

## **1. PURPOSE OF CHARTER**

This Charter sets out the role, responsibilities, composition, membership requirements, and powers of the MaxiTRANS Industries Limited Audit and Risk Management Committee (**Committee**).

The charter is available to shareholders on request and is published on the company's web site.

## **2. ROLE OF COMMITTEE**

The Committee is a Committee of the MaxiTRANS Industries Limited Board of Directors.

The primary role of the Committee is to assist the Board in fulfilling its corporate governance and oversight responsibilities. In particular, the Committee will focus on:

- Verifying and safeguarding the integrity, quality, credibility and objectivity of the company's financial reporting
- Internal management processes and controls
- The removal, selection and appointment of the external Auditor and the rotation of the external lead and review Auditors
- Review of risk management and internal compliance and control systems

The role of the Committee is not an executive role.

## **3. MEMBERSHIP OF COMMITTEE**

The Committee shall consist of at least three directors of the Board. All members shall be non-executive directors and are appointed by the Board. A majority of the Committee must be independent. The Chairperson of the Committee shall be an independent director and must not be the Chair of the Board.

The Committee must be of sufficient size, independence and technical expertise to effectively discharge its mandate.

It is a requirement of this charter that Committee members exercise independent judgement in respect of their responsibilities as members of the Committee and act in accordance with the Code of Conduct established by the Board.

The Committee shall consist of members who are financially literate and at least one member who has financial expertise. In addition, at least one member will have an understanding of the industry in which MaxiTRANS operates.

The Board will decide appointments, rotations and resignations within the Committee having regard to the ASX Listing Rules and the *Corporations Act 2001* (Cth).

## **4. MEETINGS**

### **Frequency**

The Committee will meet as often as necessary and at least three times a year. Meetings will be scheduled to coincide with the completion of the external Auditor's review of the half yearly financial reports and the completion of the external Auditor's full year statutory

financial audit. A further meeting will be scheduled to plan the audit program and audit review of specific internal controls or any other matter deemed appropriate by the Committee.

### **Power to call a Meeting**

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

### **Secretary**

The Company Secretary will act as secretary of the Committee.

### **Quorum**

The quorum for a meeting is two members of the Committee.

### **Attendance**

Members of the Committee and the Board are entitled to attend meetings provided that no director or Committee member who has a conflict of interest in respect of any matter before the Committee will be entitled to be present at the meeting when that matter is being considered by the Committee.

Meetings may be constituted by technological means (e.g. by tele-conference or video-conference) provided that members are able to simultaneously hear each other and participate in discussion.

The Committee may pass or approve a resolution without holding a meeting in accordance with the procedures (so far as they are appropriate) in section 248A of the *Corporations Act 2001* (Cth).

The Committee may invite any other party to attend the meeting if it is deemed appropriate. The Managing Director, the Chief Financial Officer, senior executives and the external Audit partners may be invited to meetings of the Committee.

The Committee will meet with the external Audit partners at least twice a year without management being present.

### **Notice of Meetings and Meeting Papers**

A meeting timetable will be published annually in advance. The Secretary will distribute meeting papers a minimum of three business days prior to any meeting. All directors will receive a copy of Committee meeting papers distributed to Committee members.

### **Minutes**

Minutes of Committee meetings will be distributed to Committee members for review and confirmation. Confirmed Committee minutes will be tabled at the following meeting of the Committee.

## **5. ACCESS AND AUTHORITY**

The Committee has the right to obtain access to:

- The external Auditors, without management being present;
- Management, officers and employees;

- Independent professional advisors including financial, accounting, legal counsel and tax advisors without management being present;
- The records, financial and non-financial, of MaxiTRANS Industries Limited and any subsidiary company or associated company (if practicable).

The Committee has the authority to seek information from any of the above parties that it requires to carry out its duties in accordance with this charter.

## **6. REPORTING**

The Chairman of the Committee will report to the Board at the first meeting of directors following the Committee meeting. The report to the directors will include (where relevant) details of:

- Recommendations by the Committee to the Board;
- Resolutions passed by the Committee;
- The Committee's assessment of whether external reporting is consistent with the Committee members' information and knowledge and is adequate for shareholder needs;
- The Committee's assessment of the management processes supporting external reporting;
- Procedures for the selection and appointment of external auditor and for the rotation of the external Audit engagement partner;
- Recommendations for the appointment or removal of the external Auditor;
- The conduct of external Audit process and the Committee's assessment of the performance and independence of the external Auditors;
- The results of its review of risk management and internal compliance and control systems; and
- Any other matter relevant to the Committee's role and responsibilities.

