

## KONEKT LIMITED

### AUDIT, RISK AND COMPLIANCE COMMITTEE CHARTER

The Board hereby resolves to establish a Committee of the Board to be known as the Audit, Risk & Compliance Committee comprising of at least 2 members.

#### **Objectives**

The Committee's responsibility is one of oversight and the Committee relies on the expertise and knowledge of management and the external auditor in carrying out its oversight responsibilities. The primary objectives of the Audit, Risk and Compliance Committee are to:

- (a) regularly review and make recommendations to the Board on the risk management and oversight policies
- (b) Provide a forum for communication between directors, auditors and senior management on these matters; and
- (c) Ensure the integrity of any internal audit function and facilitate the external audit function

#### **Membership**

The members are John Randall (Committee Chairman) and Alan Baxter. Additional or replacement members can be appointed by the Board.

- A quorum will be two.
- The CEO, Chairman of the Board, and CFO shall be invited to attend Committee meetings.
- Members of the Committee shall remain members until removed by the Board.
- The Chairman of the Board shall not be chair of the Audit, Risk & Compliance Committee
- Any director is welcome to attend if they so desire.

#### **Secretarial and meetings**

The Committee Chairman shall be appointed secretary of the Committee. The Secretary, in conjunction with the Financial Controller, shall draw up an agenda, which shall be circulated prior to each meeting to the members of the Committee, to the invitees, and to the external auditors.

The Company Secretary should be present at ARCC meetings to take minutes.

The Chairman will call a meeting of the Audit, Risk & Compliance Committee if so requested by any Committee member, by any Director, or by the external auditors.

The external auditors shall be given notice of all meetings and have the right to attend and speak.

Meetings shall be held at least twice yearly.

## Responsibilities

The Audit, Risk & Compliance Committee shall consider all matters of material business risk, including but not limited to: operational, environmental, sustainability, compliance, strategic, ethical conduct, reputation of brand, technological, product or service quality, human capital, financial reporting and market-related risk.

In doing so it will perform duties including but not limited to:

- reviewing financial statements and other financial information distributed externally;
- Identify and consider key business and operational risks;
- monitoring corporate risk assessment and the internal controls instituted;
- monitoring of the establishment of an appropriate internal control framework, including information systems, and considering enhancements;
- periodic review of company cash forecasts and projected compliance with bank covenants;
- monitoring the need for any internal audits;
- reviewing external audit reports to ensure that where major deficiencies or breakdowns in controls or procedures have been identified, appropriate and prompt remedial action is taken by management;
- reviewing the nomination and performance of the external auditors;
- liaising with the external auditors and ensuring that the annual and half-year statutory audits are conducted in an effective manner;
- monitoring the procedures in place to ensure that the entity is in compliance with the Corporations Act, Stock Exchange Listing Rules and other legislative and reporting requirements;
- reviewing reports on any major defalcations, frauds and thefts from the entity and monitoring procedures on fraud prevention;
- reviewing the declaration from the Company Secretary on compliance with statutory responsibilities;
- ensuring that a corporate Code of Conduct is established and periodically reviewed;
- initiating and supervising special investigations;
- reviewing risk management practices, including the entity's use of derivatives;
- reviewing policies on sensitive issues or practices such as environmental issues;
- reviewing policies to avoid conflicts of interest and reviewing past or proposed transactions between the corporation and members of management;
- reviewing related party transactions and considering the adequacy of disclosure of those transactions in the financial statements;
- reviewing reports on certain aspects of the group's superannuation arrangements and compliance with relevant laws and regulations;
- reviewing significant transactions which are not a normal part of the group's business;
- reviewing reports on the adequacy of insurance coverage; and any other related matters that the Committee may decide to address.

The Audit, Risk & Compliance Committee shall *have* the authority to seek any information it requires from any officer or employee of the Company or its controlled entities and such officers or employees shall be instructed by the Board of the Company employing them to respond to such enquiries.

The Audit, Risk & Compliance Committee is authorised to take such independent professional *advice* as it considers necessary.

The Chairman of the Audit, Risk & Compliance Committee shall report the findings and recommendations of the Committee to the Board after each Committee meeting. The minutes of all Committee meetings shall be circulated to members of The Board.

The Audit, Risk & Compliance Committee shall *have* no *executive* powers with regard to its findings and recommendations.

**September 2009**