



# **Audit, Risk and Compliance Committee Charter**

**Revised March 2019**

Evans Dixon Limited ACN 609 913 457 (**Company**)

# Audit, Risk and Compliance Committee Charter

## 1 Introduction

- 1.1 The Board of Directors (the **Board**) of Evans Dixon Limited (the **Company**) has established an Audit, Risk and Compliance Committee (the **Committee**). This Charter sets out the membership, authority, responsibilities and functions of the Committee.

## 2 Responsibilities of this Committee

- 2.1 The role of the Committee is to assist the Board to carry out its role in overseeing the audit, risk management and compliance practices of the Company and its related bodies corporate (together, the Group). The Committee is accountable to the Board for its performance.
- 2.2 In discharging its responsibilities under these terms of reference, the Committee will have regard to the following:
- a) the integrity of the Group's financial reports and reporting processes;
  - b) audit processes (including both the internal audit function and the engagement of the external auditor);
  - c) the effectiveness of communication between the Board and senior financial and compliance management;
  - d) the effectiveness of the systems of internal control and risk management, including policies and procedures;
  - e) the Group's processes for monitoring compliance with applicable laws, regulations and Codes of Conduct within the Committee's area of responsibility;
  - f) compliance culture; and
  - g) other matters referred by the Board from time to time.
- 2.3 In making decisions and recommendations, the Committee may take into account:
- a) these terms of reference;
  - b) legal requirements, including the provisions and recommendations in applicable listing rules and standards of corporate governance in Australia;
  - c) key market trends and the broader external environment, in particular the existing and developing corporate governance and regulatory environment in the financial services sector; and
  - d) any other factors it deems relevant.

### **3 Authority**

- 3.1 The Committee has authority to perform activities within the scope of responsibilities set out in this Charter and make recommendations to the Board.
- 3.2 The Committee is entitled to:
- a) seek advice of the Company's auditors and solicitors; and
  - b) engage, or procure the engagement of, independent advisors as considered necessary or desirable by the Committee to assist it in discharging its responsibilities.
- 3.3 The Committee has unrestricted access to management, employees and company information as required and full discretion to invite any Director or officer, or the internal or external auditors (with or without management present), to attend its meetings.

### **4 Membership of the Committee**

- 4.1 The Committee will consist of:
- a) a majority of independent Non-executive Directors;
  - b) a minimum of three Directors; and
  - c) an independent director as Chair, who is not the Group Chair.
- 4.2 Committee members must between them have appropriate financial and accounting expertise and a sufficient understanding of the industry in which the Group operates to be able to discharge the Committee's mandate effectively. At least one member will have relevant financial qualifications and experience (i.e. a qualified accountant or other finance professional with experience of financial and accounting matters).

### **5 Corporate Reporting**

- 5.1 The Committee will oversee the Group's corporate reporting processes which should be designed to safeguard the integrity of the Group's corporate reporting and facilitate independent verification. In particular, the Committee is responsible for:
- a) Overseeing management's processes for compliance with laws, regulations and other requirements relating to the preparation of financial statements and corporate reporting by the Group of financial and non-financial information;
  - b) making recommendations to the Board in relation to the adequacy of the Group's corporate reporting processes;
  - c) overseeing the process for compliance with periodic reporting obligations under the applicable listing rules, laws and regulations;
  - d) asking the external auditor for an independent judgment about the appropriateness of the accounting principles, and the clarity of financial disclosure practices, used by the Group;
  - e) assessing information from internal and external auditors which management identifies as significant for financial reports;

- f) reviewing and assessing the appropriateness of material estimates, accounting judgments and significant choices exercised by management in preparing the Group's financial statements (including the solvency and going concern assumptions) by:
  - i) examining the processes used; and
  - ii) seeking verification from internal and external auditors;
- g) assessing whether the Group's financial statements reflect the Committee's understanding of, and provide a true and fair view of, the Group's financial position and performance;
- h) reviewing and monitoring the reporting of related party transactions in accordance with financial reporting obligations;
- i) overseeing the preparation of financial reports and reviewing the results of external audits of these reports;
- j) overseeing that appropriate risk management and internal control processes are in place to form the basis upon which the CEO and CFO make their declarations to the Board under section 295A of the Corporations Act and the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations; and
- k) recommending to the Board whether the draft financial statements and financial report should be approved based on the Committee's assessment of them.

## 6 External Audit

6.1 The Committee is responsible for overseeing the external auditor's role in the corporate reporting process. In particular, the Committee is responsible for:

- a) making recommendations to the Board on the appointment and removal of the external auditor;
- b) agreeing and approving the terms of engagement of the external auditor before the start of each audit and in doing so will review the audit plan and require that material risk areas identified are incorporated in the audit plan and incorporate the audit plan in the terms of engagement;
- c) approving the external auditor's fee (with such fee being appropriate so as to enable an effective, comprehensive and complete audit to be conducted);
- d) monitoring and reviewing the independence of the external auditor;
- e) approving the Group's Provision of Non-Audit Services Policy and in accordance with that Policy, determining whether to approve the provision of non-audit services by the external auditor if required and report to the Board on any matters in respect of which it considers that action or improvement is needed;
- f) inviting the external auditor to attend Committee meetings to review the audit plan, discuss audit results and consider the implications of external audit findings;
- g) meeting with the external auditor (either on its own initiative, or if requested by the external auditor) with or without management present as often as considered necessary including to discuss, to the extent the Committee considers relevant, any major issues, problems and reservations arising from the interim review and final audit, any accounting and audit judgements, levels of error identified and the effectiveness of the audit;

