



NEW HOPE
GROUP

Audit and Risk Committee Charter

22 March 2021

1. OBJECTIVE

The primary objective of the Audit and Risk Committee (**ARC**) is to assist the Board of Directors (**Board**) to fulfil its corporate governance and overseeing responsibilities relating to:

- The financial reporting process;
- The system of internal control and management of financial risk, including the risk of fraud;
- The internal and external audit process;
- The Company's tax risk, compliance and governance processes;
- The Company's process for monitoring compliance with laws and regulations and the Company's Code of Conduct; and
- The Company's process for recognising, managing (eliminating, mitigating or minimising) and monitoring risks associated with its operations and conduct of its business activities.

The ARC will report to the Board and provide appropriate advice and recommendations on matters relevant to this Charter in order to facilitate decision making by the Board.

The Health, Safety, Environment and People Committee (**HSEPC**) is responsible for health, safety and environment risk matters according to its charter. The HSEPC will advise the ARC of health, safety and environment risk matters that could affect the company's risk appetite and compliance processes.

2. MEMBERSHIP

The ARC will comprise of no less than three members appointed by the Board, preferably a majority of independent non-executive Directors. The Board will formally approve all changes to members of the ARC.

Members should preferably have a comprehensive financial and / or risk management background.

The Chair of the ARC will be appointed by the Board.

The Chair of the Board should not be the Chair of the ARC.

3. AUTHORITY

The ARC is authorised by the Board to investigate any activity within its terms of reference. It is authorised to seek any information it requires from any employee and all employees are directed to cooperate with any requests made by the ARC.

The ARC is authorised by the Board to obtain outside legal or other independent professional advice and to secure the assistance of outsiders with relevant experience and expertise if it considers this necessary, but only after consultation with the Chair of the Board.

The ARC shall have unlimited access to both the internal and external auditors and to senior management of the Company.

4. MEETINGS

The ARC will meet at least four times a year.

The ARC may call such additional meetings as the Chair of the ARC decides are necessary for the ARC to fulfil its duties. In addition, the Chair of the ARC is required to call a meeting of the ARC when required to do so by an ARC member, the Chief Executive Officer, the Chief Financial Officer, the internal auditors or the external auditors.

The members will nominate a Secretary to the ARC who shall be responsible, in conjunction with the Chair of the ARC for preparing an agenda for each meeting. The agenda will be provided to the ARC members prior to each meeting. In preparing the agenda, the Chair of the ARC and the Secretary shall consult with the internal and external auditors where appropriate. The Secretary will also be responsible for keeping and circulating minutes. The minutes of meetings will be approved by the ARC and signed by the Chair of the ARC.

It is expected that the Chief Executive Officer and Chief Financial Officer will usually attend each meeting, at the discretion of the Chair of the ARC – in order that, inter alia, the ARC may be made directly aware of the views of the Company's management. Representatives of the internal and external auditors will also attend at the discretion of the ARC. The ARC, or Chair of the ARC, may invite other persons to its meetings as it deems necessary. All Directors may attend meetings.

5. RESPONSIBILITIES

The ARC shall:

- Evaluate the internal control environment;
- Oversee and appraise the coverage and quality of the audits conducted by the Company's internal and external auditors;
- Oversee and appraise the adequacy and quality of Company's process for recognising, managing and monitoring risks associated with its operations and conduct of its business activities;

- Maintain open lines of communications among the Board, the internal auditors and the external auditors to exchange views and information, as well as confirm the auditors' respective authority and responsibilities;
- Serve as an independent and objective party to review the financial information presented by management to shareholders, analysts and the general public;
- Oversee and appraise the process for managing the Company's tax affairs including the adequacy and quality of Company's process for recognising, managing and monitoring tax risks, compliance, governance and reporting;
- Oversee and appraise the framework for managing compliance with the Corporations Act 2001 (Cth), ASX Listing Rules and any other applicable requirements; and
- Consider any other matters referred to it by the Board.

The specific duties of the ARC shall be:

5.1 Internal Control

Evaluate whether management is setting the appropriate "control culture" by communicating the importance of internal control and the management of risk and ensuring that all employees have an understanding of their roles and responsibilities.

Evaluate the Company's exposure to fraud.

Review the adequacy of the security of computer systems and applications, and the contingency plans for processing financial information in the event of a systems breakdown.

Gain an understanding of whether internal control recommendations made by internal and external auditors have been implemented by management within an appropriate timeframe.

5.2 Financial Accounting Compliance

Evaluate the adequacy and effectiveness of the Company's administrative, operating and accounting policies through active communication with management, internal auditors and external auditors.

Require reports from management, the internal auditors and external auditors on any significant proposed regulatory, accounting or reporting issue, to assess the potential impact upon the Company's financial reporting process.

Evaluate the adequacy of the Company's management information and accounting control system by reviewing written reports from the internal and external auditors, and monitor management's responses and actions to correct any noted deficiencies.

Monitor the standard of corporate conduct in areas such as arm's-length dealings and potential conflicts of interest.

5.3 External Reporting

Review all financial reports and any correspondence regarding the Company's financial reporting or related matters prior to their public release. Review significant accounting and reporting issues, including recent professional and regulatory pronouncements, and understand their impact on the financial statements.

