

# **Audit and Risk Committee Charter**

SIV Capital Limited ACN 011 045 828

adopted on 30 June 2020

## Contents

1. Introduction.....	3
2. Objective.....	3
3. External financial reporting.....	3
4. Risk management and internal control.....	4
5. External audit.....	5
6. Internal Audit.....	6
7. Other responsibilities.....	7
8. Committee composition.....	7
9. Committee meetings.....	8
10. Minutes of Committee meetings.....	8
11. Reporting to the board.....	8
12. Access to information and independent advice.....	9
13. Approval, review and changes.....	9

## 1. Introduction

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- 1.1 The Audit and Risk Committee (**Committee**) is a committee of the board of directors (**Board**) of SIV Capital Limited ACN 011 045 828 (**Company**).
- 1.2 The Board established the Committee in accordance with the Company's constitution.
- 1.3 This charter (**Charter**) sets out the Committee's role, responsibilities, membership and operation in relation to the Company and its related bodies corporate (**Group**).

## 2. Objective

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- 2.1 The objectives of the Committee are to:
- (a) assist the Board achieve its objectives in relation to:
    - (i) the integrity and reliability of the Group's financial reporting;
    - (ii) the application of accounting principles, policies, controls and procedures;
    - (iii) the adequacy of practices and procedures in respect of achieving legal and regulatory compliance; and
    - (iv) the effectiveness of internal control and risk management systems;
  - (b) maintain and improve the quality, credibility and objectivity of the financial reporting process;
  - (c) promote a culture of compliance;
  - (d) maintain effective communication between the Board and the Committee;
  - (e) oversee the relationship with the external auditor and the internal auditor (where applicable) and assess the auditor's independence; and
  - (f) monitor compliance strategies and the effectiveness of the compliance function.

## 3. External financial reporting

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- 3.1 The Committee is responsible for:
- (a) overseeing the Company's financial controls, systems and corporate reporting processes (including its internal control framework), and making recommendations to the Board in relation to such systems, controls and processes;
  - (b) assessing the appropriateness and application of the Group's accounting policies and principles and any changes to them, so that they accord with the applicable financial reporting framework and accounting standards;
  - (c) obtaining an independent judgment from the external auditor about:
    - (i) the acceptability and appropriateness of accounting policies and principles put forward by management; and

- (ii) the clarity of current or proposed financial disclosure practices as put forward by management;
- (d) assessing any significant estimates or judgments made by management and included in the financial reports, and the basis on which they have been made;
- (e) reviewing compliance with all related party disclosures required (where applicable) by accounting standards and the *Corporations Act 2001* (Cth) (**Corporations Act**);
- (f) reviewing the half-yearly and annual financial reports, including corporate (ASIC, ASX and other) filings, with management, advisers and the external auditor (as appropriate) to assess (among other things):
  - (i) the compliance of financial reports with accounting standards and the Corporations Act; and
  - (ii) the nature and impact of any changes in accounting policies and/or accounting standards during the applicable period;
- (g) discussing any draft audit opinion letter with the external auditor before it is finalised;
- (h) reviewing the management letter from the external auditor;
- (i) recommending to the Board whether the half year and full year financial reports (including financial and associated non-financial statements) should be adopted and signed based on the Committee's assessment of them, including whether they reflect the understanding of the Committee of, and otherwise provide a true and fair view of, the financial position and performance of the Company; and
- (j) following up on any matter raised by the Board regarding financial reports, audit opinions and management letters.

