

Raiz Invest Limited

Audit and Risk Committee Charter

**Raiz Invest Limited ACN 615 510 177
("Company")**

Date 1 February 2022

1 Purpose and Authority

Purpose

- 1.1 The purpose of this Audit and Risk Committee Charter is to specify the authority delegated to the Audit and Risk Committee (“**Committee**”) by the board of directors (“**Board**”) of Raiz Invest Limited (“**Company**”) and to set out the role, responsibilities, membership and operation of the Committee. The Company and its subsidiaries are collectively referred to as “the **Group**”.

Authority

- 1.2 The Committee is a committee of the Board established in accordance with the Company’s constitution and is authorised by the Board to assist it in fulfilling its statutory and regulatory responsibilities. It has the authority and power to exercise the responsibilities set out in this charter and under any separate resolutions of the Board granted to it from time to time.

2 Role of the Committee

- 2.1 The role of the Committee is to assist the Board in carrying out its accounting, auditing and financial reporting responsibilities, including oversight of:
- (a) the integrity of the Company’s financial reporting systems, internal and external financial reporting and financial statements;
 - (b) the appointment (and, if necessary, removal), remuneration, independence and competence of the Company’s external auditors;
 - (c) the performance of the external audit functions and review of their audits;
 - (d) the implementation and effectiveness of the Company’s risk framework, which includes systems of risk management (financial and non-financial risks), risk appetite, reporting, and internal controls;
 - (e) the Company’s taxation risk management, financial risk management and business policies and practices, and risks associated with transactions of a strategic or routine nature; and
 - (f) the Company’s systems and procedures for ensuring compliance with applicable legal and regulatory requirements and Company policies.

3 Audit and Risk Responsibilities

External Reporting

- 3.1 The Committee is responsible for:
- (a) reviewing (including by asking the external auditors for an independent judgement about) and making recommendations to the Board on the appropriateness of the accounting judgements or choices exercised by management in the preparation and presentation of financial reports;
 - (b) overseeing the preparation of financial reports and reviewing the results of external audits of these reports;
 - (c) assessing significant estimates and judgements in financial reports by examining the processes used to derive material estimates and judgements and seeking verification of those estimates from external auditors;

- (d) reviewing and making recommendations to the Board in relation to the adequacy of the Company's corporate reporting processes, risk appetite, and internal control framework;
- (e) reviewing the effectiveness of management's processes for ensuring and monitoring compliance with laws, regulations and other requirements relating to the preparation of accounts and external reporting by the Company of financial and non-financial information;
- (f) obtain regular updates from management and lawyers regarding compliance matters;
- (g) documenting reasons and factual basis to mitigate the potential risks where advice from lawyers is not followed;
- (h) assessing (before publication) whether external reporting is consistent with the understanding of the Committee members and otherwise provides a true and fair view of, the financial position and performance of the Company;
- (i) reviewing material documents and reports prepared for lodgement with regulators, assessing their impact on the Company and making recommendations to the Board for their approval or amendment;
- (j) ensuring that a comprehensive process is established to capture issues for the purposes of continuous reporting to ASX;
- (k) reviewing the completeness and accuracy of the Company's main corporate governance practices as required by the ASX Listing Rules;
- (l) assessing information from external auditors that affects the quality of financial reports;
- (m) assessing information and reports from internal risk committees that affect matters such as the company's operations, cyber and information security, and making recommendations to the Board based on committee findings;
- (n) asking the external auditor for an independent judgement about the appropriateness of the accounting principles used and the clarity of financial disclosure practices used by the Company;
- (o) assessing solvency and the going concern assumption;
- (p) assessing the goodwill and intangibles and the assumptions;
- (q) assessing the management of non-financial information in documents prepared for external reporting purposes as required by the *Corporations Act 2001* (Cth) and the ASX Listing Rules to ensure that conflicts with financial statements and other documents do not occur;
- (r) recommending to the Board whether the financial and non-financial statements should be signed based on the Committee's assessment of them; and
- (s) reporting to the Board on the Company's process to verify the integrity of any periodic corporate report the Company releases to the market that is not audited or reviewed by an external auditor.

