

# Audit & Risk Committee Charter



Pendal Group Limited  
ABN 28 126 385 822

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## 1 Purpose

- 1.1. The Pental Group Limited (**Company**) Audit & Risk Committee (**Committee**) is a committee of the Board (**Board**).
- 1.2. The primary function of the Committee is to assist the Board in providing oversight of the:
  - (a) integrity of the Company's financial statements and financial reporting systems.
  - (b) adequacy and effectiveness of the Company's internal control systems and risk management framework.
  - (c) appointment, remuneration, qualifications, independence and performance of the auditor of the Company's half-yearly and annual financial statements (**External Auditor**).
  - (d) Company's compliance with applicable legal and regulatory requirements.
- 1.3. This Charter sets out the functions and responsibilities of the Committee.

## 2 Membership and Composition

- 2.1. Members of the Committee shall be appointed by the Board.
- 2.2. The Committee shall be comprised of at least three members, all of whom shall be non-executive directors of the Company.
- 2.3. A majority of the Committee shall be independent directors.
- 2.4. The Group Chief Executive Officer & Managing Director (**CEO**) and Group Chief Financial Officer shall not be a member of the Committee but may attend meetings of the Committee.
- 2.5. Each member of the Committee shall have a good working knowledge of general finance, accounting and risk management practices. At least one member of the Committee shall have accounting or related financial management expertise.

## 3 Chairman

- 3.1. The Chairman of the Committee (**Chairman**) shall be appointed by the Board.
- 3.2. The Chairman shall be an independent non-executive director of the Company who is not the Chairman of the Board.

## 4 Meetings

- 4.1. The Committee shall meet at least four times a year and shall determine the duration and agendas of its meetings.
- 4.2. The Group Company Secretary or his or her delegate shall be the Secretary of the Committee.
- 4.3. The Chairman or the Group Company Secretary may convene a meeting of the Committee at any time, provided that reasonable notice is given to all members of the Committee. The Chairman must convene a meeting of the Committee upon receiving a request from the External Auditor to do so.
- 4.4. A quorum shall be two members of the Committee.
- 4.5. A meeting of the Committee may be held using any technology agreed to by all Directors present.
- 4.6. Decisions of the Committee will be made by majority vote. The Chairman will report the fact of a dissenting vote to the Board when reporting the decision to the Board. The Chairman shall not have a casting vote.
- 4.7. Directors who are not members of the Committee are eligible to attend meetings of the Committee.

- 4.8. The Committee may request any officer or employee of the Company, external legal counsel, the External Auditor, the internal auditor or any person or group with relevant experience or expertise to attend meetings of the Committee.
- 4.9. The External Auditor will be invited to attend meetings as determined by the Committee and will be given the opportunity to meet with the Committee in the absence of management.
- 4.10. The internal auditor will be invited to attend meetings as determined by the Committee and will be given the opportunity to meet with the Committee in the absence of management.
- 4.11. The Committee shall have free and unfettered access to senior management, the External Auditor, the internal auditor and the risk management function.
- 4.12. A resolution in writing signed by a majority of members of the Committee is a valid resolution of the Committee and is effective when signed by the last member of the Committee to form a majority. A copy of any written resolution passed by the Committee shall be provided to the Committee's next meeting.

## 5 Conflicts of Interest

- 5.1. Members of the Committee must comply with their legal, statutory and equitable duties and obligations as Directors, when discharging their responsibilities as members of the Committee. The duties of a director include:
  - (a) acting in good faith and in the best interests of the Company as a whole;
  - (b) acting with care and diligence and for proper purpose;
  - (c) refraining from making improper use of information gained through the position of Director (or member of the Committee) and from taking improper advantage of the position of Director (or member of the Committee); and
  - (d) avoiding conflicts of interest wherever possible and where conflicts arise complying with statutory and equitable duties regarding disclosure and voting.
- 5.2. Members of the Committee must disclose to the Committee (through the Group Company Secretary or the Chairman) any actual or potential conflicts of interest which may exist or be thought to exist as soon as the Committee Member becomes aware of the issue and shall take any necessary and reasonable measures to resolve or manage the conflict.
- 5.3. A standing agenda item at each meeting of the Committee will be the disclosure, recording, and resolution or management of conflicts of interest, or potential conflicts of interest, by members of the Committee.

## 6 Independent Advice

- 6.1. The Committee may, subject to the requirements referred to in this clause 6, obtain independent legal, accounting or other professional advice at the Company's expense.
- 6.2. Prior to obtaining independent professional advice in accordance with this clause, the Committee shall obtain the prior approval of the Chairman of the Board, which shall not be unreasonably withheld.
- 6.3. Prior to seeking the approval of the Chairman of the Board to obtain independent professional advice, the Committee shall provide the Chairman of the Board with an estimate of the cost of obtaining the advice.
- 6.4. Any independent professional advice obtained by the Committee at the Company's expense must be made available to all Directors of the Company, including the Group Chief Executive Officer.

