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# AUDIT & RISK COMMITTEE CHARTER

## INTRODUCTION

This Charter sets out the role, structure and responsibility of the Audit & Risk Committee (**Committee**) established by the Board of Twenty Seven Co. Limited (**Twenty Seven Co. or Company**).

## ROLE OF THE AUDIT & RISK COMMITTEE

The role of the Committee is to assist the Board to discharge its corporate governance responsibilities and to exercise due care, diligence and skill in relation to:

- financial reporting and disclosure processes;
- internal financial controls, tax planning and tax compliance;
- financial risk management;
- internal and external audit functions;
- Company's systems and processes; and
- risk oversight, risk management and internal control.

The Committee will have access to Company resources and information, including access to management, to enable it to carry out its duties. The Committee is authorised to consult with external and internal auditors (without management being present), and, on approval from the Chairman of the Board, to obtain independent advice and institute investigations, at the Company's cost, as it considers necessary or appropriate to fulfil its duties.

In this document the term "Chairman" refers to the Chairman of the Audit & Risk Committee.

## CONSTITUTION

The Committee is constituted and delegated functions by the Board. It has no powers other than those set out in this Charter or otherwise delegated to it by the Board.

The Committee's role is to review and make recommendations to the Board. It has no executive power or management function.

The Board retains full responsibility for the financial affairs of the Company.



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## **COMMITTEE COMPOSITION**

The Committee must have at least 3 members appointed by the Board, and where possible, be non-executive directors, and a majority of whom must be independent. Of the Committee members:

- all shall be financially literate; and
- at least 1 shall have accounting or related financial experience.

The Board will appoint the Chairman of the Committee. The Chairman of the Committee must be independent and must not be the Chairman of the Board.

New Committee members shall be given a thorough briefing by the Chairman and/or Secretary on key audit issues and provided with appropriate background documentation. Committee membership is to be reviewed annually.

## **MEETINGS**

The Committee will meet at least twice a year. Additional meetings may be held as the Committee or its Chairman determines. Any Committee member may call a meeting of the Committee.

A quorum shall be 2 members. In the event that a member is unable to attend a Committee meeting for any reason, that member may nominate another director to attend the meeting as alternate by giving prior notice to the Chairman. All matters will be decided by a majority of votes of members present.

Any action permitted to be taken at any meeting of the Committee may be taken without a meeting, if a written consent is signed by all the members of the Committee, provided that such written consent shall be filed with the minutes of the proceedings of the Committee.

The Company Secretary will be responsible for taking and keeping minutes of Committee meetings and circulating minutes to all Committee members. Minutes will be included in the papers for the next meeting of the Board following the Committee meeting.

The Committee will report to the Board on all actions and recommendations of the Committee and such other matters as required by the Corporations Act, ASX Listing Rules and ASX Corporate Governance Principles and Recommendations.

Company executives and advisers, as the Chairman thinks fit, may be invited to attend meetings.



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The External Auditors and/or Internal Auditors:

- may be required to meet separately with the Committee, without management, upon the Chairman's request; and
- may be asked to contribute to the Committee's agenda.

## **REPORTING**

The Chairman shall report to the Board at the Board meeting following each Committee meeting. The report shall cover:

- the primary responsibilities set out in the Responsibilities and Duties section below; and
- any other material matters relevant to the Committee's duties.

## **RESPONSIBILITIES**

The Committee has the following key responsibilities:

### **External Audit**

- review the appointment and selection of the external auditor and the rotation of the external audit engagement partner at least every 5 years. The Committee will make recommendations to the Board in relation to any proposed change in external auditor or audit engagement partner. Other staff of the external auditor may be rotated, if the Committee considers it desirable to maintain the external auditor's independence;
- review and recommend to the Board the terms of engagement (including auditor's fees) and audit plan for the external audit at the beginning of each audit period; and
- evaluate and report annually to the Board on the performance of the external auditor, including with respect to ongoing independence;
- discussing the results of the external audit with the external auditor;
- enquire if there have been any significant disagreements between management and the external auditor; and
- monitor management's responses to the external auditor's recommendations that are adopted.

### **Internal Audit**

- monitor the need for an internal audit function on an ongoing basis.



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## Financial Management and Reporting

- review and assess the adequacy of the Company's policies relating to financial reporting and controls, risk management and compliance including compliance with laws, accounting standards, regulations and ethical guidelines;
- monitor the coordination of the internal and external audits in so far as they relate to the responsibilities of the Committee;
- review and determine whether to recommend adoption of accounting policy changes;
- review financial reports to be issued by the Company to the market prior to their release, to ensure their integrity and compliance with statutory and contractual requirements, and in doing so consider:
  - the appropriateness of accounting policies being used;
  - whether the reports have been prepared in accordance with relevant accounting principles and standards;
  - the methods used to account for significant unusual transactions or transactions for which there is no specific accounting standard;
  - significant estimates and judgments made in the financial reports;
  - the appropriateness of the disclosure made; and
  - statutory and contractual requirements; and
- review reports from management, the External Auditors and/or the Internal Auditor on the issues referred to in the previous paragraph and any other significant regulatory, accounting or reporting issue.
- review the propriety of related party transactions and considering the adequacy of disclosure of share transactions;
- review the reporting of corporate governance practices as required by the ASX Listing Rules;
- review written assurances provided by management to the Board in connection with financial reporting, including the assurances provided by the Chief Executive Officer/ Managing Director and Chief Financial Officer in accordance with s295A of the Corporations Act; and
- ensure that management's written assurances are provided to the Board prior to the approval by the Board of the financial statements for the period.



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### **Internal control and risk management system**

- review the procedures in place to ensure that the Company is in compliance with the Corporations Act, ASX Listing Rules, applicable Accounting Standards and other reporting requirements;
- review and monitor the content and effectiveness of the Company's financial risk management systems and report to the Board on any relevant issues;
- monitor the ability of the Company to fund its activities, having regard to current funding arrangements and the Company's outlook as to solvency;
- review and monitor the Company's systems of internal delegation and authorisation and make recommendations to the Board regarding appropriate levels of delegation and authorisation;
- review and monitor the management of tax compliance and tax planning;
- review reports on any defalcations, frauds and thefts from the Company and action taken by management;
- undertake investigations into financial reporting matters as requested by the Board;
- assist the Board to review the adequacy and effectiveness of the risk management system;
- monitor compliance with risk management policies, processes and procedures and review instances of non-compliance;
- consider compliance, including systems for monitoring and managing compliance, with laws, regulations and other key obligations;
- initiating and monitoring investigations into areas of corporate risk and break-downs in internal control, with the assistance of such external advisers as the Committee considers appropriate;
- monitoring compliance with all environmental and occupational health and safety regulation and legislation;
- developing initiatives to ensure the Company provides a safe work environment for all employees; and
- reviewing the adequacy of insurance coverage;

### **CHARTER REVIEW**

The Board will review this Charter annually to ensure it is consistent with the Board's roles and responsibilities. Any proposed amendments to this Charter arising from a review will be put to the Board for consideration.