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# **Audit and Risk Committee Charter**

**Beroni Group Limited**

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## 1. Introduction

- 1.1 The Audit and Risk Committee (**Committee**) is a committee of the board of directors (**Board**) of Beroni Group Limited (**Company**).
- 1.2 This Charter sets out the role, authority, responsibilities, composition and procedural requirements of the Committee.

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## 2. Role and objectives

- 2.1 The role of the Committee is to assist the Board in fulfilling its responsibility for ensuring the integrity of the Company's financial reporting and the implementation of a sound system of risk management and internal control by monitoring, reviewing and advising or reporting to the Board on:
  - (a) the reliability and integrity of the Company's financial reporting systems and processes;
  - (b) the appropriateness of the accounting judgements or choices exercised by management in preparing the Company's financial statements;
  - (c) the implementation and effectiveness of the Company's risk management and internal control policies and practices;
  - (d) the implementation and effectiveness of the Company's internal audit systems and processes;
  - (e) the appointment and, if necessary, removal of the Company's external auditors and the work of, and relationship with, the external auditors; and
  - (f) the implementation and effectiveness of the Company's systems and processes for ensuring compliance with all applicable laws, regulations and Company policies.

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## 3. Responsibilities

- 3.1 In order to fulfill its responsibilities to the Board, the Committee will:

### Financial reports

- (a) review (including by asking the external auditors for an independent judgment about) the appropriateness and integrity of the accounting policies and principles adopted by management in the preparation and presentation of the financial reports and whether the financial disclosures in the notes to the financial reports made by management accurately portray the Company's financial condition, plans and long-term commitments;
- (b) review the financial reports for the half year and full year and related regulatory filings, and consider whether they are accurate, complete, consistent with information known to Committee members, and reflect the Company's accounting policies and principles;

- (c) receive and consider in connection with the half year and full year financial reports (and any quarterly reports, if applicable) a declaration from the Chief Executive Officer (**CEO**) and Chief Financial Officer (**CFO**) to the Board that, in their opinion, the financial records of the Company have been properly maintained and that the financial statements comply with appropriate accounting standards and give a true and fair view of the financial position and performance of the Company and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively;
- (d) review with management and the external auditors results of the audit.

### **Internal control and risk management**

#### 3.2 In consultation with management:

- (a) prepare a risk profile which describes the material business risks facing the Group, including financial and non-financial matters and taking into account both the Group's legal obligations and the reasonable expectations of the Group's stakeholders (such as shareholders, employees, customers, suppliers, creditors, consumers and the broader community in which the Group operates); and
- (b) regularly review and update the risk profile and provide copies to the Board;
- (c) review and report to the Board (at least annually) on the effectiveness of the Company's internal controls regarding:
  - (i) the Company's financial reporting systems and processes;
  - (ii) due diligence for acquisitions and other new projects;
  - (iii) compliance with confidentiality obligations; and
  - (iv) information technology security.
- (d) review and report to the Board (at least annually) on the effectiveness of internal systems and processes for identifying, managing and monitoring material business risks, including:
  - (i) breaches of contract or internal controls;
  - (ii) litigation and claims; and
  - (iii) fraud and theft.
- (e) obtain regular reports from management on the occurrence and/or status of any material breaches of internal controls or other material risk exposures or incidents and report to the Board (at each Board meeting or earlier, if appropriate) on such breaches, exposures and incidents and generally whether material business risks are being managed effectively;
- (f) review the scope of the internal and external auditors' review of internal control and risk management, review reports on significant findings and recommendations, together with management's responses;
- (g) recommend to the Board any changes to the Company's internal control and risk management framework from time to time as appropriate;

## **Internal audit**

- (h) review with management and the internal auditor (if one is appointed), the scope and activity of the internal audit function;
- (i) meet with the internal auditor and management to review internal audit reports and monitor management responses;
- (j) meet separately with the internal auditor, at least once a year, to discuss any matters that the Committee or internal auditor believes should be discussed privately;
- (k) review the effectiveness of the internal audit activity;
- (l) ensure there are no unjustified restrictions or limitations, and consider and approve the appointment, replacement or dismissal of the internal auditor by management;

## **External audit**

- (m) review the external auditors' proposed audit scope and approach;
- (n) meet with the external auditors to review reports, and meet separately, at least once a year, to discuss any matters that the Committee or auditors believe should be discussed privately;
- (o) establish policies as appropriate in regards to the independence of the external auditor;
- (p) review the rotation of the audit engagement partner;
- (q) review and confirm the independence of the external auditors by obtaining statements from the auditors on relationships between the auditors and the Company, including non-audit services, and discussing the relationships with the auditors;
- (r) review the performance of the external auditors, and consider the re-appointment and proposed fees of the external auditor and, if appropriate, conduct a tender of the audit. Any subsequent recommendation following the tender for the appointment of an external auditor will be put to the Board and then if a change is approved it will be put forward to shareholders for their approval;

