

**BIGTINCAN HOLDINGS LIMITED**  
**AUDIT AND RISK COMMITTEE CHARTER**

**1. PURPOSE**

This Charter document sets out the specific responsibilities delegated by the Board of BigTinCan Holdings Ltd ACN 154 944 797 to the Audit and Risk Committee and provides the framework for the Committee's operations.

**2. OBJECTIVES AND PURPOSE**

The Audit and Risk Committee (Committee) has been established with primary objective being to assist the Board to discharge its responsibilities with regard to the following areas:

- (a) monitoring and reviewing the financial reporting process, the systems of internal control relating to all matters affecting the Company's financial performance, the internal and external audit process, and the process for monitoring compliance with laws and regulations and the Company's Code of Conduct;
- (b) assisting the Board with the adoption and application of appropriate ethical standards and management of the Company and the conduct of its business;
- (c) assisting the Board in exercising due care, diligence and skill in relation to risk assessment, risk management strategies and monitoring as well as reviewing the adequacy of the Company's insurance policies and self insured risks; and
- (d) reviewing related party transactions.

**3. AUTHORITY**

The Committee has authority to exercise its roles and responsibilities as set out in this Charter and granted to it from time to time by resolution of the Board. The Committee has authority to conduct or otherwise authorise investigations into any matters within the scope of its responsibility. It is empowered to:

- (a) Retain outside accountants or other advisers to advise the Committee or assist in the conduct of an investigation;
- (b) Seek any information it requires from employees (all of whom are directed to cooperate with the Committee's requests) or external parties; and
- (c) Meet with the Company's officers, employees, internal and external auditors, or outside legal advisers, as necessary and without management present.

**4. RESPONSIBILITIES**

The Committee's overall responsibilities include:

- (a) overseeing, on behalf of the Board, the process of identification and the effectiveness of the control environment in the Company in the areas of business, financial and commercial risks
- (b) overseeing the adequacy of the Company's financial controls and systems in place in relation to the preparation of financial statements and reports and

- (c) providing an independent and objective review of financial and other information prepared by management, in particular that to be provided to members and/or filed with regulators;
- (d) overseeing the Company's relationship with the external auditor (including forming a policy on the provision of non-audit services, and the rotation of external auditor personnel on a regular basis) monitoring their independence and the external audit function generally and
- (e) overseeing the Company's discharge of its responsibilities with respect to:
  - (i) the financial statements, financial report and annual report;
  - (ii) legal/regulatory compliance;
  - (iii) protection of the Company's capital;
  - (iv) designing and maintaining appropriate risk management systems;

## **5. COMMITTEE'S RESPONSIBILITIES – FINANCIAL CONTROL AND AUDIT**

### **5.1 Function**

The Committee's specific function on Financial Control and Audit is to review and report to the Board that:

- (a) the system of control, which management has established, effectively safeguards the assets of the Company;
- (b) processes are in place such that accounting records are properly maintained in accordance with statutory requirements; and
- (c) processes exist to reasonably guarantee that financial information provided to investors and the Board is accurate and reliable.

### **5.2 Financial Control**

The Committee will fulfil its responsibilities for Financial Control by:

- (a) evaluating the adequacy, effectiveness and appropriateness of the Company's administrative, operating and accounting control systems and policies
- (b) reviewing and evaluating controls and processes in place to ensure compliance with approved policies, controls, and with applicable accounting standards and other requirements relating to the preparation and presentation of financial results;
- (c) reviewing (in consultation with management and the external auditors) the suitability and application of accounting policies to ensure they are applied in accordance with the financial reporting obligations of the company;
- (d) review the financial statements and consider whether they are complete, consistent with information known to the Committee and reflect appropriate accounting policies and principles;
- (e) assess significant judgements and estimates made in the financial statements;
- (f) receive and consider in connection with the Company's financial statements letters of representation to the Board in respect of financial reporting and the adequacy and effectiveness of the Company's risk management, internal compliance and control systems and the process and evidence adopted to satisfy those conclusions;

- (g) review the sections of the Company's Annual report and any regulatory filings before release and consider the accuracy and completeness of the information; and
- (h) review with management and the external auditors the results of the audit.

## 5.2 Audit

The Committee will fulfil its responsibilities for Audit by:

- (a) recommending to the Board the appointment and removal of the external auditors and reviewing the terms of engagement. The Committee manages the relationship with the external auditor on behalf of the Board. The Committee is responsible for establishing procedures for the selection and appointment of the external auditor including considering the reappointment of the external auditor each year as well as their remuneration and terms of engagement;
- (b) approving the proposed audit scope and approach of the external auditors. The lead partner (having responsibility for the audit) and the audit partner responsible for reviewing the audit must rotate every five years. The Committee requires that a succession plan be presented to it for approval by the external auditor at least one year before the rotation is due to occur;
- (c) monitoring the effectiveness and independence of the external auditor;
- (d) obtaining assurances that the audit is conducted in accordance with the Auditing Standards and all other relevant accounting policies and standards;
- (e) providing recommendations to the Board as to the role of the internal auditor/internal audit function, if any;
- (f) reviewing and appraising the quality of audits conducted by the Company's external auditors and confirming their respective authority and responsibilities;
- (g) monitoring the relationship between management and the external auditors;
- (h) pre-approving all non-audit services proposed to be provided to the Company by the external auditor.

The Committee meets and receives regular reports from the Company's external auditors concerning matters that arise in connection with their audit. The Committee will meet with the external auditors as often as the Committee considers appropriate, to discuss in that regard any matters that the Committee or auditors believe should be discussed privately.

