



# AUDIT, RISK MANAGEMENT AND COMPLIANCE COMMITTEE CHARTER

## 1. OBJECTIVES

The Audit Risk Management and Compliance Committee (“the Committee”) is a committee established by the Board of Directors (“the Board”) of Angas Securities Limited (“the Company”) to assist the Company in the effective discharge of its corporate governance and oversight responsibilities. The Committee reviews and reports to the Board on the following matters:

- Financial integrity;
- Regulatory reporting;
- Legal compliance (including AFS Licence requirements);
- Management of risk within the Company; and
- Audit effectiveness.

Recommendations of the Committee are referred to the Board.

## 2. MEMBERSHIP AND MEETINGS

### 2.1 Appointment

The members of the Committee are:

- Kimley Lyons (Chairman of Committee)
- Andrew Luckhurst-Smith
- Brian Doherty
- an independent member may be nominated

A quorum is two members.

### 2.2 Secretarial

The Company Secretary/Compliance Officer will be the Committee Secretary. The Secretary will be responsible, in conjunction with the Chairman, for drawing up and circulating the agenda supported by explanatory documents to Committee members within a reasonable period in advance of each meeting.

The Committee Secretary will also be responsible for recording and keeping the minutes of the meeting and circulating them to the Committee members, the Board and the auditors, as appropriate.

### **2.3 Meetings**

Meetings shall be held as often as the Committee determines but in any event not less than 9 times a year.

The proceedings of all meetings will be minuted.

### **2.4 Attendance**

The Committee may require senior management of the Company to attend Committee meetings to discuss or report on particular agenda items.

The Committee may determine from time to time that it is appropriate to conduct meetings privately with senior management. The reasons for such meetings will be forwarded to the relevant executives with the invitation to attend the meeting.

### **2.5 External Advisors**

The Committee may obtain independent external professional advice to assist it in the proper exercise of its responsibilities. The Committee may enter into terms of engagement with any external advisor either on an ad hoc or extended term basis. The external advisor is not a member of the Committee and has no voting rights. The Committee is authorised to expend up to \$5,000.00 per quarter on professional fees, exclusive of GST, without reference to the Board.

Where the Committee proposes not following the advice or recommendation of an external advisor on any particular matter, the Committee must:

- a) duly minute its reasons for not following the advice or recommendation; and
- b) report the matter to the Board for mention at the next scheduled Board meeting.

A representative of the external auditor may be invited to attend meetings to discuss agenda items relating to audit issues, financial reporting and for other related purposes.

## **3. POWER TO ACCESS INFORMATION**

The Committee can conduct or authorise investigations into any matter within the scope of its responsibilities or as otherwise requested by the Board. In the course of its duties, the Committee is entitled to access to all information held by the Company. In addition, it can seek information from any employee in relation to any matter that is the subject of an investigation. The Board authorises and directs its employees to provide the Committee with timely assistance.

## **4. RESPONSIBILITIES**

### **Introduction and Overview**

The Committee will from time to time as it determines:

- Review the internal controls, policies, procedures and compliance systems established by the Company;

- Review the financial information provided periodically and annually by the Company;
- Oversee financial and regulatory reporting to shareholders and ASIC;
- Oversee compliance with ASIC Regulatory Guidance In the event that the Company chooses to list on an Exchange, oversee compliance with the listing conditions and ongoing disclosure requirements required by the Exchange;
- Review compliance with the Company's anti-money laundering/counter-terrorism financing program;
- Establish, as required, regulatory, reporting and compliance protocols for new business acquisitions and new business products including managed investment schemes.
- Monitor the effectiveness of internal financial controls and of the external auditors;
- Review the fundraising operations of the Company Review adherence to the terms of AFS Licence No. 232479 issued to the Company;
- Review whether the Company has effective risk management systems in place to manage business, financial and operational risk; and
- Report to the Board on its work and make recommendations to the Board as appropriate.

## **Specific Matters**

### **4.1 Financial Integrity**

The Committee shall, with the assistance of the Chief Financial Officer and as required:

- Assess the adequacy of the Company's internal control systems for key financial processes.
- Review the financial statements under consideration by the Board, making particular reference to:
  - whether they are complete and consistent with the information known to Committee members;
  - the continuing appropriateness of accounting policies;
  - changes in accounting policies and procedures;
  - major judgmental issues (including an examination of valuations of assets and liabilities, litigation issues, contingencies and any significant accruals, provisions or estimates);
  - significant matters resulting from the external audit; and
  - compliance with accounting standards and any legal or regulatory requirements;
- Ensure
  - key internal controls are in place and operating effectively in all material respects;
  - financial systems and changes thereto are being appropriately detailed and documented; and

- if serious weaknesses or breakdowns in internal financial controls have been identified, that they have been appropriately dealt with;
- Review periodically the Finance and Administration Checklist adopted by the Board;
- Review any external audit reports on internal control and accounting matters and management action taken or planned in response to such matters; and
- Review the effectiveness of the Company's IT systems in relation to operational control and financial management reporting.

