

# Audit, Risk and Compliance Committee Charter

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Aussie Broadband Limited

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## 1. Overview

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The Audit, Risk & Compliance Committee (**Committee**) is a Committee of Aussie Broadband's board of directors (**Board**).

This charter sets out:

- (a) the responsibilities delegated by the Board to the Committee, and
- (b) the Committee's objectives, authority, responsibilities, composition and operation.

## 2. Objectives

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The Committee will assist the Board to fulfil its responsibilities to oversee:

- (a) the financial reporting process,
- (b) the system of internal control and management of financial risks,
- (c) the process and coverage of internal and external audit,
- (d) management of business risks including strategic risk, operation and regulatory risk, and
- (e) compliance with applicable laws, regulations and Aussie Broadband's policies.

## 3. Membership

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- (a) Membership of the Committee should consist of:
  - (i) only non-executive directors,
  - (ii) a majority of independent directors,
  - (iii) an independent chair, who is not the chair of the Board; and
  - (iv) a minimum of 3 members.
- (b) Members of the Committee should between them, have the accounting and financial expertise, and a sufficient understanding of the telecommunication industry, to discharge the Committee's responsibilities effectively.
- (c) The Board may appoint additional directors to the Committee, or remove or replace members of the Committee by resolution. Members may withdraw from membership of the Committee by written notification to the Board.
- (d) Non-committee members of the Board may attend all or part of a meeting of the Committee at the invitation of the Committee Chair.
- (e) Aussie Broadband's Company Secretary, or their delegate, must attend all Committee meetings as minute secretary.

## **4. Role and responsibilities**

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### **4.1 Overview**

The Committee's key responsibilities include:

- (a) overseeing Aussie Broadband's relationship with the external auditor and the external audit function generally,
- (b) overseeing Aussie Broadband's relationship with the internal auditor and the internal audit function generally,
- (c) overseeing the preparation of Aussie Broadband's financial statements and report,
- (d) overseeing Aussie Broadband's financial controls and systems,
- (e) managing the process of identifying risks, and risk management strategies including compliance, and
- (f) overseeing Aussie Broadband's systems, procedures and controls for monitoring and ensuring compliance with applicable legal and regulatory requirements.

### **4.2 Audit responsibilities**

The Committee's audit responsibilities are to:

- (a) assist the Board with financial reporting,
- (b) ensure accounting policies are applied/amended appropriately,
- (c) recommend the appointment, independence and remuneration of the external auditor to the Board,
- (d) provide a link between the external auditors, the Board and management, and
- (e) oversee the activities of the internal audit function.

### **4.3 Audit procedures**

The audit procedures of the Committee include:

- (a) reviewing financial reporting and disclosure processes, and recommending to the Board if they need to be improved or changed,
- (b) reviewing financial statements for accuracy, compliance with accounting standards and policies, and to ensure in the Committee's view that they provide a fair view of Aussie Broadband's financial position and performance before recommending them to the Board for adoption,
- (c) reviewing reports of external financial audits,
- (d) review accounting policies, judgements and choices adopted by management in preparing the Aussie Broadband's financial reports, and recommend to the Board if they need to be improved or changed,
- (e) establishing procedures for receiving and processing:
  - (i) any complaints that Aussie Broadband receives about its accounting, internal accounting controls and auditing matters, and

- (ii) confidential and anonymous concerns by staff about accounting and auditing matters,
- (f) ensuring that procedures are in place to verify the effectiveness of accounting and financial systems and other systems of internal control for financial risk management,
- (g) reviewing the scope and adequacy of the external audit and making recommendations to the Board in respect of this for approval,
- (h) reviewing the effectiveness of the annual audit, with an emphasis on identifying areas where the Committee or the external auditors believe special attention is necessary,
- (i) with respect to internal audit programs/functions:
  - (i) approving any internal audit program,
  - (ii) reviewing their scope, results and effectiveness,
  - (iii) reviewing their objectivity, and independence from external auditors and management,
  - (iv) deciding whether the internal audit function is adequately resourced,
  - (v) reviewing whether they coordinate appropriately with the external auditor, and
  - (vi) reviewing and approving the appointment and dismissal of the senior internal audit executive, and ensuring the senior internal audit executive is suitably qualified (if relevant),
- (j) with respect to external audit programs/functions:
  - (i) reviewing the scope, performance, independence and objectivity of the external auditors,
  - (ii) reviewing the procedures for selecting and appointing external auditors and rotating external audit engagement partners,
  - (iii) recommending to the Board the appointment (including terminating an engagement), compensation (for audit and non-audit work), the terms of engagement and other contractual terms of the external auditors,
  - (iv) developing and overseeing the implementation of Aussie Broadband's policy on engaging an external auditor to supply non-audit services and ensure compliance with that policy, and
  - (v) providing advice to the Board as to whether the Committee is satisfied that non-audit services meets the general standard of independence, and explain why they don't compromise audit independence, so the Board can make the statements required by the *Corporations Act 2001* (Cth) for Aussie Broadband's annual statement,
- (k) reviewing the declarations made by the Managing Director and Chief Financial Officer about the financial statements, financial records and systems before the Board approves the financial statements, and

