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## **Audit & Risk Committee Charter**

**Pure Alumina Limited**

**ACN 072 692 365**

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<b>Approved by the Board</b>	<b>May 2019</b>
Previously Approved	-
Next Review Date	May 2020

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## **1. Scope**

- 1.1 The Audit & Risk Committee (**Committee**) is a Committee of the Board of the Company with the specific powers delegated under this Charter. The Charter sets out the Committee's function, composition, mode of operation, authority and responsibilities.

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## **2. Function**

- 2.1 The primary function of the Committee is to assist the Board in fulfilling its responsibilities relating to accounting and reporting practices of the Company. In addition, the Committee will:
- (a) oversee, co-ordinate and appraise the quality of the audits conducted by both the Company's external and internal auditors (if and when appointed);
  - (b) determine the independence and effectiveness of the external and internal auditors;
  - (c) maintain open lines of communications among the Board, the internal and external auditors to exchange views and information, as well as confirm their respective authority and responsibilities;
  - (d) to review the financial information submitted by management to the Board for issue to shareholders, regulatory authorities and the general public; and
  - (e) review the adequacy of the reporting and accounting controls of the Company.
- 2.2 The Committee is not required to personally conduct accounting reviews or audits and is entitled to rely on employees of the Company or professional advisers where appropriate.

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## **3. Membership and Composition**

- 3.1 The Board shall appoint the members of the Committee. The Committee will comprise:
- (a) at least three members;
  - (b) only Non-executive Directors;
  - (c) a majority of Independent Directors;
  - (d) an Independent Chairperson appointed by the Board and who is not the Chairperson of the Board; and
  - (e) where possible, members with sufficient financial skills and experience relevant to the Committee's function.

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## **4. Meetings**

- 4.1 The Committee shall
- (a) meet as frequently as required but at least three times per year; and
  - (b) the minimum quorum for a Committee meeting is two members.
- 4.2 The secretary of the Committee is the Company Secretary.
- 4.3 The internal or external auditors may request a meeting and such a request is to be met.

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## **5. Authority**

- 5.1 In performing its functions in accordance with any applicable law, the Committee:
- (a) has unrestricted access to the external auditors, the internal audit firm, Senior Management and employees of the Company. Management and employees are directed to co-operate with Committee's requests or from external parties;
  - (b) has unrestricted access to information and reports relevant to fulfilling its responsibilities;
  - (c) may seek independent external advice on matters brought before the Committee or in relation to the functions and responsibilities of the Committee; and
  - (d) shall have the power to conduct or authorise investigations into any matters within the Committee's scope of responsibilities or when requested by the Board.

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## **6. Responsibilities**

- 6.1 The Committee must promote an environment within the Company which is consistent with creditable and objective financial reporting. In particular, the Committee must:
- (a) perform an independent review of financial information prepared by management for external reporting. This will include conducting reviews of the annual report, Directors' report, annual financial statements, half yearly financial statements and any other externally reported financial information required by law;
  - (b) monitor the integrity and effectiveness of financial reporting processes;
  - (c) review and assess the external audit arrangements and the results of the audit;
  - (d) appoint, review and assess the internal audit arrangements, as applicable, and consider significant internal audit findings and management's responses and related actions;
  - (e) review and ensure implementation of recent professional and regulatory announcements; and
  - (f) ensure that appropriate policies are established and adequate systems are in place to identify and disclose related-party transactions and assess the propriety of any related party transactions.

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## **7. Internal Audit Function**

- 7.1 The Committee shall report to the Board on the internal audit function (if applicable) including:
- (a) monitoring the need for a formal internal audit function and its scope;
  - (b) assessing the performance and objectivity of any internal audit procedures that may be in place;
  - (c) reviewing risk management and internal compliance procedures;
  - (d) monitoring the quality of the accounting function; and
  - (e) reviewing the internal controls of the Company via consideration of any comments from the Company's internal and/or external auditors and/or commissioning an independent report on the Company's internal controls.

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## **8. External Audit Arrangements**

- 8.1 The Committee shall report to the Board on external audit arrangements, including:
- (a) making recommendations to the Board on the appointment, re-appointment, replacement and remuneration of the external audit firm;
  - (b) review and approve the terms of engagement for the external auditor;
  - (c) review the scope of the external audit with the external auditor including identified risk areas;
  - (d) monitor the performance of the external audit including assessment of the quality and rigour of the audit, quality of the service provided and the audit firm's internal quality control procedures;
  - (e) review and assess non-audit services to be provided by the external auditor, with particular consideration to the potential to impair or appear to impair the external auditors' independence;
  - (f) review and monitor management's responsiveness to the external audit findings; and
  - (g) on a periodic basis, meet with the external auditor without the presence of management.

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## **9. Appointment of External Auditor**

- 9.1 Should a change in auditor be considered necessary, a formal tendering process will be undertaken. The Committee will identify the attributes required of an auditor and will ensure the selection process is sufficiently robust so as to ensure selection of an appropriate auditor.
- 9.2 The Committee and the Board will consider the appointment in conjunction with Senior Management.

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## **10. Risk Management**

- 10.1 Oversee the Company's Risk Management systems, practices and procedures to ensure effective risk identification and management and compliance with internal guidelines and external requirements.
- 10.2 Review reports by management on the efficiency and effectiveness of risk management and associated internal compliance and control procedures.

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## **11. Rotation and Succession Planning**

- 11.1 The Committee will discuss with the auditor the provisions the audit firm has in place for rotation of the lead engagement partner and the independent review partner. The Company shall require that the lead engagement partner be rotated at least every 5 years.

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## **12. Reliance on information or professional or expert advice**

- 12.1 Each member of the Committee is entitled to rely on information, or professional or expert advice, to the extent permitted by law, given or prepared by:

- (a) an employee of the Group whom the member believes on reasonable grounds to be reliable and competent in relation to the matters concerned;
  - (b) a professional adviser or expert in relation to matters that the member believes on reasonable grounds to be within the person's professional or expert competence; or
  - (c) another Director or officer of the Group in relation to matters within the Director's or officer's authority.
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### **13. Management Sign-off Procedures**

- 13.1 The Committee will ensure that the Chief Executive Officer and Chief Financial Officer prepare a written statement to the Board certifying that the Company's annual financial report and half yearly financial report present a true and fair view, in all material respects, of the financial condition of the Company and its operational performance and are in accordance with relevant accounting standards.
  - 13.2 The statement is to be presented to the Board prior to the approval and sign-off of the respective annual and half yearly financial reports.
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### **14. Minutes**

- 14.1 Minutes must be prepared, approved by the Chair and circulated to members within three weeks of a meeting. The minutes must be ratified at the next meeting of the Committee. The Chairperson should report to the Board after each meeting.
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### **15. Reviews**

- 15.1 The Committee will review its performance on an annual basis.
  - 15.2 The Committee should review this charter and its composition annually. The Board should consider the Committee's charter and/or composition.
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### **16. Approved and Adopted**

- 16.1 This Charter was approved and adopted by the Board on 16 May 2019.