

# Charter of the Audit Committee

**NGE Capital Limited**  
ABN 31 112 618 238

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# Charter of the Audit Committee

## 1. Introduction

- 1.1 This Charter governs the roles, responsibilities, composition and membership of the audit committee of the Company (**Committee**).
- 1.2 The operation of the Committee is also governed, where applicable, by the constitution of the Company.

## 2. Objective

- 2.1 The purpose of the Committee is to assist the board of directors of the Company (**Board**) in fulfilling its corporate governance and oversight responsibilities by:
  - (1) monitoring and reviewing:
    - (a) the integrity of the Company's financial statements;
    - (b) the effectiveness of internal financial controls;
    - (c) the independence, objectivity and competency of internal auditors (if any) and external auditors; and
    - (d) the policies on risk oversight and management, and
  - (2) making recommendations to the Board in relation to the appointment of external auditors and approving the remuneration and terms of their engagement.

## 3. Composition

### 3.1 Members

The Committee must have a minimum of 3 members, where the circumstances of the Company allow, with the majority of members being independent directors, also where the circumstances of the company allow.

The members of the Committee will be appointed and removed by the Board.

### **3.2 Expertise**

Each member of the Committee must be able to read and understand financial statements.

The Committee should include:

- (1) at least 1 member who has experience of financial and accounting matters; and
- (2) some members who have an understanding of the investment industry.

Members of the Committee must have an appropriate level of understanding of the principles of corporate governance, including knowledge of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations.

### **3.3 Chairperson and Secretary**

Where the circumstances of the Company allow, the Board will appoint an independent chairperson to the Committee (**Chair**). The Chair must not be the chairperson of the Board.

The Company Secretary will act as secretary of the Committee (**Secretary**) unless determined otherwise by the Board.

## **4. Meetings**

### **4.1 Frequency**

The Committee will meet as frequently as required but must, at a minimum, meet twice per year.

The Secretary must call a meeting of the Committee if requested to do so by any member of the Committee.

### **4.2 Agenda and notice**

The Secretary will be responsible, in conjunction with the Chair, for drawing up the agenda (supported by any necessary explanatory documentation) and circulating it to Committee members prior to each meeting. The Secretary must notify members of the Committee of the date, time and location of Committee meetings as far in advance as possible, but not less than 48 hours before the meeting.

### **4.3 Quorum**

A quorum for Committee meetings will be at least 2 members.

### **4.4 Minutes**

The Secretary is responsible for taking minutes of each meeting and distributing them to Committee members as soon as practicable after a meeting or at the latest within one month of the meeting.

Upon approval of the minutes by the Committee, the Secretary is to include the minutes in the papers for the next full Board meeting.

### **4.5 Attendance at Committee meetings by non members**

The Committee may invite any person to attend part or all of any meeting of the Committee as it considers appropriate. Voting at Committee meetings is restricted to Committee members.

## **5. Powers**

### **5.1 Access**

The Committee has the right to unrestricted access to management, internal auditors (if any) and external auditors and all Company records for the purpose of carrying out its responsibilities under this Charter.

If the Company has an internal audit function, the Committee must be provided with all necessary access to the internal audit function without the presence of management.

The Committee will meet with external auditors, in the absence of management, as often as required, but not less than once a year.

### **5.2 Investigations**

The Committee has the power:

- (1) to conduct any investigations, it considers necessary to undertake its role effectively; and
- (2) seek explanations and additional information from any member of the Company's staff and external auditors.

The Committee has the power to engage any independent experts it requires to help it fulfil its duties. Costs associated with this will be borne by the Company.

## **6. Responsibilities**

### **6.1 Risk oversight and management policies**

The Committee is responsible for providing the Board with advice and recommendations regarding the ongoing development of risk oversight and management policies that set out the roles and respective accountabilities of the Board, the Committee, management and the internal audit function (if any).

The policies should cover the areas of oversight, risk profile, risk management, compliance and control and assessment of effectiveness.

### **6.2 Risk management and risk profile**

The Committee is responsible for:

- (1) providing the Board with advice and recommendations regarding the establishment and implementation of:
  - (a) a risk management system; and
  - (b) a risk profile for the Company that describes the material risks (including financial and non-financial risks) which the Company faces;
- (2) reviewing the effectiveness of the Company's implementation of the risk management system at least once a year; and
- (3) regularly reviewing and updating the Company's risk profile.

