

## **Audit & Compliance Committee**

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Charter

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## **1. Constitution**

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- 1.1. Praemium's Audit & Compliance Committee (the "Committee") has been established by a resolution of the Board.

## **2. Purpose**

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- 2.1. Whilst ultimate responsibility for the integrity of the Group's financial reporting rests with the full Board (and for the UK subsidiary group with its own Board), the purpose of the Committee is to assist the Board to fulfil its corporate governance and oversight responsibilities in relation to financial reporting, compliance and the external audit functions.

## **3. Responsibilities of the Committee**

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- 3.1. The Committee is responsible for reviewing the integrity of the Group's financial reporting and overseeing the independence of the external auditors. In particular, the Committee has the following duties:

### **Accounting Practices and External Reporting**

- (a) To review the audited annual and half-yearly financial statements and any reports which accompany published financial statements before submission to the Board, recommending to the Board their approval (or further revision), focusing particularly on:
  - (i) any changes in accounting policies and practices;
  - (ii) major judgmental areas;
  - (iii) significant adjustments, accounting and financial reporting issues resulting from the internal and external audit;
  - (iv) compliance with accounting policies and standards; and
  - (v) compliance with legal requirements.
- (b) To review the evaluation by management of factors related to the independence of the Group's public accountant and to assist them in the preservation of such independence.
- (c) To oversee management's appointment of the company's public accountant.

### **Related Party Transactions**

- (d) To monitor and review the propriety of any related party transactions.

### **External Audit Function**

- (e) To recommend to the Board the appointment of the external auditor.
- (f) Each year, to review the appointment of the external auditor, their independence, the audit fee, and any questions of resignation or dismissal.
- (g) To discuss with the external auditor and any internal auditor before the audit commences the nature and scope of the audit, and to ensure coordination between the internal and external auditor.
- (h) To meet privately with the external auditor on at least an annual

basis.

- (i) To determine that no management restrictions are being placed upon the external auditor.
- (j) To discuss problems and reservations arising from the interim (review) and final audits, and any matters the auditors may wish to discuss (in the absence of management where necessary).
- (k) To review the external auditor's management letter and management's response.
- (l) To review any regulatory reports on the Group's operations and management's response.

### **Internal Audit Function**

- (m) To consider whether internal audit is required and if so to recommend to the Board the appointment of the internal auditor.
- (n) To consider the appointment of the internal auditor, the audit fee (if externally contracted) and any questions of resignation or dismissal.
- (o) To review the appointment, remuneration, evaluation, retention and dismissal of the chief internal audit executive.
- (p) Each year, to review and approve the internal auditor's charter.
- (q) To review the reporting lines of the internal audit function to ensure that the internal auditor is allowed adequate independence.
- (r) To determine that no management restrictions are being placed upon the internal auditor.
- (s) To ensure that the internal audit function is adequately resourced (including qualified personnel, funding and equipment) so as not to impede its ability to execute its responsibilities.
- (t) To consider the major findings of the internal audit investigations and management's response.
- (u) To ensure coordination between the internal and external auditor.
- (v) To meet privately with the internal auditor on at least an annual basis.

### **Communication**

- (w) Providing, through regular meetings, a forum for communication between the Board, senior financial management staff involved in internal control procedures and the external auditors.
- (x) Enhancing the credibility and objectivity of financial reports with other interested parties, including creditors, key stakeholders and the general public.
- (y) Establishing procedures for complaints and reports regarding accounting, internal accounting controls and auditing matters and ensuring a mechanism for the confidential treatment of such complaints and reports including the ability to submit them anonymously.

### **Assessment of Effectiveness**

- (z) To evaluate the adequacy and effectiveness of the Company's administrative, compliance, operating and accounting policies through active communication with operational management, the

internal auditor, and the external auditors.