## 7 Responsibilities

7.1. The Committee has the following functions and responsibilities:

### **Integrity of Financial Reporting**

- (a) Review and recommend to the Board for approval, the half-year and annual financial statements and related information for the Company's annual and half-yearly financial reports.
- (b) Make recommendations to the Board on significant accounting and financial policy issues including significant changes in the selection or application of accounting and financial reporting policies and review the appropriateness of the accounting judgments or choices exercised by management in preparing the annual and half year financial statements.
- (c) Review the declarations made by the Group Chief Executive Officer and Group Chief Financial Officer in relation to the Company's financial statements, financial records and systems.
- (d) Review processes for financial reporting to the Board and external reporting for completeness and accuracy of information.
- (e) Monitor the adequacy of the resources dedicated to the Finance function across the Company.

### **Risk Management**

- (f) Review the effectiveness of the Company's risk management framework to identify, monitor, evaluate, report and manage significant risks to the Company's business.
- (g) Review the effectiveness of and recommend updates to the Board to the Company's risk appetite statement and risk management strategy.
- (h) Regularly monitor key risks and movements in the Company's risk profile, ensuring adequate action is taken to address adverse findings.
- (i) Review the effectiveness of the Company's internal control systems.
- (j) Monitor the adequacy of management's responses to recommendations of the internal and External Auditors regarding the Company's internal control systems and procedures.
- (k) Review the risk disclosures required under the Company's annual reporting obligations.
- (l) Monitor the adequacy of resources dedicated to the management of risk and compliance across the Company.

### **Compliance**

- (m) Review the effectiveness of the Company's compliance framework to identify, monitor, evaluate, report and manage compliance with legal, regulatory and policy requirements.
- (n) Review regular reports from management in relation to the Company's compliance with significant regulatory requirements.
- (o) Review the adequacy of the Company's arrangements for its employees and contractors to raise concerns, in confidence, about possible wrongdoing.

### **External Auditors**

- (p) Review the scope of work, reports and activities of the External Auditor.
- (q) Review External Auditor's audit plans and audit fees.
- (r) Evaluate the independence of the External Auditor on an annual basis. In assessing the External Auditor's independence, the Committee should consider:
  - (i) the provision of any non-audit services provided by the External Auditor;
  - (ii) the rotation of audit partners; and
  - (iii) the External Auditor's own statements on independence.

- (s) Review and evaluate the performance of the External Auditor, taking into account the opinions of management and internal audit.
- (t) Discuss with the External Auditor matters relating to the conduct of the audits including any difficulties encountered in the course of the audit work, any restrictions on scope of activities or access to requested information, significant disagreements with management (if any) and adequacy of management's response.
- (u) Recommend the appointment, re-appointment or removal of the auditor to the Board.

#### **Internal audit**

- (v) Review the internal auditor's annual audit plan as it relates to the activities of the Company.
- (w) Review the internal auditor's reports on significant findings and recommendations relating to the Company's internal controls.
- (x) Recommend the appointment, re-appointment or removal of the internal auditor to the Board.
- (y) Review and evaluate the performance of the internal auditor, taking into account the opinions of management and the External Auditor.

#### **Insurance**

- (z) Review, monitor and make recommendations to the Board on the Company's insurance arrangements at least annually, having regard to the insurable risks associated with the Company's business.

#### **Taxation**

- (aa) Review, monitor and make recommendations to the Board on, the Company's tax policies and practices including any material decisions relating to tax including group wide transfer pricing.

#### **Related party transactions**

- (bb) Review, monitor and make recommendations to the Board on the Company's policies and practices relating to related party transactions and the disclosure of such transactions.

## **8 Authority and Reporting**

- 8.1. The Committee reports to the Board.
- 8.2. At the Board meeting next following a meeting of the Committee, the Chairman will report to the Board about the Committee's activities and any recommendations that have been made by the Committee to the Board.
- 8.3. The Group Company Secretary shall circulate copies of the minutes of the Committee's meetings to the Board.

## **9 Non-audit Services**

- 9.1. All non-audit services to be performed for the Company or any of its subsidiaries by the Company's external auditor, must be approved by the Chairman of the Committee.

## 10 Other Responsibilities

- 10.1. The Committee will review its own performance as part of the Board evaluation process and report findings to the Board.
- 10.2. The Committee will periodically review its Charter to ensure that it is kept up to date and is consistent with the Committee's authority, objectives and responsibilities.
- 10.3. Any amendments to this Charter shall be approved by the Board.
- 10.4. The Committee will confirm to the Board on an annual basis that the activities listed in this Charter have been addressed.

Approved by the Board on 18 July 2017

**PENDAL**

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