

## AUDIT & RISK COMMITTEE CHARTER

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### 1 INTRODUCTION

The Audit and Risk Committee (Committee) will be a committee of the Board of the Company with the specific powers delegated under this charter.

This charter sets out the Audit & Risk Committee's function, membership, operation, authority and responsibilities.

The Group recognises the need for formal and rigorous processes that independently verify and safeguard the integrity of its corporate reporting.

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### 2 FUNCTION

The function of the Committee is to assist the Board in fulfilling its responsibilities relating to accounting and corporate reporting practices of the Company.

The Committee will review and make recommendations to the Board in relation to:

- (a) the adequacy of the Group's corporate reporting processes;
- (b) whether the Group's financial statements reflect the understanding of the committee members of, and otherwise provide a true and fair view of, the financial position and performance of the Group;
- (c) the appropriateness of the accounting judgements or choices exercised by management in preparing the Group's financial statements;
- (d) the appointment or removal of the external auditor;
- (e) the rotation of the audit engagement partner;
- (f) the scope and adequacy of the external audit;
- (g) the independence and performance of the external audit;
- (h) any proposal for the external auditor to provide non-audit services and whether it might compromise the independence of the external auditor;
- (i) If the Group has an internal audit function:
  - (i) the appointment or removal of the head of internal audit;
  - (ii) the scope and adequacy of the internal audit work plan; and

- (iii) the objectivity and performance of the internal audit function.

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### **3 MEMBERSHIP**

The Board will appoint members of the Committee and review the composition of the Committee at least annually. The Committee will comprise:

- (a) where possible, at least 3 members;
- (b) all of whom, where possible will be non-executive directors;
- (c) a majority of independent directors;
- (d) where possible, an independent chair appointed by the Board who is not the Chair of the Board; and
- (e) where possible, members with adequate financial skills and experience relevant to the committee's functions.

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### **4 MEETINGS**

The Committee will meet as frequently as required but at least two times per year.

The minimum quorum for a committee meeting is two members.

Where only two members are present, the unanimous vote of the two members will constitute an act of the Committee. If the Committee comprises more than two members, the vote of a majority of the members present will constitute an act of the Committee.

The secretary of the Committee is the Company Secretary.

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### **5 AUTHORITY**

In performing its functions, the Committee:

- (a) has unrestricted access to internal and external auditors (with or without management present);
- (b) has unrestricted access to senior management and employees of the Group;
- (c) has unrestricted access to information and reports relevant to fulfilling its responsibilities;
- (d) may seek advice from external consultants or specialists where the Committee considers it is necessary or appropriate; and

- (e) may conduct or authorise investigations into matters within the Committee's scope of responsibilities or when requested by the Board to do so.

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## **6 RESPONSIBILITIES**

The Committee must promote an environment within the Group which is consistent with best practice financial reporting and risk management. The Committee must:

- (a) independently review financial information prepared by management for external reporting. This includes conducting reviews of the annual report, directors' report, annual financial statements, half yearly financial statements and any other externally reported financial information required by law;
- (b) monitor the integrity and effectiveness of financial reporting processes;
- (c) review and assess the external audit arrangements;
- (d) appoint, review and assess any internal audit arrangements and consider any material internal audit findings and management's responses and actions;
- (e) review and ensure compliance with regulatory changes;
- (f) ensure appropriate policies are established and adequate systems are in place to identify and disclose related party transactions and assess the propriety of any related party transactions;
- (g) manage and review the Group's risk management and internal control systems to manage the Group's material business risks;
- (h) assess whether the Company has any material exposure to economic, environmental and social sustainability risks and, if it does, determine how the Company is to manage those risks;
- (i) consider reports from management as to whether material business risks are being managed effectively; and
- (j) ensure that the Board is kept informed on general progress and activities and is promptly briefed on all material matters.

