

# Audit and Risk Management Committee Charter



Business Technology Made Easy

CSG Limited (ACN123 989 631)  
Adopted by a resolution of the Board on  
7 March 2007 and amended by resolutions on  
29 February 2012 and 12 February 2016

## 1 Role of the Committee

- 1.1 The role of the Audit and Risk Management Committee (“Committee”) is to assist the Board in discharging its obligations with respect to ensuring:
- 1.1.1 the integrity and reliability of information prepared for use by the Board, including financial information;
  - 1.1.2 the integrity of the Company’s internal controls, including but not limited to Risk Management, Compliance, Audit and Accounting, affecting the preparation and provision of that information in determining policies or for inclusion in the financial report; and
  - 1.1.3 investigate and report to the Board on any incident involving fraud or other serious break down in the Company’s internal controls.

## 2 Composition and administration

### *Composition*

- 2.1 The Committee, of at least 3 Directors, will be appointed by the Board and so far as is possible:
- 2.1.1 shall comprise only non-executive Directors;
  - 2.1.2 comprise a majority of Directors who are independent;
  - 2.1.3 be Chaired by a Director who is not Chairman of the Board and is otherwise independent;
  - 2.1.4 comprise members who are financially literate (i.e. they must be able to read and understand financial statements);
  - 2.1.5 have at least one of the Committee members with financial expertise (i.e. is a qualified accountant or other financial professional with experience of financial and accounting matters); and
  - 2.1.6 have at least one of the Committee members with an understanding of the industry in which the Company operates.

### *Term*

- 2.2 The Board will confirm membership of the Committee yearly.

### *Administration and procedures*

- 2.3 The Committee will regulate itself consistently with the procedures set out in section 4 of the Board Charter.

## 3 Specific Responsibilities of the Committee

### *Audit responsibilities*

- 3.1 Monitor and make recommendations to the Board on the effectiveness of the Company’s external audit appointment and function.
- 3.2 Make recommendations to the Board regarding:

- 3.2.1 the scope of internal and external audit, and the development of appropriate audit plans to ensure coverage and avoid duplication;
  - 3.2.2 the process for putting the external audit function out to tender at least once in every 3 years;
  - 3.2.3 the appointment of the external auditors; and
  - 3.2.4 any exceptions or qualifications reported, or recommendations made, by the external auditor in the auditor's opinion and management letter.
- 3.3 Directly oversee the external audit tender process, including at least two of the members of the Committee on the interview panel for the tender.
- 3.4 Review the form and content of representation letter/s provided by the external auditors and management representation letters provided by management to the external auditors.
- 3.5 Monitor implementation of any actions required by the Board to be taken by management to address any exceptions or qualifications reported, or recommendations made, by the external auditor.
- 3.6 Liaise with the external auditors, including at least 2 meetings each year with the auditors, including a portion of the meeting in absence of all management, in relation to the preparation of the audited accounts of the Company and other control issues.

#### *Accounting policies*

- 3.7 Review and make recommendations to the Board in relation to accounting policies, or changes, or required changes, to the major accounting policies of the Company based on changes to regulatory Accounting Standards, recommendations made by Management and/or auditors.
- 3.8 Monitor compliance by Management with all approved accounting policies of the Company.

#### *Risk and Compliance*

- 3.9 Monitor the effectiveness of the Company's risk and compliance internal controls and systems, and make recommendations to the Board as necessary.
- 3.10 Regularly consider and monitor the Company's exposure to significant risks, and make recommendations to the Board in respect of such monitoring findings, including strategic and operational improvements in risk management planning and implementation and insurance strategies.
- 3.11 Review of management recommendations for the appointment of an insurance broker and associated processes necessary for appointment along with monitoring of the insurance renewal process, review of policies and cover to ensure that assets are appropriately covered and risk exposure minimised.
- 3.12 Oversee the development by Management of, and make recommendations to the Board regarding, risk management plans for the Company.
- 3.13 Monitor the implementation of approved risk management plans across the Company.
- 3.14 Monitor compliance with relevant legislative and regulatory requirements (including continuous disclosure obligations) and declarations by Management in relation to those requirements.

- 3.15 Ensure completion of the Company's annual corporate governance statement for inclusion in the annual report or website of the Company, as required by ASX Listing Rules and the ASX Corporate Governance Principles and Recommendations.

#### *Integrity of Audit and Risk Controls*

- 3.16 Evaluate the adequacy and effectiveness of the internal financial and other controls used by the Company to ensure the accuracy and integrity of all information provided to the Board and to others outside the Company.
- 3.17 Where the Committee considers it necessary, it will enquire into the resources, systems and controls of the Company as they affect the audit, financial management, risk or compliance functions or the integrity of the systems and controls relating to those functions, and will make any resulting recommendations to the Board.

## **4 Authority and powers**

### *Authority*

- 4.1 The Committee has authority to:
- 4.1.1 investigate any matter brought to its attention;
  - 4.1.2 obtain any information that it requires from any employee of Company in order to discharge its responsibilities;
  - 4.1.3 have direct access to any employee or contractor of the Company and seek any information that it requires from any employees of the Company in order to discharge its responsibilities; and
  - 4.1.4 have direct access to independent auditors, company, tax and other financial advisors and company papers and lawyers as it so determines.

### *Powers*

- 4.2 The Committee has an advisory role to assist the Board and does not have any power to commit the Board to any recommendation or decision made by it except if it has express delegated authority from the Board.

## **5 Audit engagement policy**

- 5.1 The Committee's criteria for selecting both internal and external auditors includes the following:
- 5.1.1 the extent of any current or past connection or association with the Company or with any member of senior management that could in any way impair, or be seen to carry with it any risk of impairing, the independent external view they are required to take in relation to the Company;
  - 5.1.2 their general reputation for independence and probity and professional standing within the business community;
  - 5.1.3 their knowledge of the industry within which the Company operates; and
  - 5.1.4 the extent to which audit staff employed by the internal and external audit partner, including the partner or other principal with overall responsibility for the engagement, are required to be rotated periodically, and in any event at

intervals not exceeding five years, so as to avoid any risk of impairing the independent external view that the external auditors are required to take in relation to the Company.

## 6 Audit process

6.1 The Committee has adopted the following audit planning process:

6.1.1 As required during the year, it will:

- (a) discuss the internal and external audit plan, any significant problems that may be foreseen and the impact of any proposed changes in accounting policies on the financial statements;
- (b) review the nature and impact of any changes in accounting policies adopted by the Company during the year and the fees proposed for the audit work to be performed; and
- (c) organise, review and report on any special reviews or investigations deemed necessary by the Board.

6.1.2 Prior to announcement of results, it will:

- (a) make the necessary recommendation to the Board for the approval of relevant documents and disclosures;
- (b) review the results and findings of the audits (or audit review), the adequacy of accounting, financial and operating controls and the implementation of any recommendations made;
- (c) review the pro-forma half-yearly and pro-forma preliminary final report, draft financial report and the audit report (or audit review report) and make the necessary recommendations to the Board for the approval of the financial report.

## 7 Charter Reviews

7.1 This Charter will be reviewed, and, if appropriate, updated by the Board on recommendation from the Committee every 2 years.