

**FINAL 2017**

**AUDIT AND RISK COMMITTEE CHARTER**

**SUNLAND GROUP LTD**

**ACN 063 429 532**

**I. ROLE**

- 1.1** The role of the Sunland Group Ltd (Sunland or Company) Audit and Risk Committee (Committee) is to assist the Sunland Board in fulfilling its corporate governance responsibilities by making recommendations to the board in regard to:
- a. the reliability and integrity of financial information for inclusion in the Sunland financial statements;
  - b. audit, accounting and financial reporting obligations of Sunland;
  - c. the Company's internal control systems and risk management framework; and
  - d. safeguarding the independence of the external auditor.
- 1.2** To the extent practicable, the Company endorses and seeks to follow the Australian Securities Exchange (ASX) Corporate Governance Council's *Corporate Governance Principles and Recommendations* (the Principles).

**2. MEMBERSHIP**

- 2.1** Committee Members and the Chairman of the Committee are appointed by the Sunland Board.
- 2.2** The Committee will comprise at least three members, all of whom must be Non-Executive Directors, with a majority of them being independent.
- 2.3** The Chairman of the Committee is to be an independent Non-Executive Director and must not be the Chairman of the Board.
- 2.4** It is anticipated that at least one Member has financial expertise or significant experience of financial, accounting and commercial matters. All Committee Members are to be financially literate. The Committee may seek the counsel of a financial expert at any time and may do so in accordance with clause 6 of this Charter.
- 2.5** The Chief Financial Officer, key financial staff and the external auditor are invited to attend Committee Meetings.
- 2.6** The Company Secretary is to act as Secretary of the Committee.

### **3. RESPONSIBILITIES**

#### **3.1 Understanding the Business**

The Committee should ensure it understands the Sunland Group structure and controls and transactions within Sunland.

#### **3.2 Financial Reporting**

In assisting the Board (and without limiting its scope), the Committee will:

- a. review the financial information presented by management to the Board, the market, security holders and regulators;
- b. review the adequacy of corporate reporting processes;
- c. oversee the effectiveness of administrative and accounting controls used by Sunland;
- d. oversee and appraise the quality of the audits conducted by the external auditor; and
- e. maintain open lines of communication with the external auditor.

#### **3.3 Review of Financial Information**

Without limiting its scope, the Committee is to review:

- a. the draft half yearly and annual financial statements of Sunland, prior to consideration by the Sunland Board, to ensure they represent a true and fair view of Sunland's financial position and performance and have been prepared in accordance with International Financial Reporting Standards; and
- b. the declaration signed by the Managing Director and Chief Financial Officer required by section 295A of the *Corporations Act* and the statement requirement by Recommendation 4.2 of the ASX Principles & Recommendations for the half yearly and annual financial statements of Sunland.

#### **3.4 Risk Management**

The Committee will use all reasonable endeavours in overseeing the risk management framework which is designed to identify, assess, monitor and manage risk. The Audit and Risk Committee has established a standalone Risk Management Policy which outlines the responsibilities of Company employees in the management of risk. This Policy is supported by the Company's Risk Management Framework and Risk Register.

The Committee will:

- a. oversee Sunland's risk management strategies;
- b. establish an overall profile of the risks and risk appetite of Sunland;
- c. review the risk management process within Sunland so that all risks are identified and that appropriate risk management processes are in place;
- d. review the effectiveness and suitability of the risk management framework commensurate with the approval of statutory accounts each half-year and full year; and
- e. when appropriate, approve and keep current a formal risk management policy.

### **3.5 External Auditor**

In relation to the external auditor, the Committee should:

- a. oversee the selection, appointment and re-appointment of the external auditor and the rotation of external audit engagement partners;
- b. recommend to the Board:
  - i. appointment and removal of the external auditor;
  - ii. terms of appointment or re-appointment of the external auditor; and
  - iii. level of fees payable to the external auditor;
- c. at least annually, assess the performance and independence of the external auditor and whether the independence of this function is maintained having regard to the provision of non-audit related services, and provide to the Board the written advice as required by section 300(11D)(a) of the *Corporations Act*; and
- d. on an annual basis, obtain and review a report from the external auditor describing:
  - i. the audit firm's internal quality control and conflict procedures;
  - ii. any material issues raised by the most recent quality control, or peer review, of the audit firm, and any steps taken to address such issues; and
  - iii. all relationships between the external auditor and Sunland.

### **3.6 Legal and Regulatory Compliance**

Without limiting its scope, the Committee will, in conjunction with the Board, use all reasonable endeavours so that Sunland complies with:

- a. all relevant statutory and regulatory obligations; and
- b. all internal policies and procedures.

### **3.7 Other**

Other responsibilities of the Committee include, but are not limited to:

- a. reviewing and approving the Company's policy in relation to property acquisition and due diligence processes;
- b. review conflicts or potential conflicts arising from corporate relationships, joint ventures and investment management activities;
- c. assisting the Board to satisfy itself regarding the effectiveness of any internal control mechanisms;
- d. reviewing policies and practices on sensitive issues referred to the Committee by the Board;
- e. identifying and directing any special projects or investigations as deemed necessary or referred by the Board.

#### **4. MEETINGS**

- 4.1** The Committee should meet as often as the Chair of the Committee determines necessary. At a minimum, the Committee should meet at least twice per year (for consideration of the half and full-year results of Sunland). Committee Meetings may however be requested by any Committee Member.
- 4.2** A quorum for a Committee Meeting is two Members.
- 4.3** Minutes of all meetings of the Committee are to be kept by the Company Secretary.
- 4.4** Representatives of the external auditor and relevant Sunland employees may be invited to attend Committee Meetings.
- 4.5** Committee meetings will be governed by the same rules, as set out in the Company Constitution, as they apply to the meetings of the Board.
- 4.6** At each Meeting, the Committee may:
  - a. meet privately;
  - b. meet with executive management (without the external auditor) to ensure there are no issues relating to the external audit; and
  - c. meet with the external auditor (without management) to allow any sensitive issues to be discussed and to seek assurance that no management restrictions are being placed upon the external auditor.
- 4.7** The Committee or the Committee Chairman may meet with the external auditors outside of Committee Meetings as required.

## **5. REPORTING**

- 5.1** The Committee is to report on its Meetings to the Board (which may be either verbally or in writing). The Committee will also provide the minutes of the Meeting to the Board for information.
- 5.2** All recommendations of the Committee are to be referred to the Board for approval.

## **6. ACCESS TO INFORMATION AND ADVICE**

- 6.1** Committee Members have unlimited, direct access to the external auditors.
- 6.2** The Committee has the authority to seek any information it requires from any Sunland employee and all employees must comply with such requests.
- 6.3** In carrying out its functions, the Committee may take independent or professional advice or assistance, at the reasonable expense of Sunland. Unless a conflict exists or to do so would be inconsistent with the Committee's duties, the Committee is to request such information, professional advice or assistance permitted under this clause 6 and via the Committee Chairman.

## **7. COMMITTEE PERFORMANCE**

To determine whether it is functioning effectively, the Committee shall:

- a. review this Charter annually; and
- b. review the members of the Committee annually