

# Audit and Risk Management Committee Charter

Beamtree Holdings Limited  
ACN 627 071 121

## 1 PURPOSE

- 1.1 The Audit and Risk Management Committee (Committee) is a committee of the board of directors (Board) of PKS Holdings Limited (Company).
- 1.2 The purpose of the Committee is to assist the Board in fulfilling its corporate governance and oversight responsibilities relating to:
  - a) financial and other periodic corporate reporting
  - b) the external audit functions
  - c) financial and non-financial risks
  - d) internal controls and systems
  - e) processes for monitoring compliance with laws and regulations
- 1.3 The duties and responsibilities of the Committee to fulfil this purpose are described in sections 2 and 3.

## 2 DUTIES AND RESPONSIBILITIES – AUDIT

The Committee shall:

### 2.1 Financial Reporting

- a) Ensure that the financial statements comply with accounting standards, reflect the understanding of the Committee members of, and otherwise provide a true and fair view of, the financial position and performance of the Company and are not misleading.
- b) Review with management and the external auditors, the financial statements released to shareholders.
- c) Require management to inform the Committee as to:
  - i. the compliance with current Australian Accounting Standards and other regulatory requirements;
  - ii. changes in accounting policies during the period; and
  - iii. outline methods used in accounting for specific transactions where there is no definitive accounting standard.
- d) Require external auditors to inform the Committee of their views in relation to the above.
- e) Review management's representations in respect of the accounts and recommendations to the Board in connection with adoption of the accounts.

### 2.2 Assessment of Systems of Financial Risk Management and Internal Control

- a) Discuss with management and the external auditor the Company's accounting and financial controls, including the policies and procedures to assess, monitor and supervise financial risk, business risk, legal and ethical compliance programs for

the purpose of forming a view as to the effectiveness of these controls, policies, procedures and programs.

- b) Discuss with management and the external auditor the Company's accounting policies and methods for the purpose of forming a view as to the appropriateness (as opposed to acceptability) and objectivity of these policies and methods.
- c) Review all reports produced by the external auditor and management's response to the matters raised therein and become satisfied that accounting records are properly maintained in accordance with statutory requirements.
- d) Obtain reports from time to time from the external auditor on the critical policies and practices of the Company and on all alternative treatments of financial information within generally accepted accounting principles that have been discussed with management.
- e) Make any recommendations to the Board, as appropriate, in connection with the items listed in (a) to (d) above.
- f) Review all related party transactions involving the Company.

## 2.3 External Audit

- a) Recommend to the Board the appointment and remuneration (and, where appropriate, replacement) of the external auditor and the terms of their engagement.
- b) Agree with the external auditor the overall scope of the external audit, including identified risk areas and any additional procedures considered necessary.
- c) Review external audit plans and progress reports prepared by the external auditor and determine whether all matters raised are receiving appropriate attention.
- d) Monitor and periodically evaluate the effectiveness and adequacy of the external auditor.

## 2.4 Independence of the External Auditor and Provision of Non-Audit Services

- a) Periodically (at least once per annum) assess the independence of the external auditor by considering the relationships and services provided by the external auditor that may lead to an actual or perceived lack of independence.
- b) Require the external auditor to confirm in writing that they have complied with all professional and regulatory requirements relating to auditor independence prior to the completion of each year's accounts. The report will also delineate all relationships between the external auditor and the Company and describe the external auditor's internal quality control procedures. The report is an addition to any other declaration that the external auditor must provide pursuant to the Corporations Act 2001 (Cth).  
Approve and review the External Auditor Independence Policy (Schedule 1) and monitor compliance with that policy.

- c) Recommend to the Board the appropriate disclosure in each year's accounts of the full details of fees paid to the external auditor, including an analysis of non-audit services, and provide written advice to the Board as to whether the provision of non-audit services by the external auditor is compatible with the general standard of independence for auditors imposed by the Act, and has not compromised that independence, together with reasons upon which that advice is based.
- d) Require that the lead external audit engagement partner be rotated every five years or more frequently if the Committee considers it desirable to maintain the external auditor's independence.
- e) Require, in addition to normal recruitment due diligence processes, that the appointment of any present or former employee of the external auditor to a senior position within the Company be approved in advance by the Chair of the Committee.

### 3 DUTIES and RESPONSIBILITIES – RISK

The Committee shall:

#### 3.1 Risk Management

- a) Oversee and advise the Board on high-level risk related matters, including risk appetite in determining strategy, as well as management of key financial and non-financial risks, including new and emerging risks.
- b) Report any material changes in risk profile to the Board.
- c) Review the risk management framework and make recommendations to the Board about whether it continues to be sound and whether the Company is operating with due regard to the risk tolerance set by the Board.
- d) Oversee management's implementation of the risk management framework, including that management has appropriate processes for identifying, assessing and responding to risks and that those processes are operating effectively.
- e) Oversee and review the Risk Management Policy

#### 3.2 Internal Control

- a) Monitor whether management is communicating the importance of internal control and management of risk throughout the organisation and therefore setting up an appropriate 'control culture'.
- b) Review the adequacy and effectiveness of the Company's internal control framework in relation to key risks.
- c) Review any material incidents as a result of the breakdown of the Company's internal controls (e.g., fraud, staff safety, cyber security etc.).

