



## Audit Committee Charter

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**Beam Communications Holdings Limited Policy No. 02**

**Date of Adoption: 10 April 2015,**  
**amended 22 November 2018 (company name change).**

# Beam Communications Holdings Limited

## Audit Committee Charter

### 1. Role and responsibilities

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#### 1.1 Financial Oversight

The Beam Communications Holdings Limited (**Company**) audit committee is not a policy-making body but assists the Company board (**Board**) by implementing Board policy. The role of the committee includes assisting the Board in the Company's governance and exercising of due care, diligence and skill in relation to:

- (a) Reporting financial information to users of financial reports
- (b) Application of accounting policies
- (c) Financial management
- (d) The internal control system
- (e) The risk management system
- (f) The performance management system
- (g) Business policies and practices
- (h) Protection of the Company's assets
- (i) Compliance with applicable laws, regulations, standards and best practice guidelines.

#### 1.2 Broader Objectives

Other committee objectives include:

- (a) Improving the credibility and objectivity of the accountability process, including financial reporting.
- (b) Overseeing the effectiveness of the internal and external audit functions and providing a forum for communication between the Board and the internal and external auditors.
- (c) Ensuring the independence of the external auditor.
- (d) Providing a structured reporting line for internal audit and monitoring the objectivity and independence of the internal auditor.
- (e) Assuring the quality of internal and external reporting of financial and non-financial information.
- (f) Ensuring an ethical culture has been embedded throughout the Company.

## **2. Authority**

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The Board authorises the audit committee, through the chair, to:

- (a) Appoint, compensate and oversee the work of any registered company auditor employed by the organisation.
- (b) Resolve any disagreements between management and the auditor on financial reporting.
- (c) Pre-approve all auditing and non-audit services.
- (d) Retain independent counsel, accountants or others to advise the audit committee or assist in the conduct of an investigation.
- (e) Seek any information it requires from employees, who are directed to co-operate with the audit committee's requests, or from external parties.

## **3. Composition**

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- (a) The Company's audit committee will consist of at least 2 and no more than 4 members of the Board. The Board or its nominating committee will appoint audit committee members. The audit committee will elect its chair.
- (b) Members will be appointed to the audit committee every 2 years and are eligible for reappointment. Membership of the audit committee is to be confirmed annually by the Board in alignment with the annual general meeting.
- (c) Each audit committee member will be independent and financially literate.
- (d) At least one member of the audit committee will be a qualified accountant holding a current accounting qualification (CPA or CA).

## **4. Invitees**

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- (a) Other persons may attend meetings of the audit committee by invitation. Every member of the Board has an open invitation to attend audit committee meetings, although executive directors may be excluded by the chair should matters to be discussed sensibly require it.
- (b) Persons who may usually be invited are:
  - (i) The chief executive officer
  - (ii) The chief financial officer
  - (iii) An external audit provider.
- (c) These people may take part in the business of, and discussions at, the meeting but have no voting rights.

## **5. Meetings**

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- (a) The audit committee will meet at least four times a year and additionally as the committee considers necessary at appropriate points in the audit cycle.
- (b) The internal or external auditors may request a meeting and such a request is to be met.
- (c) A quorum will be more than half the members.
- (d) In the chair's absence from a meeting, the members present will select a chair for that particular meeting.
- (e) All audit committee members are expected to attend each meeting in person or through other approved means such as teleconferencing or video conferencing.
- (f) The notice and agenda of a meeting will include relevant supporting papers.
- (g) The audit committee may invite other people to attend as it sees fit and consult with other people or seek any information it considers necessary to fulfil its responsibilities. The members may meet separately with auditors.

## **6. Voting**

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Any matters requiring decision must be decided by a majority of votes of members present, failing which the matter is to be referred to the Board.

## **7. Conflicts of interest**

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- (a) Committee members will be invited to disclose conflicts of interest at the commencement of each meeting.
- (b) Ongoing conflicts of interest need not be disclosed at each meeting once acknowledged.
- (c) Where members or invitees are deemed to have a real or perceived conflict of interest, they will be excused from committee discussions on the issue where a conflict exists.

## **8. Secretariat duties**

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- (a) The Company Secretary will act as secretary to the audit committee, failing which or in the event of the Company Secretary not being present the chair will minute proceedings of the committee.
- (b) The Company Secretary will assist the chair to develop and distribute agendas, papers, minutes and calendar.

