

## Audit and Risk Board Committee Charter

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### 1. Introduction

This Charter sets out the role, authority, responsibilities, composition, structure and processes of the Audit and Risk Committee (Committee) established by the Board of Credit Corp Group Limited (Company). It reflects the Board's commitment to conducting the business of the Company and its subsidiaries (Group) in accordance with high standards of corporate governance.

### 2. Role of the Committee

The Committee has been established to assist the Board in fulfilling its responsibilities in overseeing:

- (a) the Group's financial reporting and related processes;
- (b) the effectiveness of the Group's risk management framework (for both financial and non-financial risks) and systems of internal control;
- (c) the external audit process; and
- (d) the Group's compliance with applicable laws and regulations.

### 3. Membership

#### 3.1 Composition

Committee members will be appointed and removed by the Board, having regard to the following composition requirements:

- (a) the Committee will be of sufficient size, independence and technical expertise to discharge its mandate effectively;
- (b) the Committee will have at least three members;
- (c) the Committee will comprise only non-executive directors;
- (d) the majority of Committee members must be independent<sup>1</sup> directors; and
- (e) the Committee will have an independent non-executive director as Chair (appointed by the Board from time to time), who is not the Chair of the Board other than on an interim basis.

Committee members must be financially literate and, between them, they should have the accounting and financial expertise, and a sufficient understanding of the industry in which the Group operates, to be able to effectively discharge the Committee's responsibilities.

#### 3.2 Ceasing to be member of the Committee

A person will cease to be a member of the Committee if:

- (a) the person gives reasonable notice in writing to the Board of the person's resignation as a member of the Committee;

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<sup>1</sup> Independent, as defined by the ASX Corporate Governance Council.

- (b) the Board gives the person notice in writing that the person is to cease to be a member of the Committee;  
or
- (c) the person ceases to be a director of the Company, in which case the person automatically ceases to be a member of the Committee.

## 4. Responsibilities

### 4.1 Financial Reporting

The Committee's primary responsibilities in relation to overseeing the Group's financial reporting and related processes include:

- (a) reviewing and recommending to the Board for approval the annual and interim financial statements of the Group with the review process to include consideration as to whether the financial statements provide a true and fair view of the financial position and performance of the Group;
- (b) reviewing and assessing the effectiveness of management's policies and procedures to ensure the adequacy and effectiveness of the Group's financial and reporting systems and internal controls over these systems;
- (c) reviewing any material changes in accounting or reporting requirements with a view to assessing any impact on the Group's financial statements, policies and practices;
- (d) reviewing significant accounting policies adopted by the Group to ensure compliance with applicable accounting standards and principles;
- (e) reviewing any accounting judgements made by management, which materially affect the financial statements, as well as other sensitive matters, such as disclosure of unusual, non-recurring, complex or related party transactions;
- (f) reviewing the declarations provided by the Chief Executive Officer and Chief Financial Officer to the Board in accordance with the *Corporations Act 2001* (Cth) with respect to the financial records and financial statements of the Group; and
- (g) reporting to the Board on the Group's process to verify the integrity of any periodic corporate report the Company releases to the market that is not audited or reviewed by an external auditor.

### 4.2 Risk Management

The Committee's primary responsibilities in relation to risk management include:

- (a) reviewing the Group's risk management framework at least annually with a view to making a recommendation to the Board to satisfy itself that it continues to be sound and that the Group is operating with due regard to the risk appetite set by the Board. As part of that review, the Committee should also consider whether any changes should be made to the risk management framework or the risk appetite set by the Board and make any necessary recommendations to the Board for approval;
- (b) monitoring management's performance against the Group's risk management framework, including whether it is operating within the risk appetite set by the Board;
- (c) reviewing and assessing the adequacy and effectiveness of the internal controls, policies and procedures to assess, monitor and manage business risks and control their financial impact;

- (d) receiving reports from management on new and emerging sources of risk and the risk controls and mitigation measures in place to deal with those risks;
- (e) reviewing any material incident involving fraud or a breakdown of the Group's risk controls and the "lessons learned";
- (f) reviewing and reporting to the Board on any material exposure to environmental and social risks and if the Group is exposed to such risks, recommend how the Group should manage those risks;
- (g) reviewing and making recommendations to the Board on taxation matters relating to the Group, including tax governance and risk management; and
- (h) overseeing the Group's insurance program, having regard to the business of the Group and the insurable risks associated with the business.

#### 4.4 External Audit

The Committee's primary responsibilities in relation to external audit include:

- (a) making recommendations to the Board regarding the appointment, re-appointment, rotation and removal of the external auditor with such appointment subject to shareholder approval in a general meeting;
- (b) reviewing and approving the terms of engagement and fees of the external auditor;
- (c) reviewing and approving the policy for the engagement of the external auditor to provide non-audit services and pre-approving non-audit services. Prior approval must be obtained from the Committee before the external auditor can be engaged to perform non-audit services where the fee for any particular engagement is expected to exceed A\$50,000;
- (d) providing an annual report to the Board with respect to whether the non-audit services provided by the external auditor during the year were compatible with the general standards of independence for auditors imposed by the Corporations Act;
- (e) reviewing and approving the annual external audit plan and discussing with the external auditor the planned audit scope, including identified risk areas;
- (f) reviewing periodic external audit reports, including key findings and management's responses, and assessing any significant recommendations of the external auditor to strengthen internal controls and reporting systems of the Group;
- (g) reviewing, assessing and monitoring management's responsiveness to external audit findings;
- (h) periodically meeting with the external auditor without the presence of management to discuss the quality of the Group's accounting principles, material judgements and any other matters relevant to the audit; and
- (i) reviewing and assessing the performance of the external auditor and undertaking an assessment of auditor independence in accordance with regulatory requirements, including obtaining an independence declaration from the external auditor as required.

