

## **Hancock & Gore Limited**

### **Audit Committee Charter**

#### **1. Definitions and interpretation**

In this Charter, unless the contrary intention appears:

- (a) “at any time” means at any time and from time to time;
- (b) “the Auditor” means the firm appointed as auditor of HNG under Part 2M.4 of the Corporations Act and, in particular, the audit engagement partner within that firm;
- (c) “the Board” means the board of directors of HNG;
- (d) “the Committee” means the Audit Committee established by resolution of the Board, and whose Charter this is;
- (e) “Director” means a member of the Board;
- (f) “HNG” means Hancock & Gore Limited (ACN 009 657 961);
- (g) “HNG Group” means HNG and any entity controlled by HNG (as defined in the Accounting Standards).

#### **2. Authority**

##### **2.1 Source of authority**

The Committee is a committee of the Board. The Committee is appointed and authorised by the Board to assist the Board in fulfilling its statutory and fiduciary responsibilities. The authority of the Committee is sourced from:

- (a) this Charter;
- (b) separate resolutions passed by the Board at any time; and
- (c) relevant Clauses of the Constitution of HNG.

##### **2.2 Primary responsibility**

The Committee is responsible for review and oversight of:

- (a) the integrity of the accounting and financial reporting processes of the HNG Group;
- (b) the external audit of the HNG Group, including assessing the independence and effectiveness of the external auditors; and
- (c) the external reporting of financial information of the HNG Group, including the selection and application of accounting policies.

### **2.3 Direct access to Auditor**

The Committee has direct access to the Auditor. The Committee may choose to do this at any time without management of the HNG Group being present.

### **2.4 Direct access to HNG Group employees**

The Committee has the authority to seek at any time any information the Committee considers may be relevant to its functions from any officer or employee of the HNG Group. The board of the entity employing such officers or employees must use its best endeavours to encourage such officers or employees to cooperate fully in the provision of such information.

### **2.5 Certain individuals have direct access to the Committee**

To ensure that all appropriate matters are drawn to the attention of the Committee, each of the following has direct access to the Committee:

- (a) the Chief Executive of HNG;
- (b) the Chief Financial Officer of HNG;
- (c) the Company Secretary of HNG;
- (d) the Auditor; and
- (e) the Chair of the Board, if they are not a member of the Committee.

### **2.6 Investigation**

The Committee has the authority to at any time conduct or direct any investigation it considers necessary to fulfil its responsibilities.

### **2.7 Retain advisers**

The Committee has the authority to at any time retain, at the expense of HNG, such legal, accounting or other advisers, consultants or experts, as the Committee considers appropriate to assist it in meeting its responsibilities.

### **2.8 Recommendation**

The Committee may at any time make recommendations to the Board as it sees fit.

### **2.9 Sub-committee**

The Committee may at any time form and delegate authority to sub-committees, comprised of one or more members of the Committee as it considers necessary or appropriate. Each sub-committee has the full power and authority of the Committee, subject to the terms of its delegated authority.

### **3. Members of the Committee**

#### **3.1 Composition requirements**

Membership of the Committee is governed by the following requirements:

- (a) each member of the Committee is appointed by the Board;
- (b) the Committee must comprise at least 3 non-executive Directors;
- (c) the chair of the Committee must be an independent Director;
- (d) the chair of the Committee will be appointed by the Board, and will not be the chair of the Board; and
- (e) the Committee shall comprise members with sufficient skills and experience relevant to the Committee's functions.

A director's independence will be assessed on the same criteria used to determine independence for the purposes of board membership.

#### **3.2 Term**

The term of appointment as a member of the Committee is for a period of one year. Each member of the Committee is eligible for reappointment by the Board, subject to the composition requirements for the Committee.

#### **3.3 Cessation**

The Board may at any time remove any individual from the Committee and need not give a reason for doing so. If a member of the Committee ceases for any reason to be a Director, that individual automatically ceases to be a member of the Committee.

#### **3.4 Fees**

Any fees payable for serving on the Audit Committee will be on the recommendation of the Remuneration Committee of HNG, and subject to approval by the Board.

### **4. Secretary**

#### **4.1 Appointment**

The Company Secretary of HNG will serve as secretary of the Committee.

#### **4.2 Minutes**

The secretary of the Committee must ensure that minutes are taken of meetings of the Committee. If the secretary is asked to withdraw for all or any part of any meeting, the chair must ensure that minutes are taken in respect of that part of the meeting.

## **5. Meetings**

### **5.1 Meetings other than in person**

The Committee may meet for the dispatch of business, adjourn and otherwise regulate their meetings as they see fit. The Committee may conduct meetings by telephone or other form of communication without a member being in the physical presence of another member or other members.

### **5.2 Frequency**

The Committee must meet often enough to undertake its role effectively. The Committee must meet at least 3 times per calendar year.

### **5.3 Additional meetings**

The chair of the Committee must call a meeting of the Committee if so requested:

- (a) by any member of the Committee; or
- (b) by the Auditor; or
- (c) by the chair of the Board.

### **5.4 Quorum**

A quorum for a meeting of the Committee is 2 members.