#### **4. Risk management and internal control**

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- 4.1 The Committee is responsible for the oversight of risk management and internal compliance and control systems, including:
- (a) overseeing the establishment, implementation and effectiveness of strategic risk management and internal compliance and control systems and assessing the effectiveness of those systems;
  - (b) approving and recommending to the Board for adoption policies and procedures on risk oversight and management to establish an effective system for:
    - (i) identifying, assessing, monitoring and managing risk; and
    - (ii) disclosing any material change to the risk profile;
  - (c) reviewing and updating the risk profile and risk appetite of the Group and monitoring management's performance against the Company's risk management framework, including to satisfy itself that it continues to be sound and whether it is operating within the risk appetite set by the Board;
  - (d) making recommendations to the Board in relation to changes that should be made to the Company's risk management framework or to the risk appetite set by the Board;

- (e) assessing whether the risk management system takes into account all material risks;
- (f) assessing if management has controls in place for unusual transactions and any potential transactions that may carry more than an acceptable degree of risk;
- (g) reporting to the Board on the Committee's qualitative assessment of the risk management process;
- (h) receiving reports from management and reviewing any material incident involving actual or suspected fraud, theft or other breach of the law, or a break-down of the Company's risk controls, and review the "lessons learned";
- (i) receiving and reviewing 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; and
- (j) receiving copies of significant correspondence from regulators (including ASIC, the Australian Taxation Office and ASX) and considering a response.

## **5. External audit**

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5.1 The Committee is responsible for:

- (a) assessing and recommending to the Board for approval, the terms of engagement with the external auditor at the beginning of each year, including fees payable to the auditor for audit and non-audit work;
- (b) regularly reviewing with the external auditor:
  - (i) the scope of the external audit;
  - (ii) identified risk areas; and
  - (iii) any other agreed procedures;
- (c) making recommendations to the Board on the scope and adequacy of the external audit;
- (d) monitoring the policies and procedures for appointing or removing an external auditor, including criteria for:
  - (i) technical and professional competency;
  - (ii) adequacy of resources;
  - (iii) experience, integrity, objectivity and independence; and
  - (iv) lead audit partner rotation every five years;
- (e) reviewing and assessing on a regular basis the compliance of the external auditor with criteria referred to in paragraph (d);
- (f) recommending to the Board for approval, the appointment or removal of an external auditor;

- (g) recommending to the Board for approval the types of non-audit services that the external auditor may provide without impairing or appearing to impair the external auditor's independence;
- (h) pre-approving any non-audit service assignments proposed by management;
- (i) meeting periodically with the external auditor and inviting the auditor to attend Committee meetings to:
  - (i) review their plans for carrying out internal control reviews;
  - (ii) consider any comments made in the external auditor's management letter, particularly, any comments about material weaknesses in internal controls and management's response to those matters; and
  - (iii) to elicit any other relevant advice;
- (j) resolving any disagreements in respect of the financial reports between the external auditor and management which remain outstanding;
- (k) monitoring and reporting to the Board on management's response to the external auditor's findings and recommendations;
- (l) reviewing all representation letters signed by management;
- (m) receiving and reviewing the reports of the external auditor and monitoring, where major deficiencies or breakdowns in controls or procedures have been identified, remedial action taken by management; and
- (n) reviewing the performance of the external auditor.

## **6. Internal Audit**

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### 6.1 The Committee will:

- (a) recommend to the Board the appointment of an internal auditor if and when one is required; and
- (b) if and when the appointment of an internal auditor is required:
  - (i) recommend to the Board for approval the appointment (and removal if required) of the head of internal audit and the audit fee (if externally contracted);
  - (ii) ensure that no management restrictions are placed upon the internal audit function;
  - (iii) review the reporting lines to ensure that the internal audit function is adequately independent from management and objectively conducted;
  - (iv) ensure that the internal audit function is sufficiently resourced to meet its responsibilities;
  - (v) review and approve the scope and adequacy of the internal audit plan, and oversee its execution;

- (vi) review the major findings of internal audit investigations, the appropriateness of management's response and the completion of agreed actions;
- (vii) receive reports from the internal auditor on its reviews of the adequacy of the Company's processes for managing risk;
- (viii) ensure co-ordination between the internal and external auditor;
- (ix) review the performance of the internal auditor; and
- (x) meet at least twice a year with the internal auditor independently of management.