## **Compliance**

- (s) consider the plans and processes for the Group's compliance activities;
- (t) obtain regular updates from management and lawyers regarding compliance matters;
- (u) review the effectiveness of the system for monitoring compliance with laws and regulations and the results of relevant management's investigation and follow-up (including disciplinary action) of any instances of non-compliance;
- (v) review the findings of any examinations by regulatory agencies;

## **Reporting responsibilities**

- (w) regularly report to the Board about Committee activities, issues and related recommendations;
- (x) provide an open avenue of communication between internal audit, the external auditors, and the Board. For the purpose of supporting the independence of their function, the external auditor and the internal auditor have a direct line of reporting access to the Committee;

- (y) report to the Board any material exposure to economic, environmental and social sustainability risks and, if the Company is exposed to such risks, how the Company should manage those risks;
- (z) report annually to the Board regarding information to be provided in the Annual Report to shareholders, describing the Committee's composition, responsibilities and how they were discharged, and any other information required by law or the NSX Listing Rules;
- (aa) review any other reports the Company issues that relate to the Committee's responsibilities;

### **Related party transactions**

- (ab) review and monitor related party transactions and investments involving the Company and its directors;

### **Other responsibilities**

- (ac) perform other activities related to this Charter as requested by the Board;
- (ad) institute and oversee special investigations as needed;
- (ae) confirm annually that all responsibilities outlined in this Charter have been carried out; and
- (af) evaluate the Committee's and individual members' performance on a regular basis.

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## **4. Composition**

- 4.1 The Committee will comprise a minimum of three members, all of whom must be non-executive directors and the majority of whom must be independent directors
- 4.2 All members must be financially literate (i.e. able to read and understand financial statements). At least one member must have expertise in financial and accounting matters. At least two members must have an understanding of the industry in which the Group operates.
- 4.3 The Board will nominate the Chair of the Committee from time to time. The Chair must be an independent director who is not the Chair of the Board.

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## **5. Procedural requirements**

- 5.1 The Committee will meet as required but not less than two times a year.
- 5.2 A quorum of the Committee will comprise two members, although all members are expected to attend (either in person or by conference call or similar means) and participate.
- 5.3 If the Chair of the Committee is absent from a meeting and no acting Chair has been appointed, the members present may choose one of them to act as Chair for that meeting.
- 5.4 Meetings of the Committee may be held or participated in by conference call or similar means, and decisions may be made by circular or written resolution.
- 5.5 Each member of the Committee will have one vote.
- 5.6 The Chair will not have a casting vote. If there is a tied vote, the motion will lapse.

- 5.7 The Committee may seek such advice from any external parties as it may consider necessary or desirable to fulfil its objectives.
- 5.8 Following each meeting of the Committee, the Chair of the Committee will report to the Board on any matter that should be brought to the Board's attention and on any recommendation of the Committee that requires Board approval or action.
- 5.9 Minutes of meetings of the Committee will be prepared for approval by the Committee and circulated to the members of the Board (in the papers for the next Board meeting following the Committee meeting).
- 5.10 The Company Secretary will attend meetings of the Committee and provide such assistance as may be required by the Chair of the Committee in relation to preparation of the agenda, minutes or papers for the Committee.
- 5.11 As necessary or desirable, the Chair may invite members of management, including the head of internal audit and representatives of the external auditors or other external advisors, to be present at meetings of the Committee.
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## **6. Authority**

- 6.1 The Committee may in fulfilling its purpose and discharging its responsibilities:
- (a) conduct or authorise inquiries or investigations into any matters within its scope of responsibility;
  - (b) retain lawyers, accountants or others to advise the Committee or assist in the conduct of any inquiries or an investigation;
  - (c) have unrestricted access to and seek any information it requires from:
    - (i) management and staff; and
    - (ii) internal and external auditors (without management present),all of whom are directed to cooperate with the Committee's requests; and
  - (d) seek advice from external consultants or specialists where the Committee considers that necessary or appropriate.
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## **7. Annual review**

- 7.1 The Committee will review its performance annually.
- 7.2 The annual performance evaluation will have regard to the extent to which the Company has met its responsibilities in terms of this Charter.
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## **8. Review of this Charter**

- 8.1 The Committee is responsible for reviewing the effectiveness of this Charter and the operations of the Committee, and to make recommendations to the Board of any amendments to this Charter.
- 8.2 Any amendment to this Charter must be approved by the Board.