



# Audit and Risk Committee (ARC) Charter

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## Role and responsibilities

The ARC assists the board in carrying out its duties by providing independent and objective review, advice and assistance in developing board policy and monitoring corporate activity within the scope of its remit, and making recommendations to the board for resolution. It is not a policy-making body nor does it have substantive executive function in its own right.

The role of the ARC includes assisting the board in the company's governance and exercising of due care, diligence and skill in relation to risk assessment, treatment, strategies and monitoring.

Consistent with the company's determined appetite for risk, it includes assisting the board to understand risks, which may:

- impede the company from achieving its goals and objectives;
- impact on the company's performance;
- affect the health, safety or welfare of employees, visitors and others in relation to the company's operations;
- threaten compliance with the company's regulatory and legal obligations;
- impact on the community and the environment in which the company operates;
- impact on the company's reputation and that of its people; and
- result in personal liability for company officers arising from the company's operations.

## Objectives

### Audit Related Matters

- 1) improving the credibility and objectivity of the accountability process, including financial reporting;
- 2) overseeing the effectiveness of the internal and external audit functions and providing a forum for communication between the board and the internal and external auditors;
- 3) ensuring the independence of the external auditor;



- 4) providing a structured reporting line for internal audit and monitoring the objectivity and independence of the internal auditor;
- 5) assuring the quality of internal and external reporting of financial and non-financial information; and
- 6) ensuring an ethical culture is embedded throughout the company.

## **Risk Related Matters**

The Company's risk policy objectives will be achieved by company-wide implementation of effective risk identification, management and mitigation programs, including:

- 1) monitoring and reviewing issues that may impede the goals, objectives and performance of the Company;
- 2) maintenance of an enterprise risk management framework and appropriate operational risk management frameworks based on industry accepted standards;
- 3) maintenance of internal control systems in order to provide accurate, relevant, timely and reliable financial and operational information;
- 4) monitoring and reviewing safety systems throughout the company's operations;
- 5) monitoring of operations and maintenance of records, to ensure compliance with company policies and regulatory requirements;
- 6) the reporting to the board on significant circumstances and risk related issues, which may materially affect the Company;
- 7) implementation of management systems and loss prevention and control measures directed at managing the potential for loss or damage to the Company;
- 8) management of insurance programs to ensure appropriate coverage by reputable insurers at competitive premium levels with regard to the company's circumstances and needs; and
- 9) ensuring an appropriate risk-aware culture has been embedded throughout the Company.

## **Authority**

The board authorises the ARC, through the ARC Chair, to:

- 1) oversee the appointment, compensation and work of any registered company auditor engaged by the Company;
- 2) resolve any disagreements between management and the auditor on financial reporting;
- 3) pre-approve all auditing and non-audit services;
- 4) retain independent counsel, accountants or others to advise the ARC or assist in the conduct of an investigation;
- 5) retain independent risk, actuarial, insurance or other consultants to advise the ARC or assist in the conduct of risk related issues; and
- 6) seek any information it requires from employees, who are directed to co-operate with the ARC's requests, or from external parties.



## Composition

The ARC will comprise of at least three, and usually no more than five, members of the board. The board will appoint ARC members and the ARC will appoint the Chair of the ARC.

Each ARC member will be financially literate and the majority will be independent. At least one member of the ARC will have relevant qualifications and experience (such as being a qualified accountant holding a current accounting qualification, CPA or CA, or other finance professional with experience of financial and accounting matters).

ARC members should be conversant with risk management principles and standards, with the majority of members having a sound understanding of the business, operations and affairs of the company and the Industry in which it operates.

The Chair of the ARC will be a non-executive and independent director, and must not also be the Chair of the board.

## Invitees

The ARC may invite non-members to attend as it sees fit and consult non-members or seek any information it considers necessary to fulfil its responsibilities. Non-members who be invited to attend meetings of the ARC include but are not limited to:

- 1) the chief executive officer;
- 2) the chief operating officer;
- 3) the chief financial officer;
- 4) the company secretary;
- 5) the head of internal audit;
- 6) the head of internal risk or other person charged with compliance assurance;  
and
- 7) the external auditor

The non-members may take part in the business of, and discussions at, the meeting but have no voting rights.

At times all executive and management personnel will be invited to leave the meeting to allow the ARC to have a closed session either with or without the presence of the external auditor.

## Meetings

The ARC will meet at least twice a year and additionally as the ARC considers necessary.

The internal or external auditors may request a meeting and such a request is to be met.

Approved by the Board – September 2019



A quorum will be more than half the members. In the Chair's absence from a meeting, the members present will select a Chair for that particular meeting.

All ARC members are expected to attend each meeting in person or through other approved means such as teleconferencing or video conferencing.

The notice and agenda of a meeting will include relevant supporting papers.

## **Voting**

Any matters requiring decision generally will be decided by consensus, or if a consensus is not achievable, then by a majority of votes of members present.

## **Conflicts of interest**

ARC members will be invited to disclose conflicts of interest at the commencement of each meeting. Ongoing conflicts of interest need not be disclosed at each meeting once acknowledged. Where members or invitees are deemed to have a real or perceived conflict of interest, they will be excused from discussions on the issue where a conflict exists.

## **Secretariat duties**

- 1) The Company Secretary (or other appropriate designated person) will act as secretary to the ARC. The secretary will assist the Chair to develop and distribute agendas, papers, minutes and the calendar.
- 2) Minutes must be prepared, approved by the chair and circulated to the members within two weeks of a meeting. The minutes must be ratified at the next meeting of the ARC and signed by the chair of that next meeting.

## **Reporting to the Board**

The Chair of the ARC is to report to the board following each ARC meeting. The manner of reporting may be by distribution of a copy of the minutes supplemented by other necessary information, including recommendations requiring board action and/or approval.

## **Reviews**

The ARC will review its performance on an annual basis. The review may be conducted as a self-assessment and will be coordinated by the Chair. The assessment may seek input from any person. Training needs will be monitored by the Chair.



The ARC should review its composition annually to ensure that it remains consistent with the board's objectives and responsibilities. The board should consider the ARC's review and either approve or further review the ARC's charter and/or composition.

## **Review of charter**

- 1) The ARC will review their charter annually to provide assurance that it remains consistent with the board's objectives and responsibilities.
- 2) Following such review, the Board will approve the ARC Charter.