



# Audit, Finance & Risk Committee Charter

## 1. Purpose of Charter

This **Charter** sets out the role, functions, structures and processes of the Audit, Finance & Risk Committee (**Committee**) of NPP Australia Limited (**Company**).

## 2. Committee Objectives

The objectives of the Committee are to assist the Board of the Company to fulfil its obligations with respect to:

- The preparation and presentation of the Company's financial statements and the adequacy and effectiveness of the internal control and risk management environment;
- The effectiveness and independence of internal and external audit; and
- The Company's processes for monitoring compliance with relevant laws and regulations.

The Committee also provides a forum for communication between the Committee members, management and the internal and external auditors.

## 3. Responsibilities

Consistent with the objectives of this Charter, the Committee has the following responsibilities:

### (a) Financial Management and Reporting

1. Ensure the existence of appropriate processes within the Company for preparing accurate and reliable financial information, including for inclusion in the annual financial statements.
2. Review processes for ensuring the annual financial statements are complete and consistent with known information, reviewing evidence that they reflect appropriate accounting principles and standards and appropriately address issues such as the valuation of assets and liabilities, contingent liabilities, litigation provisions and other commitments and contingencies.
3. Obtain relevant representations from management regarding the appropriate preparation of the financial statements.
4. When satisfied with the financial statements, inform the Board of the results of the financial statement audit and recommend the signing of the financial statements to the Board for distribution to shareholders.
5. Review and endorse the financial aspects of the Business Plan developed by management and monitor compliance with this Plan.
6. Review the budget, including the proposed equity funding plan, and monitor expenditure against the budget.

### (b) Internal Control and Risk Management

1. Ensure that the Company has an appropriate risk management framework for the effective identification, assessment, reporting, and management of risks and undertake a periodic review of this framework.
2. Ensure that the Company's policies and procedures require business areas within the Company to regularly assess, monitor, and take action to manage risks to an acceptable level.
3. Confirm the processes in place for managing insurable risks and for assessing the adequacy of insurance cover, and recommend changes to the Board where appropriate.
4. Review and approve changes to the Company's insurance policies.
5. Monitor and advise the Board, and provide guidance to management on request, on the effectiveness of the Company's administrative policies, financial practices and controls.
6. Approve and periodically review and approve changes to the following policies of the Company:

- Finance Policy;
- Finance Administration Delegation of Authority; and
- Risk Management Policy.

(c) Compliance

1. Review the effectiveness of the Company's systems for monitoring compliance with laws, regulations and any actions taken by management in the event of non-compliance including a periodic review of the NPPA Whistleblower Policy.
2. Obtain regular updates from management and, where appropriate, the Company's lawyers on fraud, compliance matters, disputes, claims and Protected Disclosures under the NPPA Whistleblower Policy that may have a material impact on the company's reputation and/or financial statements.
3. Liaise with management and, where necessary, regulators and appropriate authorities about the results of any examination or investigation of the Company's compliance practices including any investigations of Reportable Conduct under the NPPA Whistleblower Policy.

(d) Internal Audit

1. Consider the need for and scope of work for an internal audit.
2. If appropriate, review the results of audits undertaken and monitor progress against the audit plan.
3. If appropriate, review the effectiveness of internal audit and the quality of the service provided to the Company by internal auditors and, where appropriate, recommend changes to the Board.
4. If appropriate, monitor the objectivity and independence of the internal auditor.
5. Meet at least annually, or as required, with the head of internal audit, or the internal audit provider, without management or others present.
6. Approve the appointment of, and (if required) the termination of, the head of internal audit, or the internal audit provider.

(e) External Audit

1. Review the scope of work and the annual plan for external audit.
2. Review the external auditors' report on the annual audit of the company's financial statements.
3. Review with the external auditors any audit or control concerns identified in the course of audit work.
4. Meet at least annually, or as required, with the external auditor without management or others present.
5. Assess management's response to significant findings and recommendations of the external auditor.
6. Advise the Board on the performance of the external audit and recommend the appointment of external auditors.
7. Assess the independence of the external auditor.

