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# Audit and Risk Committee Charter

**COG Financial Services Limited (ACN 100 854 788) (the “Company”) and its  
controlled entities (together, the “Group”)**

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## **1. ROLE**

The Board of Directors has established an Audit and Risk Management Committee (“the Committee”) to act on behalf of the Board of Directors to oversee all material aspects of the company’s financial reporting, control, risk management and audit functions, except those specifically related to the responsibilities of any other standing committee of the Board.

The Committee’s role includes evaluating the qualitative aspects of financial reporting to shareholders, the Company’s processes for the management of business and financial risks, and for compliance with significant applicable legal, ethical, and regulatory requirements.

The Committee is charged with maintaining strong, positive working relationships with management, external auditors, counsel and other Committee advisors.

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## **2. MEMBERSHIP**

The Committee will, if practicable, consist of:

2.1.1 Only non-executive directors where possible;

2.1.2 a majority of independent directors; and

2.1.3 at least 3 members.

The Committee members shall have the ability to read and understand fundamental financial statements, including a company’s balance sheet, income statement, statement of cash flows and key performance indicators, and understand key business and financial risks and related controls and control processes.

At least one member should be literate in business and financial reporting and control, including knowledge of the regulatory requirements, and preferably should have past employment experience in finance or accounting or other comparable experience or background.

The members of the Committee shall be appointed by the Board. The chairperson of the Committee shall be selected by the Board and be an independent director, if practicable. The secretary of the Committee shall be the Company Secretary.

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## **3. AUTHORITY OF THE COMMITTEE**

The Board authorises the Committee to:

- (i) perform activities within the scope of its charter,
- (ii) ensure the attendance of Company officers at meetings as appropriate, and
- (iii) have unrestricted access to members of management and employees and related information.

However, the ultimate responsibility for audit and risk policy matters rests with the Board.

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#### **4. COMMITTEE OPERATING PRINCIPLES**

The Committee shall fulfill its responsibilities within the context of the following overriding principles:

##### **4.1 Communications**

The chairperson and other members of the Committee shall, to the extent appropriate, maintain an open avenue of contact throughout the year with senior management, other committee chairs and other key Committee advisors and external auditors, as applicable, to strengthen the Committee's knowledge of relevant current and prospective business issues.

##### **4.2 Education/Orientation**

The Committee, with management, shall develop and participate in a process for review of important financial and operating topics that present potential, significant risk to the company. Additionally, individual Committee members are encouraged to participate in relevant and appropriate self-study education to ensure their understanding of the business and environment in which the company operates.

##### **4.3 Annual Plan**

The Committee, with input from management and other key Committee advisors, shall develop an annual plan responsive to the Committee responsibilities detailed herein. The annual plan shall be reviewed and approved by the full Board.

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#### **5. MEETINGS**

##### **5.1 Agendas**

The Committee's meeting agendas shall be the responsibility of the Committee chairperson, with input from Committee members. It is expected that the chairperson would also ask for management and key Committee advisors to participate in this process.

##### **5.2 Quorum**

A quorum of the Committee shall be two committee members for the entire meeting.

##### **5.3 Attendees**

The Committee shall request members of management, external legal experts, and external auditors, as applicable, to participate in Committee meetings, as necessary, to carry out the Committee's responsibilities. Periodically and at least annually, the Committee shall meet in private session with only the Committee members. It shall be understood that either external auditors, or external legal experts, may, at any time, request a meeting with the Committee or the Committee chairperson with or without management's attendance. In any case, the Committee shall meet in executive session separately with external auditors, at least annually.

#### **5.4 Frequency**

The Committee shall meet at least two times a year with additional meetings as required.

#### **5.5 Expectations and Information Needs**

The Committee shall communicate Committee expectations and the nature, timing and extent of Committee information needs to management, internal auditors and external parties, including external auditors.

Written materials, including key performance indicators and measures related to key business and financial risks, shall be received from management, auditors and others at least one week in advance of meeting dates.

The Committee members are assumed to have reviewed written materials in sufficient depth to enable them to participate in Committee/Board discussions.

#### **5.6 External Resources**

The Committee shall be authorised to access internal and external resources, as the Committee requires, to carry out its responsibilities. The Committee shall have access to its own counsel and other advisors at the Committee's sole discretion.

#### **5.7 Reporting to the Board of Directors**

The Committee, through the Committee chairperson, shall report periodically, as deemed necessary, but at least semi-annually, to the full Board. In addition, summarised minutes from Committee meetings, separately identifying monitoring activities from approvals, shall be available to each Board member at least one week prior to the subsequent Board of Directors' meeting.

#### **5.8 Committee performance**

The Board will make an evaluation of the performance as well as the roles and responsibilities of the Committee, seeking input from senior management and others. Any changes in the role and/or responsibilities shall be recommended to the full Board for approval.

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### **6. COMMITTEE RESPONSIBILITIES**

#### **6.1 Financial Reporting**

6.1.1 Review and assess the annual and interim financial statements before they are released to the public or filed to ensure that they provide a true and fair view of the financial position and performance of the Company.