- (l) developing and assisting the Board to implement a process to verify the integrity of each periodic report it releases to the market that has not been audited or reviewed by an external auditor.

#### **4.4 Risk and compliance management responsibilities**

The Committee's risk and compliance management responsibilities are to:

- (a) review and report to the Board that the Committee has, at least annually, reviewed Aussie Broadband's risk management and compliance frameworks and is satisfied that they continue to effectively identify all areas of current, emerging and potential risk and compliance obligations, taking into account the risk appetite set by the Board,
- (b) make recommendations to the Board about any changes that should be made to the risk management and compliance frameworks or to the risk appetite set by the Board,
- (c) monitor management's performance against the risk and compliance frameworks for identifying, evaluating, managing, mitigating and reporting risks, including whether Aussie Broadband is operating within the risk appetite set by the Board and ensuring Aussie Broadband meets its compliance obligations,
- (d) receive any reports from management that identify, evaluate, manage or mitigate material risks that may affect operations including any new and emerging sources of risk,
- (e) review and report to the Board that adequate policies and procedures have been implemented to manage identified risks,
- (f) review and report to the Board that proper remedial action has been taken to redress areas of weakness,
- (g) receive reports from the internal audit function on its audits that test the adequacy of and compliance with policies for managing risk and compliance, and
- (h) receive reports from management about the extent and adequacy of Aussie Broadband's annual insurance program, as well as recommend insured and un-insured risk parameters.

#### **4.5 Risk and compliance management procedures**

The Committee's risk and compliance management procedures include:

- (a) evaluating the adequacy and effectiveness of:
  - (i) reporting and controls that ensure compliance with policies, guidelines and limits approved by the Board for managing balance sheet risks,
  - (ii) Aussie Broadband's financial and operational risk management controls, by reviewing risk registers and reports from management and external auditors,
  - (iii) Aussie Broadband's business continuity plans, and
  - (iv) identification and management of economic, environmental and social sustainability risks and disclosure of any material exposures to those risks,
- (b) evaluating Aussie Broadband's insurances on an annual basis, and recommend to the Board any changes required,

- (c) reviewing and making recommendations to the Board on:
  - (i) the strategic direction, objectives and effectiveness of Aussie Broadband's financial and operational risk management policies and risk appetite,
  - (ii) the risk disclosures in Aussie Broadband's operating and financial review in its annual report,
- (d) overseeing the establishment and maintenance of processes so that there is:
  - (i) an adequate system of internal controls, management of business risks and safeguarding of assets, and
  - (ii) a review of internal control systems and the operational effectiveness of the policies and procedures related to risk and control,
- (e) evaluating Aussie Broadband's exposure to fraud, overseeing investigations into any allegations of fraud or malfeasance, and making recommendations to the Board from any incident involving fraud or other breakdown of internal controls,
- (f) reviewing corporate governance practices for completeness and accuracy,
- (g) reviewing procedures to ensure compliance with:
  - (i) laws and regulations (particularly those which have a major potential impact on Aussie Broadband in areas such as trade practices and the environment), and
  - (ii) insider trading laws, continuous disclosure requirements and other best practice corporate governance processes (including requirements under the ASX Listing Rules, the *Corporations Act 2001* (Cth) and Australian Accounting Standards Board requirements),
- (h) advising the Board on the appropriateness of significant policies and procedures on financial processes and disclosures, and reviewing the effectiveness of Aussie Broadband's internal framework,
- (i) reviewing Aussie Broadband's policies to ensure appropriate ethical standards, and
- (j) reviewing and discussing with management and the internal and external auditors (if any), the overall adequacy and effectiveness of Aussie Broadband's legal, regulatory and ethical compliance programs.

