

Bod Australia Limited
Audit and Risk Committee Charter

The Board of Bod Australia Limited has established an Audit and Risk Committee (the **Committee**). Its function, responsibilities and administration are set out in this Charter.

1. The Role of the Audit and Risk Committee

1.1 The role of the Audit and Risk Committee is to assist and advise the Board in discharging its responsibilities in relation to:

- a) Financial reporting;
- b) Risk management;
- c) Evaluating the effectiveness of the financial control environment; and
- d) Review of the internal and external audit functions.

2. Membership of the Committee

2.1 The Board appoints the Audit and Risk Committee members and its Chair.

2.2 A majority of the Committee shall be Non-Executive Directors, with a minimum membership of three.

2.3 The Chair shall be an independent Non-Executive Director and not the Chairman of the Board.

2.4 The Secretary of the Audit and Risk Committee is the Company Secretary.

2.5 The Chief Executive Officer and Chief Financial Officer (CFO) shall be invited by the Chair to attend part or all of any meeting of the Audit and Risk Committee. Representatives of the external auditor also have a standing invitation to attend Committee meetings. Selected other executives and managers, may attend meetings of the Committee by invitation.

2.6 The Board shall review the membership and performance of the Committee annually, in accordance with Section 7 below.

3. Administration

3.1 The Committee shall meet at least four times each year on pre-arranged dates scheduled to correspond with the Company's financial reporting cycle, or as often as the Committee members deem necessary in order to fulfil the Committee's responsibilities.

3.2 A quorum consists of two members of the Committee.

3.3 The CFO shall, in conjunction with the Chair of the Committee and the Managing Director & CEO, settle agendas for and arrange meetings of the Committee. The Chair may, at his or her discretion, ask for a paper on a particular topic to be prepared for consideration by the Committee. The preparation of papers to be presented to the Committee is the responsibility of Management. The agenda and discussion papers should be distributed to the members of the Committee at least one week prior to each meeting.

- 3.4 The Secretary shall be responsible for the Minutes of all Committee meetings with draft Committee minutes to be sent to the Chair of the Committee for review, and subsequently to other Committee members, as soon as practicable after each meeting. All Committee minutes shall be entered into a Minute Book maintained for that purpose. The Minute Book shall be available at all times for inspection by any Director.
- 3.5 The Committee may have access to financial, legal or other independent advisers as it reasonably determines.

4. Reporting

- 4.1 The Minutes of each Committee meeting shall be included in the Board papers for the next Board meeting following the Committee meeting. The Minutes shall include any relevant papers as attachments.
- 4.2 The Chair shall, if requested, provide a brief oral report to the Board on any material matters arising out of the Committee meeting and address any questions raised.

5. Responsibilities

The Committee shall be responsible for the following matters:

5.1 Reviewing financial statements and supporting processes

- a) Monitoring the structure and performance of the financial reporting function;
- b) Reviewing the interim and annual financial statements and accompanying ASX announcements and discussing them with the external auditor prior to their release to determine whether they are complete, reflect appropriate accounting principles and contain relevant disclosures. In discharging this responsibility, the Committee shall review and assess:
- i. the appropriateness of the significant accounting policies adopted by Management in the preparation and presentation of financial statements;
 - ii. the scope and outcome of due diligence processes underpinning the financial statements;
 - iii. significant accounting and reporting issues, including the impact on the financial statements of recent accounting and regulatory pronouncements;
 - iv. significant judgments made by Management in preparing the financial statements, including any significant accounting estimates;
 - v. the summary of audit differences and management letter recommendations provided by the external auditors, and differences of views if any between Management and the external auditors;
 - vi. the consistency of accounting policies applied and application of new accounting standards; and
 - vii. recommendations to the Board prior to the Board approving the financial statements and preliminary announcements.
- c) Reviewing the CEO and CFO's written certifications in relation to the Company's financial statements and at least annually, the system of internal compliance and controls.

