



konekt

Local Knowledge. National Strength.

**KONEKT LIMITED
AUDIT, RISK AND COMPLIANCE COMMITTEE
CHARTER**

13 December 2016

Registered Office: Level 3, 33 Erskine Street, Sydney NSW 2000

ASX code: KKT

ABN: 79 009 155 971

1. PURPOSE

The primary function of the Audit, Risk and Compliance Committee (“Committee”) is to assist the Konekt Limited Board (“Board”) to carry out the following in relation to Konekt Limited and entities its controlled during the year (“Company”):

- a) review and monitor the integrity of the Company’s consolidated financial reports and statements;
- b) review and oversee systems of risk management, internal control and legal compliance;
- c) oversee the process for:
 - ▶ identifying significant risks facing the Company; and
 - ▶ implementing appropriate and adequate control, monitoring and reporting mechanisms; and
- d) liaise with and monitor the performance and independence of the external auditor.

The Committee is responsible for reviewing and overseeing the risk management processes, internal controls and compliance systems of the Company.

With regard to financial statements, the Committee is responsible for reviewing the consolidated accounts of the Company. The Committee relies on Management attestation, external audit review in considering the financial statements of the Company.

2. MEMBERSHIP

Members of the Committee (including the Committee Chair) are appointed by the Board.

The Committee will consist of at least three members and only non-executive directors. The majority of members (including the Committee Chair) must be independent, non-executive directors of the Board.

The term of appointment is for a period determined by the Board as appropriate.

Committee members are eligible for re-appointment subject to the composition and skill requirements for the Committee.

Executive directors of the Company are not eligible to be members of the Committee. The Chairman of Konekt Limited is not eligible to chair the Committee.

The effect of ceasing to be a director of the Board is the automatic termination of appointment as a member of the Committee.

Each member must have a working familiarity with general finance and accounting practices. At least one member of the Committee must have accounting or related financial management expertise.

The performance of the Committee will be evaluated at least annually.

3. RESPONSIBILITIES

The functions and responsibilities of the Committee are as follows:

- a) Oversight of the reliability and integrity of the Company's accounting policies and financial reporting:
 - ▶ Review half-yearly and yearly financial reports and statements with Management and the external auditor;
 - ▶ Review and make recommendations to the Board regarding significant financial, accounting and reporting issues;
 - ▶ Receive representation letters from the Managing Director/CEO and CFO;
 - ▶ Review the company's financial reporting and disclosure processes and the outputs of those processes;
 - ▶ Review the appropriateness of the accounting policies adopted by Management in relation to the financial reports;
 - ▶ Review financial statements for compliance with accounting standards and policies and other requirements relating to the preparation of financial reports; and
 - ▶ Assess whether the half-year and full-year financial reports are consistent with the Committee members' information and knowledge.
- b) Advising the Board on financial reporting and business risks
 - ▶ Report to the Board on half-yearly and yearly financial reports and statements;
 - ▶ Report to the Board on findings of the Audit and Internal Control matters; and
 - ▶ Quarterly update and review of Risk Registers.
- c) Monitoring compliance with regulatory requirements
 - ▶ Review the Company's framework for identifying, monitoring and managing compliance with laws and regulations;
 - ▶ Obtain regular updates from Management regarding matters in relation to the Company's compliance with significant statutory requirements; and
 - ▶ Review reports from Management in relation to the Company's compliance with its statutory, licence and other key obligations, including (but not limited to):
 - significant statutory requirements;
 - licence obligations; and
 - any material matters arising from Regulatory Assurance reviews.
- d) Identifying key risks faced by the Company and ensuring appropriate risk management strategies and insurances are in place:
 - ▶ Review the enterprise risk framework for identifying, monitoring and managing significant business risks across the Company and consider whether the enterprise risk framework and internal controls effectively identify areas of potential, material risk;

