

## **Audit Committee Charter**

Latest Revision adopted 26 November 2019

### **Policy**

The Board requires that the business conducts itself in accordance with acceptable ethical standards and complies with all applicable laws, regulations, Board policies and directives. In addition, it requires that adequate procedures and mechanisms should be in place to mitigate the risk that the Company's business goals and objectives are not met.

The Board will be responsible for the establishment of the Audit Committee, its composition and Charter.

### **Purpose of the Audit Committee**

The primary purpose of the Audit Committee is to assist the Board in discharging its responsibility to exercise due care, diligence and skill in relation to AVJennings in the areas of:

- Application of accounting policies, standards, and reporting of financial information;
- Internal control systems;
- Corporate conduct and business ethics;
- Reporting requirements;
- Identification and management of tax risk; and
- Considering and reporting to the Board on any other matters referred to it by the Board.

### **The Audit Committee**

#### *Membership & Meetings*

The Board will appoint all Committee members. Where practical, the composition of the Committee should have the following characteristics:

- The Audit Committee shall consist of at least three non-executive Members who are selected by the Board.
- A majority of the Members will be independent of management and the company.
- The majority of committee members shall have a strong financial and business background and all members will be financially literate. At least one member shall have a background in financial reporting, accounting or auditing. A minimum of two Members will constitute a quorum.
- The Board will appoint a Chairperson, who will not be a Chairperson of the Board.
- Executives, at the Committee's discretion, will be required to attend Committee Meetings.

The Committee may also invite the Company's External Auditors, and other Executives to attend Committee meetings, at its discretion.

The Committee reserves the right to meet without management in attendance.

- The Audit Committee will meet at least three times a year, or more frequently as circumstances require.

The three scheduled meetings will normally occur prior to each relevant Board Meeting and will have the following structure:

1. Review of the Half-Year financial reports and External Auditors' report
2. Review the annual financial report and the External Auditor's report
3. Review and approve the Internal Audit and External Auditors' plans

- An Agenda with relevant attachments will be prepared and presented to the Members of the Audit Committee and any other Executives invited to attend, one week prior to each meeting.

Reports from people responsible for either following up actions subsequent to a prior review meeting or on new topics, should be circulated no less than one week prior to the next meeting.

- The Chief Financial Officer is responsible for co-ordinating any follow-up action, responses to internal/external audit issues and the circulation of papers and previous Minutes.
- The Company Secretary shall act as Secretary for the Audit Committee. The proceedings of all meetings will be minuted and signed by the Chairperson.
- The Internal Audit Manager will provide the Committee with progress reports on audit issues.

#### *Review of Charter and Performance*

Once each year the Board will assess the Audit Committee's performance to determine whether it is functioning effectively by reference to current best practice.

The Committee will review the Charter periodically, and at least once every three years with the objective of ensuring that it remains appropriate to the current environment. Changes to the Charter and committee composition will be recommended by the Committee and approved by the Board.

## **Responsibilities**

### **1. *Financial & External Reporting***

The Committee shall review and assess all audited financial statements intended for publication prior to recommending their approval by the Board.

The review process includes determining that management and the External Auditors are satisfied with the contents of the financial statements and the adequacy of disclosure therein. Specifically, the Chief Executive Officer and Chief Financial Officer shall formally state in writing, that the Company's financial report presents fairly, in all material aspects, the Company's financial condition and operational results in accordance with relevant accounting standards.

The Committee shall also review and approve all accounting policies adopted by the Company.

### **2. *Principal Business Risks***

The Board is responsible for identifying the principal business risks and satisfying itself on the appropriateness of the mechanisms in place to identify, prevent and minimize these business risks.

The Board has established a Risk Management Committee. The Audit Committee will liaise with the Risk Management Committee and consider the Risk Management Committee reports to ensure that all significant risks are considered.

The Chief Executive Officer and Chief Financial Officer shall formally state, in writing, that:

- The statement provided under "*Financial & External Reporting*" above is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board; and
- The Company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects.

### **3. *Legal and Ethical Practices***

The Audit Committee will satisfy itself that the accounting, reporting and operational policies comply with legal requirements and the Company's ethical practices.