## 6. COMMITTEE'S RESPONSIBILITIES – RISK AND COMPLIANCE

### 6.1 Function

The Committee's specific function on Risk and Compliance is to review and report to the Board that:

- (a) the Company's ongoing risk management program effectively identifies all areas of potential risk;
- (b) adequate policies and procedures have been designed and implemented to manage identified risks;

- (c) a regular program of review is undertaken to test the adequacy of and compliance with prescribed policies; and
- (d) proper remedial action is undertaken to redress areas of weakness.

## 6.2 Procedure

The Committee will fulfil its responsibilities for Risk and Compliance by:

- (a) evaluating the adequacy and effectiveness of the Company's Risk Management Policy;
- (b) evaluating the adequacy and effectiveness of the management reporting and control systems used to monitor adherence to policies and guidelines and limits approved by the Board for management of balance sheet risks;
- (c) evaluating the adequacy and effectiveness of the Company's financial and operational risk management control systems by reviewing risk registers and reports from management and external auditors;
- (d) evaluating the structure and adequacy of the Company's own insurances on an annual basis;
- (e) reviewing and making recommendations on the strategic direction, objectives and effectiveness of the Company's financial and operational risk management policies;
- (f) overseeing the establishment and maintenance of processes to ensure that there is:
  - (i) an adequate system of internal control, management of business risks and safeguard of assets; and
  - (ii) a review of internal control systems and the operational effectiveness of the policies and procedures related to risk and control;
- (g) evaluating the Company's exposure to fraud and overseeing investigations of allegations of fraud or malfeasance;
- (h) reviewing the Company's main corporate governance practices, including the Risk Management Policy, for completeness and accuracy;
- (i) overseeing the proper evaluation of the adequacy and effectiveness of the Company's legal compliance control systems including receiving regular updates from management and the Company's legal adviser regarding compliance matters;
- (j) reviewing the findings of any examinations by regulatory agencies;
- (k) reviewing the process for communicating the Code of Conduct to the Company's personnel, and for monitoring compliance with that code;
- (l) providing recommendations as to the propriety of related party transactions; and
- (m) evaluating the Company's exposure to economic, environmental and social sustainability risks, and if considered material, disclosure of such risks along with policies and procedures to effectively manage the risks.

## 7. STRUCTURE OF COMMITTEE MEMBERSHIP

The structure of the Committee is as follows:

- (a) The Committee will be appointed by the Board and comprise not less than 3 directors or such number as determined by the Board.

## **8. EXPERTISE OF COMMITTEE MEMBERSHIP**

Committee members, where possible, must:

- (a) have a sound knowledge of the Company's businesses, organisation structure and related policies and practices;
- (b) be financially literate (able to read and understand financial statements) and have sufficient financial knowledge and understanding to allow them to discharge their responsibilities; and
- (c) have an appropriate understanding of corporate governance matters particularly in relation to Board and Director responsibilities and ASX Corporate Governance Principles.

## **9. SECRETARY**

The Company Secretary or their nominee will act as Secretary to the Committee, unless otherwise determined by the Committee.

## **10. PROCEEDINGS**

### **10.1 Frequency**

- (a) The Committee will meet as frequently as required but must not meet less than four times each year.
- (b) The Secretary to the Committee or any member may call a meeting of the Committee.

### **10.2 Attendance**

Members of the Board who are not Committee members, along with Company management or independent consultants, may be invited by the Chairman of the Committee to attend all or part of a meeting. Voting at Committee meetings is restricted to Committee members.

### **10.3 Quorum**

A quorum for a meeting shall be a minimum of 2 non-executive director Committee members. All meetings shall be conducted subject to an agenda circulated by the Chairman of the Committee or their nominee and incorporating any matters raised by other members of the Audit and Risk Committee or referred by the Board.

### **10.4 Chairman**

- (a) The Board will nominate the Chairman of the Committee
- (b) The Chairman of the Committee must be an independent director, who is not the Chairman of the Board.
- (c) In the absence of the Chairman of the Committee, the remaining members will elect one of their number as Chairman of the meeting.

### **10.5 Minutes**

The Secretary shall maintain minutes of all meetings of the Audit and Risk Committee. The minutes shall be signed by the Chairman.

## **10.6 Non-Consensus**

Where the Committee is unable to reach consensus on a matter, the Chairman of the Committee will report this to the Chairman of the Board. The Chairman of the Board will determine whether it is appropriate that the matter be resolved by the Board or by obtaining independent advice.

## **11. AUTHORITIES**

### **11.1 Access**

- (a) The Committee has unrestricted access to executive management, all employees and all Company records and to financial and legal advisers.
- (b) The Committee has the right to access auditors, internal or external, without management present.

### **11.2 Independent Advice**

The Committee, or any individual member, with the approval of the Chairman of the Board, is entitled to obtain independent professional or other advice at the expense of the Company where they consider it necessary to carry out their duties.

## **12. REPORTING**

- (a) The Chairman of the Committee shall report to the Board subsequent to each Committee meeting.
- (b) The Chairman of the Committee or their nominee must attend the Annual General Meeting and be available to respond to any shareholder questions on the Committee's activities and areas of responsibility.
- (c) The Committee is responsible for review and approval of any disclosures in the Company's annual report regarding the Committee, its activities and performance.

## **13. TERMS OF REFERENCE REVIEW**

The Committee must conduct an annual review of its performance and effectiveness, inviting comments from all members of the Board, at a meeting to be decided each calendar year. It must recommend to the Board any suggested changes in the duties and responsibilities of the Committee and the terms of reference.

**Adopted by the Board of BigTinCan Holdings Limited  
27 October 2016**