

Audit and Risk Committee charter

Mortgage Choice Limited

ABN 57 009 161 979

Audit and Risk Committee charter

1. Introduction

- 1.1 The Audit and Risk Committee (**Committee**) is a committee of the board of directors of Mortgage Choice Limited ABN 57 009 161 979 (**Company**).
- 1.2 The board established the Audit and Risk Committee under the Company's Constitution.
- 1.3 This charter sets out the scope of the Audit and Risk Committee's responsibilities in relation to the Company.
- 1.4 The role of the Audit and Risk Committee is not an executive role.

2. Objectives

The objectives of the Audit and Risk Committee are to:

- (a) help the board achieve its objectives in relation to:
 - (i) financial reporting;
 - (ii) the application of accounting policies;
 - (iii) business policies and practices;
 - (iv) legal and regulatory compliance; and
 - (v) internal control and risk management systems;
- (b) oversee and monitor the integrity, quality, credibility and objectivity of the financial accountability process (including financial reporting on a consolidated basis), including to ensure that external reporting meets relevant accounting standards and regulatory obligations;
- (c) oversee the establishment and implementation of the Company's risk management and internal control systems and monitor and review the soundness of those systems;
- (d) provide oversight of the Company's Risk Management Framework (RMF) and Risk Management Appetite (RAS);
- (e) promote a culture of compliance and risk-taking within approved appetite;
- (f) ensure effective communication between the board, the Committee and the senior compliance manager;
- (g) ensure compliance strategies and the compliance function are operating effectively.
- (h) ensure effective performance of the external audit function and communication between the board and the external auditor; and

3. External financial reporting

The Audit and Risk Committee is responsible for:

- (a) assessing the appropriateness and approving the application of the Company's accounting policies and principles recommended by management and any changes to them, so that they accord with the applicable financial reporting framework, and advising the board of any significant new accounting policies or changes in accounting policy;

- (b) obtaining an independent judgment from the external auditor regarding:
 - (i) the acceptability and appropriateness of accounting policies and principles proposed by management; and
 - (ii) the clarity of current or proposed financial disclosure practices as proposed by management; and
- (c) assessing any significant estimates, choices or judgments in the financial reports (including those in any consolidated financial statements) by:
 - (i) asking management how they were made; and
 - (ii) asking the external auditor the basis for their conclusions on the reasonableness of management's estimates, choices or judgements;
- (d) reviewing compliance with all related party disclosures required (where applicable) by accounting standards and the *Corporations Act 2001 (Cth)*;
- (e) assessing information from the external auditor that may affect the integrity or quality of financial reports (for example, actual and potential material audit adjustments, financial report disclosures, non-compliance with laws and regulations, and internal control issues);
- (f) reviewing management explanations for unusual transactions or significant variances from results for the prior corresponding period or the budget for the relevant period;
- (g) reviewing the declarations given by the Chief Executive Officer and Chief Financial Officer in respect of the financial statements (including the declarations required under section 295A of the *Corporations Act*);
- (h) reviewing each half-yearly report and annual report prepared by management (including the financial and directors' reports required by the *Corporations Act* and the Appendix 4D and 4E reports required by the ASX Listing Rules), in consultation with management, advisers and the external auditor (as appropriate), and (among other things) considering whether:
 - (i) the reports are consistent with the understanding of the Committee members; and
 - (ii) to the knowledge of the Committee, external reporting is meeting legislative and regulatory obligations, relevant key accounting standards, and requirements for an ASX listed company.
 - (iii) to the knowledge of the Committee, the financial statements and accompanying notes present a true and fair view of the financial position and performance of the entity reported on;
- (i) discussing any draft audit opinion letter with the external auditor before it is finalised;
- (j) reviewing any management representation letter provided to the external auditor;
- (k) understanding how management develops interim financial information and the nature and extent of external auditor involvement in that process;
- (l) recommending to the board whether preliminary and final financial reports and directors' reports should be approved, based on the Committee's review of them;
- (m) reviewing material documents and reports prepared for lodgement with regulators and recommending to the board their approval or amendment; and
- (n) following up on any matter raised by the board regarding financial reports, audit opinions and management representation letters.

