



AUDIT AND FINANCE COMMITTEE CHARTER

UCW Limited
ACN 108 962 152

Last reviewed: August 2019

1 OBJECTIVE

The Audit and Finance Committee (**Committee**), a sub-committee of the Board of directors (**Board**) of UCW Limited (**Company** or **Group**) has adopted this charter to outline the manner in which it fulfills the Board's responsibility for oversight of the quality and integrity with respect to the accounting, audit and financial reporting of the Group including:

- (a) exercising oversight over the compliance of the financial statements with the requirements of the Corporations Act and any other mandatory professional reporting requirements or statutory reporting requirements, and making informed decisions regarding accounting policies, judgements, practices and disclosures;
- (b) reviewing the scope and results of internal audit reviews (if any) and external audits;
- (c) assessing the effectiveness of the Group's internal controls;
- (d) assessing the effectiveness of the Group's internal audit functions (if any) in carrying out the responsibilities of their charters; and
- (e) focusing appropriate attention on the risk management framework of the Group, including with respect to financial and strategic risks.

2 COMPOSITION

2.1 Membership

The Board, usually on the recommendation of its Remuneration and Nomination Committee, will appoint Committee members and the Chair of the Committee.

Membership of the Committee will be reviewed annually, and members are eligible for reappointment. Membership will be confirmed annually by the Board.

The Committee will consist of:

- (a) Both non-executive and executive directors, although the majority should be non-executive;
- (b) a minimum of three members; and
- (c) an independent, non-executive director as Committee Chair that is also not Chair of the Board.

Members should be financially literate and the Committee Chair should have significant and relevant accounting experience.

2.2 Committee Chair

The Committee Chair will preside at meetings of the Committee. If the Committee Chair is not present at a Committee meeting, the Committee members so present must elect another member to act as Committee Chair for that meeting.

The role of the Committee Chair is to:

- (a) determine the agenda for meetings of the Committee in conjunction with the Committee Secretary (as defined below in section 3.4);
- (b) chair meetings of the Committee and take reasonable steps for the proper functioning of the Committee, including the proper conduct of meetings and an appropriate level of discussion;
- (c) take reasonable steps regarding the adequate flow of relevant information to the Committee;
- (d) take reasonable steps to advise the Board on the Committee's recommendations to the Board on matters falling within the scope of the Committee's responsibilities;
- (e) review the minutes of meetings of the Committee for circulation to and approval of the Committee, and sign the approved minutes; and
- (f) act under a delegation of the Committee, including liaising on behalf of the Committee with consultants advising the Committee.

3 MEETINGS

3.1 Frequency of meetings

The Committee will meet as often as the Committee members deem necessary in order to fulfil its role. However, it is intended that the Committee will normally meet at least two times each financial year.

In addition, the Committee Chair is required to call a Committee meeting if requested to do so by:

- (a) any Committee member;
- (b) the Chief Financial Officer of the Company (**CFO**); or
- (c) any other director.

3.2 Attendance by non-members

All directors may attend Committee meetings. The CFO may be invited to attend Committee meetings at the invitation of the Committee, but will have no voting rights and will not attend closed sessions of the Committee with the external and internal auditors.

Members of management and/or parties external to the Group may be invited to attend any Committee meeting or part thereof, subject to the invitee not having a material personal interest in the matter of the Committee being considered. Non-members of the Committee may be asked to withdraw from all or any part of a meeting.

3.3 Meetings other than in person

Where deemed appropriate by the Committee Chair, meetings may occur via conference call or other electronic means, and approvals and recommendations may occur via written resolution.

3.4 Secretary

A delegate approved by the Committee (most likely, the CFO or the Company Secretary) will act as Secretary of the Committee and shall be responsible, in conjunction with the Committee Chair, for drawing up the agenda (supported by explanatory documentation and papers) and circulating the Committee papers to Committee members prior to each meeting. Directors may request papers for or from any meeting and will be notified in advance of the agenda for forthcoming meetings.

The Committee Secretary will also be responsible for keeping the minutes of meetings of the Committee (except when the Committee is in closed session) and circulating them to the Committee Chair for review and, once approved, to the other members of the Committee.

3.5 Quorum

A quorum shall consist of at least two (2) members.

4 DUTIES AND RESPONSIBILITIES

The Committee has the duties and responsibilities as set out in sections 4.1 to 4.6 below.

4.1 External Audit

- (a) The Committee will recommend to the Board the appointment and removal of the external auditor. This will include periodic reviews of the external auditor.
- (b) The Committee will review, consider and advise the Board on:
 - (i) the tender process (if applicable), including preparation of request for submissions which will contain sufficient information to enable a proposal and fee estimate to be given to the Company. If a tender process is undertaken, the preferred external auditor should best satisfy the selection criteria identified by the Committee including fees, independence, scope of audit and non-audit work;
 - (ii) the external auditor's annual plan;
 - (iii) the fees proposed by the external auditor, including whether an effective, comprehensive and complete audit can be conducted for the fee quoted; and
 - (iv) the annual review of the qualification, expertise, resources and performance of the external auditor.
- (c) The Committee will confirm that there have been no unjustified restrictions or limitations placed on the external auditor.
- (d) The Committee will monitor the effectiveness, objectivity, and independence of the external auditor. This may include obtaining statements from the external auditor on relationships between his firm and the Group.
- (e) The Committee will review the scope and terms of the engagement for the external audit to establish that they are adequate, placing emphasis on areas

where the Board, the Committee, management and/or the external auditor consider special emphasis is necessary.