- h) raising with the external auditor any specific points of divergence with the Company's management;
- i) reviewing, at least annually, the effectiveness of the external auditor and assessing their performance;
- j) reviewing the scope and adequacy of the external audit, including identified risk areas and any additional procedures with the external auditor on a periodic basis;
- k) reviewing representation letters signed by management and considering whether the information provided in the letter is complete and appropriate;
- l) monitoring management's response to the external auditor's findings and recommendations; and
- m) making recommendations to the Board on the rotation of the audit engagement partner.

## **7 Internal Audit**

- 7.1 The Committee will from time to time evaluate the need for an internal audit function and, should that function be established, oversee the effectiveness, independence and objectivity of internal audit. In this regard, the Committee will be responsible for:
- a) approving the appointment, terms of engagement and removal of the head of internal audit;
  - b) reviewing the role, responsibilities and resources of the internal audit function;
  - c) meeting with the head of internal audit:
    - i) without management present at least once a year; and
    - ii) as and when the Committee considers it necessary, or on request from the head of internal audit with or without other members of management being present;
  - d) evaluating the scope, effectiveness and adequacy of the internal audit plan and work program;
  - e) approving the internal audit plan;
  - f) considering the implications of internal audit findings;
  - g) overseeing the performance and objectivity of the internal audit function, including having access to the internal audit function without management present;
  - h) overseeing the co-ordination of the Company's audit functions between the internal auditor and the external auditor; and
  - i) evaluating management's responsiveness to the internal auditor's findings and recommendations.

## 8 Risk and Compliance

- 8.1 The Committee will oversee management's development and implementation of risk management and compliance systems in light of the risk appetite set by the Board and review risks the Company faces, action it should take, the effectiveness of the Company's risk management framework and disclosure of risks.
- 8.2 In particular, the Committee is responsible for:
- a) overseeing Management's design and implementation of an appropriate and effective risk management framework which:
    - i) aims to identify, protect against, detect, respond to and recover from risks, and to review and improve the framework; and
    - ii) is developed and reviewed with input from internal and external auditors, compliance staff and other experts and consultants as relevant and in light of relevant standards and industry guidance;
  - b) reviewing any significant changes to material risks identified by management and considering whether they remain within the risk appetite set by the Board with input from management, internal and external auditors, compliance staff and other experts and consultants as relevant and in light of relevant standards and industry guidance;
  - c) making recommendations to the Board including in relation to:
    - i) the main internal and external risk sources that could adversely affect the Company's prospects for future financial years, for inclusion in the operating and financial review section of the Directors' Report; and
    - ii) the Company's annual reporting to the extent it relates to matters that fall within the responsibility of the Committee (including whether the review of the Company's risk management framework has taken place and if appropriate, insights gained from the review and changes made as a result, and whether the Company has any material exposure to economic, environmental and social sustainability risks and if so, how they intend to manage those risks);
  - d) Monitor the Group's compliance with regulatory obligations under the following areas:
    - i) Financial services and credit laws, including the requirements of the ASIC and APRA;
    - ii) Privacy laws, including requirements of the Office of the Australian Information Commissioner;
    - iii) Anti-Money laundering and Counter Terrorism Financing laws including requirements of AUSTRAC;
    - iv) Commonwealth taxation laws and directives from the ATO.
  - e) Monitor management's establishment and maintenance of an appropriate internal controls and issues management, monitoring and reporting framework, to ensure commercial activities comply with regulatory requirements and industry standards, including seeking assurance that:
    - i) management is following the compliance framework; and

- ii) issues, incidents and breaches are appropriately identified, managed, escalated reported and rectified.
- f) reviewing the effectiveness of the Group's processes and reporting systems for detecting, reporting and preventing breaches of the Company's Code of Conduct, fraud, and whistle-blowing.

## **9 Administrative Procedures**

- 9.1 The Committee will meet at least four times per year, or as often as the Committee members deem necessary to undertake its role effectively. A standing invitation to attend meetings of the Committee will be issued to all Non-executive Directors and to the:
- a) CEO;
  - b) CFO;
  - c) Head of Compliance; and
  - d) Engagement partner of the external audit firm.
- 9.2 A quorum will comprise any two Committee members. If the Chair is not able to attend a meeting, the Chair, or members of the Committee present, will appoint another Committee member as Chairman at that meeting.
- 9.3 Meetings of the Committee may be held or participated in by conference call or similar means, and decisions may be made by circular or written resolutions (which includes email or other electronic means).
- 9.4 The Company Secretary (or a suitable delegate) will attend all Committee meetings and keep minutes of proceedings and resolutions of the Committee.

## **10 Review**

- 10.1 The Committee will review this Charter annually and confirm its appropriateness to the Board. Where changes are required, these will be recommended to the Board for approval.
- 10.2 The Committee may conduct an annual assessment of its objectives, duties, responsibilities and compliance with this Charter.