Internal audit

3.2 Where the Company has an internal audit function, the Committee is responsible for:

- (a) reviewing with management and the internal auditor (if one is appointed), the scope and adequacy of the internal audit function;

- (b) meeting with the internal auditor and management to review internal audit reports and monitor management responses;
- (c) meeting separately with the internal auditor, at least annually, to discuss any matters that the Committee or internal auditor believes should be discussed privately;
- (d) reviewing the independence, objectivity and performance of the internal audit function; and
- (e) ensuring there are no unjustified restrictions or limitations on, and consider and approve the appointment, replacement or dismissal of, the internal auditor by management.

External Audit

3.3 The Committee is responsible for:

- (a) making recommendations to the Board on the appointment and remuneration (for audit and non-audit work) of the external auditor and, if appropriate, recommending that tenders be called to assist in deciding which external auditor should be recommended;
- (b) making recommendations to the Board on the rotation of the audit engagement partner;
- (c) making recommendations to the Board on the terms of engagement of the external auditor before the start of each audit;
- (d) reviewing the external auditor's fee and being satisfied that an effective, comprehensive and complete audit can be conducted for the external auditor's set fee;
- (e) monitoring the effectiveness and independence of the external auditor, and periodically assessing their performance;
- (f) reviewing the external auditor's independence based on the external auditor's relationships and services with the Company and other organisations;
- (g) assessing whether the external auditor's provision of non-audit services impairs or appears to impair their judgement or independence and, if required, developing policies for Board approval to ensure this does not occur;
- (h) making recommendations to the Board on the removal of the external auditor;
- (i) ensuring that any recommendation to replace the external auditor is carefully evaluated before the Board makes a final decision;
- (j) inviting the external auditor to attend Committee meetings to review the audit plan, discuss audit results and consider the implications of external audit findings;
- (k) reviewing the scope and adequacy of the external audit, including identified risk areas and any additional procedures, with the external auditor on a periodic basis;
- (l) raising with the external auditor any specific points of divergence with the Company's management;
- (m) monitoring and examining management's response to the external auditor's findings and recommendations;
- (n) reviewing all representation letters and declarations signed by management and ensuring all information provided is complete and appropriate; and
- (o) meeting with the external auditor without management present at least once a year.

Internal Control and Risk Management

3.4 The Committee is responsible for:

- (a) overseeing the preparation of an enterprise risk framework which describes the material risks facing the Group including financial and non-financial matters any material exposure to environmental and social risks. The risk framework should take into account both the Group's legal obligations and the reasonable expectations of the Group's stakeholders (such as shareholders, employees, customers, suppliers, creditors, regulators and the broader community in which the Group operates) and should include recommendations on how the Group may manage those material risks;
- (b) regularly reviewing and updating the risk framework and provide copies to the Board;
- (c) ensuring that the Company has an effective risk management system;
- (d) reviewing the Company's risk management framework at least annually to satisfy itself that it continues to be sound and that the Group is operating with due regard to the risk appetite set by the Board. The Committee should satisfy itself that the risk management framework deals adequately with contemporary and emerging risks including:
 - (i) the risk of inappropriate, unethical or unlawful behaviour on the part of the Group's management or employees;
 - (ii) digital disruption, cyber security, and privacy and data breaches; and
 - (iii) sustainability and climate change (including the policy, legal, technology, market, reputational, physical, operational, supply chain, transport and employee safety risks associated with climate change);
- (e) monitoring management's performance against the Company's risk management framework, including whether it is operating within the risk appetite set by the Board;
- (f) assessing, reporting to the Board (at least annually) and ensuring that there are internal controls for determining and managing key risk areas, such as, for example:
 - (i) non-compliance with laws, regulations, standards and best practice guidelines including industrial relations, occupational health and safety, environmental and trade practices laws (as relevant to the Company from time to time);
 - (ii) important judgements and accounting estimates;
 - (iii) breach of contract or internal controls;
 - (iv) business licence requirements;
 - (v) litigation and claims;
 - (vi) fraud and theft; and
 - (vii) relevant business risks not dealt with by other Board committees;
- (g) receiving reports from management risk committees concerning material and actual incidents within the risk areas above or a break-down of the Company's risk controls and the "lessons learned" and reporting back to the Board at least annually;
- (h) conducting investigations of breaches or potential breaches of any internal controls, and incidents within the risk areas above, particularly in relation to accounts and financial reporting;

