



# AUDIT CHARTER

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ASF Group Limited

ABN: 50 008 924 570

ASX Code: AFA

# ASF Audit Charter

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The Board of Directors (Board) is responsible for the overall corporate governance of ASF Group Limited, including all entities which make up the ASF Group Ltd (ASF) of companies.

To ensure effective corporate governance in an efficient manner the Board establishes committees to undertake various corporate governance functions of the Board and to report to the Board on committee work.

The Audit Committee (Committee) is one such committee of the Board. This Charter document defines the composition, mode of operation, functions and specific responsibilities of the Committee.

The Committee serves the Board by attending in detail to aspects of corporate governance assigned to the Committee by the Board. Use of the Committee in this way ensures relevant Board functions are attended to both effectively and efficiently. The Committee assists the Board by providing the Board with reports on and recommendations arising from the Committees deliberations.

The Committee aims to promote and monitor the pursuit of best endeavours by Management in the areas of external reporting, risk management and internal control, legal compliance and code of conduct within ASF.

## 1. **COMPOSITION AND MODE OF OPERATION**

- (i) Relationship to Board of Directors:  
The Committee serves at the pleasure of and is subject to the control and direction of the Board.
- (ii) Membership:  
The membership of the Committee shall consist of at least three members. Ideally, if possible, all members of the Committee shall be non-executive members of the Board. The Chairman of the Committee shall be appointed by the Chairman of the Board of Directors and shall be a non-executive Director.  
The Board shall determine membership of the Committee, other than the Committee Chairmanship.  
The Board is responsible for ensuring there is an appropriate blend of skills and experience in the membership of the Committee.
- (iii) Meetings:  
The Committee Chairman will determine the number and timing of meetings of the Committee. As a general rule there will be four scheduled meetings per annum.  
The Secretary of ASF will perform the duties of Secretary to the Committee.

The agenda for Committee meetings will be determined by the Committee Chairman in consultation with Management and members of the committee.

The minimum quorum for a Committee meeting is two members, one of whom must be either the Committee Chairman or the Chairman of the Board.

(iv) Attendance At Meetings:

The Committee may have in attendance such members of Management or other parties, as it may deem necessary to provide the necessary information to carry out its functions.

(v) External Advice:

The Committee can seek independent external advice on matters brought before the Committee or in relation to the functions and responsibilities of the Committee if the Committee Chairman deems such action appropriate. Approval to seek external advice must however be given by the board in each instance.

(vi) Reporting:

The Committee Chairman is responsible for ensuring prompt and appropriate reporting to the Board following each Committee meeting.

(vii) Assessment:

The Board is responsible for assessing the committee's functions, responsibilities and effectiveness at least once every two years.

## 2. FUNCTIONS AND SPECIFIC RESPONSIBILITIES

The functions and specific responsibilities of the Committee are stated below. The committee Chairman is charged by the Board with ensuring the Committee adequately addresses each function and specified responsibility on an ongoing basis.

## 3. REPORTING AND ACCOUNTS

- (i) Ensuring that ASF's reporting to external parties meets community expectations. In particular:
- Determining that ASF's financial reporting is in conformity with ASF's accounting policies, Australian accounting standards and is true and fair.
  - Determining that ASF's reporting to the Australian Stock Exchange (ASX) meets ASX requirements and that ASF complies with ASX Listing Rules.
  - Determining that the parent company is in compliance with legal requirements relating to the declaration and payment of dividends.
  - Review and approval of all external financial announcements by ASF, unless otherwise advised by the Board, prior to release of such announcements.
- Ensuring adequate due diligence is undertaken in relation to public documents such as prospectuses.

- (ii) Approving changes to ASF's accounting policies and reviewing the impact of change in accounting standards when they are foreseen and when they occur.
- (iii) Determining that satisfactory arrangements are in place for external auditing of ASF's financial affairs. This includes:
  - Selecting and recommending auditors to the Board.
  - Ensuring the scope of the audit is adequate.
  - Ensuring the independence and effectiveness of the auditors is not compromised.
  - Ensuring external auditors have direct access to the Committee.
  - Ensuring the Committee is fully briefed on unrecorded audit adjustments and underlying judgment calls in the financial statements.
  - Ensuring the auditors has unrestricted access to ASF personnel and information.
  - Approving remuneration arrangements for the auditors.
  - Receiving and assessing reports from the auditors on their work.
  - Assessing Management's response to an action on the auditors' reports.
  - Assessing the performance of the auditors.

#### 4. RISK MANAGEMENT AND INTERNAL CONTROL

- (i) Ensuring systems are in place and operating effectively to identify, assess, monitor and manage risks to which ASF is exposed as set out in 'ASF's Policy on Risk Oversight and Management'. Included as part of this risk management oversight function is assessment by the Committee of the adequacy of methodologies, systems and practices used by Management to manage risk in the following areas:
  - Crisis management
  - Capital expenditure
  - Taxation strategy, responsibilities and exposures
  - Funding
  - Commodity, foreign exchange and interest rate exposures
  - Information systems technology
  - Insurance coverage
- (ii) Determining that adequate systems of internal control have been instituted. In this regard internal control is defined as the processes designed to provide reasonable assurance regarding the achievement of objectives in the following categories:
  - Effectiveness and efficiency of operations
  - Adequacy and reliability of reporting
  - Safeguarding the assets of ASF
- (iii) Ensuring appropriate internal work is undertaken in ASF. This includes addressing the scope of and outcomes from internal audit work and ensuring appropriate resourcing of, independence of, access by, reporting by, work planning by and efficiency of internal audit functions.

## 5. **LEGAL COMPLIANCE**

Monitoring the establishment of policies directed to ensuring ASF uses its best endeavours to comply with the law and conforms to high standards of ethical behaviour. Specific focus is aimed at due diligence in relation to areas of law which have been identified by the Board as warranting Board oversight. Namely:

Corporations Law  
Environmental Law  
Competition Law  
Consumer Protection/Product Safety Law  
Occupational Health and Safety Law  
Privacy Legislation

## 6. **CODE OF CONDUCT**

- (i) Ensuring the establishment, implementation and monitoring of appropriate policies addressing codes of conduct for Directors and employees as set out in 'ASF's Code of Conduct'
- (ii) Ensuring systems are established for the assessment and approval of all contracts and transactions between ASF and its employees and non-executive directors.

## 7. **BOARD REFERRAL**

Review any financial matters, transactions and policies or address any other matters referred to the Committee by the Board.