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# Charter of the Audit and Risk Committee

Navitas Limited

ACN 109 613 309

## Document

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# Charter of the Audit and Risk Committee

## 1. Introduction

- 1.1 This Charter governs the roles, responsibilities, composition and membership of the Audit and Risk Committee ("**ARC**") of the Company.
- 1.2 The operation of the ARC is also governed, where applicable, by the constitution of the Company.

## 2. Objective

- 2.1 The purpose of the ARC is to assist the board of directors of the Company (Board) in fulfilling its corporate governance and oversight responsibilities by:
  - (1) Monitoring and reviewing the:
    - (a) Integrity of financial statements;
    - (b) Effectiveness of internal controls;
    - (c) Independence, objectivity and competency of internal and external auditors;
    - (d) Policies on risk oversight and management; and
    - (e) Execution of the treasury and insurance functions.
  - (2) Making recommendations to the Board in relation to the appointment of external auditors and approving the remuneration and terms of their engagement.

## 3. Composition

### 3.1 Members

The ARC must only consist of non-executive directors. The ARC must have a minimum of 3 members, with the majority of members being independent directors.

The members of the ARC will be appointed and removed by the Board.

### 3.2 Expertise

Each member of the ARC must be able to read and understand financial statements.

The ARC must also include at least 1 member who is a qualified accountant or other financial professional with experience of financial and accounting matters.

Members of the ARC must have an appropriate level of understanding of the principles of corporate governance, including knowledge of ASX Limited's (**ASX**) Corporate Governance Principles and Recommendations.

### 3.3 Chair and Secretary

The Board will appoint an independent chair to the ARC (**Chair**). The Chair must not be the chair of the Board.

The Company secretary will act as secretary of the ARC (**Secretary**) unless determined otherwise by the Board.

## 4. Meetings

### 4.1 Frequency

The ARC will meet as frequently as required to perform its functions but must, at a minimum, meet three times a year. Meetings may be held by members communicating with each other using any technology which enables them to simultaneously hear each other and participate in discussion.

The Secretary must call a meeting of the ARC if requested to do so by any member of the ARC.

#### 4.2 **Agenda and Notice**

The Secretary will be responsible, in conjunction with the Chair, for drawing up the agenda (supported by any necessary explanatory documentation) and circulating it to ARC members, the external auditor and other invited attendees prior to each meeting. The Secretary must notify members of the ARC of the date, time and location of ARC meetings as far in advance as possible, but not less than 5 working days before the meeting unless a shorter notice period is agreed by all members.

#### 4.3 **Quorum**

A quorum for ARC meetings will be at least 2 members, save that 1 of the members of the quorum must be an independent director.

#### 4.4 **Minutes**

The Secretary is responsible for taking minutes of each meeting and distributing them to ARC members as soon as practicable.

#### 4.5 **Attendance**

The ARC may invite any person to attend part or all of any meeting of the ARC as it considers appropriate. Voting at ARC meetings is restricted to ARC members. The other members of the Board have a standing invitation to attend meetings of the ARC.

## 5. **Powers**

#### 5.1 **Access**

The ARC has unrestricted access to management, internal and external auditors and all Company records for the purpose of carrying out its responsibilities under this Charter. The ARC will meet with internal and external auditors, in the absence of management, as often as required.

#### 5.2 **Investigations**

The ARC has the power:

- (1) To conduct any investigations it considers necessary; and
- (2) Seek explanations and additional information.
- (3) The ARC has the power to engage any independent experts it requires to help it fulfil its duties. Costs associated with this will be borne by the Company.

## 6. **Responsibilities**

#### 6.1 **Risk Management**

The ARC's responsibilities for risk management are described in the Group Risk Management Policy Statement. In summary the ARC provides the Board with advice and recommendations regarding:

- (1) The establishment and implementation of a risk management system and risk profile;
- (2) The effectiveness of the Company's implementation of the risk management system at least once a year;
- (3) The Company's risk profile, risk appetite and risk tolerance, including unusual types of transactions and/or any potential transactions that may carry more than an acceptable degree of risk; and
- (4) The written assurances to the Board from the Group Chief Executive Officer and Chief Financial Officer as to the effectiveness of the Company's risk management and internal control systems.

