



**YellowBrickRoad**  
Wealth Management

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# AUDIT & RISK COMMITTEE CHARTER

October 2020

## 1. Introduction

This Audit & Risk Committee Charter ("**Charter**") sets out the purpose, responsibilities, structure and processes of the Audit and Risk Committee ("**Committee**"), established by the Board of directors of Yellow Brick Road Holdings Limited ("**Company**").

The purpose of the Committee is to assist the Board in fulfilling its responsibilities with respect to oversight of the financial and operational control environment of the Company and its subsidiaries ("**Group**"), including:

- the integrity of the Group's financial reports and statements;
- the external and any internal audit process;
- the framework established by management to identify, assess and manage risk;
- the framework established by management to ensure compliance with the Group's legal, organisational, and contractual obligations; and
- any other matters referred to the Committee by the Board.

This Charter has been prepared and adopted by the Board for its Committee in order to foster strong corporate governance and risk management for the Group, which will bolster the performance of the Group and inspire confidence in shareholders and other stakeholders.

## 2. Key Audit Committee Responsibilities

The key responsibilities of the Committee are set out below.

### Financial Reporting

The Committee shall:

- review and recommend for Board approval the Group's financial statements;
- regularly review the adequacy and effectiveness of the Group's accounting policies and processes;
- review any material changes in accounting or reporting requirements, and assess subsequent effects on the Group's financial statements and the Group's policies and processes;
- obtain an independent judgment from the external auditor about the adequacy and effectiveness of accounting policies, processes and disclosures adopted by the Group; and
- ensure management responds to any audit management letters/recommendations by the external auditor.

### External Audit

The Committee shall:

- review the terms, including the scope of the external auditor's engagement in order to make recommendations to the Board concerning the appointment, re-appointment, rotation and removal of external auditor;
- review and approve the terms of engagement and fees of the external auditor;
- review and assess the performance, qualifications, and independence of the external auditor, including assessing any non-audit services to be provided by the external auditor, to ensure such non-audit services are in accordance with the Group's policy on non-audit services and do not compromise the external auditor's judgement or the independence requirements under the Corporations Act;

- review the audit reports prepared by the external auditor, including the significant findings and responses of management; ensure that the external auditor has a direct line of access to this committee and regularly meet with the external auditor without management being present; and
- obtain an independence declaration from each external auditor, as required.

#### Internal Audit

If the Group undertakes an internal audit program (in addition to quality assurance and file audit activities as an Australian Credit Licensee and Australian Financial Service Licensee), the Committee shall:

- review and approve any internal audit plans or activities, including the budget, staffing and any internal audit outsourcing arrangement;
- review the terms, including the scope, of the internal auditor's engagement in order to make recommendations to the Board concerning the appointment, re-appointment, rotation and removal of the internal auditor;
- review and assess the performance and objectivity of any internal audit function;
- monitor management's response to any internal audit recommendations;
- receive reports from internal audit and review and assess the scope and adequacy of the arrangements for any internal audit function; and
- ensure that the external auditor has a direct line of access to this committee and regularly meet with the external auditor without management being present.

#### Risk Management & Internal Control

The Committee shall:

- at least annually, review Group's risk enterprise risk management framework for recommendation to the Board to satisfy itself that it continues to be sound and that the Group is operating with due regard to the risk appetite set by the Board;
- review and assess the year the effectiveness of the Group's internal controls, policies, programs, guidelines and procedures which give effect to the Group's risk management framework;
- review and report to the Board on section 295A certificates;
- monitor the Group's material business risk profile and ensure that the Group operates within the risk appetite set by the Board;
- monitor the Group's compliance with all relevant accounting practices and standards; and
- monitor the Group's compliance with its statutory obligations.

#### Insurances

The Committee shall review and assess the adequacy of the Group's insurances at least annually having regard to the business and the insurable risks associated with the Group's business.

### **3. Committee Process**

#### Membership & Expertise

- The Board appoints the members of the Committee and the Committee Chair.
- Members of the Committee may withdraw from membership by written notification to the Board. Retirement and renewal of Committee members shall be reviewed on an ongoing basis by the Board.
- The Committee must be comprised of at least three members including at least two non-executive directors of the Company.
- The Committee Chairman and or the Board may appoint an independent member to the Committee who is not a director of the Company.
- The Board may, by resolution, remove and replace members of the Committee.
- Each Committee member must have a reasonable knowledge of the Group and dedicate the necessary time and attention to Committee meetings.
- At least one member of the Committee should be a qualified accountant or other financial professional with experience of financial and accounting matters.
- For any member of the committee who is also a director of the Company, these duties and responsibilities of the person as a Committee member are in addition to the person's duties and responsibilities as a director.
- The Company Secretary will be the secretary of the Committee.

#### Chair

The Board shall appoint one of the Committee members to serve as the Committee Chair. The Committee Chair must be an independent director.

#### Quorum

A quorum shall be two Committee members.

#### Meetings

The Committee is to meet when and as requested by the Committee Chair, or at the request of the Board. The Committee Chair or the Board may invite non-Committee members to observe or advise on matters at any Committee meeting.

Any directors of the Company who are not Committee members are entitled to attend Committee meetings and receive copies of the Committee papers.

The external auditor should attend at least two meetings each financial year.

The Company Secretary shall be responsible for ensuring that minutes are taken of all Committee meetings and signed by the Committee Chair as a true and correct record.

#### Reporting to the Board

The approved minutes of the Committee meetings are to be included in the Board papers for the next Board meeting following that approval.

Recommendations from the Committee to the Board shall be included in the Board papers and be accompanied by information supporting the recommendations in sufficient detail to enable the Directors of the Board to make an informed decision.

#### **4. Access to Information and Independent Advice**

The Committee has the authority to seek any information it requires from any employee of the Group and all employees must comply with such requests.

The Committee members shall have direct access to the Executive Chairman, along with the Chief Customer Officer, Company Secretary and Chief Financial Officer.

The Committee is authorised to consult with expert advisers at the expense of the Group to fulfill its obligations under this charter.

#### **5. Committee Performance & Review**

The Committee will undertake a self-assessment process annually which includes:

- comparing the Committee's practices with the requirements of this Charter;
- reviewing the Charter to ensure that it meets best practice standards, complies with the ASX Corporate Governance Principles and Recommendations, and meet the needs of the Group and the Committee;
- identifying improvements to Committee practice; and
- making recommendations on this Charter.

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**Effective Date: 29 October 2020**