

VOCUS GROUP LIMITED
AUDIT AND RISK COMMITTEE CHARTER
adopted by the Board on 1 February 2018

1. ROLE AND RESPONSIBILITIES

The audit and risk committee (“the committee”) is not a policy-making body but assists the board by implementing board policy.

Audit

The role of the committee includes assisting the board in the company’s governance and exercising of due care, diligence and control 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) business policies and practices;
- f) protection of the company’s assets; and
- g) compliance with applicable laws, regulations, standards and best practice guidelines.

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.

Risk management

The committee will also assist the board by providing objective non-executive oversight of effective and consistent systems to address risk and the implementation and ongoing operation of Vocus’ risk management framework and includes:

- a) current and future risk appetite
- b) risk management strategy;
- c) effectiveness of Vocus’ risk management framework and implementation of Vocus’ risk management strategy; and
- d) ensuring an ethical culture has been embedded throughout the company.

Consistent with Vocus’ determined appetite for risk, the Committee will assist the Board to understand the risks which may:

- a) impede Vocus from achieving its goals and objectives;
- b) impact on performance;

- c) affect the health, safety or welfare of employees, contractors, visitors and others;
- d) impact on the community or environment;
- e) impact Vocus' reputation or that of its people; or
- f) result in personal liability for company or officers arising from its operations.

Other committee objectives include managing and overseeing:

- a) business continuity management (BCM) and ensure the day-to-day operational responsibility of BCM is appropriately managed;
- b) crisis management response plans;
- c) insurance programme, having regard to Vocus' business and the insurable risks;
- d) frameworks, policies and processes for the Wholesale Energy risk
- e) Workplace Health and Safety risk.

2. AUTHORITY

The board authorises the committee, through the chair, to:

- a) appoint, compensate and oversee the work of any registered company auditor employed by the organization;
- b) resolve any disagreements between management and the auditor on financial reporting;
- c) pre-approve all auditing services, and all non-audit services provided by the appointed external auditor over a designated amount;
- d) retain independent counsel, accountants or others to advise the 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 committee's requests, or from external parties; and
- f) appoint a chief risk officer, who will have unfettered access to the committee.

3. POWERS

In fulfilling its duties, any committee member may:

- a) access any document, report, material or information in the possession of an employee or external adviser of the company, including without limitation the external auditor and any members of the board;
- b) at the direction of the committee or the board, conduct an investigation or formal review of an aspect of the company's financial or business operations;
- c) at the cost of the company obtain independent professional advice to assist in the proper exercise of its powers;
- d) request the assistance of any employee, board member or external adviser of the company; and
- e) any other thing or action reasonably necessary to enable the committee to fulfil its duties.

For the avoidance of doubt, the committee does not have the power to enter into transactions of behalf of the company, or bind the company in any other way or form.

4. COMPOSITION

The committee will consist of at least three members. The board or its nominating committee will appoint committee members. The committee or the board will elect its chair. The chair of the committee must be a committee member who is an independent director and who is not chairman of the board.

Membership of the committee is to be confirmed annually by the board in alignment with the annual general meeting.

Each committee member must be an independent director, financially literate and have an understanding of financial statements, general accounting policies and risk management principles, so as to enable the committee to effectively discharge its duties.

5. INVITEES

Other persons may only attend meetings of the committee by invitation.

Persons who may usually be invited are:

- the chief executive officer;
- the chief financial officer;
- the chief risk officer;
- representatives of the internal and external auditor;
- senior management as required;
- business representatives for energy, treasury, taxation, technology, Workplace Health and Safety and others as required; and
- where required, external parties engaged in providing independent advice to the committee.

6. MEETINGS

The committee will meet as frequently as is required to fulfil its duties. The internal or external auditors may request a meeting and such a request is to be met.

A quorum will be more than half the members. In the chair's absence from a meeting, the members present will select a chair for that particular meeting.

All committee members are expected to attend each meeting in person or through other approved means such as teleconferencing or video conferencing.

The notice and agenda of a meeting will include relevant supporting papers.

The 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.

7. VOTING

Any matters requiring decision will be decided by a majority of votes of members present.

8. CONFLICTS OF INTEREST

Committee members will be invited to disclose conflicts of interest at the commencement of each meeting. Ongoing conflicts of interest need not be disclosed at each meeting once acknowledged. 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.

9. SECRETARIAT DUTIES

The chief financial officer (or his/her delegate) will act as secretary to the committee. The secretary will assist the chair with the administration of the committee.

10. MINUTES

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.

11. REPORTING TO THE BOARD

The chair of the 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.

In addition, the committee must update the board at least annually regarding its activities and if appropriate, make recommendations relevant to its roles and responsibilities.

12. REVIEWS

The committee must 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.

The committee must 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.

13. CONSTITUTION

If there is any conflict or inconsistency between this charter and Vocus' Constitution, the Constitution prevails.

