



Audit and Risk Committee Charter

1. Introduction

- 1.1 The Audit and Risk Committee (**Audit and Risk Committee**) is a committee of the Board of Directors of Jaxsta Limited ACN 106 513 580 (**Company** and, together with its controlled entities, the **Group**).
- 1.2 The Board of Directors of the Company (**Board**) have established the Audit and Risk Committee in accordance with the Company's Constitution.
- 1.3 This Charter sets out the scope of the Audit and Risk Committee's responsibilities in relation to the Company and the Group.

2. Objectives

- 2.1 The objectives of the Audit and Risk Committee are to:
- (a) assist the Board to achieve its governance objectives in relation to:
 - (i) financial reporting;
 - (ii) the application of accounting policies;
 - (iii) business policies and practices;
 - (iv) legal and regulatory compliance; and
 - (v) internal control and risk management systems;
 - (b) maintain and improve the quality, credibility and objectivity of the financial accountability process (including financial reporting on a consolidated basis);
 - (c) promote a culture of compliance across the Group;
 - (d) provide a forum for communication between the Board and the Company's management (**Management**) in relation to audit and compliance matters affecting the Group;
 - (e) ensure effective internal audit (if any) and external audit functions and communication between the Board and the internal auditor (if any) and external auditor; and
 - (f) review and comment on Management's plans for managing the material financial and reporting risks faced by the Group.

2. Audit and Risk Committee composition

- 2.1 The Audit and Risk Committee should (and, if the Company is included in the S&P ASX 300 Index, must) comprise:
- (a) at least three Directors;
 - (b) all Non-Executive Directors; and
 - (c) a majority of independent Directors.
- 2.2 The Board will appoint the Chair of the committee. The Chair should be an appropriately qualified



independent Director and must not be the Chair of the Board.

2.3 The Audit and Risk Committee will appoint the Company Secretary as its Secretary.

2.4 The Audit and Risk Committee must be of sufficient size, independence and technical expertise to effectively discharge its mandate.

2.5 Each member of the Audit and Risk Committee must be able to read and understand financial statements and at least one member must be a qualified accountant or other financial professional with appropriate experience of financial and accounting matters.

2.6 Each member of the Audit and Risk Committee should have an understanding of the industry in which the Group operates.

2.7 The Board will decide appointments, rotations and resignations within the Audit and Risk Committee having regard to the ASX Listing Rules the ASX Corporate Governance Principles and Recommendations (3rd edition) and the Company's Constitution.

2.8 A member of the Audit and Risk Committee may act by their alternate (if one has been appointed).

3. External financial reporting

3.1 The external financial reporting responsibilities of the Audit and Risk Committee are:

- (a) engaging in the proactive oversight of, and assessing the adequacy of, the Company's financial reporting and disclosure processes, overseeing and reviewing the outputs of that process and making recommendations to the Board in relation to those matters;
- (b) assessing the appropriateness and application of the Group's accounting policies and principles and any changes to them, so that they accord with the applicable financial reporting framework;
- (c) review significant financial and reporting issues, including complex or unusual transactions and highly judgmental areas and recent professional and regulatory announcements and understand their effect on the Company's financial reports;
- (d) obtaining an independent judgment from the external auditor about:
 - (i) the acceptability and appropriateness of accounting policies and principles put forward by Management; and
 - (ii) the clarity of current or proposed financial disclosure practices as put forward by Management;
- (b) assess significant estimates and judgements in financial reports by asking management about the process used in making material estimates and then ask the internal (if any) and external auditors for the basis of their conclusions on the reasonableness of management's estimates;
- (c) assess management's explanations for unusual transactions or significant variances from prior year results or current year budget;
- (d) assessing information from the external auditor that may affect the quality of the Company's financial reports;
- (e) reviewing all quarterly, half-yearly and annual financial reports with Management, advisers and