### **4. *Related Party Transactions***

The Audit Committee will consider any related party transactions to satisfy itself that there is compliance with all legal and regulatory requirements.

## 5. *Internal Controls and Processes*

The Committee must:

- Review and monitor the effectiveness of AVJennings' internal financial control systems and processes; and
- Review and monitor the appropriateness of applicable accounting policies and methods, particularly those involving significant estimates and judgements, and make recommendations to the Board.

## 6. *Tax*

The Committee must review and monitor the ongoing effectiveness of AVJennings' Tax Control and Governance framework.

## 7. *Reporting*

The Audit Committee will report to the Board on all issues relating to its responsibilities.

## **Mechanisms**

### *Liaison Role*

The Audit Committee will ensure that there is adequate co-operation between the following bodies to ensure the Company is effectively addressing all major business risk and, wherever possible, eliminating duplication.

- External Auditors
- Internal Auditors
- Management of the Company

It will review with these bodies all relevant matters and make recommendations to Senior Management.

### *Review of Professional Services Provided by the External Auditors*

The Audit Committee will approve the External Auditors' Audit Engagement Letters (including audit scope) prior to them undertaking their work.

The Audit Committee will review all the External Auditors' findings and will annually minute their satisfaction that the Auditors have discharged their duties in an independent and professional manner. In particular, it will:

- Review their annual audit scope and reports on both the interim and annual statutory accounts covering:
  - (i) Any changes in accounting policies and practices
  - (ii) Major judgement areas

- (iii) Significant adjustments resulting from the audit
  - (iv) Compliance with accounting standards
  - (v) Compliance with legal requirements
- Consider their management letter in respect of the adequacy of the Company's internal control environment;
  - Oversee performance of the external auditor and make recommendations to the Board on the appointment and rotation of the external auditor;
  - Review to ensure that auditor independence has been maintained;
  - Review the level and nature of any non-audit services provided by the External Auditor.

The Audit Committee will review the External Auditor's fee and make recommendations to the Board on the acceptability of their fees and, if considered necessary, present a balanced case for requesting the external audit services be put out to tender.

The Committee will, at least annually, meet with the External Auditors to discuss any matters that the Committee Members believe should be discussed privately with them.

#### *Review of Professional Services Provided by Internal Audit*

The Audit Committee will discuss with the Internal Audit Manager and approve:

- The adequacy and materiality of the Manager's annual audit scope and detailed plan;
- The appropriateness of the structure and competencies of the department;
- All major issues noted in the Manager's reports;
- Confirm with the Manager that he/she has had full, free and unrestricted access to all activities, records, property and personnel, and received such professional advice necessary to fulfill the Department's scope;
- Independence with regard to the Internal Audit process; and
- Oversee performance of the Internal Auditor.

The Committee will meet with the Internal Audit Manager to discuss any matters that the Committee Members believe should be discussed privately with the Manager.

The Internal Audit Manager will have direct access to the Audit Committee on all matters of control of business risk, audit and accounting.

The Committee will also consider the performance of the Internal Audit Manager, and if necessary, effect a change. The Committee is responsible for the appointment, remuneration, review and if necessary the termination of the Internal Audit Manager.

The Committee may also request the Internal Audit Manager to perform special audits whenever the case arises.

### *The Risk Management Plan*

The Audit Committee will consider the risks identified in the Risk Management Plan when planning the internal audit work plan for the year.

### *Review of Compliance*

The Audit Committee will receive and consider reports submitted from the Company Secretary in respect of the adequacy of compliance systems and actions needed to address any major compliance issues.

### *Access*

The Committee will have unrestricted access to executive management, all employees and all AVJennings records, tax and financial advisers, legal advisers and internal and external auditors.

### **Other Roles**

The Audit Committee shall have the power to conduct or authorise investigations into any matters within its scope of responsibilities. It shall be empowered to retain independent counsel, accountants, personnel of the Company, or others to assist it in the conduct of any investigation.

The Committee will periodically and at least once every three years review and assess the adequacy of the Whistleblower Policy, including the appropriateness of responses and actions to matters raised under it.

The Committee may review and monitor any material litigation.

The Committee may review and monitor any related party transactions.

### **Confidentiality**

All matters discussed at Audit Committee meetings, together with all material provided to attendees, is of a confidential nature.