

## Audit Committee Charter

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### **1: Purpose of Charter**

- 1.1 This charter governs the operations of the Audit Committee of the Board of Treasury Group Limited (“TRG”).
- 1.2 Key features are outlined in the Annual Report. The Charter is available on the Company’s website and to shareholders of the Company upon request.

### **2: Objective and Authority**

- 2.1 The Audit Committee (“Committee”) is a Committee of the Treasury Group Limited Board.
- 2.2 The Committee shall provide assistance to the Board of Directors in fulfilling its corporate governance and oversight responsibility in relation to the company’s financial reporting, internal control structure, risk management systems, and the external audit functions. In so doing, it is the responsibility of the Committee to maintain free and open communication between the committee, external auditors and management of the company.
- 2.3 In discharging its oversight role, the Committee is empowered to investigate any matter brought to its attention with full access to all books, records, facilities, and personnel of the Company and the authority to engage independent counsel and other advisers as it determines necessary to carry out its duties.
- 2.4 Membership of the Committee must be disclosed in the Annual Report.

### **3: Membership**

- 3.1 The Committee shall be appointed by the Board of Directors.
- 3.2 The Committee shall comprise at least three directors, with at least two independent directors. Members of the Committee shall be considered independent so long as they do not have any relationship with the company that may interfere with the exercise of independent judgment of the Committee.
- 3.3 All Committee members shall be financially literate, or shall become financially literate within a reasonable period of time after appointment to the Committee. At least one member shall have accounting or related financial management expertise.

#### **4: Chairman**

- 4.1 The Chairman of the Committee, a non-executive Director other than the Chairman of the Board, is selected by the Committee.
- 4.2 The Committee Chairman shall have leadership experience and a strong finance, accounting and/or business background.

#### **5: Secretary**

- 5.1 The Company Secretary will be the Secretary of the Committee.

#### **6: Meetings**

- 6.1 The Committee shall meet at least three times each year. The purpose of these meetings shall be to:

	<u>Indicative Timing</u>
1. Review and approve external audit plans.	Nov - Dec
2. Review and approve the half year financial report.	Feb
3. Review and approve external audit plans	May
4. Review and approve the annual financial report.	Aug

- 6.2 In addition, the Chairman will call a meeting of the Committee if so requested by any member of the Committee, by external auditors or by the Chairman of the Board.

#### **7: Duties and Responsibilities**

- 7.1 The duties and responsibilities of a member of the Committee are in addition to those duties set out for a Director of the Board.
- 7.2 The policies and procedures of the Committee, in carrying out its responsibilities, shall remain flexible in order to best react to changing conditions and circumstances. The Committee shall take appropriate actions to set the overall corporate “tone” for quality financial reporting, sound business risk practices, and ethical behavior.
- 7.3 The Committee is responsible for reviewing the integrity of the Company’s financial reporting and overseeing the independence of external auditors. The following shall be the principal duties and responsibilities of the Committee. These are set forth as a guide with the understanding that the Committee may supplement or modify them as appropriate:

##### **7.3.1 Understanding the business**

The Committee shall ensure it has an appropriate understanding of the business in order to adequately assess the significant risks faced by the Company in the current environment.

### **7.3.2 Financial reporting and communication with stakeholders**

The primary responsibility of the Committee is to oversee the Company's financial reporting process on behalf of the Board and report the results of their activities to the Board.

While the Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Committee to plan or conduct audits.

The Board of Directors is responsible for the Company's financial reports, including the appropriateness of the accounting policies and principles that are used by the Company. The external auditors are responsible for auditing the Company's financial reports and for reviewing the Company's unaudited interim financial reports.

The Committee shall review the half-year and annual financial report and Appendix 4D and 4E prior to the filing of these with the ASX. Also the Committee shall discuss the results of the half-year review and annual audit and any other matters required to be communicated to the Committee by the external auditors under generally accepted auditing standards. The Chairman of the Committee may represent the entire Committee for the purposes of this review.

The Committee shall review all representation letters signed by management to ensure that the information provided is complete and appropriate. Also, the Committee shall discuss the results of the annual audit and any matters required to be communicated to the Committee by the external auditors under generally accepted auditing standards.

