

**Abacus Property Group**

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# **Audit and Risk Committee Charter**

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**Adopted:** 26 August 2009  
**Amended:** 7 July 2011; 28 October 2014; 18 August 2016; 16 February 2018

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# 1 Purpose

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- 1.1 The primary function of the Audit and Risk Committee (**Committee**) is to assist the board of directors of Abacus Property Group "**Abacus**" (the **Board**) to monitor:
- the integrity of Abacus's statutory financial reports and statements;
  - management's framework to identify and manage enterprise risk and internal control for Abacus;
  - compliance with laws and regulations and code of conduct for Abacus; and
  - compliance with workplace health and safety legislation;

# 2 Membership and Term

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- 2.1 The Committee shall consist of a minimum of three non-executive directors.
- 2.2 Executive directors are not eligible to be a member of the Committee.
- 2.3 The term of appointment as a member is for a period of three years, with
- 2.4 Committee members generally being eligible for re-appointment subject to the composition requirements for the Committee.
- 2.5 The effect of ceasing to be a director of the Board is the automatic termination of membership of the Committee.
- 2.6 Committee members will have a working familiarity with basic finance and accounting practices. It is appropriate that members of the Committee have a range of different backgrounds, skills and experiences, having due regard to the operational, financial and strategic risk profile of Abacus.
- 2.7 Committee members are appointed by the Board.

# 3 Chairman

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- 3.1 The Chairman of the Committee is selected by the Board.
- 3.2 Should the Chairman be absent from a meeting and no acting Chairman has been appointed the members of the Committee present at the meeting shall choose one of the members of the Committee to chair that particular meeting.

# 4 Meetings

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- 4.1 The Committee may, with the approval of the Chairman conduct meetings by telephone or video conference provided that all Committee members involved in the meeting are able to participate in discussion.
- 4.2 The Committee meets at least four times a year.

- 4.3 In addition, the Chairman will call a meeting of the Committee if so requested by any member of the Committee, by the external auditor or internal auditor or by the Chairman of the Board.

## **5 Attendance at Meetings and Quorum**

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- 5.1 All members of the Board have a right of attendance at meetings. However, no member of the Board is entitled to attend that part of a meeting at which an act or omission of that director or a contract, arrangement or undertaking involving or potentially involving that director or a related party of that director is being investigated or discussed.
- 5.2 Notwithstanding the above if, in the opinion of the Committee, their investigation or discussion will be assisted by hearing from the interested director, the Committee may invite that director to address the Committee. The Committee shall give fair consideration to that address. The director will not, however, be invited to take part in the deliberations following that address.
- 5.3 The Managing Director and Chief Financial Officer must be available to attend each meeting of the Committee.
- 5.4 A representative of the external auditor of Abacus should also be invited to attend all meetings of the Committee.
- 5.5 The quorum for a meeting is two members or any greater number determined by the Committee from time to time.

## **6 Secretary**

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- 6.1 The Secretary of Abacus will act as secretary of the Committee.

## **7 Scope, Access and Authority**

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- 7.1 The activities of the Committee are in relation to Abacus.
- 7.2 The Committee has direct access to Abacus external auditor and internal auditor. It has the authority to seek any information it requires to carry out its duties from any officer or employee of Abacus and such officers or employees shall be instructed by the Board of the entity employing them to cooperate fully in the provision of such information.
- 7.3 The Committee has the authority to consult any independent professional adviser it considers appropriate to assist it in meeting its responsibilities.
- 7.4 Any Abacus officer or employee has access to the Committee's Chairman.

## **8 Reporting**

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- 8.1 Proceedings of all meetings are minuted and signed by the Chairman or the chair of the Committee meeting. Minutes of all Committee meetings are circulated to the Board.

- 8.2 The Committee, through its Chairman, reports to the Board at the earliest possible Board meeting after each Committee meeting. The Chairman will summarise the issues discussed at the meeting.
- 8.3 Through the above mechanisms, all matters relevant to the Committee's role and responsibilities will be reported to the Board.
- 8.4 Any suspected frauds or irregularities shall be immediately reported by management to the Committee and by the Committee to the Board.

## **9 Responsibilities**

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### **Financial Reporting**

- Review half-yearly and yearly financial reports and statements with management and the external auditor.
- Review, with management and the external auditors, the results of the external audit and any significant issues identified.
- Review any accounting policy changes with management and the external auditor.
- Make recommendations to the Board on significant accounting and financial policies.
- Review representation letters from the Managing Director and Chief Financial Officer.

### **External Audit**

- Consider the appointment of the external auditor. If appropriate, a tender for the audit will be conducted. Any subsequent recommendation following the tender for the appointment of an external auditor will be put to the Board. If a change is approved it will be put forward to shareholders for their approval.
- Review the terms of engagement and fees, including any engagement letter issued at the start of each audit.
- Consider and review the scope of work, reports and activities of the external auditor including interaction with internal audit.
- Review the findings of the audit with the external auditor.
- Assess the independence of the external auditor based on the information received from the external auditors and management which will include consideration of the supply of non-audit services and the rotation of audit partners.

### **Risk Management, Internal Audit and Internal Control**

- Review Abacus's risk framework for identifying, monitoring and managing significant business risks.
- Review Abacus's Risk Appetite Statement. Review and approve the charter, annual audit plans and activities for the internal audit function.
- Monitor management's response to reviews and recommendations of the internal auditors regarding internal control systems and procedures.
- Review the adequacy of resources and governance arrangements of the internal audit function.

### **Ethical Matters**

- Review and monitor related party transactions and assess their propriety. If the Committee considers any related party transactions to be actual or potential conflicts, these transactions must be reported to the Board.
- Enquire into actual or potential conflicts of interest.
- Review any investigation of significant misconduct or fraud and significant instances of employee conflict of interest.

## **10 Review of Charter**

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- 10.1 The Committee's charter is to be reviewed annually by the Committee to ensure it remains consistent with the Committee's authority, objectives and responsibilities.
- 10.2 Changes to the charter are recommended by the Committee and approved by the Board.