate reporting processes;
- (c) **continuous reporting:** overseeing the process that is implemented to capture issues for continuous reporting to ASX;
- (d) **external auditor:** asking the external auditor for an independent judgment about the appropriateness of the accounting principles, and the clarity of financial disclosure practices, used by the Company;
- (e) **assessing information** from internal and external auditors which is significant for financial reports;
- (f) **accounting judgments:** reviewing and assessing the appropriateness of material estimates, accounting judgments and significant choices exercised by management in preparing the Company's financial statements (including the solvency and going concern assumptions) by:
  - examining the processes used; and
  - seeking verification from internal and external auditors;
- (g) **true and fair view:** assessing that the Company's financial statements reflect the Committee's understanding of, and provide a true and fair view of, the Company's financial position and performance;

- (h) **preparation of financial reports:** overseeing the preparation of financial reports and reviewing the results of external audits of these reports;
- (i) **section 295A declaration:** overseeing that appropriate risk management and internal control processes are in place to form the basis upon which the CEO and CFO make their declarations to the Board under section 295A of the *Corporations Act 2001* (Cth) and Principle 4 of the ASX Corporate Governance Principles and Recommendations;
- (j) **corporate governance:** reviewing the completeness and accuracy of the Company's Corporate Governance Statement as required by the ASX Listing Rules;
- (k) **pre-lodgement reviews:** reviewing material documents and reports prepared for lodgement with regulators, assessing their impact on the Company and making recommendations to the Board on their approval or amendment; and
- (l) **Board approval:** recommending to the Board whether the financial statements, financial report, Directors' Report and Annual Report should be approved based on the Committee's assessment of them.

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## 4 The external audit

The external audit is fundamental in the process to independently verify and safeguard the integrity of the Company's corporate reporting. The Committee oversees the external auditor's role in the corporate reporting process and making recommendations to the Board regarding the external audit.

The Committee is responsible for:

- (a) **appointment:**
  - making recommendations to the Board on the selection process, appointment and remuneration of the external auditor;
  - agreeing the terms of engagement of the external auditor before the start of each audit;
  - reviewing the external auditor's fee and being satisfied that an effective, comprehensive and complete audit can be conducted for the fee set;
- (b) **independence:**
  - monitoring the independence of the external auditor;
  - reviewing the external auditor's independence based on the external auditor's relationships and services with the Company and other organisations;
  - assessing any proposal for the external auditor to provide non-audit services and whether it might compromise the independence of external auditor and, if required, developing policies for Board approval in relation to this;
- (c) **meetings and ongoing communication:**

- inviting the external auditor to attend Committee meetings to review the audit plan, discuss audit results and consider the implications of external audit findings;
  - meeting with the external auditor without management present at least once a year;
  - raising with the external auditor any specific points of divergence with the Company's management;
- (d) **reviewing and monitoring:**
- the effectiveness of the external auditor and assessing their performance;
  - the scope and adequacy of the external audit, including identified risk areas and any additional procedures with the external auditor on a periodic basis;
  - representation letters signed by management and assessing that information provided is complete and appropriate;
  - monitoring management's response to the external auditor's findings and recommendations;
- (e) **rotation:** making recommendations to the Board on the rotation of the audit engagement partner;
- (f) **removal:** evaluating whether to recommend to the Board that an external auditor be removed.

The external auditor will attend the Company's AGM and be available to answer questions from security holders relevant to the audit.

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## 5 Risk management and compliance

### 5.1 The roles of the Board, Committee and Management

Recognising and managing risk is a crucial role of the Board, the Committee and Management.

- (a) **the Board's role** is to set the risk appetite for the Company (that is, the nature and extent of the risks it is prepared to take to meet its objectives), to oversee its risk management framework and satisfy itself that the framework is sound.
- (b) **Management's role** is to identify risks, develop and implement the risk management framework, manage and report on risks and monitor that the Company operates within the risk appetite set by the Board.
- (c) **the Committee's roles** are to:
- oversee that Management carry out their risk management roles in light of guidance from the Board; and
  - make recommendations to the Board regarding risks the Company faces, action it should take, the adequacy of the Company's risk management framework, and on disclosure of risk.

## 5.2 Committee responsibilities – risk management

The Committee is responsible for:

- (a) **risk management framework:** overseeing that Management designs and implements an appropriate and effective risk management framework which:
  - aims to identify, protect against, detect, respond to and recover from risks, and to review and improve the framework;
  - includes relevant matters set out in the schedule; and
  - is developed and reviewed with input from internal and external auditors, compliance staff and other experts and consultants as relevant and in light of relevant standards and industry guidance;
- (b) **reviewing the risk management framework** at least annually to determine that it continues to be sound, and to identify any changes to material risks and whether they remain within the risk appetite set by the Board with input from Management, internal and external auditors, compliance staff and other experts and consultants as relevant and in light of relevant standards and industry guidance;
- (c) **reporting and making recommendations to the Board** on risk management issues and the Company's risk management framework;
- (d) **disclosure:** overseeing the preparation of summaries and making recommendations to the Board including for:
  - **the Directors' Report:** of the main internal and external risk sources that could adversely affect the Company's prospects for future financial years, for inclusion in the operating and financial review section of the Directors' Report; and
  - **the Corporate Governance Statement** in the Company's Annual Report or on its website, including in relation to each reporting period:
    - whether the review of the Company's risk management framework has taken place and, if appropriate, insights gained from the review and changes made as a result; and
    - whether the Company has any material exposure to economic, environmental and social sustainability risks and if so how they intend to manage those risks, and
- (e) **disclosure policy and guidelines:** periodically reviewing the disclosure and communications policy and the disclosure and materiality guidelines and, where considered necessary, considering related training requirements for the Company's officers and relevant employees in respect of the Company's disclosure obligations.