- the external auditors (as appropriate) and recommending to the Board, adoption of the applicable financial reports, if those financial reports reflect the understanding of the members of the Audit and Risk Committee of, and otherwise provide a true and fair view of, the financial position of the Group;
- (f) discussing any draft Audit Opinion Letter and Report on the Annual Audit with the external auditors before it is finalised;
 - (g) assessing the appropriateness of any significant accounting estimates, judgments or choices in the financial reports of the Company;
 - (h) reviewing and approving as required, documents and reports to regulators;
 - (i) following up on any matter raised by the Board regarding financial reports, audit opinions and Report on the annual audit;
 - (j) establishing procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls and auditing matters, and procedures for the confidential, anonymous submission of concerns by employees regarding accounting and auditing matters;
 - (k) reviewing Management processes supporting external reporting, and any complaints or concerns raised internally regarding financial or accounting processes and practices;
 - (l) ensuring that procedures are in place designed to verify the existence and effectiveness of accounting and financial systems and other systems of internal control which relate to financial risk management;
 - (m) any other responsibilities as determined by the Audit and Risk Committee or the Board from time to time;
 - (n) making recommendations to the Board in respect of these matters.

2. Risk Management, Compliance and Internal Control

2.1 The responsibilities of the Audit and Risk Committee regarding risk management, compliance and internal control matters are:

1.1.1 Risk management and internal compliance and control systems

- (a) overseeing the establishment and implementation of risk management and internal compliance and control systems and ensuring that there is a mechanism for assessing the ongoing efficiency and effectiveness of those systems;
- (b) reviewing (at least annually) and approving policies and procedures on risk oversight and management to establish an effective and efficient system for:
 - (i) identifying, assessing, monitoring and managing risk; and
 - (ii) disclosing any material change to the Group's risk profile;
- (b) reviewing and/or evaluating:
 - (i) the effectiveness of the Company's risk management, compliance and internal control



- processes;
- (ii) the Group's risk management plan at least annually, and ensuring that the Company discloses in relation to each reporting period whether such a review has taken place, as well as any insights gained and any changes made to the risk management framework as a result;
- (c) if the Company has an internal audit function, how the function is structured and what role it performs, or if it does not have an internal audit function, that fact and the process that it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes;
- (d) receiving reports from Management concerning the Group's material risks in order to assess the internal processes for determining, monitoring and managing these risks and to monitor the risk profile of the Group;
- (e) ensuring a regular program of audits is undertaken to test the adequacy of and compliance with prescribed policies; and
- (f) if the Group has established an internal audit function:
 - (i) appointing or removing the head of internal audit;
 - (ii) determining the scope and adequacy of the internal audit annual work plan; and
 - (iii) ensuring the objectivity and performance of the internal audit function.

1.1.2 Disclosure and financial reporting

- (a) ensuring that Management establishes a comprehensive process to capture all financial information that must be disclosed to ASX; and
- (b) reviewing the Group's financial risk management procedures to ensure that the Group complies with its legal obligations, including to assist the Chief Executive Officer or Chief Financial Operations Officer to provide declarations in relation to each of the Group's financial reports required by Recommendation 4.2 of the ASX Corporate Governance Principles and Recommendations (3rd edition).

1.1.3 Other responsibilities

- (a) any other responsibilities as determined by the Audit and Risk Committee or the Board from time to time, and
- (b) making recommendations to the Board in respect of these matters.

6. External Audit

6.1 The responsibilities of the Audit and Risk Committee regarding external audit are:

- (a) approving the terms of engagement with the external auditor at the beginning of each financial year;
- (b) regularly reviewing with the external auditor:
 - (i) the scope of, plan for and adequacy of, the external audit;



- (ii) identified risk areas; and
- (iii) any other agreed procedures;
- (c) approving and overseeing the Company's External Audit Policy (refer Attachment 1);
- (d) recommending to the Board for approval, the appointment or removal of the external auditor;
- (e) approving the remuneration of the external auditor;
- (f) regularly reviewing the performance, effectiveness and independence of the external auditor, including annual receipt of an independence report from the external auditor;
- (g) developing and overseeing the implementation of the Company's policy on the engagement of the external auditor to supply non-audit services and ensure compliance with that policy (refer Attachment 2 for Non-Audit Services Policy);
- (h) providing advice to the Board as to whether the Audit and Risk 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;
- (i) meeting periodically with the external auditor and inviting them to attend Audit and Risk Committee meetings to:
 - (iv) review their plans for carrying out internal control reviews; and
 - (v) consider any comments made in the external auditor's Report on the Annual Audit, and in particular, any comments about material weaknesses in internal controls and Management's response to those matters;
- (j) reviewing all representation letters to be signed by Management and/or the Board;
- (k) receiving and reviewing the reports of the external auditor;
- (l) ensuring the external auditor attends the Annual General Meeting of the Company and is available to answer questions from shareholders of the Company relevant to the audit; and
- (m) any other responsibilities as determined by the Audit and Risk Committee or the Board from time to time.

