

# Audit Committee Charter

**Latitude Group Holdings Limited (the “Company”)**

Dated March 2021

**Approved by the Board on 29 March 2021.**

# Audit Committee charter

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## 1 Purpose and authority

The Audit Committee (“**Committee**”) is a committee of the board of directors of the Company (“**Board**”) established in accordance with the Company’s constitution. It has the authority delegated to it by the Board, and power to undertake the roles and exercise the responsibilities, as set out in this Charter and under any separate resolutions of the Board from time to time.

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## 2 Duties

The role of the Committee is to support the Board in overseeing the financial reporting framework of the Company and its related entities (together the “Group”).

In particular, the Committee is responsible for the oversight of:

- (a) the adequacy of the Group’s corporate reporting processes, internal control framework and integrity of the Company’s accounting and financial statements;
- (b) the Group’s external audit processes, including the appointment, independence, management and removal of the Company’s external auditor;
- (c) the Group’s internal audit processes, including appointment of the head of internal audit and audit planning; and
- (d) the Group’s tax risk and tax governance arrangements.

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## 3 Membership

### 3.1 Composition and size

The Committee will consist of:

- (a) only non-executive directors;
- (b) a majority of independent directors; and
- (c) at least 3 members.

The Company will disclose the relevant qualifications and experience of the members of the Committee.

Membership is reviewed periodically and re-appointment to the Committee is not automatic. Appointments and resignations are decided by the Board.

The Risk Committee Chair will be a member of the Committee and vice versa to assist with the flow of information between the Committees.

### 3.2 Chair

The Chair of the Committee must be an independent non-executive director who is not the Chair of the Board.

The Chair of the Committee is appointed by the Board. If, for a particular Committee meeting, the Committee Chair is not present within 30 minutes of the nominated starting time of the meeting, the Committee may elect a Chair for the meeting.

### **3.3 Technical expertise**

The Committee is intended to be structured so that between them, the members of the Committee should have the accounting and financial expertise and a sufficient understanding of the industry and the circumstances in which the Company operates, to be able to discharge the Committee's duties effectively.

### **3.4 Skills development**

If the Committee Chair approves, a Committee member may attend seminars or training related to the functions and responsibilities of the Committee at the Company's expense.

### **3.5 Commitment of Committee members**

Committee members should devote the necessary time and attention for the Committee to carry out its responsibilities.

### **3.6 Secretary**

The Company Secretary is the Secretary of the Committee.

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## **4 Committee meetings and processes**

### **4.1 Meetings**

Meetings and proceedings of the Committee are governed by the provisions in the Company's constitution regulating meetings and proceedings of the Board and committees of the Board in so far as they are applicable and not inconsistent with this charter.

The Board will disclose the number of times the Committee met throughout each financial year and the individual attendance of each Committee member at those meetings.

### **4.2 Frequency and calling of meetings**

The Committee will meet (in-person or virtually) as frequently as required to undertake its role effectively, but not less than quarterly. The Chair must call a meeting of the Committee if requested by any member of the Committee, the external auditor, the internal auditor or the Chair of the Board.

### **4.3 Quorum**

Two directors constitute a quorum for meetings of the Committee.

### **4.4 Attendance by management and advisors**

The Chief Executive Officer, Chief Financial Officer, internal and external auditors will each have a standing invitation to attend each meeting.

The Committee Chair may also invite directors who are not members of the Committee, the Chief Risk Officer and other senior managers or external advisors to attend meetings of the Committee. The Committee may request management and/or others to provide such input and advice as is required.

### **4.5 Notice, agenda and material**

The Chair of the Committee determines the meeting agenda after appropriate consultation.

The Secretary will distribute the notice of meeting, the agenda of items to be discussed and related material to all Committee members and other attendees before each proposed meeting of the Committee.

#### **4.6 Access to information and advisors**

The Chair of the Committee is entitled to receive all reports between the external auditor and management, and the internal auditor and management.

The Committee has the authority to:

- (a) require management or others to attend meetings and to provide any information or advice that the Committee requires;
- (b) access the Company's documents and records;
- (c) obtain advice and input from counsel, accountants and other experts without seeking approval of the Board or management (where the committee considers that necessary or appropriate); and
- (d) access and interview management and internal and external auditors (with or without management present).

Relevant information will be distributed to Committee members as it becomes available.

#### **4.7 Minutes**

The Secretary will keep minute books to record the proceedings and resolutions of Committee meetings.

The Chair of the Committee, or their delegate, will report to the Board after each Committee meeting. Minutes of Committee meetings will be included in the papers for the next Board meeting.

