
F. AUDIT AND RISK MANAGEMENT COMMITTEE CHARTER

1. Standing Rules for the Company Board Committees

- 1.1 The Standing Rules for the Company Board Committees apply to the Audit and Risk Management Committee, and are incorporated into this Charter.

2. Purpose

- 2.1 The Audit and Risk Management Committee is established by the Board of Directors. The role of the Audit and Risk Management Committee is to assist the Board of Directors in ensuring effective management of all material business risks. Specifically:
- (a) develop the roles and respective accountabilities, and of the Board and management;
 - (b) the review of:
 - (i) the Company's financial reporting principles and policies, controls and procedures;
 - (ii) the integrity of the Company's financial statements and the independent audit of those financial statements;
 - (iii) the Company's compliance with legal and regulatory requirements in relation to financial statements; and
 - (iv) any due diligence and prudential supervision procedures required by regulatory bodies.
- 2.2 The Audit and Risk Management Committee will report regularly to the Board on each of the matters referred to in clause 2.1.
- 2.3 The Audit and Risk Management Committee is also responsible, on the Board's behalf, for:
- (a) the appointment, evaluation and oversight of the external auditor;
 - (b) remuneration of the external auditor; and
 - (c) where deemed appropriate, replacement of the external auditor.

3. Powers of the Audit and Risk Management Committee

- 3.1 The Committee is required to make recommendations to the Board and does not have any executive powers to commit the Board or management to the implementation of these recommendations, other than:
- (a) where the Board has delegated power to the Audit and Risk Management Committee, including powers:
 - (i) to approve principles, policies, strategies, processes and control frameworks for the management of risk; and
 - (ii) to approve credit transactions beyond the approval discretion of executive management; and
 - (b) for matters relating to the appointment, remuneration, oversight and replacement of the external auditor.
- 3.2 The Committee has unrestricted access to executives of the Company, and to the external auditors in order to fulfil its purpose and undertake its duties.
- 3.3 The Committee has the ability to direct any special investigations deemed necessary and to consult independent experts where considered necessary to carry out its duties and to rely on the advice of such experts. Costs of such consultations are borne by the Company.

4. **Duties of the Audit and Risk Management Committee**

4.1 Subject to any resolution of the Board, the duties of the Audit and Risk Management Committee are to:

- (a) Receive reports from management concerning:
 - (i) the Company's risk management principles, policies, strategies, processes and controls in order to oversee their effectiveness;
 - (ii) credit, market, balance sheet and operating risk in order to oversee these risks;
 - (iii) anticipated changes for the economic and business environment and other factors relevant to future strategy;
 - (iv) the risk implications of new and emerging risks, organisational change and major initiatives;
 - (v) resolution of significant risk exposures and risk events; and
 - (vi) the Company's insurance strategy, including the coverage and limits of the insurance policies.
- (b) Ensure the Company implement and maintain:
 - (i) appropriate accounting and financial reporting principles and policies and internal controls and procedures designed to assure compliance with accounting standards and applicable laws and regulations; and
 - (ii) appropriate risk management principles and policies and internal controls and processes designed to identify and address unacceptable risk.

4.2 The external auditors are responsible for planning and carrying out each audit and review, in accordance with applicable auditing standards. The external auditors are accountable to shareholders through the Audit and Risk Management Committee on behalf of the Board.

5. **Further Duties of the Audit and Risk Management Committee**

5.1 The following duties are structured in accordance with the Committee's purposes:

- (a) With respect to the external auditors:
 - (i) select, evaluate and replace as necessary the external auditor;
 - (ii) review and agree the annual audit engagement letter;
 - (iii) review the annual audit plan and approve the fees charged for audit and review services;
 - (iv) determine categories of non-audit services that may be provided by the external auditor;
 - (v) provide pre-approval or otherwise of all specific non-audit services that are to be undertaken by the external auditor;
 - (vi) ensure disclosure to shareholders of the Committee's approval of all non-audit services provided by the external auditor;
 - (vii) review and provide oversight of audit reports prepared and issued by the external auditors on Group financial statements and activities;
 - (viii) consider and review reports prepared by the external auditor on critical accounting policies, all alternative treatments of financial information permitted under Australian and US GAAP, International Financial Reporting Standards (IFRS) and all other written communication between the external auditor and management;

