

# Audit & Risk Committee Charter

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SeaLink Travel Group Limited (**SeaLink**)

*August 2020*

# Audit and Risk Committee Charter

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## 1. Purpose and Role

- 1.1 The purpose and primary role of the Audit and Risk Committee (Committee) is to monitor and review, on behalf of the Board, the corporate reporting process and the effectiveness of the control environment in the Company in the areas of business risk, financial risk, and compliance with legal/regulatory requirements.
- 1.2 The overriding objective of the Committee is to provide an independent and objective review of information prepared by management and overseeing the Company's discharge of its responsibilities with respect to:
  - (a) Risk management systems;
  - (b) The annual financial budget;
  - (c) The financial statements, financial report and annual report;
  - (d) Legal and regulatory compliance including with Taxation laws;
  - (e) Health, Safety & Environment;
  - (f) Review and endorse the delegations of authority;
  - (g) Protection of Company Assets;
  - (h) The Company's relationship with external auditors; and
  - (i) Determining the independence of the external auditors.
- 1.3 The Committee meets with management and reviews reports from the management team concerning matters that arise from the above.
- 1.4 The Committee is responsible to meet with the auditors to review matters that arise in connection with their audit. The Committee is also responsible for the review of the performance of and nomination of the external auditors.

## 2. Responsibilities

### 2.1 *Overview*

The Committee's key responsibilities and functions are to:

- 2.1.1 Oversee the Company's relationship with the external auditor (including forming a policy on the provision of non-audit services and the rotation of external auditor personnel on a regular basis) and the external audit function generally;
- 2.1.2 Oversee the adequacy of the corporate reporting processes in place in relation to the preparation of financial statements and reports and internal control framework;
- 2.1.3 Oversee the adequacy of the Company's Risk Management procedures including operational risk;
- 2.1.4 Oversee the process of identification and management of business, financial and commercial risks.

## 2.2 *Audit and Financial Reporting*

The Committee's specific function on audit and financial reporting is to review and report to the Board that:

- 2.2.1 The system of control, which management has established, effectively safeguards the assets of the Company;
  - 2.2.2 Processes are in place such that accounting records are properly maintained in accordance with statutory requirements; and
  - 2.2.3 Processes exist to reasonably guarantee that financial information provided to investors and the Board is accurate and reliable.
- 2.3 The following are intended to form part of the normal procedures for the Committee's audit responsibility:
- 2.3.1 Recommending to the Board the appointment and removal of the external auditors and reviewing the terms of engagement and fees payable;
  - 2.3.2 Reviewing the audit plan of the external auditors;
  - 2.3.3 Monitoring the effectiveness and independence of the external auditor;
  - 2.3.4 Obtaining assurances that the audit is conducted in accordance with the Auditing Standards and all other relevant accounting policies and standards;
  - 2.3.5 Providing recommendations to the Board as to the role of the internal auditor/internal audit function, if any
  - 2.3.6 if there is an internal audit function, approve the appointment or removal of the head of internal audit, the scope of the internal audit plan, and monitor the independence, objectivity and performance of the internal audit function; 3.3.6 Monitoring the relationship between management and the external auditors;
  - 2.3.7 Overseeing the Company's financial reporting and disclosure processes;
  - 2.3.8 Reviewing (in consultation with management and external auditors) the appropriateness of the accounting principles and judgements or choices adopted by management in the composition and presentation of financial reports and approving all significant accounting policy changes; and
  - 2.3.9 Reviewing and providing recommendations to the Board on the draft annual financial budget.

## 3. Risk and Compliance

### 3.1 *Risk*

The Committee assist the Board to review, at least annually, the Company's risk management framework to satisfy itself that it continues to be sound and that management is operating with due regard to the risk appetite set by the Board.

