

# AUDIT AND RISK COMMITTEE CHARTER

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**Enero Group Limited ABN 97 091 524 515**

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## 1 Introduction

This Charter sets out the role, responsibilities, powers and operation of the Audit and Risk Committee of Enero Group Limited (**Company**). This Charter is to be applied in conjunction with the Company's Constitution.

## 2 Constitution

The Audit and Risk Committee has been established by resolution of the Company's Board (**Board**).

## 3 Role and responsibilities

The Audit and Risk Committee assists the Board in carrying out its duties by providing independent and objective review, advice and assistance in developing board policy and monitoring corporate activity within the scope of its remit, and making recommendations to the Board for resolution.

It is not a policy making body, nor does it have substantive executive function in its own right.

The role of the Audit and Risk Committee includes assisting the Board in the Company's governance and exercising of due care, diligence and skill in relation to risk assessment, treatment strategies and monitoring.

Consistent with the Company's determined appetite for risk, it includes assisting the Board to understand risks as set out more fully in Section 8.

## 4 Composition of the Committee

### 4.1 Membership

The Audit and Risk Committee will consist of not less than three members. Members will be appointed by the Board from amongst the non-executive Directors, a majority of whom will also be independent.

In addition, the Audit and Risk Committee will comprise:

- members who can all read and understand financial statements and are otherwise financially literate;
- at least one member with financial expertise either as a qualified accountant or other financial professional with experience in financial and accounting matters; and
- at least one member who has an understanding of the industry in which the Company operates.

## **4.2 Chair**

The Audit and Risk Committee will appoint an independent Director, other than the Chair of the Board, to be the Chair of the Committee.

## **4.3 Secretary**

The Company Secretary will be the Secretary of the Audit and Risk Committee. The Company Secretary will assist the Chair to develop and distribute agendas, papers, minutes and the calendar.

## **4.4 Other Attendees**

The Audit and Risk Committee may invite other people to attend as it sees fit and consult with other people, or seek any information it considers necessary, to fulfil its responsibilities.

Non-members may attend the meetings by initiation of the Audit and Risk Committee, including the:

- Chief Executive Officer;
- Chief Financial Officer;
- Group Financial Controller;
- Chief Operating Officer; and
- Head of internal risk or other person charged with compliance assurance.

Non-member attendees may take part in the business of, and discussions at, a meeting of the Audit and Risk Committee, but will not be members of the Committee and will not have voting rights.

Representatives of the external auditor is expected to attend each meeting of the Audit and Risk Committee and at least once a year the Committee shall meet with the external auditors and separately without any management staff or executives present.

# **5 Meetings**

## **5.1 Quorum**

A quorum will be more than half the members. In the Chair's absence from a meeting, the members present will select a chair for that particular meeting.

## **5.2 Frequency**

Audit and Risk Committee meetings will be held not less than two times a year so as to enable the Committee to undertake its role effectively. In addition, the Chairman is required to call a meeting of the Audit and Risk Committee if requested to do so by any member of the Audit and Risk Committee, the CEO or the external auditor.

## **5.3 Attendance**

All Audit and Risk Committee members are expected to attend each meeting in person, or through other approved means, such as teleconference or video conference.

## **5.4 Voting**

Any matters requiring decision, will generally be decided by consensus, or if consensus is not achievable, then by a majority of votes of members present.

## **5.5 Conflicts of interest**

Audit and Risk Committee members will be invited to disclose conflicts of interest at the commencement of each meeting. Ongoing conflicts of interest need not be disclosed at each meeting once acknowledged. Where members or invitees are deemed to have a real or perceived conflict of interest, they will be excused from Audit and Risk Committee discussions on the issue where a conflict exists.

## 6 Authority

The Audit and Risk Committee will have from management, employees and the Company auditors with or without management present and has rights to seek explanations and additional information it requires. It is authorised to seek any information it requires from any employees and all employees are directed to cooperate with any request made by the Audit and Risk Committee.

The Audit and Risk Committee is authorised by the Board to obtain independent risk, actuarial, insurance or other consultants to advise the risk committee or assist in the conduct of risk related issues and to secure the attendance of outsiders with relevant experience and expertise if and when it considers this necessary.

