



## **AUDIT RISK & COMPLIANCE COMMITTEE POLICY**

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### **1. Audit Risk & Compliance Committee Charter**

The purpose of the Audit Risk & Compliance Committee (Audit Committee) is to assist the Board fulfil their corporate governance role in relation to the integrity of the Group's financial reporting, internal control structure, risk management systems and the internal and external audit functions of Questus Ltd and its controlled entities. The committee attempts to ensure the truthful and factual presentation of the Group's financial performance and position.

#### **1.1 Responsibilities**

The Audit Committee's responsibilities include the following:

- a) Financial Reporting
  - (i) Review, assess and monitor the financial reporting of the Group including:
    - published financial statements and reports;
    - accounting policies and disclosures including notes to the accounts;
    - the response to any issues raised as a result of an external audit; and
    - compliance with accounting and financial reporting standards, stock exchange and legal requirements.
- b) External Audit
  - (i) Recommend the appointment and removal of External Auditors;
  - (ii) Review the Audit Engagement letter;
  - (iii) Review and assess:
    - external audit scope;

- external audit reports;
  - external audit performance, including time of audit, fees, partner rotation and value added services;
  - materiality
  - auditor independence.
- c) Internal Audit
- (i) Review the requirements for an internal audit function and the scope
  - (ii) Review the performance of an internal audit and auditor
  - (iii) Recommend the appointment and removal of the Internal Auditor, if any.
- d) Risk Management
- (i) Oversee the formulation and implementation of a risk management strategy and policy in conjunction with the compliance committee
  - (ii) Monitor and review annually the effectiveness of the risk management policy

## 1.2 Membership

The Audit Committee shall be comprised of at least two directors and when possible the majority of whom shall be non-executive directors.

A committee chairman, when possible will be a non-executive director but not chairman of the Board, shall be appointed by the Board of Directors for a period of three years.

Due consideration will be given by the Board of Directors from time to time, with a view to rotating members without, however, losing the continuity of experience and knowledge gained by the members of the Audit Committee.

All members of the Audit Committee shall be financially literate in accounting practices, and at least one member of the Audit Committee shall have financial and accounting related expertise.

The Company Secretary shall be appointed Secretary of the Audit Committee. The Secretary, in conjunction with the Chairman, shall draw up an agenda which shall be circulated at least one week prior to each meeting to the members of the Audit Committee and the internal and external auditors.

### 1.3 Meetings

The Audit Committee shall meet as frequently as required and at least semi-annually in line with external reporting requirements.

The Chairman will call a meeting of the Audit Committee, if so requested by any committee member, the Chief Finance Controller, or the internal or external auditors. Any director, if they wish, may attend any meeting.

The Chief Finance Controller and the internal and external auditors should be given notice of all meetings and have the right to attend and speak at each meeting subject to concurrence of the Chairman of the Audit Committee.

A quorum for a meeting shall be a minimum of two, which must include the Chairman.

## 2. Selection and Appointment of External Auditors

The Audit Committee is responsible for the appointment of external auditors, monitoring the effectiveness, objectivity and independence of the external auditors, and reviewing the quality and scope of the services provided.

The following process has been adopted for the selection and appointment of external auditors:

### 2.1 Selection

- a) The ability of the firm to conduct the audit given their size, knowledge of the industry, competencies and independence.
- b) The proposed cost of the audit.
- c) The proposed timing.

## 2.2 Appointment

The auditor is recommended to the Board for appointment and this is to be ratified by the Board and confirmed in writing to the auditor.

## 2.3 Review

Each year following completion of the annual audit the Audit Committee will review the performance of the External auditor, in relation to timeliness, quality of service, value added input, and cost.