## 6.2 **Internal Audit**

The responsibilities of the ARC include:

- (1) Reviewing the results and effectiveness of the internal audit programs;
- (2) Recommending the scope of the internal audit for Board approval;
- (3) Reviewing and approving the appointment and dismissal of senior internal audit executives;
- (4) Ensuring the internal audit function is independent of the external auditor;
- (5) Ensuring that the internal audit function has all necessary access to management and the right to seek information and explanations;
- (6) Receiving summaries of significant reports to management prepared by internal audit, the management response and the recommendations of internal audit;
- (7) Ensuring no management or other restrictions are placed on the internal auditors; and
- (8) Ensuring the internal auditors are adequately resourced.

## 6.3 **External Auditors**

The responsibilities of the ARC include:

- (1) Agreeing to the terms of engagement of the external auditor before the start of each audit and recommending the agreed terms of engagement to the Board;
- (2) Reviewing the performance and independence of the external auditors;
- (3) Reviewing procedures for the selection and appointment of external auditors and rotation of the engagement partners;
- (4) Recommending the appointment and remuneration of the external auditors;
- (5) Reviewing and providing oversight of external audit, making enquiries with the external auditor as to any specific points of divergence with management and examine management's responses to their findings and recommendations;
- (6) Ensuring that no management or other restrictions are placed on the external auditors; and
- (7) Determining what non-audit services are to be provided by the external auditor.

## 6.4 **Treasury and Insurance Functions**

The responsibilities of the ARC include:

- (1) Recommending a treasury policy for approval by the Board;
- (2) Monitoring implementation and execution of the Treasury policy;
- (3) Recommending treasury related documentation for execution by the Board;
- (4) Recommending the appointment of insurance brokers for approval by the Board; and
- (5) Reviewing the appropriateness of cover taken at the insurance renewal.

## 6.5 **Review of the Financial Reports**

Duties of the ARC include:

- (1) Reviewing financial statements for accuracy, adequacy and clarity, compliance with regulatory requirements and ensuring they reflect a true and fair view as a basis for recommendation to and adoption by the Board including, without limitation, requiring the Managing Director (or equivalent) or Chief Financial Officer (or equivalent) making a signed and written declaration that:
  - (a) The financial records for the financial period have been properly maintained;
  - (b) The financial statements and notes for the financial period comply with the relevant accounting standards;
  - (c) The financial statements and notes for the financial period give a fair and true view of the financial position and performance of the Company;

- (d) The opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively; and
  - (e) Any other matters in relation to the financial statements that are materially relevant;
- (2) Reviewing accounting policies adopted and any changes made to them;
  - (3) Reviewing management processes supporting external reporting;
  - (4) Discussing any significant matters arising from the audit, management judgements and accounting estimates with management and internal and external auditors; and
  - (5) Reviewing, and where necessary challenging, the actions and judgment of management in relation to all financial reports.

For the purposes of this section 6.5, "financial period" applies to the financial statements for any financial period, not just for the financial year (i.e. it includes the financial statements for the half year and full year).

## **7. Reporting**

### **7.1 Risk Oversight and Management Policies**

The ARC must report to the Board, at the first Board meeting subsequent to each ARC meeting, regarding the proceedings of each ARC meeting, the outcomes of the ARC's reviews and recommendations and any other relevant issues. Reporting must also include as appropriate:

- (1) An assessment of whether external reporting is in line with the information and knowledge of the ARC and whether it is adequate for the needs of the Company's shareholders;
- (2) An assessment of the management processes which support external reporting;
- (3) Recommendations for the appointment or removal of an auditor;
- (4) Assessment of the performance and independence of the external auditors and, given the provision by the external auditors of any non-audit services, whether the independence of the external auditors has been maintained; and
- (5) The results of the ARC's review of risk management and internal compliance and control systems.

### **7.2 Annual Report**

The ARC must provide the Board with advice and recommendations regarding the appropriate material and disclosures to be included in the corporate governance section of the Company's annual report.

### **7.3 Public Availability of Materials**

The ARC must ensure that the following material is made publicly available on the Company's website in a clearly marked corporate governance section:

- (1) A copy of this Charter;
- (2) Information regarding the procedures for the selection and appointment of the external auditor and the rotation of external audit engagement partners; and
- (3) A description of the Company's risk management policy and internal compliance and control system.

## **8. Review of the Charter**

- 8.1 This Charter shall be reviewed annually and revised by the Board as required.

**Distribution**

- All members of the Board of Directors
- External Auditors
- CFO