

# Audit and Risk Committee Charter

SAUNDERS INTERNATIONAL LIMITED  
ABN 14 050 287 431

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# Audit and Risk Committee Charter

## 1. SCOPE AND AUTHORITY

The primary function of the Audit and Risk Committee is to assist the Board of Directors in fulfilling its responsibilities by reviewing:-

- (1) the financial information that will be provided to shareholders and the public;
- (2) the integrity and quality of the Company's financial statements and disclosures;
- (3) the systems of internal financial controls that the Board and management have established;
- (4) the Company's auditing, accounting and financial reporting processes; and
- (5) the process for identifying significant risks facing the Company and the controls and reporting mechanisms relating to these risks.

In carrying out its responsibilities the Committee has full authority to investigate all matters that fall within the terms of reference of this Charter. Accordingly, the Committee may:-

- (1) obtain independent professional advice in the satisfaction of its duties at the cost of the Company; and
- (2) have such direct access to the resources of the Company, as it may reasonably require, including management and the external auditors.

The Committee acts primarily as an advisory body to the Board and in making recommendations to the Board. The Committee does not, as of itself, have the power or authority of the Board in dealing with the matters on which it advises except where certain powers are specifically set out in this Charter or are otherwise delegated by the Board.

Subject to any regulatory obligations, it is not the responsibility of the members of the Committee to determine that the Company's financial statements and disclosures are complete and accurate and in accordance with applicable rules and regulations or to plan or conduct audits. Generally speaking, these matters are the responsibility of management.

## **2. COMPOSITION**

The Audit Committee shall comprise at least two non-executive Directors all of whom the Board considers to be independent. The Board will determine each Director's independence having regard to any past and present relationships with the Company which, in the opinion of the Board, could influence the Director's judgement.

All members of the Committee shall have a working knowledge of basic finance and accounting practices. At least one member of the Committee shall have accounting or related financial management expertise, as determined by the Board.

The Chair of the Committee is to be selected by the Board, shall be an independent Director who is not also the Chairman of the Board.

A quorum for Committee Meetings is two members of the Audit Committee.

The Committee may invite members of the management team to attend the Meetings and to provide information as necessary.

The performance of the Committee will be evaluated at least annually.

## **3. MEETINGS**

The Committee will generally meet four times a year or more frequently as circumstances require.

The Group's CEO, senior financial management, Company Secretary and external auditor shall be available to attend all Meetings.

As part of its responsibility to foster open communication, the Committee should meet separately with management and the external auditor in private session, at least annually.

Audit and Risk Committee Minutes will be confirmed at the following Meeting of the Committee.

## **4. REPORTING**

The key matters discussed at each Committee Meeting are to be ordinarily reported by the Chair of the Committee to the Board at the next Board Meeting. The report should include all matters relevant to the Committee's role and responsibilities including:-

- (1) The review of the Company's financial statements.
- (2) An assessment of whether external reporting is in compliance with statutory responsibilities.
- (3) An assessment of management processes supporting external statutory reporting.
- (4) Recommendations for selection, appointment or removal of an external auditor.
- (5) An assessment of the performance and independence of the external auditor.
- (6) Any review of the Company's risk management framework.
- (7) Other matters that require Board action or approval.

## 5. RESPONSIBILITIES

The Board and the external auditor are accountable to the shareholders. The Audit and Risk Committee is accountable to the Board.

To fulfil its responsibilities the Committee shall:-

- (1) Financial reporting, internal financial controls and risk management
  - Review with management and the external auditor the Company's financial statements in respect of each half year and full year.
  - Review the Annual Corporate Governance Statement.
  - Review with management and the external auditor the accounting policies and practices adopted by the Company and compliance with accounting standards, ASX Listing Rules and relevant legislation.
  - Discuss with management and the external auditor management's choice of accounting principles and material judgements, including whether they are aggressive or conservative and whether they are common or minority practices.
  - Recommend to the Board that the Company's financial statements and Appendix 4D and 4E reviewed by the Committee for each half year and full year be approved and signed on behalf of the Board.
  - Review the declarations made by the CEO and CFO in relation to the financial statements, financial records and systems regarding compliance with the Corporations Act and the Principles of Good Corporate Governance.
  - Review the effectiveness of the Company's internal control system taking into account the reports of management and the external auditors.
  - Review the company's risk management framework for identifying, monitoring and managing significant business risks and consider whether the framework effectively identifies areas of potential material risk.
- (2) External audit
  - If and when necessary, recommend to the Board the external auditor to be proposed to shareholders.
  - Review with the external auditor the planned scope of their audit and subsequently their audit findings including any internal control recommendations.
  - Periodically consult with the external auditor without the presence of management about the quality of the Group's accounting principles, material judgement and any other matters that the Committee deems appropriate.
  - Review the performance of the external auditor, including their independence and objectivity.
  - Review the external audit plans and monitor any changes in scope.

- Review and discuss with the external auditor any other significant relationships they have with the Company to determine their independence.
- Monitor adherence to the policy regarding provision of non-audit services, including approval of certain non-audit services which may be provided by the external auditor. In this regard, the external auditor should not provide services that have the potential to impair the independence of their audit role. The external auditor, however, is permitted to perform other non-audit services that are not, and are not perceived to be, in conflict with their audit services.

(3) Insurance

- Without limiting its scope, the Committee is to review and approve or ratify any material new insurance, proposed cancellations or variations of existing policies; and be advised of each renewal (including details of the principal terms) of material insurances.

(4) Taxes

- Without limiting its scope, the Committee is to monitor compliance with all tax obligations, review any relevant taxation information submitted to the Committee, and where necessary, approve or ratify any material amendments to taxation policies.

(5) Charter

- Review this Charter at least annually and if appropriate, recommend changes to the Board.

## 6. OTHER MATTERS

The Committee shall also perform any other activities consistent with this Charter that the Committee or Board deem appropriate.