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## 6 Internal audit

### 6.1 The Committee's role – internal audit

The aim of the internal audit function is to bring a systematic approach to evaluating and improving the effectiveness of the Company's risk management and internal control processes. The internal audit function may be delivered by an external service provider at the election of the Committee. The Committee's

role is to oversee the effectiveness, independence and objectivity of the internal audit and to report to the Board in relation to the internal audit.

## **6.2 The Committee's responsibilities – internal audit**

The Committee is responsible for:

- (a) **appointment:**
  - approving the appointment, terms of engagement and removal of the head of internal audit;
  - reviewing the internal auditor's role, responsibilities and resources;
  - arranging for the internal auditor to report to the General Counsel for administration purposes and directions under the internal audit work plan, and also to the Chair of the Audit and Risk Committee.
- (b) **audit plan and work program:**
  - reviewing and approving the internal audit plan and work program;
  - considering the implications of internal audit findings;
  - evaluating the scope, effectiveness and adequacy of the internal audit plan and work program;
- (c) **overseeing:**
  - the performance and objectivity of the internal audit function, including having access to the internal audit function without management present;
  - the co-ordination of the internal auditor with the external auditor;
- (d) **evaluating** management's responsiveness to the internal auditor's findings and recommendations; and
- (e) **meeting** with the internal auditor without management present at least once a year.

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## **7 Related party transactions and conflicts of interest**

The Committee is responsible for:

- (a) reviewing and monitoring the propriety of related party transactions; and
- (b) evaluating all potential or actual conflicts of interest of which the Committee becomes aware, including assessing whether a conflict is manageable or whether it must be avoided.

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## **8 Membership**

### **8.1 Composition and size**

The Committee will consist of at least 3 directors, all of whom are non-executives and a majority of whom are independent directors. Membership is reviewed periodically and re-appointment to the Committee is not automatic. Appointments and resignations are decided by the Board.

The Company will disclose the relevant qualifications and experience of the members of the Committee.

## **8.2 Chairperson**

The Chairperson of the Committee must be an independent non-executive director who is not the Chairperson of the Board.

The Chairperson of the Committee is appointed by the Board. If, for a particular Committee meeting, the Committee Chairperson is not present within 10 minutes of the nominated starting time of the meeting, the Committee may elect a Chairperson for the meeting.

## **8.3 Technical expertise**

The Committee is intended to 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 and the circumstances in which the Company operates, to be able to discharge the Committee's duties effectively. All members of the Committee must understand the Company's structure, internal control environment and typical transactions in order to adequately assess the significant risks faced by the Company.

If the Committee Chairperson approves, a Committee member may attend seminars or training related to the functions and responsibilities of the Committee at the Company's expense.

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# **9 Committee meetings and processes**

## **9.1 Meetings**

Meetings and proceedings of the Committee are governed by the provisions in the Company's constitution regulating meetings and proceedings of the Board and committees of the Board in so far as they are applicable and not inconsistent with this charter.

The Board will disclose the number of times the Committee met throughout that financial year and the individual attendance of each Committee member at those meetings.

The Committee will meet as frequently as required to undertake its role effectively, but not less than 3 times per year. The Chairperson must call a meeting of the Committee if requested by any member of the Committee, the external auditor, or the Chairperson of the Board.

## **9.2 Quorum**

Two directors constitute a quorum for meetings of the Committee.

## **9.3 Attendance by management and advisors**

The Chief Executive Officer and Chief Financial Officer are expected to attend each scheduled meeting of the Committee and a standing invitation will be issued to the external auditors.

The Committee chairperson may also invite directors who are not members of the Committee, other senior managers and external advisors to attend meetings of the Committee. The Committee may request management and/or others to provide such input and advice as is required.

#### **9.4 Notice, agenda and material**

The Chairperson of the Committee determines the meeting agenda after appropriate consultation.

The notice of meeting, the agenda of items to be discussed and related material will be distributed to all Committee members and other attendees before each proposed meeting of the Committee.

#### **9.5 Access to information and advisors**

The Chairperson of the Committee receives all reports between the external auditor and management, and the internal auditor and management.

The Committee has the authority to:

- (a) require management or others to attend meetings and to provide any information or advice that the Committee requires;
- (b) access the Company's documents and records;
- (c) obtain advice and input from counsel, accountants and other experts (eg risk consultants), without seeking approval of the Board or management (where the committee considers that necessary or appropriate); and
- (d) access and interview management and internal and external auditors (with or without management present).

Information will be distributed to Committee members as it becomes available.

#### **9.6 Minutes**

The Committee will keep minute books to record the proceedings and resolutions of its meetings. The Chairperson of the Committee, or their delegate, will report to the Board after each Committee meeting. Minutes of Committee meetings will be included in the papers for the next Board meeting after each Committee meeting.

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### **10 Committee's performance evaluation**

The Committee will review its performance from time to time and whenever there are major changes to the management structure of the Company.

The performance evaluation will have regard to the extent to which the Company has met its responsibilities in terms of this charter.

Committee members must be available to meet with external bodies if requested to do so in accordance with relevant laws, regulations or prudential standards.

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### **11 Review and publication of charter**

The Board will review this charter annually to assess whether it remains relevant to the current needs of the Company. The charter may be amended by resolution of the Board.