4. Risk management and internal control

The Audit and Risk Committee is responsible for:

Risk management and internal compliance and control systems

- (a) overseeing the establishment and implementation of a risk management and internal compliance and control system (the **risk management framework**) for the effective and efficient:
 - (i) identification, assessment, monitoring, and management of the Company's material business risks; and
 - (ii) identification of any material changes to the Company's risk profile;
- (b) monitoring the processes used by management for assessing the efficiency and effectiveness of the risk management framework;
- (c) reviewing, approving and recommending to the board for adoption a risk management policy documenting the key elements of the Company's risk management framework (including the respective roles and responsibilities of management, the Committee and the board within that framework) and periodically reviewing that policy and recommending any appropriate amendments to the board];
- (d) overseeing the preparation and periodic updating of, and recommending to the board for approval, a statement as to the Company's risk appetite (the Risk Appetite Statement or RAS);
- (e) receiving and reviewing regular updates from management on the Company's risk profile and on the management of identified material business risks;
- (f) reviewing the Company's risk management framework at least annually to satisfy itself that the framework continues to be sound [and that the Company is operating within the risk appetite approved by the board, and reporting to the board on the outcome of that review and any recommended changes or improvements resulting from that review;
- (g) assessing whether the risk management system takes into account all material business risks that could have an adverse impact on the achievement of the Company's objectives;
- (h) assessing if management has controls in place for unusual transactions and any potential transactions that may carry more than an acceptable degree of risk;
- (i) forming a view of the risk culture of the Company and the extent to which that culture supports the ability of the Company to operate effectively within risk appetite;
- (j) identifying any desirable changes to the risk culture or approach, ensuring the Company takes steps to address these changes;
- (k) Ensuring that sufficient resources are dedicated to risk management

5. External audit

The Audit and Risk Committee is responsible for:

- (a) reviewing and recommending to the board for acceptance the terms of engagement with the external auditor at the beginning of each audit;
- (b) regularly reviewing with the external auditor:
 - (i) the scope of the external audit;

- (ii) identified risk areas; and
- (iii) any other agreed procedures;
- (c) approving and recommending to the board for adoption policies and procedures for the appointment or removal of an external auditor, including criteria for:
 - (i) technical and professional competency;
 - (ii) adequacy of resources; and
 - (iii) experience, integrity, objectivity and independence;
- (d) making recommendations to the board concerning the appointment or removal of an external auditor based on those policies and procedures referred to in paragraph 5(c);
- (e) reviewing and assessing on a regular basis the compliance of the external auditor with the criteria referred to in paragraph 5(c);
- (f) recommending to the board the remuneration of the external auditor;
- (g) regularly reviewing the effectiveness, performance and independence of the external auditor ;
- (h) satisfying itself that the external auditor can do an effective, comprehensive and complete audit for the external auditor's set fee;
- (i) assessing any proposal for the external auditor to provide non-audit services and whether the provision of those services might impair, or be perceived to impair, the external auditor's independence, and making recommendations to the board on whether the provision of those non-audit services should be approved;
- (j) for the purposes of the annual directors' report:
 - (i) reviewing all non-audit services provided by the external auditor during the relevant financial year; and
 - (ii) considering and providing advice to the board on whether the Audit and Risk Committee is satisfied that the provision of those non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act* and the Committee's reasons for their conclusion (which advice must be endorsed by a resolution passed by the members of the Committee and provided in writing and signed by a member of the Committee);
- (k) meeting periodically with the external auditor and inviting them to attend Audit and Risk Committee meetings to:
 - (i) review their plans for carrying out internal control reviews;
 - (ii) 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
 - (iii) report to the board on the outcome of such meetings;
- (l) ensuring that the senior audit partner and audit review partner of the external auditor are rotated every five years or at other suitable intervals;
- (m) providing the opportunity for Audit and Risk Committee members to meet with the external auditor without the presence of management at least once a year;
- (n) asking the external auditor if there have been any significant disagreements with management (irrespective of whether they have been resolved);

- (o) monitoring and reporting to the board on management's response to the external auditor's findings and recommendations;
- (p) reviewing all representation letters provided by management to the external auditor and ensuring the information provided in them is complete and appropriate, based on the knowledge of the Audit and Risk Committee members;
- (q) reviewing the independence declarations made by the external auditor in relation to the audit or review of the full year and half year financial reports; and
- (r) receiving and reviewing the reports of the external auditor.

