



**DDH1 Limited**  
ABN 486 366 77088

# Audit & Risk Committee Charter

## 1. Purpose

The Audit and Risk Committee (**Committee**) is a committee of the Board. The Committee's role is to assist the Board to fulfil its responsibilities in relation to:

- the integrity of the Company's consolidated financial reports and statements;
- financial reporting policies and financial controls;
- oversight of external audit and internal audit;
- oversight of systems of risk management and internal controls;
- oversight of compliance with laws, internal policies and tax laws;
- oversight of treasury, cyber, insurance and related party transactions.

This Charter details the functions and the manner in which the Committee will operate.

In making decisions and recommendations, the Committee may take into account:

- these terms of reference;
- legal requirements, including the provisions and recommendations in applicable listing rules and standards of corporate governance applicable in each of the jurisdictions in which the Company is listed;
- key market trends and the broader external environment, in particular, the existing and developing corporate governance and regulatory environment;
- the activities of Board's other committees and, where appropriate, co-ordinate with and consider information arising out of those committees that affect the Company's risk management, financial and corporate reporting and compliance obligations; and
- any other factors it deems relevant.

## 2. Key Responsibilities of the Committee

Specifically, the duties and responsibilities of the Committee are to review and report to, and where appropriate, recommend for approval by the Board on the following matters.

The Committee's responsibilities include:

### 2.1. Financial and Corporate Reporting

- reviewing the Company's half-year and full-year financial statements and disclosures which accompany the statements, together with the reports and opinions of the external auditor, to determine whether they comply with the appropriate accounting standards and provide a true and fair view of the financial position and performance of the consolidated group.
- reviewing significant accounting policies and making recommendations to the Board on significant changes to accounting policies.
- accessing the appropriateness of material accounting estimates and judgements or choices exercised by management in preparing the Company's financial statements.
- reviewing the representations by management to the external auditor in relation to financial statements, including that the Chief Executive Officer (**CEO**) and the Chief Financial Officer (**CFO**) declaration, in accordance with section 295A of the Corporations Act, has been formed on the basis of a sound system of risk management and internal controls across the Company, which are operating effectively.
- making recommendations to the Board as to whether the Company's financial statements for the consolidated Company should be approved.
- review and approve, annually, the Company's and its subsidiaries continuation under the Deed of Cross Guarantee, regulated by ASIC under Class Order 98/1418.



- reviewing the integrity of material price-sensitive corporate reports to be released to the market, which are not audited or reviewed by their external auditor.

## **2.2. External Audit**

- reviewing the scope and adequacy of the external auditor's annual audit plan (particularly the identified key risk areas), any additional agreed-upon procedures and audit fees.
- reviewing the findings and recommendations of the external auditor and management's response, arising from the external auditor's report.
- reviewing the independence of the external auditor and their performance, considered on an annual basis.
- approving the provision of non-audit services by the external auditor, in accordance with Company's policy on the external auditor's independence.
- making recommendations to the Board on the appointment or dismissal of the external auditor, the rotation of external audit engagement partners, and their terms of engagement.

## **2.3. Risk Management**

- assisting the Board in setting the risk appetite for the Company's business and monitoring the overall risk culture and whether management is operating consistently within the risk appetite set by the Board.
- making a recommendation to the Board on the Company's risk management policy.
- reviewing, at least annually, the overall adequacy and effectiveness of the Company's risk management framework including, the risk policy, risk strategies, controls and risk assessment process and methodology.
- considering material business risks and emerging risks facing the Company and monitoring the controls and reporting processes put in place by management to manage those risks.
- making recommendations to the Board on the disclosures in the annual report relating to material risks.
- reviewing the resources allocated to manage risks and risk reporting within the group.

## **2.4. Internal Audit**

- if there is no internal audit function, reviewing the need for an internal audit function and monitoring the adequacy of existing internal controls.

- if there is an internal audit function:

- approving the scope, program, and resourcing of the internal audit function;
- receiving reports from the internal auditor on material issues arising from their audits and monitoring management's responses to recommendations arising from the internal audit findings; and
- reviewing the performance of the internal auditor and internal audit function and recommending to the Board, if necessary, the replacement of the Company's internal audit.

## **2.5. Compliance**

- reviewing any material non-compliance issues with applicable laws, regulations, and licences and management's corrective actions.
- reviewing any material claims or issues, which has occurred involving fraud, misconduct or other significant breakdowns of the Company's internal controls, including code of conduct, whistleblower and anti-bribery and corruption issues.