- ▶ Review the Chief Risk Officer's reports on significant findings and recommendations on internal control;
 - ▶ Monitor Management's response to reviews and recommendations of the external auditor regarding internal control systems and procedures;
 - ▶ Review the performance, objectivity, independence and effectiveness of the Chief Risk Officer; and
 - ▶ Review the Company's insurance program at least annually having regard to the Company's business and the insurable risks associated with the business.
- e) Liaise with and review the performance and reports of the External Auditor:
- ▶ Annually consider the appointment of the external auditor and, as required, consider the procedures for the selection and appointment of the external auditor and whether an audit tender process is required. Any subsequent recommendation on the appointment of the external auditor is to put to the Board. If a change is approved, it will be put forward to shareholders for their approval;
 - ▶ Review and approve the terms of engagement and fees of the external auditor at the start of each audit;
 - ▶ Consider and review the scope of work, reports and activities of the external auditor including interaction with Management and Finance department;
 - ▶ Review the findings of the audit with the external auditor;
 - ▶ Establish and review policies as appropriate in relation to independence of the external auditor;
 - ▶ Assess the independence of the external auditor based on the information received from the external auditor and Management. In assessing independence, the Committee considers:
 - the employment of former employees of the external auditor;
 - policies on the supply of non-audit services by the external auditor;
 - the fees for audit and non-audit services provided by the external auditor on a regular basis;
 - the rotation of audit partners;
 - the external auditor's own statement on independence; and
 - any other information from the external auditor setting out all its relationships that may affect its independence.
 - ▶ Review the effectiveness of the annual audit and the performance of the external auditors taking into account the opinions of Management.

4. AUTHORITY AND REPORTING

The Committee reports to the Board. These reports may be verbal.

The external auditor reports to the Committee and the Board.

The Committee has authority to:

- a) investigate any activity within its Charter and any matters specifically requested by the Board;

- b) resolve any disagreements between Management and the external auditor regarding financial reporting; and
- c) obtain outside legal or other independent professional advice as necessary to assist the Committee.

The Committee shall consider at each meeting whether any significant matters should be brought to the attention of the Board. The Committee will endeavour to raise these matters in a form and timeframe that assists the Board to discharge its duties effectively.

Minutes of Committee meetings and an update from the Committee Chair is provided at the following Board meeting.

5. ACCESS

The Committee has unrestricted access to all records and staff of the Company (including the external auditor without Management present) and has the right to seek explanations and additional information from Management and external auditor.

6. MEETINGS AND ATTENDANCE

The Committee will meet at least twice per year and the schedule of meetings will be agreed in advance.

Additional meetings may be convened as required or as requested by the Committee Chair or the Board.

The Committee Chair will call a meeting of the Committee if so requested by any member of the Committee, the external auditor, or by the Chairman of the Board.

A quorum shall be any 2 members.

Should the Committee Chair be absent from the meeting, the members of the Committee present at the meeting have the authority to choose one of their number to chair that particular meeting.

The primary functions, responsibilities and composition of the Committee, along with the attendance by members at committee meetings, will be disclosed in the annual report.

As necessary or desirable, the Committee Chair may invite members of Management, representatives of the external auditor and / or other external advisors to be present at meetings of the Committee. Board members may attend any meeting of the Committee. The Committee may request non-committee members to withdraw for all or any part of the meeting.

At least once per year, the Committee shall meet with the external auditor without Management present.

The Secretary of the Committee will be the Konekt Limited Company Secretary.

The agenda and supporting papers will be delivered to Committee members in advance of the meeting. At the discretion of the Chair of the meeting, additional papers may be tabled for discussion at the meeting.

Proceedings of all meetings are minuted by the Secretary, approved by the Committee and signed by the Chair of the next Committee meeting. Minutes of Committee meetings are tabled at Board meetings.

7. REPORTING LINES TO THE COMMITTEE

For the purpose of supporting the independence of their functions, the external auditor and the Chief Financial Officer have a direct line of reporting access to the Committee.

Under the terms of the Company's Whistleblowing Policy, staff have access to the Committee Chair if required.

8. REVIEW OF CHARTER

The Charter is reviewed annually by the Committee to keep it up to date and consistent with the Committee's authority, objectives and responsibilities.

The Committee will review annually that all activities listed in the Charter have been addressed.

All amendments to the Charter are discussed and approved by the Board.

Document history:

Revisions

Amended by the Board: May 2012

Amended by the Board: V2: October 2013

Amended by the Board: December 2016