6. Other responsibilities

The Audit and Risk Committee is responsible for:

- (a) monitoring compliance with the Company's corporate code of conduct;
- (b) monitoring compliance with the Company's code of conduct for directors and senior executives;
- (c) assessing and recommending to the board for adoption the scope, cover and cost of insurance, including insurance relating to directors and officers liability, company reimbursement and professional indemnity and other appropriate insurance having regard to the Company's business and the insurable risk associated with it;
- (d) if it considers appropriate, investigating any complaint or allegation made to it;
- (e) reporting to the board on any industry development affecting the control environment;
- (f) reviewing and monitoring the propriety of any related party transaction and making recommendations to the board as whether the transaction should be approved; and
- (g) ensuring the audit, risk management and compliance policies and procedures are adequately documented and that those documents are reviewed and updated for any legal and regulatory developments.

7. Audit and Risk Committee composition

7.1 The Audit and Risk Committee must comprise:

- (a) at least three directors;
- (b) all non-executive directors; and
- (c) a majority of independent directors.

7.2 The Audit and Risk Committee will appoint its chairperson. The chairperson must be an independent director and may not be the chairperson of the board. If, for a particular Committee meeting, the chairperson is not present within 10 minutes after the time appointed for the meeting to begin, the Committee members present may elect another independent director to act as chairperson in his or her place.

7.3 The Company Secretary of the Company will serve as secretary of the Audit and Risk Committee and, if he or she is absent for a particular Committee meeting, another person may be appointed to act as secretary for that meeting.

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

- 7.5 Each member of the Audit and Risk Committee must be able to read and understand financial statements and at least one member must be a qualified accountant or other financial professional with experience of financial and accounting matters.
- 7.6 Each member of the Audit and Risk Committee should have an understanding of the industry in which the Company operates.
- 7.7 The board will review the composition of the Audit and Risk Committee at appropriate intervals, having regard to the requirements of this charter and the ASX Listing Rules. Committee members will be appointed and cease to hold office as decided by the board (except in the case of a Committee's member's resignation).
- 7.8 A Committee member may act by their alternate.

8. Audit and Risk Committee meetings

- 8.1 The Audit and Risk Committee will meet at least four times a year and on any additional occasions it considers necessary.
- 8.2 The external auditor may request that a meeting of the Audit and Risk Committee be convened and any such request is to be met as soon as practicable.
- 8.3 A quorum for an Audit and Risk Committee meeting is two Committee members.
- 8.4 Audit and Risk Committee meetings may be called and held in accordance with the provisions of the Company's constitution governing directors' meetings (in so far as they are applicable and not inconsistent with this charter or any directions given by the Board from time to time).
- 8.5 The Audit and Risk Committee may pass or approve a resolution without holding a meeting in accordance with the procedures set out in clause 77 of the Company's constitution.
- 8.6 The Audit and Risk Committee may invite other persons it regards appropriate to attend Committee meetings. An invitee is permitted to speak but not vote at a meeting of the Committee.

9. Minutes of Audit and Risk Committee meetings

- 9.1 The Audit and Risk Committee must keep minutes of its meetings.
- 9.2 Minutes must be distributed to all Audit and Risk Committee members, after the Committee chairperson has approved them.
- 9.3 Minutes, agenda and supporting papers are available to directors upon request to the Audit and Risk Committee secretary, except if there is a conflict of interest.

10. Reporting to the board

The Audit and Risk Committee chairperson must report the Committee's findings to the board at the next board meeting after each Committee meeting.

11. Access to information and independent advice

- 11.1 The Audit and Risk Committee may seek any information it considers necessary to fulfil its responsibilities.

- 11.2 The Audit and Risk Committee has access to:
- (a) management to seek explanations and information from them;
 - (b) the Company's documents and records; and
 - (c) the external auditor to seek explanations and information from them, including without management being present.
- 11.3 The Audit and Risk Committee may seek professional advice from employees of the Company and from appropriate external advisers or consultants, at the Company's cost. The Audit and Risk Committee may meet with these external advisers and consultants without management being present.

12. Review of Committee performance

The Audit and Risk Committee should review and assess its own performance at least annually, including the extent to which it has discharged its responsibilities under this charter, and report to the board on the outcome of that review.

13. Review and changes to this charter

- 13.1 The Audit and Risk Committee will review this charter annually or as often as it considers necessary and report to the board on any recommended changes.
- 13.2 The board may change this charter from time to time by resolution.

14. Approved and adopted

This charter was originally approved by the board on 5 April 2004 and most recently updated on 19 June 2019.