



Audit and Risk Management Committee Charter

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Audit and Risk Management Committee Charter

1 Purpose

- 1.1 Collection House Limited's (Collection House) Audit & Risk Management Committee (the **Committee**) is appointed by the Collection House Board (the **Board**) to support the work of the Board, and to maintain the integrity and reputation of Collection House Limited and its subsidiaries (known collectively as Collection House).
- 1.2 The purpose of the Committee is to assist the Board in discharging its responsibilities in relation to:
 - the integrity of Collection House's financial reporting
 - the identification and management of key financial, regulatory and operational risks
 - the adequacy of the internal control framework
 - regulatory compliance
 - Collection House's external and internal audit functions.
- 1.3 The Committee will fulfil these responsibilities by carrying out the activities outlined in this Audit & Risk Management Committee Charter (Charter).

2 Authority

- 2.1 The Committee is a committee of the Board established in accordance with Collection House's Constitution and authorised by the Board to assist it in fulfilling its statutory and regulatory responsibilities.

The Committee has the authority and power to exercise the role and responsibilities set out in this Charter and granted to it under any separate resolutions of the Board from time to time.
- 2.2 In discharging its responsibilities, the Committee:
 - Will have unrestricted access to Management, staff and relevant information, such as documents, data and records, as it deems appropriate and necessary to discharge its duties.

Where access to Management, staff and relevant information cannot be obtained for legal or confidentiality reasons, the Committee will follow a prescribed Board approval mechanism to access the required information.
 - Has the authority to require Management, staff and Collection House's Internal or External Auditors (with or without Executive Management present), to attend meetings or interviews to provide explanatory advice or information.
 - May seek advice from, and engage with, external and independent advisors, such as legal, compliance, risk management and other professional advisors, as it deems necessary to discharge its responsibilities.
 - Has the authority to direct and report an investigation into any matter which it deems necessary to discharge its responsibilities.

3 Membership

3.1 The Committee shall be members of, and appointed by, the Board and shall, to the extent possible given the Board size and composition, consist of a minimum of three (3) and not more than five (5) members.

At least two (2) members will be Non-Executive Directors (NEDs) who are independent of management and free from any relationship which might, in the Board's opinion, be perceived as a conflict of interest.

3.2 Where the number of NEDs from which to appoint to the Committee is less than the required minimum (2), the Board will dissolve the Committee and absorb its functions, powers and delegations until such time as the required NED minimum is reached.

3.3 The Committee Chair is appointed by the Board and must be a NED who does not chair the Board.

3.4 At least one (1) Member will have relevant qualifications and experience in financial or management reporting e.g. a qualified accountant holding a current accounting qualification, CPA or CA, or a finance professional with financial and accounting experience.

3.5 Committee members should collectively possess sufficient knowledge of audit, finance, governance, risk and control, and an understanding of the industry in which Collection House operates.

3.6 Committee members shall not serve on the Audit Committees, Audit & Risk Management Committees or similar Committees of more than 2 other public companies unless the Board determines that such service does not impair the member's ability to serve on the Committee. For the avoidance of doubt, where the Board appoints a member to the Committee, the Board has determined that such service will not impair the members' ability to serve on the Committee

3.7 Committee membership is reviewed annually with members eligible for reappointment. Membership of the Committee is to be confirmed annually by the Board in alignment with Collection House's annual general meeting. To ensure continuity within the Committee, the appointment of members to the Committee is to be staggered.

3.8 Members may resign from the Committee upon reasonable notice in writing to the Committee Chair. 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.

3.9 New Committee members will receive induction training from the Committee Chair and the Chief Financial Officer's team.

4 Duties and Responsibilities

4.1 The Committee's primary responsibility is to report to the Board and provide appropriate advice and recommendations on matters relevant to this Charter in order to facilitate decision-making by the Board.