- (f) The Committee will approve and monitor the Group's policy in relation to the provision of non-audit services (if any) by the external auditor, to avoid impairing the external auditor's independence or objectivity.

4.2 Financial Statements

- (a) The Committee will review with management (and in conjunction with the external auditor) at the completion of the half yearly review and the annual audit, and advise and make recommendations to the Board on:
 - (i) the Group's financial statements and related notes (and adoption thereof);
 - (ii) the external auditor's audit or review of the financial statements and the report thereon;
 - (iii) any significant changes required to the external auditor's audit plan (including new or proposed accounting practices, principles or developments, disclosure requirements and legislative or regulatory pronouncements) and their effect on the external auditor's audit plan;
 - (iv) any serious difficulties or disputes with management encountered during the course of the audit or review; and
 - (v) other matters related to the conduct of the audit or review which are communicated to the Committee.
- (b) The Committee will review (in conjunction with the external auditor) the significant accounting and financial reporting issues and judgments (including complex or unusual transactions made in connection with the preparation of the Group's financial statements, interim reports, preliminary announcements and related formal statements). In addition, the Committee will review the disclosures in the financial statements and review the recent regulatory and professional pronouncements and assess their impact on the financial statements.
- (c) The Committee will review (in conjunction with the external auditor) the Group's financial statements and consider whether they are consistent with information known to Committee members, and reflect appropriate accounting principles, standards and regulations.
- (d) The Committee will review and ensure that before the Group's financial statements are approved by the Board, the Board receives from its CEO and CFO a declaration that, in their opinion, the financial records of the Group have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

4.3 Internal controls

- (a) The Committee will consider and review with the external and internal auditor (if any):
 - (i) the adequacy of the Group's internal controls in the context of the external and internal (if any) audit work undertaken;
 - (ii) the adequacy of the Group's financial regulatory reporting to corporate regulators as appropriate, including its view on the quality and acceptability of the Group's accounting principles and policies; and
 - (iii) any related significant findings and recommendations of the external auditor and management's response thereto.

- (b) The Committee will consider and review with management and the CFO:
 - (i) any matters that might have a significant impact on the financial condition or affairs of the Group, including any proposal for the provision of financial accommodation to or for the benefit of the Group;
 - (ii) the adequacy of the process for reporting and responding to significant control weaknesses (including the adequacy and results of management's investigation and follow up and whether there are unresolved issues as reported by the external auditor and the internal audit);
 - (iii) the adequacy of the Group's internal controls including through reviewing the scope and results of the internal audit (if any);
 - (iv) any difficulties encountered in the course of reviews, including any restrictions on the scope of the work or access to required information;
 - (v) any instances of significant internal and external fraudulent or otherwise questionable activity identified and responses thereto;
 - (vi) the findings of any auditor observations; and
 - (vii) compliance with financial covenants imposed by financiers to the Group.

- (c) The Committee will monitor and review
 - (i) the effectiveness of the internal audit function in forming an independent assessment as to whether risks have been properly identified, whether adequate controls are in place to manage these and whether those controls are working effectively; and
 - (ii) the degree of independence of the internal audit function, including being independent of the external auditor.

- (d) The Committee will approve the scope of the internal audit (if any).

- (e) The Committee will provide oversight in regard to the following for the internal audit (if any):
 - (i) progress against annual audit and time allocation;

- (ii) changes required in the planned scope of the annual audit; and
 - (iii) structure, resourcing and the use of external consultants.
- (f) The Committee will review any other reports the Group issues that relate to Committee responsibilities.

4.4 Other responsibilities

The Committee will perform or undertake on behalf of the Board any such other tasks, investigations or actions with respect to audit matters as the Board may from time to time authorise.

4.5 Complaint handling

The Committee will review and consider the resolution of complaints regarding accounting, internal accounting controls or auditing matters from employees, and the process to protect such employees making complaints.

4.6 Miscellaneous

The Committee will institute and oversee special investigations, including consultation with independent experts as needed.

5 PERIODIC REVIEW

The Committee has the responsibility for:

- (a) reviewing this charter at least once annually, and recommending any proposed changes to the Board for approval; and
- (b) conducting a periodic, but at least biennial, evaluation of the Committee's performance, and the extent to which the Committee has met its obligations under this charter.

6 ACCESS

The Committee shall have free and unfettered access to all personnel and other parties (internal and external), including the external auditor.

Committee members may seek independent professional advice for Group-related matters at the Group's expense, subject to the estimated costs being approved by the Chair of the Board in advance, as being reasonable.

7 REPORTING

The Committee, through the Committee Chair, is to advise and make recommendations to the Board on matters falling within the scope of its responsibilities, as set out in this charter. Such advice may be in the form of minutes of its meetings, supporting papers, or written or oral reports to the Board.

The Committee Chair is to organise the supply of information regarding the Committee which may be included in the Company's Annual Report.