



Inabox Group Limited

Audit and Risk Committee



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1 PURPOSE OF THE COMMITTEE

- (a) A reference in this Audit and Risk Committee Charter (Charter) to:
 - (i) Board means the board of directors of IAB;
 - (ii) Committee means the Audit and Risk Committee established by the Board;
 - (iii) IAB means Inabox Group Limited; and
 - (iv) IAB Group means IAB and any subsidiaries of IAB from time to time.
- (b) The purpose of the Committee is to:

1.1 Audit

- (a) oversee the internal and external audit functions in respect of the IAB Group and review reports received from both internal and external auditors and the financial statements prepared on behalf of the IAB Group;

1.2 Risk

- (a) provide a mechanism to enable the Board to focus on risk management and internal control in respect of the IAB Group's business. However, the existence of the Committee should not be seen as implying a fragmentation or diminution of the responsibilities of the Board as a whole;
- (b) provide reports and make recommendations to the Board in relation to the risk profile of the IAB Group, focusing on the material risks faced by the IAB Group (including risks of both a financial and non-financial nature);
- (c) make recommendations to the Board on the establishment and implementation of IAB's financial reporting systems and to review, at least annually, the effectiveness of IAB's implementation of those systems; and
- (d) make recommendations to the Board on the establishment and implementation of a system for identifying, assessing, monitoring and managing material risks within the organisation, including IAB's internal compliance and control systems and to review, at least annually, the effectiveness of IAB's implementation of those systems.

2 MEMBERSHIP OF THE COMMITTEE

2.1 Composition and term of appointment

- (a) The Committee will be comprised of a minimum of three directors appointed by the Board. It is intended that the Committee will at all times be solely comprised of non-executive directors, and a majority of its members will be independent directors.¹
- (b) Members of the Committee will be appointed by the Board for a period of one year, or any other period determined by the Board.
- (c) The Board may appoint additional directors to the Committee, or remove and replace members of the Committee.

¹ Please refer to the IAB Board Charter for information in relation to a director's 'independence'

- (d) The duties and responsibilities of a member of the Committee shall be in addition to the directors' duties and responsibilities set out in the IAB Board Charter.
- (e) All members of the Committee must be financially literate (including able to understand financial statements).
- (f) The Committee must be comprised of members with the relevant experience as determined by the Board, provided that at least one member of the Committee must have relevant financial qualifications and experience (that is, be a qualified accountant or other finance professional with experience in financial and accounting matters).

3 RESPONSIBILITIES OF THE COMMITTEE

3.1 Audit

(a) External audit

Without limiting the purposive statements contained in clause 1(b) of this Charter, and in addition to the Committee's reporting obligations under clause 6.3 of this Charter, the Committee has the following specific responsibilities in respect of IAB's external audit requirements:

- (i) to recommend to the Board the appointment and removal of IAB's external auditors (including providing the Board with fee proposals in relation to the external auditors);
- (ii) to monitor compliance with the *Corporations Act 2001* (Cth) in relation to auditor rotation;
- (iii) to undertake periodic reviews in order to monitor the effectiveness, objectivity and independence of the external auditors;
- (iv) to review, consider and advise the Board on the adequacy of the audit plan proposed by the external auditors;
- (v) to review all of the external auditors' reports;
- (vi) to commission such enquiry by the external auditors as the Committee deems appropriate;
- (vii) to consider management's responses to matters that arise from external audits;
- (viii) to conduct regular reviews of management's activity pertaining to audit findings to ensure any issues are being dealt with in a timely manner; and
- (ix) to perform annual assessments of the auditors' compliance with any applicable laws, regulations and any other relevant requirements.

(b) Financial statements

Without limiting the purposive statements contained in clause 1(b) of this Charter, and in addition to the Committee's reporting obligations under clause 6.3 of this Charter, the Committee has the following specific responsibilities in respect of the financial statements prepared on behalf of IAB:

- (i) to review the financial statements and related notes, and ensure they are consistent with information known to the Committee and that they reflect appropriate accounting principles, standards and regulations;

- (ii) to review external auditors' reviews or audits of IAB's financial statements and corresponding reports;
- (iii) to make recommendations to the Board regarding any significant changes required in external auditors' audit plans;
- (iv) to review accounting and reporting issues as they arise;
- (v) to review, and advise the Board on, any disputes or issues that may arise during the course of an audit; and
- (vi) to advise the Board on any material matters that arise during an audit that the Committee becomes aware of.

3.2 Risk management

Without limiting the purposive statements contained in clause 1(b) of this Charter, and in addition to the Committee's reporting obligations under clause 6.3 of this Charter, the Committee has the following specific responsibilities in respect of its risk management function:

- (a) to monitor the management of risks relevant to IAB;
- (b) to review and make recommendations to the Board regarding IAB's current risk management program (including all internal policies developed and implemented to manage and identify all of the identified risks) and whether it identifies all areas of potential risk;
- (c) to review and make recommendations to the Board on the strategic direction, objectives and effectiveness of IAB's financial and risk management policies; and
- (d) to oversee investigations of allegations of fraud or malfeasance.