7. Other Responsibilities

7.1 Other responsibilities of the Audit and Risk Committee are:

- (a) assessing and recommending to the Board for adoption the scope, cover and cost of insurance, including insurance relating to Directors' and Officers' liability, company reimbursement and professional indemnity;
- (b) if it considers appropriate, investigating any complaint or allegation made to it;
- (c) ensuring that the Company discloses whether, and if so how, it has regard to, and manages, economic, environmental and social sustainability risks;
- (d) reviewing and monitoring any related party transaction and recommending its approval;



- (e) any other responsibilities as determined by the Audit and Risk Committee or the Board from time to time;
- (f) 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);
- (g) reviewing the procedures the Company has in place to ensure compliance with insider trading laws, continuous disclosure requirements and other best practice corporate governance processes (including requirements under the ASX Listing Rules, Corporations Act and AASB requirements);
- (h) advising the Board on the appropriateness of significant policies and procedures relating to financial processes and disclosures and reviewing the effectiveness of the Company's internal control framework;
- (i) reviewing the Company's policies and culture with respect to the establishment and observance of appropriate ethical standards; and
- (j) reviewing and discussing with management and the external auditors the overall adequacy and effectiveness of the Company's legal, regulatory and ethical compliance programs.

8. Audit and Risk Committee meetings

- 8.1 The Audit and Risk Committee will meet at least four times per year or as often as it considers necessary.
- 8.2 A quorum for an Audit and Risk Committee meeting is two Audit and Risk Committee members.
- 8.3 Audit and Risk Committee meetings may be held by any technological means allowing its members to participate in discussions even if all of them are not physically in the same place. A member who is not physically present but participating by technological means is taken to be present.
- 8.4 The Audit and Risk Committee may invite other persons it regards appropriate to attend and contribute to Audit and Risk Committee meetings.
- 8.5 The Audit and Risk Committee must disclose at the end of each reporting period the number of times that it met during the period and the individual attendances of its members at those meetings.

9. Minutes of Audit and Risk Committee meetings

- 9.1 The Audit and Risk Committee must keep minutes of its meetings.
- 9.2 The Chair of the Audit and Risk Committee will regularly update the Board about the Audit and Risk Committee's activities. The minutes of each Audit and Risk Committee meeting must be included in the papers for the next full Board meeting after each meeting of the Audit and Risk Committee, except if there is a conflict of interest.
- 9.3 Minutes must be distributed to all Audit and Risk Committee members, after the Audit and Risk



Committee Chair has approved them.

9.4 The agenda and supporting papers are available to all Directors upon request to the Audit and Risk Committee secretary, except if there is a conflict of interest.

10. Access to information and independent advice

10.1 The Audit and Risk Committee may seek any information or advice it considers necessary to fulfil its responsibilities.

10.2 The Audit and Risk Committee has access to:

- (a) Management, to seek explanations and information from them; and
- (b) internal (if any) and external auditors to seek explanations and information, without Management being present.

10.3 The Audit and Risk Committee may seek professional advice from appropriate external advisers, at the Company's cost. The Audit and Risk Committee may meet with these external advisers without Management being present.

11. Review and changes to this charter

11.1 The Audit and Risk Committee will review this Charter every two years or as required.

11.2 The Board may change this Charter from time to time by resolution.

12. Approved and adopted

This Charter was approved by the Board on 23 November 2018.



External Audit Policy

1. Appointment

- 1.1 The Audit and Risk 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 their effectiveness and independence. The Committee will review the appointment of the external auditor annually based on its assessment of the auditor's performance.