6.1.2 Review and assess the key financial statement issues and risks, their impact or potential effect on reported financial information, the processes used by management to address such matters, related auditors' views, and the basis for audit conclusions.

6.1.3 Approve changes in important accounting principles and the application thereof in both interim and annual financial reports.

- 6.1.4 Advise financial management and the external auditors that they are expected to provide a timely analysis of significant current financial reporting issues and practices.
- 6.1.5 Review reports from the independent auditors concerning critical accounting policies, all alternative treatments of financial information that were discussed with management and other material written communications between the auditors and management.
- 6.1.6 Review with independent auditors any audit problems or difficulties, and management's response;
- 6.1.7 Discuss with management all earnings press releases as well as financial information and earnings guidance provided to analysts and ratings agencies.
- 6.1.8 Determine if an internal audit function is required and how the function should be structured and what role it performs. Where there is an internal audit function, review and recommend the appointment or removal of the head of internal audit, the scope and adequacy of the internal audit work plan and the objectivity and performance of the internal audit function.

## **6.2 Risks and Controls**

- 6.2.1 Review and assess the Company's business and financial risk management process, including the adequacy of the overall control environment and controls in selected areas representing significant risk. Business risk management shall also include economic, environmental and social sustainability risks.
- 6.2.2 Review and assess the Company's system of internal controls for detecting accounting and financial reporting errors, fraud and defalcations, legal violations, and non-compliance with the corporate code of conduct. In that regard, review the related findings and recommendations of the external auditors, together with management's responses and make recommendations in relation to any incident involving fraud or other break down of the entity's internal controls..
- 6.2.3 Discuss with management policies and programs in respect of risk management and risk assessment.
- 6.2.4 Review with legal counsel any regulatory matters that may have a material impact on the financial statements.
- 6.2.5 Review the results of the annual audits of Directors' and officers' expense accounts and management perquisites prepared by the auditors.
- 6.2.6 Review and assess the entity's insurance program, having regard to the entity's business and insurable risks associated with its business.
- 6.2.7 Review and assess the Company's Health & Safety Policy

- 6.2.8 Review the entity's risk management framework at least annually to satisfy itself that it continues to be sound.
- 6.2.9 Make recommendations to the board in relation to changes that should be made to the entity's risk management framework or to the risk appetite set by the board.

### **6.3 External Auditors**

- 6.3.1 Recommend the selection of the external auditors for approval by the Board of Directors, including rotation of audit engagement partner where applicable.
- 6.3.2 Instruct the external auditors that they are responsible to the Board of Directors and the Committee as representatives of the shareholders. In that regard, confirm that the external auditors will report all relevant issues to the Committee.
- 6.3.3 Review the performance of the external auditors.
- 6.3.4 Obtain a formal written statement from the external auditors on their independence. Additionally, discuss with the auditors any relationships or non-audit services that may affect, or be perceived to affect, their objectivity or independence.
- 6.3.5 Consider, in consultation with the external auditors, their audit scope and plans to ensure completeness of coverage, reduction of redundant efforts and the effective use of audit resources.
- 6.3.6 Review and, if appropriate, approve requests for any non-auditing services to be performed by the external auditors, and be advised of any other study undertaken at the request of management that is beyond the scope of the audit engagement letter.
- 6.3.7 Review with management and the external auditors the results of the annual audits and related comments in consultation with other committees as deemed appropriate, including any difficulties or disputes with management, any significant changes in the audit plans, the rationale behind adoptions and changes in accounting principles, and accounting estimates requiring significant judgments.
- 6.3.8 Provide a medium for the external auditors to discuss with the Committee its judgments about the quality, not just the acceptability, of accounting principles and financial disclosure practices used or proposed to be adopted by the company.
- 6.3.9 Set clear hiring policies for employees or former employees of the independent auditors.

### **6.4 Other**

- 6.4.1 Review significant conflicts of interest and, if appropriate, approve proposed related party transactions.

- 6.4.2 Conduct or authorise investigations into any matters within the Committee's scope of responsibilities. The Committee is empowered to retain independent counsel and other professionals to assist in conducting any investigation.
- 6.4.3 Establish procedures for receipt, retention and treatment of complaints received by the company regarding accounting, internal accounting controls, and auditing matters.
- 6.4.4 Establish procedures for confidential, anonymous submission of concerns in relation to questionable accounting and auditing matters by employees of the company.
- 6.4.5 Review and recommend to the Board the corporate governance policy of the Company and ensure that an effective system is in place to monitor compliance.
- 6.4.6 Ensure that a Code of Conduct that includes the ethics and behaviour of employees and directors is established, suitably communicated and a system for monitoring compliance is in place.

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## **7. REVIEW**

The Committee will review its Charter annually to keep it up to date and consistent with the Committee's authority, objectives and responsibilities. Amendments to the Charter are to be approved by the Board.

### Policy History

Last review: 30 June 2021 (effective)

Review frequency As required