The Committee's specific function with respect to risk management is to review and report to the Board that:

- 3.1.1 The Company's ongoing risk management program remains appropriate and effectively identifies areas of potential risk including contemporary and emerging risks such as conduct risk, digital disruption, cyber-security, privacy, sustainability and climate change;

- 3.1.2 Management have adequate policies and procedures in place that have been designed and implemented to manage identified risks;
  - 3.1.3 A planned program of audits is undertaken to test the adequacy of and compliance with prescribed policies; and
  - 3.1.4 Proper remedial action is undertaken to redress areas of weakness that have been identified.
- 3.2 The following are intended to form part of the normal procedures for the Committee's risk responsibility:
- 3.2.1 Evaluating the adequacy and effectiveness of the management reporting and control systems used to monitor adherence to policies and guidelines and limits approved by the Board for management of balance sheet risks;
  - 3.2.2 Evaluating the adequacy and effectiveness of the Company's financial and operational risk management control systems by regularly reviewing material risks, risk registers and reports from management and external auditors;
  - 3.2.3 Evaluating the structure and adequacy of the Company's Critical Incident Management Plan, Business Continuity plans and Disaster Recovery plans;
  - 3.2.4 Evaluating the structure and adequacy of the Company's own insurances on an annual basis;
  - 3.2.5 Ensuring that management have established and maintained processes to ensure that there is:
    - (a) An adequate system of internal control, management of business risks and safeguard of assets; and
    - (b) A review of internal control systems and the operational effectiveness of the policies and procedures related to risk and control;
  - 3.2.6 Reviewing the Company's main corporate governance practices for completeness and accuracy; and
  - 3.2.7 Providing a review process as to the propriety of related party transactions.

### 3.3 *Compliance*

The Committee's specific function with respect to compliance management is to review and report to the Board with respect to:

- 3.3.1 Reviewing material whistleblower complaints and any material incident involving fraud, anti-bribery and corruption or a break-down of the Company's risk controls; and
- 3.3.2 Overseeing the proper evaluation of the adequacy and effectiveness of the Company's legal compliance control systems particularly those with a major potential impact on the Company in areas such as occupational health and safety and the environment.

## 4. Membership of the Committee

- 4.1 Unless otherwise determined by the Board, the Committee comprises three non-executive directors, with a majority of the Committee at any time independent directors such that they are independent of management and free of any major shareholdings, conflicts, business or other relationships that could materially interfere with, or could reasonably be perceived to interfere with, the exercise of their unfettered and independent judgment.

- 4.2 The Chair must be an independent director and not the Chair of the board of directors. The Board will appoint the Chair of the Committee.
- 4.3 Other non-executive directors who are not Committee members may attend meetings of the Committee should they wish. Selected members of management will attend meetings of the Committee by invitation.
- 4.4 All persons appointed to the Committee will be financially literate (able to read and understand financial statements) and have sufficient business knowledge and understanding to allow them to discharge their responsibilities.
- 4.5 The Board will review the membership of the Committee annually.

## 5. Procedures

### 5.1 *Meetings*

It is intended that the Committee will meet at least 4 times each year, or as often as the Committee members deem necessary in order to fulfil their role and objectives set out in this Charter.

Except as set out in this Charter, the Committee is subject to the Board's general policy for engaging or seeking advice from financial and legal advisers.

Accurate minutes will be kept of each meeting of the committee. The minutes of each meeting shall be submitted to Committee members for ratification at the next subsequent meeting of the Committee. The minutes can be approved by email circulation. When confirmed, the minutes shall be signed by the Chairperson and provided to the Board.

### 5.2 *Reporting*

It is intended that each report of the Committee and a copy of the minutes of the Committee meeting will be included in the Board papers for the Board meeting next following a meeting of the Committee.

The Chair, if requested, will provide a brief oral report as to any material matters arising out of the Committee meeting. All directors may, within the Board meeting, request information of members of the Committee.

### 5.3 *Review*

The Board will meet at least once in each year to:

- a) Review the membership and charter of the Committee to determine its adequacy for current circumstances. Where necessary, the Board, upon the recommendation of the Committee, may by resolution alter the responsibilities, functions or membership of the Committee. The Committee may also recommend to the Board the formal adoption of a revised charter for future operations of the Committee; and
- b) The Committee may elect to appoint an external specialist advisor to advise the Committee and Board on particular aspects of Audit, Risk and Compliance and the Committee's overall responsibilities.

Approved by the Board, 24 August 2020