## **7. DUTIES**

The duties and responsibilities of the Committee are in addition to the duties of members as directors of the company. A non-exhaustive list of the duties and responsibilities of the Committee includes the following:

### **Financial and Statutory Reporting**

- Review the accounting policies and principles adopted by the company including any significant changes in accounting policies.
- Review of the processes adopted by management to ensure compliance with accounting standards, the Corporations Act 2001 (Cth), the Listing Rules of the ASX, environmental and occupational health and safety legislation and any other relevant regulatory regime.
- Review the external Auditors' report to the Committee for any differences between management and audit opinion, any audit recommendations that have not been adjusted, comments on the adequacy of provisions or any transactions that have been highlighted and management responses to audit issues.
- Review pending changes to accounting standards or legislative changes that are likely to affect the financial reports of future periods.
- Review reports for compliance with the company's corporate governance protocol in relation to communications with shareholders and other interested parties.
- Review the statements of the Managing Director and Chief Financial Officer to the Board that the company's financial reports present a true and fair view, in all material respects, of the company's financial condition and operational results are in accordance with relevant accounting standards.

- Assess any significant estimates or judgments in the financial reports (including those in any consolidated financial statements).
- Recommend for adoption by the Board interim and final financial reports and the annual report.
- Review documents and reports to regulators and recommend to the Board their approval or amendment.
- Follow up on any matter raised by the Board regarding financial reports, audit opinions and management letters.

### **External Audit**

- Review the performance and independence of the external Auditor and any non-audit services provided by the external audit firm and make recommendations to the Board in relation to statements on non-audit services and audit independence.
- Review the rotation of the lead or review Auditor to ensure that rotation occurs at appropriate intervals i.e. when the lead or review Auditor has played a significant role in the audit for five successive years or for five out of seven successive years.
- Review of the terms of engagement of the external Auditor, fee structure and scope of work to be undertaken by the auditors.
- Review recommendations for removal of the Auditor, oversee the selection and appointment of the external Auditor and make appropriate recommendations to the Board.
- Ensure that no inappropriate restrictions are placed on the external Auditor and that employees understand the role of the Auditor and do not influence or mislead the Auditor or otherwise interfere with the proper conduct of the audit.
- Establish and review processes to enable shareholders to submit written questions to the Auditor to be answered by the auditor at the AGM of the Company.
- Review with the external Auditor:
  - the scope of the external audit;
  - identified risk areas; and
  - any other agreed procedures.
- Recommend to the Board the remuneration of the external Auditor.
- Receive and review the reports of the external Auditor.
- Meet periodically with the external Auditor and invite them to attend Committee meetings to:
  - consider any comments made in the external Auditor's management letter, particularly, any comments about material weaknesses in internal controls and management's response to those matters; and
  - make recommendations to the Board.

### **Risk Management**

- Review management programs for monitoring and identifying significant areas of risk for the company.
- Review and assess management information systems and internal control systems and ensure there is a mechanism for assessing the efficiency and effectiveness of those systems.
- Approve and recommend to the Board for adoption policies and procedures on risk oversight and management to establish an effective and efficient system for:
  - identifying, assessing, monitoring and managing risk; and
  - disclosing any material change to the risk profile.
- Regularly review and update the risk profile.
- Assess the adequacy of the internal risk control system with management and internal and external Auditors.
- Monitor compliance with legal and regulatory obligations.
- Monitor compliance with material internal policies.

- Review the insurance program for the MaxiTRANS Group.
- Review of occupational health and safety practices and compliance with legislation.

**Other**

The Committee is responsible for developing the Company's capital management plan for review and approval by the Board.

The Committee shall review and recommend to the Board the level and amount of interim dividend and final dividend in each financial year as well as any other shareholder payment or capital raising plan.

The Committee shall monitor the effectiveness of the Company's Dividend Reinvestment Plan and recommend to the Board any changes to the structure and operation to the Plan.

The Committee shall also review the structure and operation of the Company's banking facilities and make recommendations to the Board in relation to the extension or modification of facilities and arrangements with financial institutions.

The Committee may also undertake any other activities as directed by the Board or initiate investigations or projects that the Committee considers appropriate.

**8. Review and changes to this charter**

The Committee will review this charter annually or as often as it considers necessary.

The Board may change this charter from time to time by resolution.