## **2.6. Tax Governance**

- reviewing reports from the CFO on material taxation matters and the Company's compliance with applicable tax laws.
- overseeing the Company's tax risk management framework and strategies.
- considering the appropriateness of material tax judgements applied in preparing the Company's financial statements.

## **2.7. Treasury and General Limits of Authority**

- reviewing reports from the management on material treasury matters and making recommendations to the Board on the Company's treasury practices and funding requirements.
- review and make a recommendation to the Board on the Company's delegation of authority standard.

## **2.8. Cyber**

- reviewing and monitoring the Company's exposure to cyber and data breach risks.

## **2.9. Disaster Recovery and Business Continuity Planning**

- reviewing the disaster recovery and business continuity planning process within the Company.

## **2.10. Insurance Program**

- reviewing the structure and adequacy of the Company's insurances.



### 2.11. Related-Party Transactions

- reviewing and making recommendations to the Board on the propriety of related-party transactions.

### 2.12. Other Responsibilities

- make recommendations on any other matters delegated to the Committee by the Board

### 3. Monitoring Redress of Ineffective Resources, Processes and Performance

Reporting provided by management, auditors or independent third-party verification may indicate that the Company's resources, processes or performance with respect to financial reporting and risk management have been found to be ineffective in a material respect or otherwise unsatisfactory in a material respect.

If that occurs, the Committee will, on the Board's behalf, monitor implementation of the steps recommended by management, auditors or the third-party to seek to ensure that, in a timely manner, the resources, process or performance become effective or otherwise satisfactory.

### 4. Access to Information and Independent Advice

The Committee shall have unrestricted access to management, internal or external auditors, and any information to enable it to fulfil its functions appropriately.

The Committee is authorised to obtain any independent legal advice or other professional advice that it considers necessary to perform its role.

The Committee is a review and advice Committee and has no decision-making authority (unless otherwise expressed in this Charter) and holds no delegated authority from the Board.

### 5. Membership

The Committee shall comprise a minimum of three Non-Executive Directors. The members will be appointed by the Board.

Each member will be a Non-Executive Director of the Board. A majority of the members will be independent Non-Executive Directors.

The Committee shall have a Chairperson appointed by the Board. The Committee Chairperson must be an independent Non-executive Director. The Chairperson of the full Board may not chair the Committee.

Committee members should possess the appropriate skills and experience and understand the industries in which the Company operates to enable the Committee to fulfil its functions appropriately. At least one member of the Committee should be a qualified accountant or finance professional with experience in financial and accounting matters.

### 6. Meetings

The Committee shall meet as often as required to undertake its role effectively but as a minimum four times per annum. Any committee member may call a meeting of the Committee.

At least twice a year, including before the release of the full and half-yearly financial statements, the Committee shall meet with the external auditor without management present.

The quorum necessary for the meeting will be a majority of members. In the absence of the Chairperson, the Committee members will elect a member to act as Chairperson for that meeting.

The Committee may invite various persons to attend its meetings, including the CEO, the CFO, EGM Corporate Services, and the lead partner of the external auditor. The Committee may meet with the internal or external auditors independent of management.

The Committee may delegate to subcommittees of the Committee.

All Directors have a standing invitation to attend Committee meetings, receive copies of Committee meeting minutes, and access Committee papers.

The Company Secretary will be the secretary of the Committee.

The proceedings of all meetings shall have minutes taken by the Company Secretary.

### 7. Reporting

The Committee Chairperson, or their nominee, will report to the Board at the next Board meeting on any material matters arising out of the Committee meeting and make recommendations to the Board for decision.

The minutes of the prior Committee meeting will be included in the Board papers for the subsequent Board meeting.

All Directors will be permitted, within the Board meeting, to request information of the Committee Chairperson or members of the Committee.

An annual plan will be developed for the Committee activities, and reporting on progress against the annual plan will be provided to the Board.

Each of the CFO, the Company Secretary, the external auditor and the internal auditor will have a separate direct reporting relationship with the Chair of the Committee. This will involve regular one-on-one meetings, as required.



## 8. Reviews

The overall performance of the Committee is to be reviewed at least every two years by:

- obtaining feedback from the Board, CEO, CFO, Company Secretary, and the Lead Partner of the External Auditor; and
- the Chairperson of the Committee assessing the contribution and performance of individual Committee members.

The Committee's Charter will be reviewed at least every two years, and any amendments are to be approved by the Board.

A handwritten signature in black ink, appearing to be "J. Khan", written over a horizontal line.

Chairperson of the Board  
**DDH1 LIMITED**

Approved by the Board on 23 February 2022