The Committee is responsible for ensuring that the appropriate senior managers have established and implemented a system for identifying, assessing, monitoring and managing risk throughout the organisation. The system is to include the Company's internal compliance and control systems.

### **6.3 Internal audit function**

If appropriate for the size of the Company, the Committee is responsible for establishing an internal audit function whose purpose is to analyse the effectiveness of:

- (1) the Company's risk management and internal compliance and control system; and
- (2) the implementation of the Company's risk management and internal compliance and control system.

#### **6.4 Internal auditors**

If the Company has an internal audit function, the responsibilities of the Committee include:

- (1) reviewing the results and effectiveness of the internal audit programs;
- (2) recommending the scope of the internal audit for Board approval;
- (3) reviewing and approving the appointment and dismissal of senior internal audit executives;
- (4) ensuring the internal audit function is independent of the external auditor;
- (5) ensuring that the internal audit function has all necessary access to management and the right to seek information and explanations;
- (6) receiving summaries of significant reports to management prepared by internal audit, the management response and the recommendations of internal audit;
- (7) ensuring no management or other restrictions are placed on the internal auditors; and
- (8) ensuring the internal auditors are adequately resourced.

#### **6.5 External auditors**

The responsibilities of the Committee include:

- (1) providing a link between the external auditors and the Board;
- (2) reviewing the performance and independence of the external auditors;
- (3) reviewing procedures for the selection and appointment of external auditors;
- (4) reviewing and providing recommendations on the rotation of external audit engagement partners;
- (5) recommending the appointment, remuneration and terms of engagement of the external auditors;
- (6) recommending the scope of the external audit for Board approval;
- (7) reviewing and providing oversight of audit reports prepared and issued by the external auditors;

- (8) ensuring that no management or other restrictions are placed on the external auditors; and
- (9) determining what non-audit services are to be provided by the external auditor.

## **6.6 Review of financial reports**

Duties of the Committee include:

- (1) reviewing financial statements for accuracy, adequacy and clarity and ensuring they reflect a true and fair view as a basis for recommendation to and adoption by the Board;
- (2) reviewing financial statements for adherence to accounting standards and policies and the requirements of the ASX Listing Rules and the *Corporations Act 2001*;
- (3) reviewing accounting policies adopted and any changes made to them;
- (4) reviewing management processes supporting external reporting;
- (5) discussing any significant matters arising from the audit, management judgments and accounting estimates with management and internal auditors (if any) and external auditors; and
- (6) reviewing, and where necessary challenging, the actions and judgment of management in relation to all financial reports.

## **7. Reporting**

### **7.1 Reporting to the Board**

The Committee must report to the Board, at the first Board meeting subsequent to each Committee meeting, regarding the proceedings of each Committee meeting, the outcomes of the Committee's reviews and recommendations and any other relevant issues. The report must contain all matters relevant to the Committee's role and responsibilities including, at a minimum:

- (1) assessment of whether external reporting is in line with the information and knowledge of the members of the Committee and is adequate for the needs of the Company's shareholders;
- (2) assessment of the management processes which support external reporting;



- (3) procedures for the selection and appointment of the external auditor and for the rotation of external audit engagement partners;
- (4) recommendations for the appointment or if necessary, the removal of the external auditor;
- (5) assessment of the performance and independence of the external auditors and, given the provision by the external auditors of any non-audit services, whether the Committee is satisfied that provision of those services has not compromised the auditor's independence;
- (6) assessment of the performance and objectivity of the internal audit function (if any);
- (7) the results of the Committee's review of risk management and internal compliance and control systems; and
- (8) recommendations for the appointment or if necessary, the dismissal of the head of internal audit (if any).

The minutes of the Committee meetings must be included in the papers for the next full Board meeting subsequent to each Committee meeting.

## **7.2 Annual report**

The Committee must provide the Board with advice and recommendations regarding the appropriate material and disclosures to be included in the corporate governance section of the Company's annual report in relation to the Company's audit policies and practices.

## **7.3 Public availability of materials**

The Committee must ensure that the following material is made publicly available on the Company's website in a clearly marked corporate governance section:

- (1) a copy of this Charter;
- (2) information regarding the procedures for the selection and appointment of the external auditor and the rotation of external audit engagement partners; and
- (3) a description of the Company's risk management policy and internal compliance and control system.

## **8. Review of the Charter**

- 8.1 This Charter shall be reviewed annually and revised by the Board as required.