4 THE FUNCTION OF THE CHAIRMAN

- (e) The chairman of the Committee (**Committee Chairman**) will be an independent director appointed by the Board.
- (f) The Committee Chairman will not be the Chairman of the Board.
- (g) In addition to the Committee Chairman's responsibilities as a member of the Committee, the Committee Chairman is responsible for:
 - (i) leading the Committee in discharging its duties and responsibilities to the Board;
 - (ii) the efficient organisation and conduct of the Committee's function;
 - (iii) chairing Committee meetings and directing Committee discussions so that there is an effective use of time and that critical issues are discussed;
 - (iv) facilitating the effective contribution of all members of the Committee; and
 - (v) briefing all members of the Committee in relation to issues arising at meetings of the Committee.
- (h) The Committee Chairman is required to commit sufficient time in order to properly discharge the role of chairman.
- (i) If the Committee Chairman is absent from any meeting of the Committee, the members of the Committee present at the meeting shall choose one of the other members present to chair that particular meeting.

5 COMMITTEE MEETINGS

- (a) The Committee should meet as often as is deemed necessary by the members of the Committee but, in any case, not less than four times per year.
- (b) The Committee Chairman will call a meeting of the Committee if so requested by any member of the Committee, the external auditor or by the Chairman of the Board.
- (c) A quorum for Committee meetings is two members. Each member of the Committee has one vote.
- (d) Decisions of the Committee are decided by a majority of votes cast by members present and entitled to vote.
- (e) In the case of an equality of votes on a resolution at a Committee meeting, the Committee Chairman will have a second or casting vote on that resolution in addition to any vote the Committee Chairman has in his or her capacity as a member of the Committee in respect of that resolution.
- (f) The Committee will appoint a person as Secretary of the Committee.
- (g) The external auditor will be entitled to attend all meetings of the Committee, however the external auditor is not entitled to vote on resolutions and will not be counted in determining whether a quorum is present.
- (h) The proceedings of all Committee meetings are to be minuted, and minutes of all Committee meetings are to be circulated to members and approved by the members of the Committee within one month after the Committee meeting is held. The approved minutes must be signed by the Committee Chairman and a record kept with IAB's board papers.

6 AUTHORITY AND REPORTING

6.1 Committee's authority

- (a) The Committee will have authority to investigate any activity within its terms of reference or any matters specifically requested by the Board.
- (b) The Committee will be authorised by the Board to obtain outside legal or other independent professional advice as reasonably necessary.

6.2 Reporting lines to the Committee

- (a) The external auditor and other members of the management team will report to the Committee as required.
- (b) Employees of IAB will report to the Committee through the company secretary, or such other person nominated by the Committee.
- (c) The Committee will have a direct line of access to the Board and shall meet at least annually with representatives of the Board to discuss the effectiveness of the Committee's functions.
- (d) The Board will ensure that the Committee has unrestricted access to all records and employees (including internal audit employees) and the external auditors in respect of IAB in order to conduct its inquiries.

6.3 Reporting obligations of the Committee

- (a) The Committee will immediately report to the Board any matters that are brought to its attention which it considers are significant breaches of IAB's risk management, audit or compliance policies.
- (b) The Committee will submit a report to the Board following each meeting of the
- (c) Committee, which must detail the Committee's findings, and outline its activities, in performing the functions outlined in this Charter. Such reports may include the following matters (to the extent considered by the Committee at its previous meeting and/or applicable in the relevant reporting period):
 - (i) an assessment of whether the external reporting in respect of IAB is consistent with the information known to Committee members and is adequate for the needs of shareholders of IAB;
 - (ii) an assessment of the management processes supporting the external reporting;
 - (iii) procedures for the selection and appointment of IAB's external auditors and for the rotation of external audit engagement partners;
 - (iv) recommendations for the appointment or, if necessary, the removal of the external auditors;
 - (v) an assessment of the performance and independence of the external auditors. Where the external auditors also provide non-audit services to IAB, the report should state whether the Committee is satisfied that the provision of those services has not compromised the external auditors' independence;
 - (vi) an assessment of the performance and objectivity of the internal audit function;
 - (vii) the results of the Committee's review of risk management and internal control systems;
 - (viii) the results of the Committee's review of IAB's compliance with relevant legal and regulatory requirements; and
 - (ix) recommendations for the appointment or, if necessary, the dismissal of IAB's internal audit staff.

7 REVIEW OF CHARTER

It is intended that the Committee will review this Charter annually to ensure it remains consistent with the Committee's objectives and responsibilities. Any changes to the Charter must be approved by the Board.

8 DATE OF ADOPTION

This Charter was adopted by the Board on 10 May 2013.