Financial reporting

4.2 The Committee will oversee the preparation of the half-year and annual financial statements and reports, including:

- reviewing significant financial and reporting issues such as complex or unusual transactions and highly judgemental areas, changes in accounting policies and practices, and recent and prospective professional and regulatory announcements, any relevant disclosures required under any applicable law or regulations

- reviewing management’s processes for ensuring and monitoring compliance with Australian Accounting Standards, the Australian Securities Exchange, Corporations Act and all other relevant legislative requirements
 - reviewing the results of the financial statements audit with management and the External Auditor, including any difficulties encountered, significant financial reporting issues, significant estimates and business judgements made in connection with the preparation of the financial statements
 - reviewing the process followed by Management in making material accounting estimates and the effects of alternative methods of reporting in the financial statements, and enquiring with the External Auditor on the External Auditor’s conclusion regarding the reasonableness of those estimates
 - reviewing with Management and the External Auditor all matters required to be communicated to the Committee under Australian Auditing Standards
 - assessing Management’s explanations for unusual transactions or significant variances from prior year results or current year budget
 - assessing the management of non-financial information in documents to ensure that the information reported does not conflict with the financial statements or other documents
 - requiring the CEO and CFO to provide a declaration that complies with the requirements of Section 295A of the Corporations Act for any reportable financial reports.
- 4.3 The Committee will confirm to the Board whether the financial and non-financial statements reflect the Committee members understanding of, and otherwise provide a true and fair view of, Collection House’s financial position and performance.
- 4.4 The Committee will make a recommendation to the Board whether the financial statements and reports should be signed based on the Committee’s assessment.

External Audit

- 4.5 The Committee will oversee Collection House’s relationship with the External Auditor and the external audit function, including but not limited to:
- reviewing the scope and adequacy of the external audit plan to ensure it covers all material risks and financial reporting requirements
 - approving, on Management’s recommendation, the appointment, removal and remuneration of the External Auditor, including the lead External Audit Partner rotation
 - reviewing and approving all non-audit services, and assessing the appropriateness of fees paid for all non-audit services provided by the External Auditor
 - reviewing with the External Auditor the results from the financial statements audit, and monitoring and assessing Management’s responses and actions to address recommendations
 - considering the implications of the external audit findings on the Collection House control environment
 - reviewing, at least annually, the independence and performance of the External Auditor in accordance with the requirements of the Corporations Act and other relevant legislative and industry requirements
 - reviewing the External Auditor’s annual independence declaration to be provided to the Board
 - requesting the External Auditor attend the Annual General Meeting to answer any questions from shareholders associated with the financial statements audit.

Internal Audit

- 4.6 The Committee will, regardless of whether the Company's internal audit function is performed partially or in whole, by a third party:
- review the adequacy and effectiveness of Collection House's internal control systems with Management and Internal Auditor and/or internal audit function
 - evaluate the effectiveness of the internal audit function, including the function's objectivity, performance and independence
 - review and approve the annual internal audit plan, including approving any signification variation, and monitor progress against it
 - receive and consider regular reports, and monitor and assess the timeliness and adequacy of management responses and progress to resolve outstanding audit findings.
- 4.7 Where part or all of the Company's internal audit function is performed by a third party, the Committee will oversee Collection House's relationship with the Internal Auditor and the internal audit function, and will approve, on Management's recommendation, the appointment, removal and remuneration of the Internal Auditor.

Internal Control and Risk Management

- 4.8 The Committee will:
- review and approve Collection House's risk management framework and policy on an annual basis
 - assess the internal processes for determining and managing key risk areas, in particular:
 - compliance with laws, regulations, standards and best practice guidelines
 - important judgments and accounting estimates
 - litigation and claims
 - fraud and theft
 - business risks other than those dealt with by other specific Board Committees.
 - ensure that significant or material risks are reported to the Board
 - review and recommend to the Board the appropriateness of Collection House's insurance program, having regard to its business and the insurable risks associated with its business
 - address the effectiveness of the internal control and risk management systems with management and the internal and external audit functions
 - assess the effectiveness of, and compliance with, Collection House's corporate and operational code of conduct and compliance with internal plans, policies and procedures
 - obtain regular updates from Management about compliance matters, including compliance with overseas legislative requirements.