The Audit and Risk Committee is required to make recommendations to the Board on all matters within the Audit and Risk Committee's charter.

## 7 Reporting Procedures

The Audit and Risk Committee will keep minutes of its meetings. The Company Secretary shall circulate the minutes of the meetings of the Committee to all members of the Committee for comment and change before being circulated to the Committee with the Committee papers for the next Committee meeting and ratified by the Chair.

Any findings from the Audit and Risk Committee are to be tabled at the next Board meeting along with any recommendations of the Committee.

## 8 Responsibilities of the Audit and Risk Committee

The Audit and Risk Committee is responsible for reviewing the integrity of the Company's financial reporting, overseeing the independence of the external auditors and overseeing the Company's risk management framework. In particular, the Audit and Risk Committee has the following duties:

### 8.1 Accounting Practices and External Reporting

#### 8.1.1 Financial Statements

To review the audited annual and half-yearly financial statements and any reports which accompany published financial statements before submission to the Board, recommending their approval, focusing particularly on:

- any changes in accounting policies and practices;
- major judgmental areas;
- significant adjustments, accounting and financial reporting issues resulting from the internal and external audit;
- compliance with accounting policies and standards;
- compliance with legal and disclosure requirements; and
- ensuring that any periodic corporate report the Company releases to the market that has not been subject to audit or review by an external auditor discloses the process taken to verify the integrity of its content.

#### 8.1.2 Related Party Transactions

To monitor and review the propriety of any related party transactions.

#### 8.1.3 External Audit Function

- To recommend to the Board the appointment of the external auditor.
- Each year, to review the appointment of the external auditor, their independence, the audit fee, and any questions of resignation or dismissal.
- To discuss with the external auditor and before the audit commences the nature and scope of the audit.
- To meet privately with the external auditor on at least an annual basis.
- To determine that no management restrictions are being placed upon external auditor.
- To discuss problems and reservations arising from the interim and final audits, and any matters the

auditors may wish to discuss (in the absence of management where necessary).

- To review the external auditor's management letter and management's response.
- To review any regulatory reports on the Company's operations and management's response.
- Communication.
- Providing, through regular meetings, a forum for communication between the Board, senior financial management, staff involved in internal control procedures and the external auditors.
- Enhancing the credibility and objectivity of financial reports with other interested parties, including creditors, key stakeholders and the general public.
- Establishing procedures for complaints and reports regarding accounting, internal accounting controls and auditing matters and ensuring a mechanism for the confidential treatment of such complaints and reports
- To provide pre-approval of audit and non-audit services by external auditors provided the non-audit/assurance services do not impair or appear to impair the external auditor's judgement or independence in respect of the Company.

including the ability to submit them anonymously.

#### **8.1.4 Assessment of effectiveness**

To evaluate the adequacy and effectiveness of the Company's administrative, operating and accounting policies through active communication with operating management, the finance departments and the external auditors.

#### **8.2 Oversight of the Risk Management System**

- To oversee the establishment and implementation by management of a system for identifying, assessing, monitoring and managing material risk throughout the company. This system will include the Company's internal compliance and control systems.
- To review at least annually, through an annual risk review, the Company's risk management systems to ensure the exposure to the various categories of risk are minimised prior to endorsement by the board.
- To evaluate the Company's exposure to fraud.
- To take an active interest in ethical considerations regarding the Company's policies and practices.
- To monitor the standard of corporate conduct in areas such as arms-length dealings and likely conflicts of interest.
- To identify and direct any special projects or investigations deemed necessary.
- To ensure the appropriate engagement, employment and deployment of all employees under statutory obligations.
- To ensure a safe working culture is sustained in the workforce.
- To determine the Company's risk profile describing the material risks, including both financial and non-financial matters, facing the company.
- To regularly review and update the risk profile.

### **9 Review**

The Audit and Risk Committee will review its performance on an annual basis. The review may be conducted as a self-assessment and will be coordinated by the Chair. The assessment may seek input from any person. Training needs will be monitored by the Chair.

The Audit and Risk Committee should review this charter and its composition annually, to ensure that it remains consistent with the Board's objectives and responsibilities. The Board should consider the Audit and Risk Committee's review and either approve or further review the Audit and Risk Committee's charter and/or composition.

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Last updated November 2021  
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