## 4. Governance

(a) Committee Membership

1. The Chair and members of the Committee are appointed and removed by the Board.
2. The Committee will consist of at least three directors and the Executive Director.
3. The Chair of the Committee must not also be the Chair of the Board.
4. The members of the Committee will collectively have expertise in financial matters and an understanding of the banking and payments industries.
5. The Executive Director will be a permanent member of the Committee. The term of appointment of members (other than the Executive Director) is two years. A director can serve a maximum of two consecutive terms on the Committee if appointed by the Board.

6. If the Board determines that a Committee member is unable to perform the role of Committee member due to illness or other incapacity, the Board may remove and replace that member with another director.

(b) Proceedings of Committee

1. The Committee meets at least four times a year and more frequently as required. The internal or external auditors may request a meeting and such a request is to be met.
2. The quorum for a meeting of the Committee is a majority of Committee members.
3. Video or conference call participation by Committee members, or other attendees, requires the Chair's approval.
4. Committee members will be invited to disclose conflicts of interests at the commencement of each meeting.
5. The Committee will seek to make unanimous decisions in the first instance. If unanimity cannot be reached and the matter requires a decision, the Committee may vote on the matter. Each member has one vote other than the Executive Director. Support of a simple majority of voting members present is required for a decision to be made.
6. The Committee may invite non-members to its meetings to provide advice from time to time and may also call on independent expertise as required.
7. At times the Executive Director and management personnel will be invited to leave the meeting to allow the Committee to have a closed session either with or without the presence of the external or internal auditor.
8. The Company Secretary or another designated person will undertake the duties of secretariat. Management will provide support to the Committee as required.
9. In addition to the matters set out in this Charter, the provisions of the Constitution that apply to meetings and resolutions of directors, apply to meetings and resolutions of the Committee.

(c) Authority and Accountability

1. The Committee is established by the Board, under Article 9.6 of the Constitution.
2. The Committee is authorised to:
  - Oversee the appointment, compensation and work of any registered company auditor employed by the Company;
  - Resolve any disagreements between management and the auditor on financial reporting;
  - Pre-approve all auditing and internal auditing services;
  - To obtain, at the Company's reasonable expense, external legal or other professional advice on any matter within its charter, subject to Board approval; and
  - Seek any information it requires from employees, who are directed to co-operate with the Committee's requests, or from external parties.

(d) Reporting

1. The Committee will report to the Board within a reasonable period, as required, and will exercise its powers in accordance with any directions of the Board.
2. The Committee will inform the Board of matters arising from time to time that may significantly impact on the Company's financial position or the Company's operations. The Committee will also keep the Board informed of the Company's major risks and changes to its risk profile.

(e) Review of Charter and Policies

1. The Committee will review this Charter and the Policies referred to in this Charter annually so that they remain consistent with the Board's objectives and responsibilities.
2. The Board may amend this Charter in its own right or on the recommendation of the Committee.

## **5. Glossary**

Words defined in the Constitution have, unless the contrary intention appears, the same meaning in this Charter.

## Change history

Date	Version	Reviewed by	Approved by	Change
27/01/2015	1.0	Board	Board	Referred to Audit Finance and Risk Committee (AFRC).
20/03/2015	1.1	AFRC	AFRC	Minor amendments.
31/03/2015	2.0	Board	Board	
29/09/2015	3.0	AFRC	Board	Referred to the NPPA Whistleblower Policy.
19/04/2016	4.0	AFRC		Annual review: no changes.
23/08/2016	5.0	Board	Board	Amendments relating to the appointment of the Executive Director.
28/03/2017	6.0	AFRC	Board	Annual review
09/08/2018	7.0	AFRC		Annual review
30/08/2018	7.0	Board	Board	Annual review
18/07/2019	7.0	PCC		Annual review
25/07/2019	7.0	Board	Board	Annual review
09/09/2020	7.0	Board	Board	Annual review
10/12/2020	7.0	NPPA	NPPA	Copied into Governance template.