



Audit and Risk Committee Charter - Ardiden Limited

Approved by the Board with effect 23 September 2021

Revision history

Rev.	Issued	Description	Prepared	Approved by Board
1.0		Review	Robson	23 September 2021
0	26/5/20	Policy created		26/5/20

1. General Scope and Authority

The Board has the responsibility to ensure the integrity of the Company's financial reporting and that an effective internal control framework exists within the governance structure of Ardiden. The Board has the responsibility of establishing and maintaining a framework of internal control and ethical standards for the management of Ardiden. The Audit and Risk Committee is a Committee of the Board delegated to carry out these responsibilities. The Audit and Risk Committee charter sets out the role, composition and responsibilities of the Committee. The Board will review this charter annually to ensure it remains consistent with the Board's objectives and responsibilities.

2. Composition and Term

- 2.1 The Committee will consist of not less than two members all of whom shall be non-executive directors. The Committee shall, when required by ASX Listing Rule 12.7, consist of a majority of independent directors. In addition, the Committee will comprise:
- (a) members who can read and understand financial statements and are otherwise financially literate;
 - (b) at least one member with financial expertise either as a qualified accountant or other financial professional with experience in financial and accounting matters; and
- 2.2 Directors will be appointed to the Committee for a term of three years or such shorter time as they remain in the office of Director. Directors may serve consecutive terms on the Committee.
- 2.3 The Committee shall appoint a Chair of the Committee. The Chair shall be an independent director.
- 2.4 The Company Secretary or another delegated person will undertake the duties of secretariat including distribution of required papers for each meeting, keeping the minutes of meeting of the Committee, and circulating them to Committee members and to the other members of the Board to be ratified by the members in attendance and signed by the Committee Chairman.

3. Meetings

- 3.1 Committee meetings will be held not less than twice a year to enable the Committee to undertake its role effectively.
- 3.2 In addition, the Chair is required to call a meeting of the Audit and Risk Committee if requested to do so by any member of the Audit and Risk Committee, the CEO/MD or the external auditor.
- 3.3 A quorum shall be two members. In the absence of the Committee Chair or appointed delegate, the members shall elect one of their number as Chair.
- 3.4 Decisions will be based on a majority of votes with the Chair having the casting vote.

- 3.5 The CEO/MD and CFO as well as other members of senior management may be invited to be present for all or part of the meetings of the Committee, but will not be members of the Committee.
- 3.6 Representatives of the external auditor are expected to attend at least one meeting of the Committee per year without any management staff or executives present.

4. Access

- 4.1 The Committee will have access to management and auditors (external) with or without management present and has rights to seek explanations and additional information. It is authorised to seek any information it requires from any employees and all employees are directed to cooperate with any request made by the Committee.
- 4.2 Members of the Committee have rights of access to the books and records of the Company to enable them to discharge their duties as Committee members. Such access shall be provided on a timely basis.
- 4.3 The Committee may consult independent experts to assist it in carrying out its duties and responsibilities. Any costs incurred as a result of the Committee consulting an independent expert will be borne by the Company.

5. Responsibilities

5.1 Financial Statements

The Committee has the following duties in relation to financial statements:

- (a) To review the audited annual and half yearly financial statements and any reports which accompany published financial statements before submission to the Board, recommending their approval, focusing particularly on:
- (i) key audit issues;
 - (ii) any changes in accounting policies and practices;
 - (iii) major judgmental areas;
 - (iv) significant adjustments, accounting and financial reporting issues resulting from the external audit;
 - (v) compliance with accounting policies and standards; and
 - (vi) compliance with legal requirements.
- (b) To review the processes used by management to monitor and ensure compliance with laws, regulations and other requirements relating to external reporting by Ardiden of financial information. These include, but are not limited to:
- (i) Australian Accounting Standards;
 - (ii) Corporations Act; and
 - (iii) ASX listing rules.

- (c) Obtaining from the Chief Executive Officer and the Chief Financial Officer, at least annually, written representations:
 - (i) that the financial records have been properly maintained in accordance with the Corporations Act;
 - (ii) that the financial statements present a true and fair view, in all material respects, of the company's financial condition, operational results and are in accordance with relevant accounting standards; and
 - (iii) as to the effective and efficient operation of the risk management and internal compliance and control system.

5.2 Related party transactions

The Committee must monitor and review the propriety of any related party transactions.

5.3 External audit function

The Committee has the following duties in relation to external audit:

- (a) To recommend to the Board the appointment of the external auditor.
- (b) Each year, to review the appointment of the external auditor, their independence, the audit fee, and any questions of resignation or dismissal.
- (c) Review the adequacy of accounting and financial controls together with the implementation of any recommendations of the external auditor in relation thereto.
- (d) Meet with the external auditors at least twice in each financial period without management being present and at any other time the Committee considers appropriate.
- (e) To discuss with the external auditor before the audit commences the nature and scope of the audit, and to ensure coordination between the external auditor and the company's accounting staff.
- (f) To determine that no management restrictions are being placed upon external auditor.
- (g) To discuss problems and reservations arising from the interim and final audits, and any matters the auditors may wish to discuss (in the absence of management where necessary).
- (h) To review the external auditor's management letter and management's response.
- (i) To review and make recommendations on fees payable to the auditor for audit and non-audit work.
- (j) Ensure adequate disclosure as may be required by law of the Committee's approval of all non-audit services provided by the external auditor.

- (k) Ensure that the external auditor prepares and delivers an annual statement as to their independence which includes details of all relationships with the Company.
- (l) Receive from the external auditor, or any other regulatory body, their report on, among other things, critical accounting policies and alternative accounting treatment, prior to the filing of their audit report in compliance with the Corporations Act.

5.4 Risk management

The Committee is responsible for overseeing management's application of the ASX Corporate Governance Council Guidelines in respect of financial reporting and risk oversight. The Committee provides assurance that Ardiden is adequately managing risk relating to corporate governance and market integrity and is maintaining appropriate controls against conflicts of interest and fraud.

Specifically, the Committee is responsible for:

- (a) To oversee the establishment and implementation by management of a system for identifying, assessing, monitoring, and managing material risk throughout the company, including:
 - (i) Determining the Company's risk appetite and risk tolerance with respect to material business risks
 - (ii) Reviewing the risk treatment and mitigation policies and procedures developed by management including procedures for reporting matters to the Board.
- (b) Reviewing and monitoring the effectiveness of the internal control, and risk management systems with management and the external auditors to ensure the exposure to the various categories of risk are minimised
- (c) Reviewing and monitoring management's performance against the Company's risk management framework including whether it is operating within the risk appetite set by the Board;
- (d) Make recommendations to the Board in relation to changes that should be made to the Company's risk management framework or the risk appetite set by the Board
- (e) Meeting periodically with key management, internal and external auditors, and compliance staff to understand and discuss the Company's control environment.

6. Reliance on information or professional or expert advice

Each member of the Committee is entitled to rely on information, or professional or expert advice, to the extent permitted by law, given or prepared by:

- (a) an employee of the Group whom the member believes on reasonable grounds to be reliable and competent in relation to the matters concerned;
- (b) a professional adviser or expert in relation to matters that the member believes on reasonable grounds to be within the person's professional or expert competence; or
- (c) another Director or officer of the Group in relation to matters within the Director's or officer's authority.