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- (ix) resolve any disagreements between the external auditor and management regarding the Company's financial reporting;
 - (x) discuss with the external auditors any relationship that may impact their objectivity and independence;
 - (xi) ensure that the external auditors prepare and deliver an annual statement as to their independence which includes details of all relationships with the Company;
 - (xii) ensure that the external auditors attend the Company's Annual General Meeting and are available to answer questions from shareholders; and
 - (xiii) annually review the effectiveness of the external auditor.
- (b) With respect to financial reporting:
- (i) receive from management, and the external auditors a timely analysis of significant financial reporting issues and practices and review such analyses;
 - (ii) discuss the audited (half year: reviewed) financial statements, earnings press releases, other financial information being made public, any significant matters arising from the audit, management judgements and accounting estimates, and significant changes to the Company's auditing and accounting principles, policies, controls, procedures and practices with management, internal audit and external auditors;
 - (iii) discuss the critical accounting policies with external auditors and management;
 - (iv) review the certification provided by the chief executive officer and the chief financial officer on annual and half yearly financial reports and review the processes that were used to reach the opinion provided in the certification;
 - (v) ensure the financial statements include disclosure covering governance issues in accordance with the requirements of regulators; and
 - (vi) review the form of opinion that the external auditors propose to render.
- (c) With respect to handling accounting complaints:
- (i) establish procedures for the receipt, retention and treatment of complaints regarding accounting, internal accounting controls or auditing matters;
 - (ii) ensure employees can make confidential, anonymous submissions regarding questionable accounting or auditing matters; and
 - (iii) ensure procedures are in place to prohibit the Company from firing, demoting or otherwise discriminating against any employee who lawfully provides information to a regulatory body or other nominated party regarding any information about the Company that the employee reasonably believes may be relevant to a securities fraud, investigation or proceeding.
- (d) With respect to due diligence procedures:
- (i) discuss any reports prepared in relation to issues of shares, debt securities, or other instruments requiring the issue of a prospectus, where the prospectus is issued by the Company;
 - (ii) discuss reports on the Company prepared for prudential supervisors or other regulators; and
 - (iii) consider any reports prepared by external auditors in relation to the above due diligence procedures.
- (e) With respect to corporate governance:

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- (i) ensure that the Company's corporate governance policies adhere with Corporate Governance best practice, unless there is sound justification why not, and Board approval has been obtained;
 - (ii) develop and promulgate rules on the employment by the Company of members of the external audit firm; and
 - (iii) ensure that the Company has adopted a code of ethics that is applicable to the chief financial officer, and other senior financial officers.
- (f) With respect to reporting:
- (i) review the Audit and Risk Management Committee Charter annually, and recommend any changes to the Board of Directors; and
 - (ii) report regularly to the Board on the activities of the Audit and Risk Management Committee.
- (g) Discuss and review in a general manner the Company's policies with respect to risk assessment and risk management.
- 5.2 Each member of the Audit and Risk Management Committee is entitled to rely on executives of the company, on matters within their responsibility, and on external professionals on matters within their areas of expertise, and may assume the accuracy of information provided by such persons, so long as he or she is not aware of any reasonable grounds upon which such reliance or assumption may be inappropriate.
- 5.3 The Board may rely upon information provided by the Committee and its members, in relation to matters within the Committee's responsibility under the terms of this charter, provided that it has evaluated the information and is not aware of any reasonable basis upon which to question its accuracy.
- 5.4 Management of the Group is responsible for the preparation, presentation and integrity of the Group's financial statements and all matters about which the Committee should be informed.
- 6. Eligibility**
- 6.1 The Audit and Risk Management Committee shall appoint one of its members, other than the Chairman of the Board, to serve as its chairman for a period of no more than three years.
- 6.2 In addition to the independence criteria set out in the the Company Board Charter, the following rules apply to eligibility for membership of the Audit and Risk Management Committee:
- (a) A director who sits on the Audit and Risk Management Committee cannot be an officer, employee or substantial shareholder of the Company or any subsidiary or related company or receive fees from the Company other than in the capacity as a director or member of a committee of the Board;
 - (b) Each member of the Audit and Risk Management Committee must be appropriately financially literate (as such qualification is interpreted by the Board in its business judgment); and
 - (c) At least one member of the Audit and Risk Management Committee must be a 'financial expert'. A financial expert is a person who, as a result of education and experience as a public accountant or auditor or as the principal financial officer, comptroller or principal accounting officer of a Company, has an understanding of financial statements, and Australian GAAP and IFRS, and experience in preparing or auditing financial statements of companies comparable to the Company, in the application of GAAP and IFRS to accounting for estimates, accruals and reserves, in

internal accounting controls and in the functioning of Audit and Risk Management Committees.

7. Meetings

- 7.1 The Audit and Risk Management Committee will meet at least two times annually, and more frequently if necessary.
- 7.2 Representatives of management or any employee or officer of the company may be invited to attend part or all of any meeting of the Audit and Risk Management Committee. The Committee may request certain parties to withdraw from any part of the meeting. The Committee may also request any officer or employee of the external auditors to attend a meeting.
- 7.3 The Audit and Risk Management Committee will meet regularly with the external auditors, in the absence of management. The Audit and Risk Management Committee will request the external auditor to advise it whether any officer of the Company has taken any action to improperly influence, coerce, manipulate or mislead any member of the external audit team for the purpose of rendering the financial statements materially misleading.