- d) Oversee the procedures of the Whistleblower Policy and review reports of material incidents.

### 3.3 Business Continuity

- a) Evaluate the structure and adequacy of the Company's business continuity plans.
- b) Evaluate and make recommendations to the Board in relation to the structure and adequacy of the Company's insurance program having regard to the business and insurable risks associated with the business

## 4 MEMBERSHIP AND STRUCTURE

- 4.1 The Board shall appoint the Committee annually.
- 4.2 The Committee shall consist of at least three members.
- 4.3 The majority of the members of the Committee must be non-executive Directors
- 4.4 Each member will be financially literate (that is, able to read and understand financial statements), have familiarity with financial management and an understanding of the industries in which the Company operates. At least one member should have relevant qualifications and experience (that is, a qualified accountant or other finance professional with experience of financial and accounting matters) (however, the lack of any such member shall not invalidate or otherwise affect, the actions taken by the Committee).
- 4.5 All non-executive directors have a standing invitation to attend Committee meetings and have access to Committee papers subject to conflicts.
- 4.6 The Financial Officer, external auditor and other management as required, may attend Committee meetings at the invitation of the Committee chair.
- 4.7 The Board will appoint one of the members of the Committee as chair of the Committee who will not be Chair of the Board. The chair of the Committee must be an independent non-executive director. It is the responsibility of the chair of the Committee to schedule all meetings of the Committee and, to provide the Committee with a written agenda.
- 4.8 The Company Secretary or his or her appointee will act as secretary of Committee meetings and will circulate minutes of the meetings.
- 4.9 If a member ceases to be a director of the Board of the Company, that member ceases to be a member of the Committee.

## 5 ADMINISTRATIVE MATTERS

### 5.1 Meetings

- a) Any member of the Committee may call a meeting of the Committee.
- b) The Committee will meet as often as the Committee members deem necessary in order to fulfill their role. However, it is intended that the Committee will normally meet at least four times per annum.
- c) Additional Committee meetings may be convened as the Chair of the Committee considers necessary, taking into account requests from any member, the Chief Executive Officer, the Chief Financial Auditor or the external auditor.
- d) Committee meetings may be held or participated in by conference call or similar means, and decisions may be made by circular or written resolution. A circular or written resolution signed by a majority of all members will be effective as a resolution duly passed at a Committee meeting and may consist of several documents in like form, each signed by one or more members. The expression "written" includes fax or other electronic means.
- e) A quorum of the Committee will comprise any two members.
- f) If the Chair of the Committee is unable to attend a Committee meeting, the Chair, or members present, will appoint another member who is an independent Director to act as Chair at that meeting. However, all members are expected to participate in all Committee meetings.
- g) The Committee may invite any key executive or other individuals to attend meetings of the Committee, as they consider appropriate.
- h) The external auditor will be required to meet separately with the Committee, without management, at least once per annum or upon request of the Chair of the Committee.

## 5.2 Voting

- a) Each member shall have one vote.
- b) The Chair of the Committee will not have a second or casting vote.

## 5.3 Minutes

- a) Minutes of Committee meetings will be prepared by the Secretary, approved by the Chair of the Committee in draft and circulated to all members.
- b) Minutes of any private sessions of the Committee (for example, with the external auditor and without management) will be prepared, approved by the Chair of the Committee in draft and circulated to all members.
- c) The minutes of a Committee meeting and of any private session will be confirmed at the next Committee meeting and then signed by the Chair of the Committee.

## 5.4 Reporting

- a) The minutes of each Committee meeting will be included in the papers for the next Board meeting after the Committee meeting.
- b) The Chair of the Committee will, if requested at the next Board meeting after a Committee meeting, provide a brief oral report as to any material matters arising

out of the Committee meeting. All directors may, within the Board meeting, request information of members of the Committee.

## 5.5 Authority and Access

- a) Except where expressly stated in this Charter, the Committee discharges its responsibilities by making recommendations to the Board.
- b) The Committee may engage separate independent counsel or advisers at the expense of the Company, in appropriate circumstances, with the approval of the Chair or by resolution of the Board.
- c) The Committee will have unrestricted access to management and rights to seek explanations and additional information from management. The Committee will also have unrestricted access to the external auditor (with or without the presence of management, at the Committee's discretion).
- d) The Committee has authority to conduct or direct investigations into any matters within its Charter. The Committee is entitled to obtain external, independent legal or professional advice as considered necessary or desirable by the Committee to assist it in any investigation or to carry out its duties. As appropriate, the Committee will inform the Chair of the Board of the Company, the Chief Executive Officer and the Company Secretary of its decision to authorise such an investigation or obtain such external advice.