#### **4.2 Regulatory Reporting**

The Committee shall consider the annual statutory financial statements and confirm with the Chief Financial Officer and the external auditors the Company's compliance with relevant accounting standards and regulations and the appropriateness of any financial policies adopted.

The Committee shall review all management representation letters to ensure that the information provided is complete and appropriate.

The Committee will either resolve or refer to the Board any differences of opinion between management and the external auditor.

#### **4.3 Legal Compliance**

The Committee shall review the effectiveness of the system for monitoring compliance with laws and regulations with particular emphasis on key risk areas including, but not limited to, Financial Services Law (with particular emphasis on the Company's AFS Licence conditions), National Consumer Credit Protection, Corporations Law, Anti-Money Laundering and Counter-Terrorism Financing Law, APRA reporting and Regulatory Guides issued from time to time by ASIC and other bodies which are applicable to the Company.

The Committee shall review periodic report(s) on compliance matters from the National Compliance Officer or other officers as appropriate to assess whether:

- Internal controls are in place and operating effectively or being developed to address key compliance risk areas;
- Systems exist to enable compliance problems or issues to be readily identified;
- Compliance related systems and procedures are being adequately detailed and documented; and
- If serious weaknesses or breakdowns in compliance processes have occurred they have been appropriately dealt with.

The Committee shall assess whether the Company's compliance program and initiatives are fulfilling their purpose or require any modification and prescribe remedial action where necessary.

The Committee will review the findings of any examinations of the Company conducted by any regulatory agency.

The Committee will monitor developments and changes in the law relating to the responsibilities and liabilities of directors and review the extent to which the Board is meeting its obligations.

The Committee will monitor developments and changes in the various rules, regulations and laws which relate generally to the company's business operations and review the extent to which the company is complying with such laws.

The Committee will review the processes in place for ensuring that Policy and Procedure Manuals properly reflect all current legislation and regulation.

#### **4.4 Exchange Listing**

In the event the Company seeks to list its securities on any exchange, the Committee will, as required, monitor compliance with listing rules, regulatory guidelines and the Corporations Act.

#### **4.5**

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#### **4.6 Risk Management**

The Committee shall review periodic report(s) from appropriate staff addressing:

- Processes established by management for the ongoing identification and assessment of key business risks;
- The level of adherence to and effectiveness of such risk management processes;
- The progress of initiatives to control and monitor key business risks; and
- Any significant changes to the Company's risk profile or exposure.

The Committee shall review with management and external auditors any significant business and audit risks identified by them and the steps taken by management to control such risks.

The Committee shall review with senior management, the external auditors and any relevant external advisor any significant financial risks and the adequacy and appropriateness of the Company's insurance coverage to ensure all risks are adequately dealt with.

The Committee shall review the effectiveness of any systems for monitoring compliance with the internal policies and procedures as required from time to time or as requested by the Board.

The Committee shall review the Disaster Recovery and Business Continuity programs of the Company for effectiveness.

#### **4.5 Audit Effectiveness**

The Committee shall:

- Consider external audit reports and advices and monitor action taken by management in response;
- Monitor and consider reports from the Chief Financial Officer. Where major deficiencies or breakdown in controls or procedures have been identified the Committee will monitor appropriate remedial action;

- Consider and approve audit plans for both internal financial control and external audit and regularly monitor the progress of implementation of those plans;
- Review the quality of the internal financial control and the external audit function;
- Ensure that there are no unresolved issues between management, internal financial control and the external auditors that could materially affect the audited financial statements and that there is a good working relationship between management and the external auditors;
- Ensure that the internal financial control function is adequately resourced and supported by the company's accountants;
- Monitor the ongoing applicability of the Finance and Administration Checklist prepared in conjunction with the Chief Financial Officer.

## **5. REPORTING**

The Committee shall:

- Regularly update the Board about Committee activities and make appropriate recommendations;
- Ensure the Board is aware of matters that may significantly impact the financial condition or affairs of the business; and
- Submit an annual summary of its activities if required by the Board.

## **6. OTHER RESPONSIBILITIES**

The Committee shall perform other oversight functions as requested by the Board, including the following:

- Review and update the charter; and
- Conduct a process of self-assessment, at intervals determined appropriate by the Chairman, to determine whether it is functioning effectively.

This Charter was approved by the Board of Directors on 24 February 2016. The addition of Brian Doherty as a member of ARMCO was approved on 26 May 2016.