

AUDIT AND RISK COMMITTEE CHARTER

**Effective
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LIMITED

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AUDIT AND RISK COMMITTEE CHARTER

1. OBJECTIVES

This Charter sets out the responsibilities delegated by the Board to the Committee and the Committee's objectives.

The purpose of the Committee is to assist the Board Mainstream Group Holdings Limited (the Company) and its wholly owned subsidiaries (the Group) to carry out the following functions:

- › Oversight of the integrity of external financial reporting
- › Assessment of the effectiveness of the Group's financial and operational risk management framework, including the management of new and emerging risks
- › Monitoring of the efficacy of the Group's compliance management framework to ensure compliance with applicable laws and regulations relating to regulatory, financial, tax and compliance matters
- › Review of the effectiveness of the Group's internal controls framework
- › Monitoring the state of risk culture within the Group
- › Review of the adequacy of the Group's insurance programs

The Committee endeavours to meet these objectives by providing a formal forum for communication between the Board, management, and its external auditor. The Board and the Audit and Risk Committee will review the performance of and monitor the independence of the external auditor on an annual basis.

The Audit and Risk Committee will meet with management, both with and without the auditor being present and also with the auditor without management being present.

Representatives of its external auditor attend Shareholder meetings and make themselves available to answer Shareholders' questions about the conduct of the audit, the preparation and content of the financial statements and their audit report.

2. AUTHORITY

- › The Committee is authorised to perform activities within the scope of responsibilities set out in this Charter and make appropriate recommendations to the Board.
- › The Committee will have unrestricted access to senior management of the Group and company records as required.
- › The Committee is authorised to obtain any independent legal or other professional advice that it considers necessary to execute its functions and has unrestricted access to the Group's legal counsel.

3. RESPONSIBILITIES

The Committee has the following duties and responsibilities:

I. Group external financial reporting

- a.** Review of the integrity of the Group half year and year end financial statements, reports and tax position as necessary prior to their approval by the Board.
- b.** Review statutory financial reports to form a view as to whether the financial statements provide a true and fair view of the financial position and performance.
- c.** Review the appropriateness of the accounting judgements exercised by management in preparing the financial statements prior to their approval by the Board.
- d.** Review the process for financial reporting to the Board for completeness and accuracy of information.
- e.** Review the process for external reporting for completeness and accuracy of information.
- f.** Review any qualified financial reports for which the Group is responsible.
- g.** Review Group tax policies, practices and their effectiveness. This includes reviewing any material decisions relating to tax.

- h.** Recommend to the Board the appointment and remuneration and replacement of the external auditor.
- i.** Review external audit plans and make recommendations regarding the overall scope and adequacy of the external audit.
- j.** Review, with the external auditor, any significant recommendations made by them on the subject of internal controls and management's response to the recommendations.
- k.** Monitor the progress made by management for improving internal controls arising from any recommendations made by the external auditor.
- l.** Review the performance of and monitor the independence of the external auditor on an annual basis.

II. Risk management

- a.** Monitor that management has an appropriate risk management framework in place for both financial and non-financial risk, including whether it is operating within the risk appetite set by the Board.
- b.** Review the appropriateness, effectiveness and adequacy of the Group's risk management framework at least annually.
- c.** Review any material incident involving misconduct, fraud or other material breakdown of the Group's internal controls including the "lessons learned", and review and approve the procedures in relation to confidential submissions by employees of concerns regarding the same.
- d.** Make recommendations to the Board in relation to changes that should be made to the Group's risk management framework or risk appetite set by the Board.
- e.** Make recommendations to the Remuneration and Human Resources Committee in relation to the risk management overlay of the Group's performance and reward framework
- f.** Satisfy itself that the Group's risk management framework deals adequately with new and emerging risks by receiving reports from management on the risk controls and mitigation measures that management has put in place to deal with those risks.
- g.** Review information and trends that allow a view to be formed on the state and appropriateness of risk culture across the Group and ensure supporting frameworks remain appropriately robust

III. Compliance

- a.** Monitor that management has an appropriate compliance management framework in place to ensure compliance with statutory, regulatory, financial, legal and ethical standards.
- b.** Review the appropriateness, effectiveness and adequacy of the compliance management framework at least annually.
- c.** Review and monitor the Group's conflicts management framework and conflicts of interest register and the propriety of all material related party transactions.
- d.** Review quarterly activity reports from compliance, finance and company secretariat dealing with engagement of regulators, banks, breach reporting and the management of any litigation.
- e.** Report to the Board on management of significant incidents and key compliance issues.

