



**M8 SUSTAINABLE LIMITED  
ACN 620 758 358**

**AUDIT & RISK COMMITTEE  
CHARTER**

**ISSUE DATE: 29 MAY 2020**

M8 SUSTAINABLE LIMITED  
BOARD AUDIT AND RISK COMMITTEE  
CHARTER

**1. Designation**

Board Committee

**2. Reporting Body**

Board of Directors

**3. Role**

The Board Audit and Risk Committee (ARC) has been established by the Board of M8 Sustainable Limited (the Company). The primary objective of the ARC is to assist the Board in discharging its responsibilities in relation to financial reporting and risk management of the Company and its related entities (the Group).

The ARC will provide oversight with respect to:

- (a) external financial reporting.  
Oversee the processes of the Company that enable the financial accounts and statements, approved and published by the board from time to time, to be complete and timely;
- (b) corporate risk.  
Oversee the internal controls, policies and procedures which the Company uses to identify and manage business risk; and
- (c) audits.  
Oversee the Company's relationship with the external auditor.

**4. Composition**

The ARC will consist of at least three (3) non-executive directors. The majority of the ARC will be independent directors, as determined by the Company's Board Charter. The ARC will be chaired by an independent director and who will not be the Chairman of the Board. At least one member of the ARC will have accounting or related financial expertise and all members are required to be financially literate. Annually the Board will review the composition of the ARC.

**5. Membership**

- 5.1 The Board will appoint the members of the ARC and nominate one of them to be the Chairman of the ARC.

- 5.2 The Chairman may invite any person or persons (other than duly appointed members) to attend meetings of the ARC, but not necessarily for the full duration of the meeting. A standing invitation shall be issued to:
- Managing Director/Chief Executive Officer
  - External Auditor
  - Chief Financial Officer
  - Company Secretary

## **6. Duties and Responsibilities**

The duties and responsibilities of the ARC are:

### **6.1 External financial reporting**

To monitor the procedures in place that enable the Company's external financial reporting to be in compliance with the Corporations Law, Accounting Standards and other legislative and reporting requirements. The ARC will pay specific attention to:

- consistency of accounting policies and appropriate adoption of any new accounting standards
- considering the need for, appropriateness of and correct disclosure of, any changes made to the company's accounting policies
- treatment and disclosure of complex and unusual transactions, including off-balance sheet structures
- significant judgements made by management in preparing financial statements, including significant accounting estimates
- going-concern assumptions
- review, at least annually, the written attestations provided by the CEO and CFO for Australian reporting purposes that:
  - the company's financial records have been properly maintained
  - the company's financial statements and notes present a true and fair view, in all material respects, of the company's financial condition, and are in accordance with relevant accounting standards
  - the financial statements are founded on a sound system of risk management and internal compliance and control, and that the system is operating effectively in all material respects in relation to financial reporting risk
  - the company's risk management and internal control and compliance systems are operating efficiently and effectively in respect to its material business risks.
- documents and reports to regulators; making recommendations to the Board on their approval or amendment.

### **6.2 Audits**

6.2.1 To make recommendations on the appointment of the external auditor

6.2.2 Oversee external audit scope appropriateness; with emphasis being placed on areas where the ARC, management or the auditor believe special attention is necessary

6.2.3 Monitoring that there are no unjustified restrictions or limitations placed on the auditor

- 6.2.4 Monitoring the efficiency and effectiveness of the external auditor
- 6.2.5 If material deficiencies or breakdowns are identified, overseeing appropriate and prompt remedial action is taken by management
- 6.2.6 Review and assess non-audit service provision by the external auditor, with particular consideration to the potential for the provision of these services to impair the external auditor's judgement or independence
- 6.2.7 review and make recommendations on the external auditor's audit fee. In addition to reviewing the audit fee, review and assess total fees paid to the external auditor; in particular considering fees for non-audit services and these fee as a proportion of total fees.
  
- 6.3 Corporate risks
  - 6.3.1 Monitor management's performance against the company's risk management framework, including whether it is operating within the risk appetite set by the Board
  - 6.3.2 To be satisfied that effective systems of accounting, legal and internal controls are established and maintained to manage corporate risk
  - 6.3.3 Monitor risk management system effectiveness, including for macro risks
  - 6.3.4 Approve and monitor the company's risk profile developed by management, covering the principal enterprise-wide risks, including strategic, operational, legal and financial
  - 6.3.5 Enable the Board to be aware of matters that might have a significant impact on the financial condition of the Company
  - 6.3.6 Review reports on any major defalcations, frauds and thefts from the Company and monitor effectiveness of related control procedures
  - 6.3.7 Monitor accounting and financial impact of significant transactions and projects which are not a normal part of the Company's business
  - 6.3.8 Receive 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; including environmental and social risks
  - 6.3.9 Oversee the entity's insurance program, having regard to the entity's business and the insurable risks associated with its business
  - 6.3.10 Oversee proposed transactions between the Company, the directors and members of management with a view to avoiding conflicts of interest
  
- 6.4 Other responsibilities
  - 6.4.1 Monitor management's implementation of checks, processes and procedures to safeguard the Company's assets
  - 6.4.2 Obtain regular updates from management, legal counsel and company secretary regarding compliance matters that may have a material impact on the company's activities
  - 6.4.3 Oversee the process for the receipt, retention and treatment of information received from whistleblower policy and procedures
  - 6.4.4 Report any matter that the ARC considers should be brought to the attention of the Board
  - 6.4.5 Undertake any task or action that the Board requests or authorises
  - 6.4.6 The ARC shall assess its own performance on a periodic basis.

## **7. Access**

- 7.1 The ARC is authorised by the Board to investigate any activity within its Charter
- 7.2 The ARC shall have unlimited access to the external auditor and to senior management of the Group. The ARC is authorised by the Board to access independent professional advice where the ARC considers it necessary to carry out its duties. The ARC will notify the Chairman of the Board of any exercise of its rights under this clause
- 7.3 the ARC shall meet with the external auditor without the presence of management at least annually

## **8. Duration and Amendments**

- 8.1 This charter shall be reviewed annually by the ARC and the Board
- 8.2 Any changes to this charter shall require the approval of the Board

## **9. Meeting Arrangements**

- 9.1 The ARC shall hold at least four (4) regular meetings in each calendar year, planned as follows:

February	Half yearly accounts and half yearly report to the ASX
June	Year end audit matters and external audit plan
September	Year end accounts and preliminary report to ASX
November	Group risk review

Any additional meetings which the chairman directs in order for the ARC to fulfil its duties. In addition, the chairman is required to call a meeting of the ARC if requested to do so by the Board, a member of the ARC, Chief Executive Officer/Managing Director or the external auditor.

- 9.2 A quorum will be two (2) ARC members
- 9.3 The Company Secretary is responsible for drawing up the agenda in conjunction with the Chairman and circulating it, supported by explanatory documentation to the ARC members prior to each meeting. The Company Secretary shall also be responsible for keeping the minutes of the meetings of the ARC, and circulating them to the ARC members and other members of the Board.
- 9.4 Decisions will be determined by majority vote, but the Chairman shall report the fact of a dissenting vote to the Board when reporting to the Board.
- 9.5 A meeting may be held using any technology agreed to by all ARC members, including audio or video conferencing facilities.

### Document History

<u>Description</u>	<u>Date</u>	<u>Authority</u>
Original issue	05/20	Board
Next Review Date	05/21	