Whistle-blower

- 4.8 The Committee will review the adequacy of Collection House's Whistleblower Protection Policy and associated procedures, including whether:
- whistleblower reports were appropriately recorded, investigated and responded to as required
 - any whistleblower reports involved fraud or a breakdown in internal controls
 - the whistleblower training provided is adequate
 - any changes or further controls were introduced to prevent re-occurrence.

Anti-bribery and Corruption

- 4.9 The Committee will review the adequacy of Collection House's Anti-bribery and Corruption Policy and procedures, including whether:
- any allegations or incidents of alleged bribery and corruption, material or otherwise, were appropriately recorded, investigated and responded to as required
 - the anti-bribery and corruption training provided is adequate
 - any changes or further controls were introduced to prevent re-occurrence.

Fraud

- 4.10 The Committee will:
- oversee Collection House's fraud prevention and management framework
 - ensure that appropriate action is taken when instances of fraud are identified
 - address the effectiveness of the fraud prevention and management framework with management and the internal and external audit functions.

Other Responsibilities

- 4.11 The Committee will:
- recommend to the Board an appropriate governance framework and processes which can be established and maintained within Collection House
 - review compliance with related party transaction disclosures or material personal interest disclosures as a Committee or as required by the Board
 - institute and oversee special investigations as needed
 - review and assess the adequacy of this Charter annually, requesting Board approval for changes and ensure appropriate disclosure as may be required by law or regulation
 - confirm annually that all responsibilities outlined in this Charter have been carried out
 - evaluate the performance of the Committee and its members on a regular basis
 - through the Chair, organise the information relating to the Committee to be included in the annual report
 - perform any matters assigned to the Committee by the Board.

5 Meetings

- 5.1 The Committee will meet at least four (4) times a year or more frequently as required, including extra meetings requested by the Committee Chair, the Board Chair or by Collection House's External and Internal Auditors.
- 5.2 A quorum shall be two (2) Committee members. Directors who are not Committee members shall have the right to attend Committee meetings.
- 5.3 Should the Committee Chair be absent from any Committee meeting, Committee members present at that meeting shall appoint one of their number to be Chair of that meeting. All Committee members are expected to attend each meeting in person or by other approved means, such as teleconferencing or video conferencing.
- 5.4 The Committee may invite other people to attend a meeting, consult other people or seek any information considered necessary to fulfil its responsibilities.
- 5.5 Committee members will be invited to disclose conflicts of interest at the start of each meeting. Ongoing conflicts of interest need not be disclosed at each meeting once they have been acknowledged. Where members or invitees are deemed to have a real or perceived conflict of interest, they will be excused from Committee discussions about the issue where there may be a real or perceived conflict of interest.
- 5.6 The Committee Chair and members may meet separately with Collection House's internal and external audit function without any representatives from Collection House's Senior and Executive Management Team present, and vice versa.

6 Secretarial Services and Minutes

- 6.1 Collection House's Company Secretary, or delegate[s], will be the Committee Secretariat. The Secretariat will help the Committee develop an annual work plan.
- 6.2 For each meeting, the Secretariat, in conjunction with the Committee Chair, will be responsible for:
 - developing the agenda for each meeting, supported by documentation
 - circulating the notice and agenda for each meeting, including relevant supporting papers, to Committee members at least seven (7) working days prior to each meeting
 - preparing draft meeting minutes and circulating those to the Chair for approval within 7 working days after each meeting.
- 6.3 The approved Committee meeting minutes will be circulated to Committee members within 14 working days after each meeting.
- 6.4 The minutes must be ratified and signed by the Chair at the following meeting,
- 6.5 The Committee Chair is to report to the Board following each Committee meeting, and may distribute a copy of the minutes supplemented with other necessary information, including recommendations requiring board action and/or approval.



**We're here to help.
Get in touch with us today.**

(07) 3292 1000

corporate.services@collectionhouse.com.au

Level 12, 100 Skyring Terrace Newstead QLD 4006, Australia

collectionhouse.com.au