IV. Internal controls framework

- a.** Review the outcomes of internal control reviews, including GS007 and SOC reports.
- b.** Monitor levels of resources related to the management of risk and compliance across the Group.

V. Insurance coverage

- a.** Review the adequacy of the Group's insurance programs, having regard for the nature of the Group's business and the insurable risks associated with that business.
- b.** Recommend to the Board changes to the Group's insurance program resulting from the annual review.

4. SUBSIDIARIES

The Group has appointed boards for the good corporate governance of its subsidiaries. Responsibility for the integrity of the financial report, risk and compliance by the subsidiaries rests with its boards. As such this Committee looks at audit, risk and compliance matters across all the subsidiary entities to meet its objectives and responsibilities.

As part of these activities the Committee places reliance on information provided to it from the subsidiary boards and their escalation of material matters to the Committee.

5. COMPOSITION

- › The Committee must comprise a minimum of three Directors.
- › All members must be financially literate and at least one member must have accounting or relevant financial expertise as determined by the Board.
- › The Chair of the Committee will be a non-executive Director appointed by the Board from the Committee's members and must not be the Chairman of the Board.
- › Appointments and revocations of appointments will be determined by the Board.
- › The Company Secretary of the Board will be the Secretary of the Committee.
- › The composition of the Committee will be reviewed periodically by the Board and the Committee to ensure an appropriate balance of skills and experience.
- › The Committee should have an appropriate balance of financial, risk, compliance and industry skills and experience.
- › New Committee members will participate in a Committee induction process including comprehensive briefings from management on the Group's audit and risk matters.

6. MEETINGS AND MINUTES

- › The Committee must meet at least semi-annually and at such additional times as the Committee Chair or any member of the Committee may request. It is intended that the Committee will normally meet quarterly on risk matters and semi-annually on audit matters.
- › Any Committee member may convene a meeting of the Committee or request the Secretary of the Committee to do so.
- › Where the Chair is absent from a Committee meeting, a Chair for the meeting will be appointed by the present members of the Committee.
- › A quorum for a Committee meeting will be a majority of Committee members and must include at least one non-executive director.
- › To the extent not inconsistent with this Charter, meetings of the Committee will be conducted in accordance with those provisions of the Constitution of the Company for the time being which relate to the proceedings of meetings.
- › Non-Executive Directors (who are not members of the Committee), the Chief Executive Officer, Head of Risk and Compliance and Chief Financial Officer will have a standing invitation to attend each Committee meeting, subject to exclusion as deemed appropriate by the Committee Chair from time to time. Other executives, the external

auditor and external specialists may be invited by the Chair of the Committee to attend part or all of any meeting. The Committee may ask management to present at Committee meetings on issues relevant to the Committee's duties and responsibilities. The Chief Financial Officer, Company Secretary and Head of Risk and Compliance each have the right to meet on a confidential basis with the Committee Chair or the Committee as a whole.

- › Copies of Committee papers and reports, together with minutes of each Committee meeting, will be circulated to all Board members.
- › The Chair of the Committee or their nominee will report to the full Board on the proceedings of the Committee and make appropriate recommendations to the Board for decision.

7. REVIEW

The Committee will conduct a periodic review of its performance and effectiveness by reference to this Charter and current best practice. This review process will include a review of the terms of this Charter. The Committee is to refer any recommended changes for decision by the Board.

This Charter was approved by the Board at a meeting of the Directors held on 4 December 2019.