



Audit, Business Risk and Compliance Committee Charter

VERSION 3

Calibre Group Limited
ABN 44 100 255 623

Adopted by the Board on 30 June 2016



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1 MEMBERSHIP OF THE COMMITTEE

The Committee must consist of:

- only non-executive directors;
- a chair, who is not chair of the Board; and
- a minimum of 3 members.

The Board may appoint additional non-executive directors to the Committee or remove and replace members of the Committee by resolution. Members may withdraw from membership by written notification to the Board.

Non-committee members, including members of management and the external auditor, may attend meetings of the Committee at the invitation of the Committee chair.

It is intended that all members of the Committee should be financially literate and have familiarity with financial management and at least one member should have relevant qualifications and experience (i.e. be a qualified accountant or other finance professional with experience of financial and accounting matters).

The Company Secretary must attend all Committee meetings as minute secretary.

2 ROLE & RESPONSIBILITIES

2.1 Overview

The Committee's key responsibilities and functions are to:

- a) oversee the Company's relationship with the external auditor and the external audit function generally;
- b) oversee the internal audit function generally;
- c) oversee preparation of the financial statements and reports;
- d) oversee the Company's financial controls and systems;
- e) oversee the process of identification and management of financial risk; and
- f) oversee the process of identification and management of operational risk.

2.2 Audit

The Committee's primary roles are:

- to assist the Board in relation to reporting of financial information;
- the appropriate application and amendment of accounting policies;
- the appointment, independence and remuneration of the external auditor; and
- to provide a link between the external auditors, the Board and management of the Company.

The following are intended to form part of the normal procedures for the Committee's audit responsibility:

- a) Engage in pro-active oversight of the Company's financial reporting and disclosure processes and oversee and review outputs of that process (including review of the Company's financial statements for accuracy and to ensure they reflect a true and fair view, as a basis for recommendation to and adoption by the Board).
- b) Assist the Board in determining reliability and integrity of accounting policies, financial reporting and disclosure practices.
- c) Review financial statements for adherence to accounting standards and policies and other requirements relating to preparation and presentation of financial results and oversee financial reports and results of external audit of those reports (including assessing whether external reporting is consistent with Committee members' information and knowledge, and is adequate for shareholder needs).
- d) Review the appropriateness of accounting policies adopted by management in the composition and presentation of financial reports (or any changes made or contemplated in relation to the Company's accounting policies) and assess management processes supporting external reporting.
- e) Establish procedures for receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls and auditing matters, and procedures for confidential, anonymous submission or concerns by personnel regarding accounting and auditing matters.
- f) Review management processes supporting external reporting, and any complaints or concerns raised internally regarding financial or accounting processes and practices.
- g) Ensure procedures are in place and are designed to verify the existence and effectiveness of accounting and financial systems and other systems of internal control which relate to financial risk management.
- h) Approve the scope of the audit for Board approval.
- i) Review effectiveness of the annual audit, placing emphasis on areas where the Committee or the external auditors believe special attention is necessary.
- j) Review results and effectiveness of the internal audit programs and the performance and objectivity of the internal audit function, including whether the internal audit activity is adequately resourced. Monitor the independence of the internal audit programs from the external auditors and management. Review the outcomes and approve the internal audit program.
- k) Review performance, independence and objectivity of the external auditors.
- l) Review procedures for selection and appointment of external auditors and for rotation of external audit engagement partners.
- m) Assume responsibility for appointment (including termination of an engagement), compensation, terms of engagement and other contractual terms of external auditors.
- n) Develop and oversee implementation of the Company's policy on engagement of the external auditor to supply non-audit services and ensure compliance with that policy.
- o) Provide advice to the Board as to whether the Committee is satisfied that the provision of non-audit services is compatible with the general standard of independence, and an explanation of why those non-audit services do not compromise audit independence, in order for the Board to be in a position to make the statements required by the *Corporations Act 2001* (Cth) to be included in the Company's annual report.
- p) Review the financial implications of the corporate structure of the group, including areas of new business.

2.3 Risk and compliance

The Committee's specific function with respect to risk management is to review and report to the Board that:

- a) the Company's ongoing risk management program effectively identifies all areas of potential risk;
- b) adequate mitigation activities are designed and implemented to manage identified risks; and
- c) there are regular reviews on the progress of implementation of the designed risk mitigation activities.

The following are intended to form part of the normal procedures for the Committee's risk and compliance responsibilities:

- Evaluating adequacy and effectiveness of management reporting and control systems used to manage risk.
- Evaluating adequacy and effectiveness of the group's financial and operational risk management and control systems including reviewing risk registers and reports from management and external auditors.
- Evaluating the structure and adequacy of the group's own insurances on an annual basis.
- Reviewing and making recommendations on the strategic direction, objectives and effectiveness of the group's financial and operational risk management policies.
- Overseeing establishment and maintenance of processes to ensure there is:
 - an adequate system of internal control, management of business risks and safeguard of assets; and
 - a review of internal control systems and operational effectiveness of the policies and procedures related to risk and control.
- Evaluating the group's exposure to fraud and overseeing investigations of allegations of fraud or malfeasance.
- Reviewing the group's main corporate governance practices (inclusive of policies and procedures) for completeness and accuracy.
- Reviewing the procedures the Company has in place to ensure compliance with laws and regulations (particularly those which have a major potential impact on the Company in areas such as trade practices, occupational health and safety, and the environment).
- Reviewing procedures in place to ensure compliance with insider trading laws, continuous disclosure requirements and other best practice corporate governance processes (including requirements under the Corporations Act and AASB requirements).
- Evaluating the group's compliance with taxation laws and regulations.
- Evaluating the group's processes for ensuring continuity of business, including information technology security, backup and recovery, emergency management and disaster recovery processes.
- Assessing project risk management practices and risk mitigation.
- Reviewing controls over related party transactions.
- Reviewing the non-financial statements sections of the Annual Report for compliance with relevant laws and regulation (e.g. ACCC).