5.2 External Audit

- a) Establishing a policy for, and recommending to the Board, the appointment terms of engagement, rotation of external audit personnel on a regular basis, conducting audit tender processes and removal of the external auditor;
- b) Approving the audit plan and audit fees of the external auditor prior to the commencement of statutory audit processes for a given financial year;
- c) Approving the quantum and nature of non-audit services to be provided by the external auditor;
- d) Monitoring the effectiveness and independence of the external auditor and confirming that the audit is conducted in accordance with applicable auditing standards and all other relevant accounting policies and standards;
- e) Reviewing the quality of audits conducted by the Company's external auditor;
- f) Monitoring the relationship between Management and the external auditor; and
- g) Arranging for the Committee to meet with the external auditor without the presence of Management, at least twice a year.

5.3 Internal Controls

- a) Reviewing the adequacy, effectiveness and appropriateness of the Company's accounting control systems and policies;
- b) Reviewing and evaluating the controls and processes in place to ensure compliance with approved policies, internal controls, and applicable accounting standards and other requirements relating to the preparation and presentation of financial results;
- c) Confirming the reliability, integrity and effectiveness of accounting policies and financial reporting and disclosure practices;
- d) At the time of approving this Charter, the Board of Bod Australia Limited considered that the nature, size and complexity of the Group's operations did not justify the establishment of an Internal Audit function. The Audit and Risk Committee will review at least annually the appropriateness of the Group establishing an Internal Audit function taking into consideration the Audit and Risk Committee's assessment of the nature, size and complexity of the Group's operations;
- e) Confirming that any internal control recommendations made by the internal or external auditor and approved by the Committee have been implemented by Management on a timely basis;
- f) Reviewing and making recommendations to the Board in relation to any incident involving actual or potential breach of Company policy, actual or potential fraud or other breakdown of the Company's internal controls;
- g) Confirming the system of controls (including Information Technology system controls) effectively safeguards the assets as recorded in the financial statements of the Company;
- h) Confirm the system of controls in place to secure computer systems and applications and to protect against unauthorised access, fraud or misuse, and the contingency plans for processing financial information in the event of a systems breakdown; and
- i) Confirming that processes are in place such that accounting records are properly maintained in accordance with statutory requirements.

5.4 Review of Risk Management

- a) Evaluating whether Management is setting the appropriate 'control culture' by communicating the importance of internal control and management of risk;
- b) Gaining an understanding of and review the areas of greatest strategic and operational risk to the organisation and how these are managed;
- c) Ensuring that Management has appropriate processes for identifying, assessing and responding to risks in a manner that is in accordance with the Company's risk appetite, and that those processes are operating effectively
- d) Reviewing, at least annually, the effectiveness of the Company's Risk Management Framework and systems for identifying, monitoring and managing significant business risks across the Company's businesses;
- e) Considering whether the Risk Management Framework effectively identifies areas of potential, material risk including economic, environmental and social sustainability risks; and
- f) Considering post implementation reviews on Board approved projects.

5.5 Insurance Program

- a) Reviewing the Company's insurance program at least annually having regard to the Company's business and the insurable risks associated with the Company's businesses.

6. Decision Making Authority

- 6.1 This Committee is a review and advice committee. This Committee has no decision making authority on behalf of the Company and the Board and holds no delegated authorities from the Board except where decision making authorities are expressly stated in this Charter.
- 6.2 Express decision making authorities include:
 - approving the audit plan and audit fees of the external auditor (paragraph 5.2 (b));
 - approving the appointment, removal, fees and scope of work of the internal auditor (if appointed) (paragraph 5.3 (d));
 - authority to engage and authorise expenses for independent counsel and other advisors as the Committee deems necessary to perform its duties.

7. Review

- 7.1 The Board shall review the Charter of the Committee when required, but ordinarily once every two calendar years, to determine its adequacy for then current circumstances.
- 7.2 When necessary the Board may by resolution alter the responsibilities, the functions or the membership of the Committee. The Committee may also recommend to the Board the formal adoption of a revised Charter to improve the effect and the efficiency of the Committee.

Date of formal adoption

15 October 2018