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## **5 Committee Responsibilities**

### **5.1 Corporate Reporting**

In the area of corporate reporting, the Committee is responsible for:

- (a) **compliance:** reviewing management's processes for compliance with laws, regulations and other requirements relating to the preparation of accounts and corporate reporting by the Company of financial and non-financial information;
- (b) **adequate processes and internal controls:** overseeing the adequacy of the Group's reporting processes and internal control framework relating to financial reporting and monitoring resolution of any identified significant deficiencies;
- (c) **external auditor:** asking the external auditor for an independent judgment about the appropriateness of the accounting principles, and the clarity of financial disclosure practices, used by the Company;
- (d) **actions from audit reports:** assessing information from internal and external auditors which is significant for financial reports;

- (e) **accounting policies:** reviewing and assessing the appropriateness of accounting policies adopted by management in the composition and presentation of financial reports (or any changes made or contemplated in relation to the Group's accounting policies);
- (f) **accounting judgments:** reviewing and assessing the appropriateness of material estimates, accounting judgments and significant choices exercised by management in preparing the Company's financial statements (including the solvency and going concern assumptions) by:
  - examining the processes used; and
  - seeking verification from internal and external auditors;
- (g) **true and fair view:** assessing that the Company's financial statements reflect the Committee's understanding of, and provide a true and fair view of, the Company's financial position and performance;
- (h) **preparation of financial reports:** overseeing the preparation of financial reports and reviewing the results of external audits of these reports;
- (i) **section 295A declaration:** overseeing that appropriate risk management and internal control processes are in place to form the basis upon which the CEO and CFO make their declarations to the Board under section 295A of the Corporations Act 2001 (Cth) and Principle 4 of the ASX Corporate Governance Principles and Recommendations;
- (j) **corporate governance:** reviewing the completeness and accuracy of the Company's Corporate Governance Statement as required by the ASX Listing Rules;
- (k) **regulatory reporting:** reviewing the process for compiling any material documents and reports prepared for regulators;
- (l) **periodic reporting:** reviewing processes to verify the integrity of any periodic corporate report the Company releases to the market that is not reviewed or audited by the external auditor; and
- (m) **Board approval:** recommending to the Board whether the financial statements, financial report, Directors' Report and Annual Report (including the accounting policies, assumptions, judgements, treatments, estimates and disclosures used as a basis to form these statements and reports) should be approved based on the Committee's assessment of them.

## 5.2 External Audit

In the area of external audit, the Committee is responsible for:

- (a) **appointment:**
  - making recommendations to the Board on the selection process, appointment and remuneration of the external auditor;
  - agreeing the terms of engagement of the external auditor before the start of each audit; and
  - reviewing the external auditor's fee;

**(b) independence:**

- making recommendations to the Board on the External Auditor Independence Policy and reviewing the policy annually;
- monitoring the independence of the external auditor consistent with the External Auditor Independence Policy;
- reviewing the external auditor's independence based on the external auditor's relationships and services with the Group and other organisations;
- assessing any proposal for the external auditor to provide non-audit services and whether the scope of that work (and the fees payable) might compromise the independence of the external auditor;

**(c) meetings and ongoing communication:**

- inviting the external auditor to attend Committee meetings to review the audit plan, discuss audit results and consider the implications of external audit findings;
- meeting with the external auditor without management present at least once a year;
- raising with the external auditor any specific points of divergence with the Group's management;
- ensuring the external auditor is invited to attend the AGM and is available to answer questions from security holders relevant to the external audit;

**(d) reviewing and monitoring:**

- monitoring the effectiveness of the external auditor and assessing their performance;
- reviewing the scope and adequacy of the external audit, including identified risk areas and any additional procedures with the external auditor on a periodic basis;
- reviewing representation letters signed by management and assessing whether information provided is complete and appropriate;
- monitoring management's response to the external auditor's findings and recommendations, including timely closure of identified issues;

**(e) rotation:** making recommendations to the Board on the rotation of the audit engagement partner; and

**(f) removal:** evaluating whether to recommend to the Board that an external auditor be removed.

### 5.3 Internal Audit

In the area of internal audit, the Committee is responsible for:

- (a) **appointment:**
  - making recommendations to the Board on the appointment, terms of engagement and removal of the head of internal audit;
  - reviewing the internal auditor's role, independence, responsibilities and resources;
  - arranging for the internal auditor to report directly to the Committee and have free and unfettered access to the Committee Chair;
- (b) **audit plan and work program:**
  - reviewing and approving the internal audit plan and work program;
  - considering the implications of internal audit findings;
  - evaluating the scope, effectiveness and adequacy of the internal audit plan and work program;
- (c) **overseeing:**
  - the performance and objectivity of the internal audit function, including having access to the internal audit function without management present;
  - the co-ordination of the internal auditor with the external auditor;
- (d) **evaluating** management's responsiveness to the internal auditor's findings and recommendations, including overseeing timely closure of agreed actions in response to identified issues; and
- (e) **meeting** with the internal auditor without management present at least once a year.

The Committee (through the Risk Committee Chair member) will consider any issues raised by the Committee or internal auditor that affect the appropriateness of the Group's risk management framework or the management of risk or compliance issues.

### 5.4 Tax Risk and Governance

In the area of tax risk and governance, the Committee is responsible for:

- (a) overseeing the design and implementation of an appropriate tax risk management framework and tax governance arrangements; and
- (b) recommending to the Board for approval tax risk settings.

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## 6 Committee's performance evaluation

The Committee will review its performance from time to time.

Committee members must be available to meet with external bodies if requested to do so in accordance with relevant laws, regulations or prudential standards.



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## **7 Review and publication of charter**

The Board will review this charter annually to assess whether it remains relevant to the current needs of the Company. The charter may be amended by resolution of the Board.

The charter is available on the Company's website and the key features are published in the annual report.