- (i) evaluating the independence of external auditors;
- (j) examining and evaluating the effectiveness of the external auditors and making improvements;
- (k) encouraging voluntary reporting by employees to the Committee of breaches of Company policies, and incidents within the risk areas above;
- (l) assessing existing controls that management has in place for unusual transactions or transactions with more than an accepted level of risk;
- (m) meeting periodically with key management, external auditors and compliance staff to understand the Company's control environment;
- (n) overseeing the preparation of a summary of the main internal and external risk sources that could adversely affect the Company's prospects for future financial years, for inclusion in the operating and financial review section of the directors report;
- (o) receiving reports from management on new and emerging sources of risk and the risk controls and mitigation measures that management has put in place to deal with those risks;
- (p) making recommendations to the Board in relation to changes that should be made to the Company's internal controls, risk management framework and the risk appetite set by the Board from time to time as appropriate;
- (q) receiving reports from management and the internal auditor (if one is appointed) on its review of the adequacy of the Company's processes for managing risk;
- (r) overseeing the Company's insurance program, having regard to the Company's business and the insurable risks associated with its business; and
- (s) ensuring that the Company has appropriate internal audit systems and controls in place.

Related Party Transactions

- 3.5 The Committee is responsible for reviewing and monitoring the propriety of related party transactions and investments involving directors and the group.

Other

- 3.6 The Committee's other responsibilities include:
- (a) periodically reviewing whether there is a need for an internal audit function if the Company does not already have one;
 - (b) performing other activities related to this charter as requested by the Board;
 - (c) reporting annually to the Board regarding information to be provided in the Annual Report to shareholders, describing the Committee's composition, responsibilities and how they were discharged, and any other information required by law or the ASX Listing Rules;
 - (d) reviewing any other reports the Company issues that relate to the Committee's responsibilities;
 - (e) instituting and overseeing special investigations as needed; and
 - (f) confirming to the Board annually that all responsibilities outlined in this charter have been carried out.

4 Membership

Composition and Size

- 4.1 The Committee will consist of:
- (a) only non-executive directors;
 - (b) a majority of independent¹ directors; and
 - (c) at least three members.
- 4.2 The Company will disclose the relevant qualifications and experience of the members of the Committee.
- 4.3 Membership is reviewed periodically and re-appointment to the Committee is not automatic. Appointments and resignations are decided by the Board.

Ceasing to be a member of the Committee

- 4.4 A person will cease to be a member of the Committee if:
- (a) the person gives reasonable notice in writing to the chairperson of the Board of the person's resignation as a member of the Committee;
 - (b) the chairperson of the Board gives the person notice in writing that the person is to cease to be a member of the Committee; or
 - (c) the person ceases to be a director, in which case the person automatically ceases to be a member of the Committee.

Chairperson

- 4.5 The chairperson of the Committee must be an independent non-executive director who is not the chairperson of the Board.
- 4.6 The chairperson of the Committee is appointed by the Board. If, for a particular Committee meeting, the committee chairperson is not present within 10 minutes of the nominated starting time of the meeting, the Committee may elect a chairperson for the meeting.

Technical Expertise

- 4.7 The Committee must be structured so that, between them, the members of the Committee should have the accounting and financial expertise and a sufficient understanding of the industry in which the Company operates, to be able to discharge the Committee's duties effectively.

Skills Development

- 4.8 If the Committee chairperson approves, a Committee member may attend seminars or training related to the functions and responsibilities of the Committee at the Company's expense.

Commitment of Committee Members

- 4.9 Committee members must devote the necessary time and attention for the Committee to carry out its responsibilities.
- 4.10 At the first Committee meeting after their appointment and when the Board reviews Committee membership, each Committee member must confirm that they are able to devote sufficient time and attention to the Committee for the coming year.

¹ "Independent", as defined by the ASX Corporate Governance Council.

Secretary

- 4.11 The company secretary is the secretary of the Committee.
- 4.12 The secretary, or his or her delegate, will attend all Committee meetings and provide such assistance as may be required by the chairperson of the Committee in relation to preparation of the agenda, minutes or papers for the Committee.

5 Committee Meetings and Process

Meetings

- 5.1 Meetings and proceedings of the Committee are governed by the provisions in the Company's constitution regulating meetings and proceedings of the Board and committees of the Board in so far as they are applicable and not inconsistent with this charter.