#### 4.5 Compliance with laws and regulations

The Committee's primary responsibilities in relation to legal and regulatory compliance include:

- (a) reviewing and assessing the effectiveness of the Group's compliance program in ensuring compliance with relevant legal and regulatory requirements, having regard to the Group's obligations in all jurisdictions in which it operates;
- (b) reviewing and assessing the effectiveness of internal processes for ensuring compliance with the Group's policies and procedures and reviewing reports from management in relation to any material breaches of those policies and procedures;
- (c) reviewing reports prepared by management in relation to the Group's compliance with statutory, legal and other regulatory requirements and reporting any matters that may have a material impact on the Group's activities to the Board;
- (d) obtaining regular updates from management and lawyers regarding any material litigation, regulatory investigation, or material risks relating to the Group's compliance with legal and regulatory requirements; and
- (e) reviewing, assessing and monitoring the effectiveness of the Group's policies and procedures to ensure compliance with continuous disclosure requirements and reporting on these to the Board.

#### 4.6 Other responsibilities

The Committee's other responsibilities include:

- (a) review and monitor related party transactions and investments involving the Company and its directors and officers;
- (b) perform other activities related to this Charter as requested by the Board;
- (c) review any other reports the Group issues that relate to the Committee's responsibilities;
- (d) institute and oversee special investigations as needed; and
- (e) confirm to the Board annually that all responsibilities outlined in this Charter have been carried out.

#### 5. Meetings

- (a) The Committee will meet with sufficient frequency to undertake its role effectively, which will be at least four times each calendar year.
- (b) Additional meetings may be convened as required. The Committee Chair will call a meeting of the Committee if requested to do so by any member of the Committee, the Chief Financial Officer, the external auditor or the Chair of the Board.
- (c) The quorum for any meeting will be two Committee members.
- (d) The Committee Chair is responsible for the conduct of all Committee meetings. If the Chair of the Committee is absent from a meeting and no acting Chair has been appointed, the members present may choose one of them to act as Chair for that meeting.
- (e) Meetings of the Committee may be held or participated in by conference call or similar means, and decisions may be made by circular or written resolution.
- (f) Each member of the Committee will have one vote. The Chair will not have a casting vote. If there is a tied vote, the motion will lapse.
- (g) The Company Secretary (or his or her delegate):

- (i) will act as secretary for all Committee meetings;
- (ii) will attend all Committee meetings; and
- (iii) is responsible for:
  - (A) in conjunction with the Chair of the Committee, preparing an agenda for each meeting;
  - (B) distributing the agenda, together with any Committee materials, to members prior to the meeting; and
  - (C) preparing draft minutes promptly after the meeting for review by the Committee Chair.
- (h) Any directors of the Board who are not Committee members are entitled to attend all Committee meetings and receive copies of Committee materials, but will not have any vote. The Chief Financial Officer and the external auditor will be invited to attend Committee meetings as required. The Committee may also invite such other persons, including other members of management and advisers, to its meetings, as it considers necessary.

## 6. Access to independent advice

The Committee in discharging its responsibilities, may obtain, at the Company's expense, independent accounting, legal, insurance, compliance, risk management or other professional advice as it determines necessary or appropriate to perform its responsibilities under this Charter.

## 7. Reporting to the Board

- (a) The Committee will keep the Board informed of its activities through the provision of the minutes and Committee papers of each meeting.
- (b) Additionally, the Committee Chair will report and, as appropriate, report to and make recommendations to the Board after each Committee meeting on matters dealt with by the Committee, and will ensure that the Board is immediately made aware of any matters that a reasonable person would expect to have a material effect on the price or value of securities of the Company were that information to be generally available.
- (c) The Committee will advise the Remuneration and HR Committee of any matters it considers relevant to variable remuneration outcomes for the Chief Executive Officer and other senior executives.

## 8. Authority

- (a) The Board authorises the Committee, in fulfilling its purpose and discharging its responsibilities, to:
  - (i) conduct or authorise inquiries or investigations into any matters within its scope of responsibility;
  - (ii) have unrestricted access to and seek any information it requires from:
    - (A) management and staff;
    - (B) external auditors (without management present); and
    - (C) other external parties,all of whom are directed to co-operate with the Committee's requests; and
  - (iii) obtain independent external advice in accordance with section 6 of this Charter.

- (b) The Committee has no authority to act for, or on behalf of, the Board or the Company. Its primary corporate governance role is to assist the Board to discharge its responsibilities with respect to the financial affairs, risk management and related matters of the Company and to advise and make appropriate recommendations to the Board with respect to such financial and risk management responsibilities.

## 9. Review and assessment

- (a) The Committee will undertake an annual evaluation of its performance to determine whether it is functioning effectively and in accordance with the requirements of this Charter.
- (b) The Committee will review this Charter annually to ensure that it reflects a high standard of corporate governance and meets the needs of the Group and the Committee, and will make recommendations to the Board in relation to any proposed amendments to this Charter.
- (c) This Charter may be amended by resolution of the Board.