Gain an understanding of the current areas of greatest financial risk and how management is managing these effectively.

Review the annual and half year financial statements, announcement of results to the Australian Securities Exchange (**ASX**) with the Chief Executive Officer, the Chief Financial Officer and the external auditors, and recommend acceptance to the Board, with particular reference to:

- The nature and impact of any changes to accounting policies and practices;
- Major judgmental areas;
- Outstanding contingent liabilities, including existing and potential legal actions against the Company, its subsidiaries or the Board;
- Significant adjustments resulting from the audit; and
- Compliance with accounting standards and the *Corporations Act 2001 (Cth)*, ASX Listing Rules and other legislative and reporting requirements.

Review the other sections of the annual report before its release and consider whether the information is understandable and consistent with members' knowledge about the Company and its operations.

Receive sign-off from the HSEP for any remuneration and health, safety and environmental reporting to be included in the annual report or other public reporting.

5.4 External Audit

Recommend to the Board annually or as otherwise determined by the Board, the appointment of external auditors.

Discuss problems and reservations arising before the interim and final results, and any matters the external auditor may wish to discuss. The ARC, or the Chair of the ARC, may meet with the external auditors, in the absence of management as requested by either the ARC or the external auditors.

Review reports prepared by external audit and management's response. Review all representation letters signed by management and be satisfied that the information provided is complete and appropriate.

Periodically assess the external auditor's independence by considering the relationships and services provided by the external auditors and others that may lead to actual or perceived lack of independence.

The external auditors may be permitted to provide non-audit services where their detailed knowledge of the Company's activities could permit cost and output efficiencies, provided stringent independence requirements are satisfied. These services, based on recommendations from management, must be approved by the ARC.

The ARC will require the external auditors to confirm, in writing, that they have complied with all professional and regulatory requirements relating to auditor independence prior to the announcement of the results for each period.

The ARC will recommend to the Board, on a totally transparent basis, the appropriate disclosure in the Financial Statements of the details of fees paid to the external auditors.

5.5 Internal Audit

Recommend to the Board the appointment of the internal auditor, with the internal auditor reporting directly to the Chair of the ARC.

Review the activities and resources of the internal audit function and ensure no unjustified restrictions or limitations are made.

Ensure coordination between the internal and external auditors and management.

Consult with the HSEPC on the coordination of audit activities which involve health and safety matters.

Monitor the progress of the internal audit program and, together with any additional investigative reviews, consider the implications for the control environment. Meet separately with the internal auditor to discuss any matters that the ARC or the internal auditor believe should be discussed privately.

5.6 Risk Management

Oversee and appraise the adequacy and quality of Company's process for recognising, managing and monitoring risks associated with its operations and conduct of its business activities.

At least annually, in conjunction with the HSEPC and in consultation with relevant Company executives and responsible employees, the ARC must review the Company's risk register and risk management framework and agree the allocation of responsibility by respective committee per identified risk. The ARC will have primary responsibility for the risks allocated to it.

Periodically review (and provide recommendations to the Board for the approval of):

- the Company's risk profile; and
- the Strategic and Corporate Risk Management Framework.

Oversee material risks and controls and participate relevantly in risk review workshops conducted by Company executives and responsible employees.

Ensure the Company engages or employs people with the requisite skills, capability and experience to manage the Company's processes for recognising, managing and monitoring risks associated with its operations and conduct of its business activities (**Risk Management People**)

Review and monitor the Corporate Risk Management Plans and Risk Reports from Risk Management People and Executive Leadership Team.

Provide an advisory role to Risk Management People to ensure appropriate mitigation strategies are implemented by the individual business units and operational groups. This includes compliance with the risk appetite as set by the Board.

Monitor and review plans and reports prepared by Risk Management People.

Review the insurance program at least annually.

5.7 Tax Compliance

Oversee and appraise the adequacy and quality of Company's process for recognising, managing and monitoring tax risks.

Oversee and appraise the tax governance processes of the Company to ensure these are adequate for tax compliance matters to be managed.

Gain an understanding of any current or pending changes in tax legislation or guidance and how management are effectively addressing.

Receive and consider updates from management on the status of tax compliance for the Company.

Review annually the Company's tax report to be released with the annual financial statements to ensure the information is consistent and relevant for public reporting and in line with the tax transparency code formally adopted by the Company.

5.8 Compliance

Review the framework for identifying, monitoring and managing compliance with laws and regulations.

Obtain regular updates from management in relation to compliance with significant statutory requirements.

5.9 Other Responsibilities

Review and monitor the governance and audit frameworks for all group business interests.

Review and monitor related party transactions.

Perform other oversight functions as requested by the Board.

Identify and direct any special projects or investigations deemed necessary.

6. REPORTING

The ARC shall:

- Update the Board about ARC activities and make appropriate recommendations; and
- Ensure the Board is aware of matters which may significantly impact the financial condition or affairs of the business.

7. REVIEWS

The ARC will review its performance on an annual basis. The ARC should also review this Charter and its composition annually to ensure that it remains consistent with the Board's objectives and responsibilities.