## 5. Relationship with external auditor

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- (a) The Committee provides a link between the external auditor and the Board, and is responsible for the appointment and removal of the external auditor, and to review the terms of its engagement. The Chair of the Committee should meet periodically with the external auditor.
- (b) The Committee is responsible for overseeing Aussie Broadband's external audit policy (see Annexure 1).

## 6. Relationship with internal auditor (if applicable)

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The Committee provides a link between the internal audit function and the Board. The internal auditor has a direct reporting line to the Committee and, therefore, to the Board. The Chair of the Committee should meet periodically with the internal audit function.

## 7. Rights of access and authority

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- (a) The Committee can access staff, management, regulatory authorities and auditors (internal and external) without management present, and can seek explanations and additional information from them.
- (b) Whilst the internal audit function reports to executive management operationally, it also reports directly to the Committee.
- (c) If necessary, the Committee can authorise special investigations and engage appropriate personnel to help provide any information it sees relevant to its activities.

## 8. Committee process

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The Committee's proceedings will be conducted in accordance with Aussie Broadband's Constitution.

### (a) 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.

### (b) Quorum

The quorum is at least 2 members present, either in person or by using technology.

### (c) 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. However, 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.

The Company Secretary will distribute in advance of the meeting of the Committee the agenda and related papers to each of the Committee members or any other persons determined by the Committee.

### (d) Voting at meetings

The Committee should pursue collective decision-making and seek consensus where possible. The Committee Chair should test consensus and, if a unanimous view cannot be reached, decisions will be based on a majority view.

Each Committee member will have one vote. If an equal number of votes is cast for and against a resolution, the Committee Chair does not have a casting vote in addition to their vote as a Committee member and the resolution is not passed.

(e) **Independent advice**

The Committee may seek the advice of the external auditors, solicitors or other independent advisors, consultants or specialists on any matter relating to its powers, duties or responsibilities.

(f) **Minutes**

Minutes of the meetings of the Committee must be kept by the Company Secretary and, after approval by the Committee chair, be presented at the next relevant Board meeting.

All minutes of the Committee must be entered in a minute book maintained for the purpose and will be open at all times for inspection by any Director.

(g) **Reporting**

The Committee chair will report on the actions and recommendations of the Committee to the Board.

## 9. Disclosure

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The Board will make available on Aussie Broadband's website:

- (a) this charter,
- (b) the relevant qualifications and experience of the members of the Committee,
- (c) at the end of each reporting period:
  - (i) the number of times the Committee met throughout that year and the individual attendances of the members at those meetings, and
  - (ii) whether the Committee has undertaken a review of Aussie Broadband's risk management framework.

For any periodic reports released to the market, the processes to verify their integrity will be disclosed either in the report itself or more generally in Aussie Broadband's corporate governance disclosures in its annual report, or on Aussie Broadband's website.

## 10. Review

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- (a) The Board will review the performance and membership of the Committee at least once a year.
- (b) At least once every two years, the Board will review the charter of the Committee and will consider whether the Committee is fit for purpose. The Committee can also make recommendations to the Board about membership, responsibilities, functions and other items.



## Annexure 1 – External Audit Policy

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### 1. Appointment

The Committee has the responsibility and authority (subject to the *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.

### 2. Assessment of External Auditor

The 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 the external auditor, the Committee will use various criteria, including:

- (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 audit plan.

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

### 3. Independence

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

Before this review, the Committee will request a report from the external auditor which sets out all relationships that may affect its independence, including providing non-audit services, financial relationships, employment and other relationships and any other matters that may reasonably be thought to have a 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 Board approves the half year and full year accounts, the external auditor will be asked to provide a declaration testifying to its independence during the financial period in question. The external auditor will have a continuing obligation to notify the Committee, via the Chief Financial Officer, of any new information it believes may be material to reviewing its independence. The Committee has responsibility to develop and oversee the implementation of the 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

The external audit engagement partner is generally required to rotate at least once every 5 years. If appropriate, the Board may, following recommendations from the Committee, extend the eligibility term of the audit engagement partner in accordance with the *Corporations Act 2001* (Cth).