## 5.6 Internal audit

The Committee periodically reviews the Company's operations to evaluate the effectiveness of the risk management and internal control processes of the Company. In addition, the Committee directly monitors the potential exposures facing the Company through ongoing reporting by the Financial Officer. The Committee (with reference to the Board) will have sole responsibility for any investigating any matters it thinks appropriate and appointment of Internal Audit personnel (reporting to the Committee) to carry out any investigation.

As and when required, the Committee will engage external consultants to also review and evaluate the effectiveness of the Company's risk management and internal control processes.

# 6 REVIEW

- 6.1 The Committee will, on a yearly basis, undertake an evaluation of its performance and effectiveness, review its membership and this Charter and make recommendations to the Board.

- 6.2 The Committee will consider and review the report of the Committee's membership, authority, responsibilities and discharge of those responsibilities for inclusion in the Company's annual report and oversee the preparation of any report or other disclosures to be included in the annual report other communications to security holders relating to the external auditor, risk and risk management.
- 6.3 Specifically, the Committee will, on a yearly basis, review the Company's Risk Management Policy and the Company's general risk management framework to satisfy itself that it continues to be sound, and disclose, in relation to each reporting period, whether such a review has taken place.



## SCHEDULE 1 – EXTERNAL AUDITOR INDEPENDENCE POLICY

This External Auditor Independence Policy (**Policy**) is intended to support the independence of the external auditor by regulating the provision of services by the external auditor. The external auditor will not be engaged to perform any service that may impair or be perceived to impair the external auditor's judgement or independence.

This policy is to be interpreted in light of the specific requirements of the Corporations Act 2001 (Cth) and should be read in conjunction with the charter of the Audit and Risk Management Committee (**Committee**) (**Charter**).

### 1 AUDIT SERVICES

- 1.1 The external audit engagement encompasses the external auditor's review of the half-yearly financial statements and the audit of the annual financial statements in accordance with annual external audit plans and the terms of engagement annually approved by the Committee pursuant to the Charter.
- 1.2 Any services included in, or necessarily incidental to, the terms of that engagement are to be regulated as Audit Services.

### 2 PROHIBITED SERVICES

- 2.1 The external auditor must not provide services that are in conflict with the external auditor's role as statutory auditor or that would otherwise impair or be perceived to impair the external auditor's independence. Generally, these services include services where the external auditor:
  - a) participates in activities that are normally undertaken by management;
  - b) is remunerated through a "success fee" structure;
  - c) acts in an advocacy role for the Company; or
  - d) may be required to audit or express an opinion on its own work.
- 2.2 Examples of services that may not be performed by the external auditor include:
  - a) management consulting;
  - b) IT systems design or implementation;
  - c) valuation services (except where related solely to tax affairs);
  - d) bookkeeping, accounting and payroll services;
  - e) broker, dealer or investment advisory services;
  - f) litigation or legal advocacy services;
  - g) recruitment and human resource services;
  - h) internal audit services;
  - i) actuarial services;
  - j) acquisition valuations or valuations for purchase price allocations;

- k) fairness opinions; and
- l) preparation of sale documentation.

### 3 NON-AUDIT SERVICES AND PRE-APPROVAL

- 3.1 The external auditor will be permitted to provide non-audit services that are not perceived to be in conflict with the role of auditor. Examples of services that may be provided without Committee approval:
- a) tax compliance services;
  - b) advice on application of appropriate accounting standards;
  - c) audits or verification of regulatory returns; and
  - d) other compliance-type activities.
- 3.2 Based on recommendations from management, the Chair of the Committee may also approve performance of non-audit services by the external auditor, where such services require a detailed knowledge of the Company's activities in order to decrease costs and maximise output efficiencies. This consultation process will occur where the individual services is estimated to cost in excess of 30% of the annual external audit fee. The chair of the Committee will also consult with other members of the Committee, the external auditor, and management as appropriate.
- 3.3 Examples of such services are:
- a) strategic taxation advice;
  - b) due diligence on potential acquisition/investments;
  - c) investigating accounting assignments; and
  - d) corporate finance advice (deal structuring and execution).
  - e) A report will be given at each Committee meeting of the services approved since the last meeting.

### 4 REPORTING TO THE COMMITTEE

The Financial Officer will provide a report (verbal or written) to the Committee at each meeting which describes any non-audit services approved by the Financial Officer (and endorsed by the chair of the Committee) or approved by the chair of the Committee since the last committee meeting.