

Standards Australia Limited

Finance, Risk and Audit Committee

Charter

1) Objectives

The primary objectives of the Committee are to assist the Board in fulfilling its responsibilities relating to:

- investment strategy
- risk management
- compliance with legal and contractual obligations
- accounting, reporting and internal controls
- audit

The Finance, Risk and Audit Committee is to act as the medium by which the Board, management, investment advisers and auditors will meet, review and advise on matters relating to the company's financial management, risk and compliance.

2) Duties and Responsibilities

The duties and responsibilities of the Committee shall be to:

a) Investments

- i) Review and recommend, after appropriate consideration and advice from the Company's investment advisers, any changes to the investment strategy, at least annually.
- ii) Review any recommendations for changes to the investment portfolio, and approve or recommend those changes for approval in accordance with Board financial delegations.
- iii) Monitor and report to the Board on the performance of the external investment advisers.
- iv) Monitor and report to the Board on the financial performance of investments.

b) Risk Management

- i) Ensure there is an adequate risk management system.
- ii) Monitor and review the Risk Register and other reporting of risk information to the Board.
- iii) Monitor the adequacy of insurances.

c) Compliance

- i) Ensure there are processes in place to confirm compliance with laws, regulations, legal obligations, standards and internal codes of conduct.
- ii) Monitor and review any current or pending litigation or regulatory proceedings.
- iii) Monitor and review any taxation issues.

d) Accounting, Reporting and Internal Controls

- i) Review and recommend any changes to accounting policies.
- ii) Review management financial reports and make recommendations to the Board.
- iii) Review the Annual Report for recommendation to the Board, focusing particularly on:
  - any changes to accounting policies and practices
  - major judgmental areas (e.g. accruals, provisions or estimates which significantly affect the financial statements)
  - compliance with accounting standards and other statutory reporting requirements
  - other reports prepared by management
  - disclosure of matters such as related party transactions

  
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- iv) Review the adequacy of internal financial control systems.
- v) Review the need from time to time for an independent review or audit of any aspect of company policies, procedures or internal controls, and where required, oversee the implementation and reporting of the results of any such review.
- vi) Review jointly with management, the auditors and legal counsel (as appropriate), any litigation, claim or other contingency which may have a material effect upon the financial position or operating results and the manner in which these matters have been disclosed in the financial statements.
- vii) Monitor all financial matters and major capital expenditure proposals.

e) External Audit

- i) Consider and approve the annual audit fee and monitor the performance of the external auditor.
- ii) Periodically review the terms of the external auditor's engagement and appointment and if necessary recommend changes to the Board.
- iii) Agree with the external auditor before the audit commences the annual audit plan.
- iv) Discuss problems and concerns arising from the audit, and any matters the auditor may wish to discuss (in the absence of management where necessary).
- v) Review the auditor's management letter and the response of management.
- vi) Confirm and assure the independence of the external auditor and to review any other services planned or provided by the external auditor with any likely effect on the independence of the auditor.
- vii) Review the external auditor's reports.

f) Budgets


Review and report on the annual operating, investment and capital expenditure budgets ensuring they are within the Board's sustainability requirements, paying particular attention to the amount provided for drawing down from investment earnings to fund operating costs.

g) Other

- i) Undertake an annual self-evaluation process with outcomes reported to the Board.
- ii) Review and update the Committee's Charter at least every 2 years, for approval by the Board.
- iii) Consider any other matters requested by the Board.

3) Membership and Attendance

- a) The Committee shall comprise at least three non-executive Directors appointed by the Board. The Board may appoint Committee Members or Observers who are not Directors however the Committee must always comprise a majority of non-executive Directors.
- b) Whilst there is no fixed appointment term the Board will review the composition of the Committee at the Board meeting following each Annual General Meeting (or at other times if required) to ensure an appropriate balance of the benefits of continuity and new Members. A Committee Member or Observer who is a Director will cease to be a Committee Member or Observer upon ceasing to be a Director.
- c) The Board shall appoint a Director as Committee Chairman, who shall not be the Chairman of the Board. The Board shall review its appointment of the Committee Chairman from time to time.
- d) The Chief Executive Officer shall nominate a Committee Secretary acceptable to the Committee.
- e) Committee Members that are not Directors will be appointed on terms determined by the Board.
- f) An invitation may be extended to the Chief Executive Officer, members of the Executive, the Financial Accountant, representatives of the auditors, representatives of the investment

  
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advisers, and any other persons the Committee sees fit to attend for part or all of its meetings.

4) Meetings

- a) A meeting quorum shall be two Committee Members.
- b) If at any meeting the Committee Chairman is not present within five minutes after the time appointed for the meeting, the Committee Members present may choose a Committee Member to be chairman of the meeting until the Committee Chairman is present.
- c) Questions arising at any meeting shall be determined by a majority of votes of the Committee Members present, and in the case of an equality of votes the Committee Chairman shall have a second or casting vote.
- d) Meetings shall, unless varied by the Board, be held not less than four times each calendar year.

5) Authority

- a) The Committee has no executive powers or decision making authority in relation to finance unless specifically approved by the Board.
- b) The Committee, in conjunction with the Chairman of the Board, is authorised by the Board to seek any information it requires for the fulfilment of its duties, from any Director, executive or employee, the auditors or investment advisers, and all employees are directed to cooperate with any such request. Under normal circumstances any such requests will be made through the Chief Executive Officer. It is authorised to investigate any activity within its terms of reference.
- c) The Committee is authorised by the Board to commission external professional advice if it considers this necessary. The Committee shall notify the Board in advance if such advice is to be commissioned.

6) Reporting Procedures

- a) The Committee Secretary is responsible for:
  - i) preparing and circulating the agenda and meeting papers.
  - ii) drafting and circulating the minutes, and retaining a permanent Minute Book of all signed minutes.
  - iii) in conjunction with the Chief Executive Officer, carrying out any instructions of the Committee and giving practical effect to the Committee's decisions.
  - iv) ensuring the Annual Report includes a statement describing the responsibilities and activities of the Committee.
- b) The Chief Executive Officer and Deputy Chief Executive Officer shall provide financial reports and advice as required direct to the Committee.
- c) The Committee Chairman shall report to the Board on all significant matters considered by the Committee and report annually to Council.



**Adrian O'Connell**  
**Company Secretary**

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