### **Oversight of compliance**

- (aa) To monitor the Group's performance in accordance with its compliance policy and approach.
- (bb) To consider the appointment of the head of Compliance in any jurisdiction in which the Group undertakes regulated activities and any questions of resignation or dismissal.
- (cc) To review the appointment, evaluation, retention and dismissal of the head of Compliance in any jurisdiction in which the Group undertakes regulated activities.
- (dd) To oversee the establishment and implementation by management of a compliance plan for identifying, assessing, monitoring, reporting on and managing compliance issues throughout the Group.
- (ee) To check that there is an appropriate structure for reporting on compliance which does not compromise the independence of the compliance function from daily operational activities.
- (ff) To review at least annually the Company's compliance with the conditions on which any regulatory authorisation or licence conditions, (and the applicable laws and regulation in each relevant jurisdiction (and potential changes to those applicable laws or regulations) in which such licenses or authorisations (or similar) are held by group entities.)
- (gg) To evaluate the Group's compliance with other relevant laws relating to its business operations – including but not limited to, employment laws, occupational health and safety, competition laws, trade practices laws, privacy and data protection laws etc.
- (hh) To consider whether compliance issues are adequately dealt with in the development of new products and services.
- (ii) To evaluate the performance of internal compliance personnel and all outsourced compliance services provided.
- (jj) To assess any regulatory action and the proposed measures to be taken by the company in dealing with the regulators and outcomes from regulatory action, if any.
- (kk) To assess proposed changes to the relevant laws and how they may impact on the operations of the company and staffing requirements.
- (ll) To receive and consider compliance reports which highlight any inadequacies and/or verify the state of compliance.
- (mm) To determine the format and content of the compliance reports.
- (nn) To check that all lodgements are made with the appropriate regulatory bodies in a timely manner.

### **Liaison with the Risk Management Committee**

- (oo) The Group has established a separate Risk Assessment & Management Committee.
- (pp) It is acknowledged that from time to time certain issues may not naturally fall within the scope of only one of the two committees.
- (qq) The Committee and the Risk Committee must liaise closely to ensure that all significant matters within their respective

portfolios are appropriately monitored and addressed.

## **4. Membership**

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- 4.1. The Committee will consist of not less than three members. Members will be appointed by the Board from amongst the non-executive directors of Praemium Limited or any of its wholly owned subsidiaries, and where possible a majority of members will also be independent Directors. At least one member will be a member of the Board of the UK subsidiary group, nominated by the Chair of Praemium Portfolio Services Ltd (the Company's wholly owned UK subsidiary).
- 4.2. The Board Charter defines "independence" as follows: "An independent director is one who is not a previous executive, is not involved in material contracts with the Company and is not an adviser to the Company for fees or some benefit".
- 4.3. The Corporate Governance Principals and Recommendations (2nd Edition) published by the ASX Corporate Governance Council defines an independent director as a non executive director who is not a member of management and who is free of any business or other relationship that could materially interfere with – or could reasonably be perceived to materially interfere with – the independent exercise of their judgement. It goes on to say, in effect, that directors will be considered independent if none of the matters stipulated in "Box 2.1" of the Principles (which set out the relationships which, in the view of the ASX Corporate Governance Council, affect independence.)
- 4.4. At present, all of the non-executive directors of the Company and the UK Subsidiary are independent (by reference to both of these definitions).
- 4.5. In addition, in determining membership of the Committee the Board will identify and appoint:
- (a) Members who can all read and understand financial statements and are otherwise financially literate;
  - (b) At least one member with financial expertise either as a qualified accountant or other financial professional with experience in financial and accounting matters;
  - (c) At least one member who has an understanding of the industry in which the Group operates; and
  - (d) At least one member who is resident in each jurisdiction in which the Group operates.
- 4.6. Committee members are appointed for an initial period of three years at the conclusion of which their membership is reviewed and a decision is made as to whether it is appropriate for the member to serve another three year term. However, to ensure the continuity of the membership of the Audit, Risk & Compliance Committee, it is desirable that no more than one third of the members of the Audit, Risk & Compliance Committee be changed in any year.

## **5. Chairman**

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- 5.1. The Group Board will appoint the Chairman of the Committee. The

Committee's Chairman shall be an independent director who is not the chair of the Board.

## **6. Secretary**

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- 6.1. The Company Secretary will be the Committee Secretary.

## **7. Other Attendees**

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- 7.1. The Group CEO / UK Managing Director, CFO / UK Head of Finance, General Counsel, the Compliance Officer(s), other members of senior management and, if appropriate, external advisers, may be invited to be present for all or part of the meetings of the Committee at the discretion of the Committee Chairman, but will not be members of the Committee.
- 7.2. Representatives of the Company's external auditor (and, if considered appropriate by the Chairman of the Committee, the external auditors of the UK subsidiaries) are expected to attend, in person or by telephone, each meeting of the Committee at which reviewed or audited accounts are presented to the Committee for consideration and, if thought fit, recommendation to the Board.
- 7.3. At least once a year the Committee shall meet with the Company's external auditors without any management staff or executives present.
- 7.4. Should the Group appoint internal auditors at some time in the future, representatives of the internal auditor would also be expected to attend at least one meeting of the Committee each year without any management staff or executives present.

