



Audit and Risk Management Committee Charter

Version adopted by the Board: 12 November 2018

Aquis Entertainment Limited (ACN 147 411 881)

Aquis Entertainment Limited Audit and Risk Management Charter

1 Introduction

- (a) This is the Charter of the Audit and Risk Management Committee (**ARMC** or **Committee**) of Aquis Entertainment Limited ACN 147 411 881 and its controlled entities (**Aquis Entertainment**, the **Company** or the **Group**).
- (b) The ARMC is a committee of the Board of Directors and has been established in accordance with the Company's constitution.
- (c) This Charter sets out the scope of the ARMC's responsibilities in relation to the Company and the Group.

2 Objectives

- (a) The objectives of the ARMC are to:
 - (i) assist the Board to achieve its governance objectives in relation to:
 - a) financial reporting;
 - b) the application of accounting policies;
 - c) business policies and practices;
 - d) legal and regulatory compliance; and
 - e) internal control and risk management systems;
 - (ii) maintain and improve the quality, credibility and objectivity of the financial accountability process (including financial reporting on a consolidated basis);
 - (iii) promote a culture of compliance across the Group;
 - (iv) provide a forum for communication between the Board and the Company's management (**Management**) in relation to audit and compliance matters affecting the Group;
 - (v) ensure effective internal audit (if any) and external audit functions and communication between the Board and the internal auditor (if any) and external auditor; and
 - (vi) review and comment on Management's plans for managing the material financial and reporting risks faced by the Group.

3 Membership

- (a) The Committee should to the extent practicable given the size and composition of the Board from time to time, comprise of:

- (i) at least three members;
 - (ii) non-executive directors; and
 - (iii) a majority of directors who are independent (and it must satisfy this description if required by statute or regulation).
- (b) All Committee members should be financially literate (ie able to read and understand financial statements).
 - (c) The chair of the Committee (**Committee Chair**) should be an independent non-executive director who does not chair the Board (and must satisfy this description if required by statute or regulation).
 - (d) All Committee members should have a reasonable understanding of Aquis Entertainment's business and the industry in which it participates.
 - (e) Committee members will be appointed for a fixed period of no more than three years, with Committee members generally being eligible for re-appointment for so long as the Committee will meet the relevant criteria established in paragraph (a) above.
 - (f) The appointment and removal of Committee members is the responsibility of the Board.
 - (g) A Committee member may resign as a member of the Committee upon reasonable notice in writing to the Committee Chair.
 - (h) If a Committee member ceases to be a director of the Board, their appointment as a member of the Committee is automatically terminated with immediate effect.
 - (i) The secretary of Aquis Entertainment is the secretary of the Committee.

4 External financial reporting

- (a) The external financial reporting responsibilities of the Audit and Risk Committee are:
 - (i) engaging in the proactive oversight of, and assessing the adequacy of, the Company's financial reporting and disclosure processes, overseeing and reviewing the outputs of that process and making recommendations to the Board in relation to those matters;
 - (ii) assessing the appropriateness and application of the Group's accounting policies and principles and any changes to them, so that they accord with the applicable financial reporting framework;
 - (iii) review significant financial and reporting issues, including complex or unusual transactions and highly judgmental areas and recent professional and regulatory announcements and understand their effect on the Company's financial reports;
 - (iv) obtaining an independent judgment from the external auditor about:

- a) the acceptability and appropriateness of accounting policies and principles put forward by Management; and
- b) the clarity of current or proposed financial disclosure practices as put forward by Management;
- (v) assess significant estimates and judgements in financial reports by asking management about the process used in making material estimates and then ask the internal (if any) and external auditors for the basis of their conclusions on the reasonableness of management's estimates;
- (vi) assess management's explanations for unusual transactions or significant variances from prior year results or current year budget;
- (vii) assessing information from the external auditor that may affect the quality of the Company's financial reports;
- (viii) reviewing all quarterly, half-yearly and annual financial reports with Management, advisers and the external auditors (as appropriate) and recommending to the Board, adoption of the applicable financial reports, if those financial reports reflect the understanding of the members of the Committee of, and otherwise provide a true and fair view of, the financial position of the Group;
- (ix) discussing any draft Audit Opinion Letter and Report on the Annual Audit with the external auditors before it is finalised;
- (x) assessing the appropriateness of any significant accounting estimates, judgments or choices in the financial reports of the Company;
- (xi) reviewing and approving as required, documents and reports to regulators;
- (xii) following up on any matter raised by the Board regarding financial reports, audit opinions and Report on the Annual Audit;
- (xiii) establishing procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls and auditing matters, and procedures for the confidential, anonymous submission of concerns by employees regarding accounting and auditing matters;
- (xiv) reviewing Management processes supporting external reporting, and any complaints or concerns raised internally regarding financial or accounting processes and practices;
- (xv) ensuring that procedures are in place designed to verify the existence and effectiveness of accounting and financial systems and other systems of internal control which relate to financial risk management; and
- (xvi) any other responsibilities as determined by the Committee or the Board from time to time, and
- (xvii) making recommendations to the Board in respect of these matters.

5 Risk Management, Compliance and Internal Control

(a) The responsibilities of the Committee regarding risk management, compliance and internal control matters are:

(i) Risk management and internal compliance and control systems

- 1) overseeing the establishment and implementation of risk management and internal compliance and control systems and ensuring that there is a mechanism for assessing the ongoing efficiency and effectiveness of those systems;
- 2) reviewing (at least annually) and approving policies and procedures on risk oversight and management to establish an effective and efficient system for:
 - i. identifying, assessing, monitoring and managing risk; and
 - ii. disclosing any material change to the Group's risk profile;
- 3) reviewing and/or evaluating:
 - i. the effectiveness of the Company's risk management, compliance and internal control processes;
 - ii. the Group's risk management plan framework at least annually, and ensuring that the Company discloses in relation to each reporting period whether such a review has taken place, as well as any insights gained and any changes made to the risk management framework as a result;
- 4) if the Company has an internal audit function, how the function is structured and what role it performs, or if it does not have an internal audit function, that fact and the process that it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes;
- 5) receiving reports from Management concerning the Group's material risks in order to assess the internal processes for determining, monitoring and managing these risks and to monitor the risk profile of the Group;
- 6) ensuring a regular program of audits is undertaken to test the adequacy of and compliance with prescribed policies; and
- 7) if the Group has established an internal audit function:
 - i. appointing or removing the head of internal audit;
 - ii. determining the scope and adequacy of the internal audit annual work plan; and
 - iii. ensuring the objectivity and performance of the internal audit function.

(ii) Disclosure and financial reporting

- 1) ensuring that Management establishes a comprehensive process to capture all financial information that must be disclosed to ASX; and

- 2) reviewing the Group's financial risk management procedures to ensure that the Group complies with its legal obligations, including to assist the Chief Executive Officer or Chief Financial Officer to provide declarations in relation to each of the Group's financial reports required by Recommendation 4.2 of the ASX Corporate Governance Principles and Recommendations (3rd edition).
- (iii) Other responsibilities**
- 1) any other responsibilities as determined by the Committee or the Board from time to time, and
 - 2) making recommendations to the Board in respect of these matters.
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6 External Audit

- (a) The responsibilities of the Committee regarding external audit are:
- (i) approving the terms of engagement with the external auditor at the beginning of each financial year;
 - (ii) regularly reviewing with the external auditor:
 - a) the scope of, plan for and adequacy of, the external audit;
 - b) identified risk areas; and
 - c) any other agreed procedures;
 - (iii) recommending to the Board for approval, the appointment or removal of the external auditor;
 - (iv) approving the remuneration of the external auditor;
 - (v) regularly reviewing the performance, effectiveness and independence of the external auditor, including annual receipt of an independence report from the external auditor;
 - (vi) providing advice to the Board as to whether the Committee is satisfied that the provision of non-audit services is compatible with the general standard of independence, and an explanation of why those non-audit services do not compromise audit independence, in order for the Board to be in a position to make the statements required by the Corporations Act 2001 (Cth) to be included in the Company's annual report;
 - (vii) meeting periodically with the external auditor and inviting them to attend Committee meetings to:
 - a) review their plans for carrying out internal control reviews; and
 - b) consider any comments made in the external auditor's Report on the Annual Audit, and in particular, any comments about material weaknesses in internal controls and Management's response to those matters;
 - (viii) reviewing all representation letters to be signed by Management;