## **6. Attendance at meetings**

### **6.1 Usual attendees**

Each of the following is expected to attend each meeting of the Committee:

- (a) the Chief Executive of HNG;
- (b) the Chief Financial Officer of HNG;
- (c) representatives of the Auditor; and
- (d) the secretary of the Committee.

### **6.2 Other attendees**

Other members of management of the HNG Group, or parties external to the HNG Group, may be invited to attend any meeting of the Committee.

### **6.3 Attendees may have to withdraw**

An individual who is not a member of the Committee may be asked by the Committee to withdraw for all or any part of any meeting of the Committee.

## **7. Reporting by the Committee**

### **7.1 Circulation of minutes**

Minutes of each meeting of the Committee must be approved and signed by either the chair of that meeting or the chair of the Committee at the next practicable meeting of the Board.

### **7.2 Reports to the Board**

The Committee, through its chair, must report to the Board at the earliest possible Board meeting after each meeting of the Committee. Such report should include any matters that, in the opinion of the Committee, should be brought to the attention of the Board, and any recommendations requiring the approval of the Board.

### **7.3 Annual and half-yearly financial statements**

The Committee should recommend to the Board acceptance of the annual and the half-yearly financial statements of HNG after providing the Board with a report which includes:

- (a) an assessment of the performance and independence of the Auditor, and whether the Committee is satisfied that the independence of the Auditor has been maintained having regard to the provision of non-audit services by the Auditor; and
- (b) an assessment of the management processes supporting external reporting; and
- (c) an assessment of the internal compliance and control systems for financial reporting; and
- (d) an assessment of whether external reporting is consistent with internal information and knowledge and is adequate for the needs of shareholders of HNG.

### **7.4 Review of Charter**

The Committee must, each year, review the adequacy of this Charter and recommend to the Board any changes to the Charter that the Committee considers are desirable.

### **7.5 Annual performance appraisal**

An evaluation of the performance of the Committee and the extent to which the Committee has met the requirements of this Charter will be conducted through the Board's annual performance appraisal process.

## **8. Particular duties and responsibilities of the Committee**

### **8.1 Overview**

The Committee's main responsibilities are grouped below under the following headings:

- (a) accounting practices and external reporting (Clause 8.2 below);
- (b) audit (Clauses 8.3 and 8.4 below);
- (c) financial risk management and compliance (Clause 8.5 below); and

- (d) other responsibilities (Clause 8.6 below).

## **8.2 Accounting practices and external reporting**

The Committee must:

- (a) review the audited annual and half-yearly financial statements, and any reports which accompany published financial statements, with management and the Auditor, in order to recommend their approval by the Board, or when authorised by the Board, to approve their release to regulators and the market;
- (b) review with management significant accounting and financial reporting issues raised by the Auditor;
- (c) review any new or significant changes to existing HNG Group accounting policies and advise the Board of any significant new policies or significant changes in policy;
- (d) ensure that appropriate policies are promulgated and complied with in relation to the regular review of models that calculate financial valuations of assets and liabilities; and
- (e) review the controls and processes that are used to reach the opinions provided in certifications of the Chief Executive of HNG and the Chief Finance Officer of HNG.

## **8.3 External audit**

The Committee must:

- (a) in consultation with management of the HNG Group, review with the Auditor the integrity and effectiveness of the HNG Group's financial reporting systems and controls;
- (b) review the scope of the external audit plan with management of the HNG Group and monitor its implementation;
- (c) review the external audit results with management;
- (d) on at least an annual basis, meet with the Auditor without management being present;
- (e) obtain, at least annually, from the Auditor a formal written statement delineating all relationships between the Auditor and the HNG Group to assess the independence of the Auditor;
- (f) ensure that each of the external audit engagement partner and lead review partner is rotated off the audit of the HNG Group after no more than 5 years and are not re-assigned to the HNG Group's audit for at least 2 years;
- (g) make recommendations to the Board on the appointment, reappointment, removal (and related tendering) of the Auditor, and remuneration of the Auditor; and
- (h) with management support, conduct the tender for the role of auditor of the HNG Group whenever the Board resolves that such a tender should be conducted.

#### **8.4 Internal audit**

The Committee must:

- (a) in consultation with management of the HNG Group, determine the scope of the internal audit program and monitor its implementation;
- (b) review the internal audit results with management;
- (c) meet with HNG Group staff performing the internal audit work; and
- (d) make recommendations to the Board on the appointment or removal of an external party to conduct the internal audit work for the HNG Group.

#### **8.5 Financial risk management and compliance**

The Committee must:

- (a) after taking into account the allocation to the Board of responsibility for review of risk, review the financial risk management internal control systems and compliance processes for accounting and external reporting;
- (b) review any applicable financial sector regulatory requirements and compliance with them;
- (c) review any major reports of financial sector regulators on the operations of the HNG Group and the response of management of the HNG Group to such reports; and
- (d) establish and maintain procedures so that relevant matters that come to the attention of the Committee are referred in writing to the Board.

#### **8.6 Other responsibilities**

The Committee:

- (a) may need to request or, if approved by the Board, to direct a special project or investigation into a serious issue or significant transaction that falls within the ambit of the overall responsibilities of the Committee; and
- (b) must examine any other matters referred to it any time by the Board.