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## **7 EXTERNAL AUDIT ARRANGEMENTS**

The Committee will report to the Board on external audit arrangements including:

- (a) making recommendations to the Board on the appointment, re-appointment, replacement and remuneration of the external audit firm;
- (b) reviewing the terms of engagement of the external auditor;
- (c) reviewing the scope of the external auditor including identified risk areas;
- (d) monitoring the performance of the external audit including assessment of the quality and rigor of the audit, quality of the service provided and the audit firm's internal quality control procedures;
- (e) reviewing and assessing non-audit services to be provided by the external auditor, and considering the potential to effect the external auditor's independence;
- (f) reviewing and monitoring management's responsiveness to external audit findings; and
- (g) periodic meetings with the external auditor without the presence of management.

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## **8 APPOINTMENT OF EXTERNAL AUDITOR**

In the event a change on auditor is considered necessary, a formal tender process will be conducted. The Committee will identify the attributes required of an auditor and will ensure the selection process is sufficiently robust to ensure selection of an appropriate auditor.

The Committee will ensure that prospective auditors have been provided with a sufficiently detailed understanding of the Group, its operations, staff and any other information, including group structures and financial statements, that will have a direct bearing on each firm's ability to develop an appropriate proposal or fee estimate.

The Committee and the Board will consider the appointment in conjunction with senior management.

In selecting an external auditor, consideration will be given to determining whether the fee estimate is sufficient for the work required, that the work is to be undertaken by people with an appropriate level of seniority, skill and knowledge and whether the work proposed is sufficient to meet the Company's needs and expectations.

The appointment of a new external audit firm will be placed before shareholders for ratification at the next annual general meeting after the appointment is made.

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**9 ROTATION AND SUCCESSION PLANNING**

The Committee will discuss with the auditor the provisions the audit firm has in place for rotation of the lead engagement partner and the independent review partner. The Company will require that the lead engagement partner be rotated in accordance with law.

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**10 MANAGEMENT SIGN OFF**

The Committee will ensure that the Managing Director and Chief Financial Officer, or where there is no Chief Financial Officer appointed, the Company Secretary, prepare a declaration to the Board that the Company's financial records for a financial year have been properly maintained in accordance with the Corporations Act and that the financial statements and the notes for the financial year comply with the accounting standards and give a true and fair view, in all material respects, of the financial position and performance of the Company and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

The declaration must be presented to the Board before the directors approve the financial statements for the financial year.

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**11 REVIEW**

The Board will review this Policy annually and this Policy may be amended by resolution of the Board.

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**12 DISCLOSURE OF POLICY**

This Policy, and any updates, will be made available on the Company's website ([www.advancedshare.com.au](http://www.advancedshare.com.au)) in a clearly marked "Corporate Governance" section.

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**13 DEFINITIONS**

General terms and abbreviations used in this Policy have the meanings set out below.

Annual Reports means the annual report comprising the annual Directors' Report, financial statements and Notes to the financial statements of the Group and the preliminary annual financial report where released in

	advance of the final annual report.
ASIC	means the Australian Securities & Investments Commission.
ASX	means ASX Limited ACN 008 624 691 or the securities market operated by ASX Limited, as the case may be.
ASX Listing Rules	means the listing rules of the ASX, as amended from time to time.
Board	means the board of Directors of the Company.
Chair	means the chair of the Board.
Charter	means this Audit & Risk Committee Charter.
Company or Group	means Advanced Share Registry Limited ACN 127 175 946 and its controlled entity, Advanced Custodial Services Pty Ltd ACN 165 878 393.
Company Secretary	means the company secretary of the Company.
Corporations Act	means the <i>Corporations Act 2001 (Cth)</i> .
Director	means a director of the Company.
Employee	includes executive Directors, managers and all other staff engaged on a contract of employment or a salaried basis, and where the context requires, non-executive Directors.
Managing Director	means the managing director, or equivalent chief executive officer, of the Company.
Officer	means a senior executive of the Company.