## **8. Quorum**

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- 8.1. A quorum will be two members.

## **9. Meetings**

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- 9.1. Committee meetings will be held not less than four times a year to enable the Committee to undertake its role effectively. In addition, the Chairman of the Committee is required to call a Committee meeting if requested to do so by the Chairman of the Board, any member of the Committee, the CEO, the CFO, the internal auditor (if any), the external auditor or the Head of Compliance in any jurisdiction where the Group conducts regulated activities.

## **10. Authority**

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- 10.1. The Committee is authorised by the Board to investigate any activity within its charter.
- 10.2. The Committee is required to make recommendations to the Board on all matters within the Committee's charter.
- 10.3. The Committee discharges its responsibilities by making recommendations to the Board.

- 10.4. The Committee does not have any executive powers to commit the Board or Management to implementation of recommendations unless authorised by resolution of the Board.
- 10.5. The Committee is not responsible for supervising the performance of executives and must not become involved in day to day operations, management functions or decision making.
- 10.6. The Committee may obtain information from and consult with the Managing Director or other executive officer of the Company or any subsidiary entity, as and when it considers appropriate. The Committee will have access to management, auditors (external and internal), Compliance Officers with or without management present, and has the right to seek explanations and additional information. It is authorised to seek any information it requires from any employees and all employees are directed to cooperate with any request made by the Committee. The Committee is authorised by the Board to obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary.
- 10.7. The Committee shall, after notifying the Board or the Chairman of the Board and the Managing Director, have the ability to:
- (a) direct any special investigations;
  - (b) seek advice of the entity's auditors or solicitors;
  - (c) engage and consult independent experts where necessary to carry out its duties; and/or
  - (d) commission and consult external reports and other documents.

## **11. UK Subsidiary Group**

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- 11.1. The Group has appointed a Board for the good corporate governance of its UK subsidiary group. Ultimate responsibility for the integrity of the financial reporting by the UK subsidiary group rests with its Board, and as the Committee is responsible for the matters set out in this Charter in respect to the Group as a whole its responsibilities include providing review and oversight as contemplated by this Charter for the benefit of the UK subsidiary group.

## **12. Reporting**

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- 12.1. The Committee will keep minutes of its meetings. The Secretary shall circulate the minutes of the meetings of the Committee to the Committee Chairman for comment and change before circulation to the Board with the Board papers for the next Board meeting. The Committee will utilise the Board Portal for this purpose.
- 12.2. The minutes of an Audit & Compliance Committee meeting must be circulated prior to the next board meeting and tabled at the meeting for discussion, unless they are less than a week apart then the minutes, along with any recommendations, are to be tabled at the Board meeting following the Committee meeting.
- 12.3. The minutes of the meetings of the Audit & Compliance Committee

may be approved at the next Board meeting, provided that the Chair of the Audit & Compliance Committee has not received any objection from any committee member who is not present at the Board meeting.

- 12.4. The Committee shall regularly update the Board about Committee activities and make appropriate recommendations. The Chairman of the Committee will report to the Board, at the Board meeting next following a meeting of the Committee, on any matters considered within this Charter. Reports may be in written form, or, at the discretion of the Chairman of the Committee and with the agreement of the Chairman of the Board, reports may be given verbally at Board meetings and minuted at that time.
- 12.5. In determining the content of the Committee report, the Chairman should consider all matters relevant to the Committee's roles and responsibilities as set out in this Charter as well as the matters enumerated in the Corporate Governance Principles and Recommendations (or any replacement for that document) as published by the ASX Corporate Governance Council from time to time.

## **13. Review**

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- 13.1. This Charter must be reviewed not less than once every three years. The Charter may only be amended with the approval of the full Board following recommendation from the Committee.
- 13.2. The Committee shall prepare, and report to the Board, the results of an annual performance evaluation of the Committee, which shall compare the performance of the Committee with the requirements of this Charter.