



# Freshtel Holdings Ltd

## Audit committee Charter

### Membership

The committee shall be members of, and appointed by, the Board of Directors and shall comprise at least three persons that have diverse, complementary backgrounds, and as far as possible, are independent of management and the company. In addition, the committee chair shall have leadership experience and a strong finance, accounting and/or business background. The Chairman of the Audit Committee shall as far as possible be independent (i.e. have no material relationships with Freshtel other than Board and Committee roles) and shall not be the Chairman of the Board.

The Audit Committee Chairman shall:

- have a sound working knowledge of Freshtel's business and financial and auditing processes;
- oversee planning and conduct of Audit Committee meetings including approval of the Committee agenda and minutes;
- oversee reporting and verbal presentations to the Board from the Audit Committee; and

All committee members shall be financially literate, or become financially literate within a reasonable period of time after appointment. Furthermore, at least one member shall have accounting expertise.

### Meetings

The Audit Committee shall meet at least each quarter to coincide with the production of the half yearly and annual financial statements and the review of external audit reports. Additional meetings may be held if requested by the Chairman or the Board.

The Audit Committee may meet during the course of a Board meeting. Two members shall constitute a quorum.

The purpose of these meetings shall be to:

1. Review and approve external audit plans.
2. Review and approve the half-year financial report.
3. Update the external audit plans.
4. Review and approve the annual financial report.

Furthermore, the committee shall meet as and when appropriate to discuss any other matters that warrant committee attention.

Minutes shall be taken of all meetings and provided to all directors at the next Board meeting.

## **AUDIT COMMITTEE ROLE**

### **1. At least annually, review auditor appointments and effectiveness:**

- Approve a tender process for the identification and appointment of the external auditor.
- Recommend to the Board of Directors the appointment of the external auditor, any change in such appointment and the fee payable to the external auditor.
- Evaluate independence of the external auditor including the extent of provision of non audit services (if any) by the external auditor.
- Ensure if appropriate, the ongoing management of an effective internal audit function with appropriate resources.
- Review the quality of the external audit and if appropriate, internal functions.
- Provide to the Board a direct line of communication from both the external and internal auditors.

### **2. Accounting and reporting**

Assist the Board of Directors in fulfilling its fiduciary responsibilities relating to accounting and reporting practices and shall:

- review significant accounting policies adopted within the Freshtel Group to ensure compliance with Australian Accounting Standards and generally accepted accounting principles;
- monitor the effectiveness of the accounting and internal control systems and reporting;
- review and discuss the scope and results of the work of the external auditor;
- consider financial matters relevant to half and full year financial reporting in a timely matter;
- review half year and full year Financial Statements and make necessary recommendations to the Board;
- consult directly with the external auditor to ensure that there are no unresolved issues between management and the auditor. (This consultation is to be independent of management in order to provide an opportunity for the auditor to discuss any contentious issues or raise concerns.);
- monitor the relationship with the Company's bank; review other financial information distributed externally as required; and
- provide any other advice specifically requested by the Board.

### **3. Internal audit (where appropriate):**

- Review and approve any internal audit plan.
- Review progress made against the plan.
- Review significant internal audit findings and action taken by management to address these.

### **4. Ethics:**

- Review the Company's controls to ensure they support ethical operations.
- Review any reported instances of non-compliance with Freshtel's Policies.

### **5. Risk management:**

- Review the adequacy and effectiveness of the Company's risk management framework.
- Assist the Board with regard to oversight of the Company's risk management by gaining assurance that all major risks have been identified and are being adequately managed.

### **6. Compliance:**

- Review processes in place to ensure compliance with laws, regulations and internal codes of conduct.

## **REVIEW**

This charter governs the operations of the Audit Committee. The committee shall review and reassess the charter at least annually and obtain the approval of the Board of Directors for any changes. Final decision making is made by the Board.