- (ix) receiving and reviewing the reports of the external auditor;
 - (x) ensuring the external auditor attends the Annual General Meeting of the Company and is available to answer questions from shareholders of the Company relevant to the audit; and
 - (xi) any other responsibilities as determined by the Audit and Risk Committee or the Board from time to time.
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7 Other Responsibilities

- (a) Other responsibilities of the Committee are:
 - (i) assessing and recommending to the Board for adoption the scope, cover and cost of insurance, including insurance relating to Directors' and Officers' liability, company reimbursement and professional indemnity;
 - (ii) if it considers appropriate, investigating any complaint or allegation made to it;
 - (iii) ensuring that the Company discloses whether, and if so how, it has regard to, and manages, economic, environmental and social sustainability risks;
 - (iv) reviewing and monitoring any related party transaction and recommending its approval;
 - (v) any other responsibilities as determined by the Committee or the Board from time to time;
 - (vi) reviewing the procedures the Company has in place to ensure compliance with laws and regulations (particularly those which have a major potential impact on the Company in areas such as trade practices, occupational health and safety, and the environment);
 - (vii) reviewing the procedures the Company has in place to ensure compliance with insider trading laws, continuous disclosure requirements and other best practice corporate governance processes (including requirements under the ASX Listing Rules, Corporations Act and AASB requirements);
 - (viii) advising the Board on the appropriateness of significant policies and procedures relating to financial processes and disclosures and reviewing the effectiveness of the Company's internal control framework;
 - (ix) reviewing the Company's policies and culture with respect to the establishment and observance of appropriate ethical standards; and
 - (x) reviewing and discussing with management and the external auditors the overall adequacy and effectiveness of the Company's legal, regulatory and ethical compliance programs.
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8 Meetings

- (a) The Committee will meet at least two times annually or as frequently as is

required to undertake its role effectively.

- (b) The Committee will meet in private with both of Aquis Entertainment's Chief Financial Officer and external auditor at least once each year and at other times as considered appropriate.
 - (c) Any Committee member may, and the company secretary must upon request from any member, convene a meeting of the Committee.
 - (d) The Committee may invite any executive director, executive, other staff member or external auditor to attend all or part of a meeting of the Committee. There is an open invitation for all other non-executive directors to attend a meeting of the Committee.
 - (e) The proceedings of all meetings will be minuted by the company secretary. All minutes of the Committee are available for inspection by any director.
 - (f) A quorum for any meeting will be at least two Committee members.
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9 Reporting

- (a) The Committee will:
 - (i) regularly report to the Board on all matters relevant to the Committee's role and responsibilities;
 - (ii) advise the Board in a timely manner of audit, financial reporting, internal control, risk management and compliance matters which may significantly impact upon Aquis Entertainment;
 - (iii) report and, as appropriate, make recommendations to the Board after each Committee meeting on matters dealt with by the Committee; and
 - (iv) as and when appropriate, seek direction and guidance from the Board on audit, risk management and compliance matters.
 - (b) Minutes of Committee meetings will be included in the papers for the next full Board meeting.
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10 Committee Performance

- (a) The Board will, at least once in each year, review the membership and Charter of the Committee to determine their respective adequacy for current circumstances and the Committee may make recommendations to the Board in relation to the Committee's membership, responsibilities, functions or otherwise.
 - (b) The Committee shall make an evaluation of its performance at least once every two years to determine whether it is functioning effectively by reference to current best practice.
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