The Committee shall establish procedures for the receipt, retention, and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters, and the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters. The Committee shall receive corporate legal reports of evidence of a material violation of the Corporations Act, the ASX Listing Rules or breaches of fiduciary duty.

### **7.3.3 Related party transactions**

The Committee shall monitor and review the propriety of any related party transactions.

### **7.3.4 Assessment of accounting, financial and internal controls**

The Committee shall discuss with management and the external auditors the adequacy and effectiveness of the accounting and financial controls, including the Company's policies and procedures to assess, monitor and manage business risk, and legal and ethical compliance programs (including the Company's Code of Conduct). Any opinion obtained from the external auditors on the company's choice of accounting policies or methods should include an opinion on the appropriateness and not just the acceptability of that choice or method.

The Committee shall meet separately as required with management or the external auditors to discuss issues and concerns warranting Committee attention, including but not limited to their assessments of the effectiveness of internal controls and the process for improvement. The Committee shall provide sufficient opportunity for the external auditors to meet privately with the members of the Committee. The Committee shall review with the external auditor any audit problems or difficulties and management's response.

The Committee shall receive regular reports from the external auditors on the critical policies and practices of the Company, and all alternative treatments of financial information within generally accepted accounting principles that have been discussed with management.

### **7.3.5 Appointment of external auditors**

The Committee shall be directly responsible for making recommendations to the Board of Directors on the appointment, reappointment or replacement (subject, if applicable, to shareholder ratification), remuneration, monitoring of the effectiveness, and independence of the external auditors, including resolution of disagreements between management and the auditors regarding financial reporting.

The Committee shall pre-approve all audit and non audit services provided by the external auditors and shall not engage the external auditors to perform any non-audit/assurance services that may impair or appear to impair the external auditor's judgment or independence in respect of the Company. The Committee may delegate pre-approval authority to a member of the Committee. The decisions of any Committee member to whom pre-approval authority is delegated must be presented to the full Committee at its next scheduled meeting.

### **7.3.6 Assessment of the external audit**

The Committee, at least on an annual basis, shall review and discuss:

- The Audit plan of the external auditors and consider it in light of the terms of their engagement, areas of special concern to the external Auditors or to the Board and the extent to which changes in internal accounting control have affected the plan;
- The performance of the external Auditors by discussion with management, together with the Committee's own perceptions from its interaction with the external Auditors.

In addition, the Committee shall set clear hiring policies for employees or former employees of the external auditor in order to prevent the impairment or perceived impairment of the external auditor's judgment or independence in respect of the Company.

### **7.3.7 Independence of the external auditors**

The Committee shall review and assess the independence of the external auditor, including but not limited to any relationships with the Company or any other entity that may impair or appear to impair the external auditor's judgment or independence in respect of the Company. Furthermore, the Committee shall draft an annual statement for inclusion in the Company's annual report of whether the Committee is satisfied the provision of non-audit services is compatible with external auditor independence.

### **7.3.8 Scope of the external audit**

The Committee shall discuss with the external auditors the overall scope of the external audit, including identified risk areas and any additional agreed-upon procedures. In addition, the Committee shall also review the external auditor's compensation to ensure that an effective, comprehensive and complete audit can be conducted for the agreed compensation level.

### **7.3.9 Committee performance**

The Committee shall perform an evaluation of its performance periodically to determine whether it is functioning effectively by reference to current best practice.

## **8: Reporting**

- 8.1 The Committee will keep minutes of its meetings. The Secretary shall circulate the minutes of the meetings of the Committee to all members of the Committee for comment and change before being signed by the Chairman of the Committee.
- 8.2 The minutes shall be circulated to the Board with the Board papers for the next Board meeting. The minutes are to be tabled at the Board meeting following the Committee meeting along with any recommendations of the Committee.

## **9: Review of Charter**

- 9.1 The Committee shall review and reassess the Audit Committee Charter on an annual basis.
- 9.2 Significant changes to the Charter are recommended by the Committee and approved by the Board.