## **9. Minutes**

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Minutes must be prepared, approved by the chair and circulated to the members within two weeks of a meeting. The minutes must be ratified by the members present at the meeting and signed by the chair.

## **10. Reporting to the Board**

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The chair of the audit committee is to report to the Board following each committee meeting. The manner of reporting may be by distribution of a copy of the minutes supplemented by other necessary information, including recommendations requiring Board action and/or approval. The chair is to organise the supply of information regarding the audit committee which will be included in the Company's annual report.

## **11. Reviews**

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- (a) The audit committee will review its performance on an annual basis. The review may be conducted as a self-assessment and will be coordinated by the chair. The assessment may seek input from any person. Training needs will be monitored by the chair.
- (b) The audit committee should review this charter annually to ensure that it remains consistent with the Board's objectives and responsibilities. The Board approves or further reviews the charter.

## **Appendix - responsibilities of the audit committee**

The audit committee will carry out the following responsibilities:

### **1. Financial reporting**

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- (a) Review management's processes for ensuring and monitoring compliance with laws, regulations and other requirements.
- (b) Review with management and the external auditors the results of the audit, including any difficulties encountered.
- (c) Review the annual financial report.
- (d) Assess significant estimates and judgments in financial reports by asking management about the process used in making material estimates and then ask the internal and external auditors the basis for their conclusions on the reasonableness of management's estimates.
- (e) Review with management and the external auditors all matters required to be communicated to the audit committee under the Australian Auditing Standards.
- (f) Consider the appropriateness of the accounting principles and policies adopted and any amendments, as well as the methods of applying those principles and policies ensuring they are in accordance with the stated financial reporting framework.
- (g) Understand how management develops interim financial information and the nature and extent of internal and external auditor involvement.
- (h) Assess management explanations for unusual transactions or significant variances from prior year results or current year budget.
- (i) Assess the management of non-financial information in documents to ensure the information does not conflict with the financial statements or other documents.
- (j) Recommend to the Board whether the financial and non-financial statements should be signed based on the audit committee's assessment of them.

### **2. Internal control and risk management**

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- (a) Assess the internal processes for determining and managing key risk areas, particularly:
  - (i) compliance with laws, regulations, standards and best practice guidelines
  - (ii) important judgments and accounting estimates
  - (iii) litigation and claims
  - (iv) fraud and theft; and
  - (v) relevant business risks other than those dealt with by other specific Board committees.

- (b) Ensure that the Company has an effective risk management system and that significant or material risks are reported to the Board.
- (c) Address the effectiveness of the internal control, risk management and performance management systems with management and the internal and external auditors.
- (d) Obtain regular updates from management and company accountants about compliance matters.

### **3. External audit**

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- (a) Make recommendations to the Board on the appointment, remuneration and monitoring of the effectiveness and independence of the external audit provider.
- (b) Review the external audit provider's fee and be satisfied that an effective audit can be conducted for the fee.
- (c) At the start of each audit, agree the terms of engagement with the provider and review the annual engagement letter.
- (d) Review and confirm the independence of the external audit provider by obtaining statements from the provider on relationships between the auditor and the Company (including non-audit services) and discussing the relationships with the auditor.
- (e) Monitor and critique management's responsiveness to the external audit provider's findings and recommendations – ask the provider if there have been any significant disagreements with management (irrespective of whether they have been solved).
- (f) Provide the opportunity for audit committee members to meet with the external audit provider without management personnel being present at least once a year.
- (g) Advise the Board on the rotation of the external audit provider at intervals of approximately each five years or otherwise as appropriate.

### **4. Internal audit**

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- (a) Make recommendations to the Board on the appointment, remuneration and monitoring of the effectiveness and independence of internal audit.
- (b) Ensure that sufficient resources are available to enable an effective audit to be conducted in the areas identified for internal audit review.
- (c) Communicate the audit committee's expectations to the internal audit in writing and ensure that reports are directly to the audit committee.
- (d) Review and approve the scope of the internal audit plan and work program, monitor progress and consider the implications of internal audit findings for the control environment.
- (e) Monitor and critique management's responsiveness to the internal audit findings and recommendations.