2. Assessment of External Auditor

- 2.1 The Audit and Risk Committee will review the performance of the external auditor on an annual basis after completion of the year-end audit. In evaluating the effectiveness of external audit, the Audit and Risk Committee will assess the effectiveness of the external auditor based on a number of criteria including but not restricted to:
- (a) the overall comprehensiveness of the external audit plan;
 - (b) the timeliness and quality of communications promised under the plan and delivered during the audit;
 - (c) the competency and industry knowledge of external audit staff; and
 - (d) the adequacy of resources to achieve the scope as outlined in the plan.

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

3. Independence

- 3.1 The Audit and Risk 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.
- 3.2 Prior to this review, the Audit and Risk 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.
- 3.3 Before the directors approve the half-year and full year financial reports, 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 Audit and Risk Committee, via the Company Secretary, of any new information it believes may be material to reviewing its independence.
- 3.4 The Audit and Risk Committee has responsibility to develop and oversee the 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.

4. Rotation of External Audit Engagement Partner

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



appropriate, the Board may, following a recommendation from the Audit and Risk Committee, extend the eligibility term of the audit engagement partner in accordance with the Corporations Act.



Non-Audit Services Policy

1. Role of the Audit and Risk Committee

- 1.1 The Audit and Risk Committee is responsible for the development and oversight of the Company's policy on the engagement of the external auditor to supply non-audit services and ensure compliance with the policy.

2. What are non-audit services?

- 2.1 Non-audit services means any services provided by the external auditor which are not included in, or are not necessarily incidental to, the terms of the audit engagement. Non-audit services do not include prohibited non-audit services that are referred to in sections 3 and 4 of this policy.

3. What are prohibited non-audit services?

- 3.1 Prohibited non-audit services are services that, if provided by the external auditor to the Company, would create a real or perceived threat to the independence of the external auditor.

4. External auditor may not provide prohibited non-audit services

- 4.1 As a general rule, the external auditor may not provide any prohibited non-audit services to the Company.

Unless the Audit and Risk Committee decides otherwise, the external auditor is prohibited from:

- (a) providing appraisal or valuation and fairness opinions;
- (b) performing internal audit services;
- (c) providing advice on deal structuring and related documentation;
- (d) providing tax planning and strategic advice;
- (e) providing IT systems services;
- (f) performing executive recruitment or extensive human resources functions;
- (g) acting as a broker dealer, promoter or underwriter; or
- (h) providing legal services.

However, even if a non-audit service is not listed above, it will still be prohibited if it creates a real or perceived threat to the independence of the external auditor

5. CFOO must approve all non-audit services

- 5.1 To ensure auditor independence is maintained, the Company requires all engagements of the external auditor to provide non-audit services to be approved in writing by the Chief Financial Operations Officer (**CFOO**).

6. CFOO needs Committee approval for certain non-audit services

- 6.1 The Chief Financial Operations Officer must obtain the prior written approval of the Audit and Risk Committee before the external auditor can be engaged to perform non-audit services where:
- (a) the fee for the particular engagement exceeds \$20,000; or
 - (b) the annual fees for all non-audit services exceed, or are likely to exceed, 50% of the auditor's annual audit fees.



7. Factors considered by the CFOO/ Audit and Risk Committee when granting approval

7.1 In assessing a request for non-audit services, the Chief Financial Operations Officer and the Audit and Risk Committee is required to give consideration to:

- (a) the nature of the service provided;
- (b) the dollar value and period of engagement;
- (c) the availability of alternate service providers and the reasoning for recommending the external auditor;
- (d) the audit firm's self-assessment of its independence risk, including safeguards to mitigate perceived risks; and
- (e) any other circumstances relevant to the engagement.

8. Monitoring and reporting

8.1 CFOO

The Chief Financial Operations Officer must report to the Audit and Risk Committee on a periodic basis regarding.

- (a) any non-audit services provided by the auditor; and
- (b) the amounts paid to the external auditor for those services.

8.2 Audit and Risk Committee

The Audit and Risk Committee must provide an annual report to the Board with respect to the non-audit services provided by the external auditor during the year. The report must include:

- (a) the amounts paid or payable to the external auditor for non-audit services provided during the year;
- (b) a statement whether the Audit and Risk Committee is satisfied that the provision of those services during the year is compatible with the general standard of independence for auditors; and
- (c) the reasons for the Committee's opinion.