Frequency and Calling of Meetings

- 5.2 The Committee will meet as frequently as required to undertake its role effectively.
- 5.3 The Committee chairperson must call a meeting of the Committee if requested by any member of the Committee, the external auditor, the internal auditor (if one is appointed), the chairperson of the Board or the company secretary.

Quorum

- 5.4 Two directors constitute a quorum for meetings of the Committee, one of whom must be the Committee chairperson, or in the absence of the chairperson, another independent director.

Attendance by Directors, Management and Advisors

- 5.5 The chief executive officer and managing director (or equivalent) ("**CEO**") is expected to attend each scheduled meeting of the Committee and a standing invitation will be issued to the external auditors.
- 5.6 Any Director who is not a member of the Committee may attend Committee meetings and receive Committee papers (including, without limitation, agendas, committee packs and minutes of meetings), but will not have any vote.
- 5.7 The Committee chairperson may also invite other executives and external advisors to attend meetings of the Committee. The Committee may request management and/or others to provide such input and advice as is required.

Voting

- 5.8 Each member of the Committee will have one vote.
- 5.9 The chairperson of the Committee will not have a casting vote. If there is a tied vote, the motion will lapse.

Notice. Agenda and Documents

- 5.10 Unless otherwise agreed or considered necessary by the chairperson, notice of each meeting confirming the venue, date and time together with an agenda of items to be discussed and supporting documentation, will be circulated by the secretary to each Committee member and other attendees, not less than seven working days before the meeting. All directors are to receive a copy of the agenda and the notice of meeting.

Minutes

- 5.11 The secretary will keep minute books to record the proceedings and resolutions of Committee meetings.

- 5.12 The chairperson of the Committee, or delegate, will report to the Board after each Committee meeting. Minutes of Committee meetings will be included in the papers for the next Board meeting after each Committee meeting.
- 5.13 The Committee must refer any matter of significant importance to the Board for its consideration and attention.

Access to Information and Advisors

- 5.14 The chairperson of the Committee receives all reports between the external auditor and management.
- 5.15 The Committee in discharging its responsibilities, may obtain, at the Company's expense independent accounting, legal, insurance, compliance, risk management or other professional advice (including, without limitation advice from any external advisers, consultants or specialists) as it determines necessary or appropriate to perform its responsibilities under this charter. Expenses for such external advice which exceed \$25,000 in a financial year require the prior approval of the Board.
- 5.16 The Board authorises the Committee, in fulfilling its purpose and discharging its responsibilities, to:
- (a) conduct or authorise inquiries or investigations into any matters within its scope of responsibility;
 - (b) with Board approval, retain lawyers, accountants or others to advise the Committee or assist in the conduct of any inquiries or an investigation;
 - (c) require management or others to attend meetings and to provide any advice that the Committee requires;
 - (d) access the Company's documents and records;
 - (e) obtain independent external advice in accordance with paragraph 5.15 of this charter; and
 - (f) have unrestricted access to, seek information it requires from, and interview:
 - (i) management and staff;
 - (ii) external and internal (if any) auditors (with or without management present); and
 - (iii) other external parties,all of whom are directed to co-operate with the Committee's requests.
- 5.17 The Committee has no authority to bind or to act for, or on behalf of, the Board or the Company. Its primary corporate governance role is to assist the Board to discharge its responsibilities with respect to the financial affairs, risk management and related matters of the Company and to advise and make appropriate recommendations to the Board with respect to such financial and risk management responsibilities.

6 Committee's Performance Evaluation

- 6.1 The Committee will review its performance at least annually, or earlier if circumstances dictate, and whenever there are major changes to the management structure of the Company.
- 6.2 The performance evaluation will have regard to the extent to which the Committee has met its responsibilities in terms of this charter.

- 6.3 Committee members must be available to meet with external bodies if requested to do so in accordance with relevant laws, regulations or prudential standards.

7 Review and Publication of Charter

- 7.1 The Board will review this charter annually to keep it up to date and consistent with the Committee's authority, objectives and responsibilities and report to the Board any changes it considers should be made. The charter may be amended by resolution of the Board.
- 7.2 The charter is available on the Company's website and the key features may be published in the annual report or a link to the governance section of the website provided.

Approved by the Board on 1 February 2022