Appendix

Responsibilities of the Audit and Risk Committee

Financial Reporting

- Review significant financial and reporting issues, including complex or unusual transactions and highly judgmental areas, and recent professional and regulatory announcements and understand their effect on the financial report.
- Review management's processes for ensuring and monitoring compliance with laws, regulations and other requirements.
- Review with management and the external auditors the results of the audit, including any difficulties encountered.
- Review the annual financial report, Operating and Financial Review and any other material intended for publication to shareholders.
- Assess significant estimates and judgments in financial reports by asking management about the process used in making material estimates, and then asking the internal and/or external auditors the basis for their conclusions on the reasonableness of management's estimates.
- Review with management and the external auditors all matters required to be communicated to the audit committee under the Australian Auditing Standards.
- 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.
- Understand how management develops interim financial information and the nature and extent of internal and external auditor involvement.
- Assess management explanations for unusual transactions or significant variances from prior year results or current year budget.
- Assess the management of non-financial information in documents to ensure the information does not conflict with the financial statements or other documents.
- Recommend to the board whether the financial and non-financial statements should be signed based on the committee's assessment of them.

External Audit

- Make recommendations to the board on the appointment, remuneration and monitoring of the effectiveness and independence of the external audit provider.
- Review the external audit provider's fee and be satisfied that an effective audit can be conducted for the fee.
- At the start of each audit, agree the terms of engagement with the provider and review the annual engagement letter.
- 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.
- 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).
- Provide the opportunity for audit committee members to meet with the external audit provider without management being present at least once a year.
- Advise the board on the rotation of the external audit provider at intervals of approximately each five years or otherwise as appropriate.

Internal Audit

- Consider the need for, and if necessary recommend, the implementation of an internal auditing process as a mechanism of the internal control system of the company.
- Make recommendations to the board on the appointment, remuneration and monitoring of the effectiveness and independence of internal audit.
- Ensure that sufficient resources are available to enable an effective audit to be conducted in the areas identified for internal audit review.
- Communicate the audit committee's expectations to the internal audit in writing and ensure that reports are directly to the audit committee.
- 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.
- Ensure that the internal audit and external audit programs are effectively coordinated.
- Provide the opportunity for audit committee members to meet with the internal auditor without management being present at least once a year.

Related Party Transactions

- Review and monitor the propriety of related party transactions.

Risk Management

- oversee the implementation of the risk management strategy;
- approve frameworks, policies and processes for managing wholesale energy risk and occupational

health and safety risk;

- act as an escalation point for risk-related matters;
- review quarterly reports concerning enterprise risks and ensure that any issues identified in these reports are being managed, and if necessary, rectified in an appropriate and timely manner;
- review annually the risk management policy which encompasses the risk rating methodology and risk response criteria and make recommendations to the board for approval;
- assess effectiveness of, and compliance with, the corporate code of ethical conduct and compliance with internal plans, policies and procedures.
- obtain regular updates from management and company lawyers about compliance matters.

Wholesale Energy Risk Management

The Vocus Wholesale Energy Risk Management Committee (WERM) reports to the Audit and Risk Committee.

Through oversight of WERM,

- ensure compliance with and adherence to the wholesale energy risk management framework in respect of exposures to market, credit, operational, regulatory and legal risk.
- approving the Wholesale Energy Risk Management charter and policy and review this on an annual basis.

Workplace Health and Safety

Provide oversight and support of Workplace Health and Safety policies, procedures and practices, specifically:

- to promote an injury and incident free workplace and encourage a high level of safety awareness by all staff;
- to monitor the performance of the Company with respect to the implementation of a Health and Safety management system designed to ensure the commitments made in the policy are being met and that Health and Safety related risks are being assessed, eliminated, avoided or controlled;
- to ensure compliance with legal and statutory requirements.

Insurance

- review in conjunction with management the company's insurable risks
- make recommendations to the board on the selection and appointment of an appropriate insurance broker to support the insurance program requirements
- engage with insurance brokers and management to ascertain an appropriate and adequate insurance program and premiums
- make recommendations to the board on the adequacy and suitability of the company's insurance program

Business Continuity Management

- review semi-annually, management reporting on BCM, which must include a review of:
- the business impact analysis including risk assessment;
- recovery objectives and strategies;
- crisis management and recovery;
- programs for reviewing testing of BCP; and
- review training and awareness of staff in relation to BCM;
- ensure the BCM Policy is tested at least once per year;
- review annually the Business Continuity Policy; and
- ensure business continuity risks and controls are taken into account as part of its overall risk management systems.

Chief Risk Officer

- appoint a chief risk officer;
- set objectives for the risk management function; and
- ensure the CRO has unfettered access to the board and the Committee.

Other responsibilities

- Perform other activates related to this charter as requested by the board.
- Institute and oversee special investigations as needed.
- Review and assess the adequacy of this charter annually, requesting board approval for changes and ensure appropriate disclosure as required by law or regulation.
- Confirm annually that all responsibilities outlined in this charter have been carried out.
- Evaluate the committee's and individual members' performance regularly.