3 RELATIONSHIP WITH THE EXTERNAL AUDITOR

The Committee provides a link between the external auditor and the Board and has the responsibility and authority for the appointment and removal of the external auditor and to review the terms of its engagement.

The Committee is responsible for overseeing the Company's external audit policy, a copy of which is attached as [Attachment 1](#).

4 REVIEWING THE INTERNAL AUDIT FUNCTION

The Committee has the responsibility of:

- a) reviewing objectives of the internal audit function and ensuring an appropriate program of internal audit activity is conducted each financial year;
- b) reviewing and monitoring progress of an internal audit and work program;
- c) evaluating the Company's responsiveness to internal audit findings and recommendations; and
- d) reviewing the standard and performance of the internal audit function.

5 ADMINISTRATIVE MATTERS

5.1 Meetings

The Committee will meet as often as the Committee members deem necessary in order to fulfil their role. However, it is intended that the Committee will normally meet quarterly.

5.2 Quorum

The quorum is at least 2 members.

5.3 Convening and notice of meeting

Any member may, and the Company Secretary must upon request from any member, convene a meeting of the Committee. Notice will be given to every member of the Committee of every meeting of the Committee at the member's advised address for service of notice (or such other pre-notified interim address where relevant), but there is no minimum notice period and acknowledgement of receipt of notice by all members is not required before the meeting may be validly held.

5.4 Chair

In the absence of the Committee chair, the Committee members must elect one of their number as chair for that meeting. The chair does not have a casting vote.

5.5 Access to resources and independent advisers

The Committee has rights of access to management, and also to the internal audit function management and external auditors without management present, and rights to seek explanations and additional information from both management and auditors. Whilst the internal audit function reports to senior management, it is acknowledged that the internal audit function also reports directly to the Committee.

The Committee may seek the advice of the Company's auditors, solicitors or other independent advisers (including external consultants and specialists) as to any matter pertaining to the powers or duties of the Committee or the responsibilities of the Committee, as the Committee may require.

5.6 Minutes

Minutes of meetings of the Committee must be kept by the Company Secretary and, after approval by the Committee chair, be presented at the next Board meeting. All minutes of the Committee must be entered into a minute book maintained for that purpose and will be open at all times for inspection by any director.

5.7 Reporting

The Committee chair will provide a brief oral report at the next Board meeting as to any material matters arising out of the Committee meeting. All directors will be permitted, within the Board meeting, to request information of the Committee chair or members of the Committee.

The Committee chair, or if they are not available, a Committee member, should attend the AGM and make themselves available to answer any questions from the shareholders about the Committee's activities and if appropriate, the Company's audit consequences and audit report.

6 REVIEW

The Board will, at least once in each year, review the membership and Charter of the Committee to determine its adequacy for current circumstances and the Committee may make recommendations to the Board in relation to the Committee's membership, responsibilities, functions or otherwise.

Prior to recommending the end of year financial statements to the Board for approval, the Committee shall review its performance against the Charter and provide a formal report to the Board, to assist the Board's deliberation on the signing of those statements.

The Committee shall assess on an annual basis the independence and financial literacy of members, including training activities undertaken.

Attachments

1 EXTERNAL AUDIT POLICY

Appointment

The Audit, Business Risk and Compliance Committee (**Committee**) has the responsibility and authority (subject to *Corporations Act 2001* (Cth) requirements) for the appointment, reappointment or replacement and remuneration of the external auditor as well as evaluating its effectiveness and independence. The Committee will review the appointment of the external auditor annually based on its assessment of the auditor's performance.

Assessment of External Auditor

The Committee will review the performance of the external auditor on an annual basis after completion of the yearend audit. In evaluating effectiveness of external audit, the Committee will assess the effectiveness of the external auditor based on a number of criteria including but not restricted to:

- overall comprehensiveness of the external audit plan;
- timeliness and quality of communications promised under the plan and delivered during the audit;
- competency and industry knowledge of external audit staff; and
- adequacy of resources to achieve the scope as outlined in the plan.

The Committee will seek feedback from management during the assessment process.

Independence

The Committee will review and assess the independence of the external auditor, including but not limited to any relationships with the Company or any other entity that may impair or appear to impair the external auditor's judgement or independence in respect of the Company. The review and assessment will be carried out annually at the time the external auditor presents its annual audit plan.

Prior to this review, the Committee will request a report from the external auditor which sets out all relationships that may affect its independence, including the provision of non-audit services, financial relationships, employment and other relationships and any other matters that may reasonably be thought to have bearing on the external auditor's independence. The report should outline any safeguards that the external auditor has in place to reduce any threat to independence to an acceptable level.

Before the directors approve the half-year and full year accounts, the external auditor will be asked to provide a declaration testifying to its independence in respect of the financial period in question. The external auditor will have a continuing obligation to notify the Committee, via the Company Secretary, of any new information it believes may be material to reviewing its independence.

The Committee has responsibility to develop and oversee implementation of the Company's policy on the engagement of the external auditor to supply non-audit services and to ensure compliance with that policy.

Rotation of External Audit Engagement Partner

The external audit engagement partner is required to rotate at least once every 5 years.