
Standards Australia Limited

Finance, Risk & Audit Committee Charter

Date 12 April 2021

Approved and adopted by the Board on 12/04/2021

A handwritten signature in black ink, appearing to read 'A. Street', is located at the bottom right of the page.

Table of Contents

1.	Adoption of Charter.....	1
2.	Defined terms.....	1
3.	Objectives	1
4.	Duties and Responsibilities	1
5.	Membership and Attendance.....	3
6.	Meetings.....	4
7.	Authority	4
8.	FR&A Committee Secretary	4
9.	Reporting Procedures	5
10.	Self-evaluation	5
11.	Review of Charter	5

STANDARDS AUSTRALIA LIMITED

FINANCE, RISK & AUDIT COMMITTEE CHARTER

1. Adoption of Charter

This Finance, Risk & Audit Committee Charter (**Charter**) will commence on the date that the Directors resolve to adopt it as a By-Law of the Company in accordance with the Constitution of Standards Australia Limited.

2. Defined terms

Terms defined in the Constitution will have the same meaning in this Charter.

In addition:

Committee and **FR&A** means the Finance, Risk & Audit Committee.

3. Objectives

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

- (a) investment strategy
- (b) risk management
- (c) compliance with legal and contractual obligations
- (d) accounting, reporting and internal controls
- (e) 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.

4. 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
- (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

Consider any other matters requested by the Board.

5. Membership and Attendance

- 5.1 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.
- 5.2 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.

- 5.3 The Board shall appoint a Director as Committee Chair, who shall not be the Chair of the Board. The Board shall review its appointment of the Committee Chair from time to time.
- 5.4 Committee Members that are not Directors will be appointed on terms determined by the Board.
- 5.5 An invitation may be extended to the Chief Executive Officer, members of the Executive, the Head of Finance, representatives of the auditors, representatives of the investment advisers, and any other persons the Committee sees fit to attend for part or all of its meetings.

6. Meetings

- 6.1 A meeting quorum shall be two Committee Members.
- 6.2 If at any meeting the Committee Chair is not present within five minutes after the time appointed for the meeting, the Committee Members present may choose a Committee Member to be chair of the meeting until the Committee Chair is present.
- 6.3 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 Chair shall have a second or casting vote.
- 6.4 Meetings shall, unless varied by the Board, be held not less than four times each calendar year.

7. Authority

- 7.1 The Committee has no executive powers or decision-making authority in relation to finance unless specifically approved by the Board.
- 7.2 The Committee, in conjunction with the Chair 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.
- 7.3 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.

8. FR&A Committee Secretary

- 8.1 The Chief Executive Officer shall appoint a FR&A Committee Secretary (who will not be a member of the FR&A Committee).
- 8.2 The FR&A Committee Secretary will:
- (a) prepare and circulate the agenda and meeting papers for all FR&A meetings;

- (b) attend all meetings of the FR&A Committee;
- (c) take accurate minutes of all FR&A meetings;
- (d) circulate the minutes to FR&A members and the Board and retain a permanent Minute Book of all signed minutes; and
- (e) in conjunction with the Chief Executive Officer, carry out any instructions of FR&A in order to give practical effect to any recommendations from FR&A which have been approved by the Board.

9. Reporting Procedures

- 9.1 The Chief Executive Officer and Head of Finance shall provide financial reports and advice as required direct to the Committee.
- 9.2 The FR&A Committee Secretary will prepare a statement describing the responsibilities and activities of the FR&A Committee for inclusion in the Company's Annual Report.
- 9.3 The Committee Chair shall report to the Board on all significant matters considered by the Committee and report annually to Members.

10. Self-evaluation

As soon as practicable after the end of each Financial Year, the FR&A shall undertake a self-evaluation of its performance during that Financial Year and report to the Board in writing in respect of its findings.

11. Review of Charter

The Committee will review and update the Committee's Charter at least every two years, for approval by the Board.