## **7. Other responsibilities**

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7.1 The Committee is responsible for:

- (a) reviewing reports on the adequacy of insurance coverage and overseeing the Group's insurance program;
- (b) if it considers appropriate, investigating any complaint or allegation made to it;
- (c) reviewing the appropriateness of the Company's business continuity and disaster recovery plans;
- (d) reviewing and monitoring any related party transaction and recommending whether it should be approved by the Board; and
- (e) monitoring that the audit, risk management and compliance policies and procedures and ensuring they are adequately documented and that those documents are reviewed and updated for any legal and regulatory developments.

## **8. Committee composition**

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8.1 It is the Company's intention that the Committee will be comprised of:

- (a) at least three Non-Executive Directors; and
- (b) a majority of independent directors.

8.2 The Board will appoint the Committee chairperson. The chairperson must be an independent director and may not be the chairperson of the board.

8.3 While the Company will aim to have a Committee of at least the size and composition outlined in paragraphs 8.1 and 8.2 above, this may not always be practicable given the size of the Board and the circumstances of the Group, including the nature of the Group's business. Accordingly, the Board has absolute discretion to determine the appropriate size and composition of the Committee from time to time.

8.4 The company secretary of the Company will act as secretary to the Committee.

8.5 The Committee must be of sufficient size, independence and technical expertise to effectively discharge its mandate.

- 8.6 Each member of the Committee must be able to read and understand financial statements and at least one member must be a qualified accountant or other financial professional with experience of financial and accounting matters.
- 8.7 Each member of the Committee should have an understanding of the industry in which the Group operates.
- 8.8 The Board will decide appointments, rotations and resignations within the Committee having regard to the Corporations Act, the ASX Listing Rules and other rules and recommendations that may apply from time to time.

## **9. Committee meetings**

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- 9.1 The Committee will meet as often as it considers necessary but not less than two times in each financial year. Meetings will coincide with the annual and half year financial reporting, and other meetings will be held as required.
- 9.2 A quorum for a Committee meeting is two Committee members.
- 9.3 Committee meetings may be held by any technological means allowing its members to participate in discussions even if all of them are not physically present in the same place. A member who is not physically present but participating by technological means is taken to be present.
- 9.4 The external auditor, the Chief Executive Officer and the Chief Financial Officer may be invited to attend meetings, or specific parts of meetings, at the discretion of the Committee.
- 9.5 All directors receive Committee papers and may also attend meetings on an ad hoc basis.
- 9.6 The Committee may invite non-committee members it regards as appropriate to attend Committee meetings.
- 9.7 The secretary is required to convene a meeting of the Committee if requested to do so by any member of the Committee or the external auditor.

## **10. Minutes of Committee meetings**

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- 10.1 The Committee must keep minutes of its meetings.
- 10.2 Minutes of each Committee meeting must be included in the papers for the next full Board meeting after each meeting of the Committee.
- 10.3 Minutes must be distributed to all Committee members, after the Committee chairperson has approved them.
- 10.4 Minutes, agenda and supporting papers are available to directors upon request to the Committee secretary, except if there is a conflict of interest.

## **11. Reporting to the board**

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- 11.1 The Committee chairperson must report the Committee's findings to the Board after each Committee meeting.
- 11.2 The Committee should review its own effectiveness and make any necessary recommendations to the Board to improve its own effectiveness.

## **12. Access to information and independent advice**

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- 12.1 The Committee may seek any information it considers necessary to fulfil its responsibilities.
- 12.2 The Committee has access to:
- (a) management to seek explanations and information from management; and
  - (b) the external auditor and internal auditor (if appointed) to seek explanations and information from them, either with or without management being present.
- 12.3 The Committee may seek professional advice from employees of the Group and from appropriate external advisers, at the Company's cost. The Committee may meet with these external advisers without management being present.

## **13. Approval, review and changes**

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- 13.1 This Charter was approved and adopted by the Board on 30 June 2020.
- 13.2 The Committee will review this Charter annually or as often as it considers necessary to ensure this Charter remains effective and relevant to the current needs of the Company.
- 13.3 The Board may amend this Charter from time to time by resolution.