



## **Audit and Risk Committee Charter**

**Elanor Investors Group (ASX: ENN) comprising Elanor Investors Limited (ABN 33 169 308 187) and Elanor Funds Management Limited (ABN 39 125 903 031, Australian Financial Services Licence Number 398196) as Responsible Entity of Elanor Investment Fund (ARSN 169 450 926) (together the “Group”)**

### **1. Introduction**

The Audit and Risk Committee is a committee of the Board and applies to the Group.

The primary role of the Audit and Risk Committee is to:

- (a) satisfy itself that the Group has an adequate control framework for the oversight of the external audit and the internal audit arrangements;
- (b) make recommendations to the Board in relation to:
  - (i) the adequacy of the Group's processes for identifying, measuring, monitoring and managing the material business risks it faces;
  - (ii) any incident involving fraud or other break down of the Group's internal control policies and practices;
  - (iii) the Group's insurance program; and
  - (iv) its obligations in relation to safety and sustainability;
- (c) advise the Board on governance standards and appropriate corporate governance policies for the Group; and
- (d) critically review the Group's performance against its corporate governance policies.

### **2. Responsibilities**

The Committee is required to ensure:

- (a) Reliable management and financial reporting
  - Assess the adequacy of management reporting on the entity's risks, operations, and financial condition to the Board.
  - Scrutinise the Group's accounting policies and practices in the light of the Corporations Act and Australian Accounting Standards.
  - Review the half yearly and annual financial statements of the Group and recommend to the Board the signing of the directors declaration to them.

- Review and discuss with the external auditor the quality and acceptability of the Group's accounting principles as applied in its financial reporting.
  - Supervise the implementation of the Australian Accounting Standards and other changes in regulatory requirements.
- (b) Compliance with laws and regulations
- Consider the plans and processes for the Group's compliance activities.
  - Ensure that the Group's financial statements and reporting complies with the Corporations Act, accounting standards, ASX Listing Rules and other relevant regulatory requirements.
  - Monitor the laws and the regulations that relate generally to the entity's business operations and, review the Group's compliance with such laws.
  - Seek advice of the Group's legal advisers on any legal matters that could have significant impact on the Group's financial statements.
- (c) Maintenance of an effective and efficient audit
- Recommend to the Board the appointment of the external auditors.
  - Review the plans of the external auditors, including any significant changes to the plans.
  - Review the efficiency and effectiveness of the external auditors in relation to their responsibilities.
  - Review and discuss with the external auditor professional and other significant relationships to determine their independence.
  - Review the external auditor's fees.
  - Review and approve any non-audit engagement of the external auditor where the engagement fees exceed \$100,000.
  - Ensure there are no unjustified limitations placed on the auditors and review any serious disputes with management during the audits.
  - Ensure the scopes of the audits are adequate, with emphasis on matters where the Committee, management or the auditors believe special attention is necessary.

- Meet with and assess the findings of the external auditors as well as management's response to their recommendations.
  - Ensure compliance with the ASX Corporate Governance Principles and Recommendations related to external auditors.
- (d) Risk management and internal control
- (i) In consultation with management:
- Prepare a risk profile which describes the material business risks facing the Group, including financial and non-financial matters and taking into account both the Group's legal obligations and the reasonable expectations of the Group's stakeholders (such as shareholders, employees, customers, suppliers, creditors, consumers and the broader community in which the Group operates).
  - Regularly review and update the risk profile and provide copies to the Board.
  - Review the risk profile at least annually to satisfy itself that it continues to be sound and disclose that such a review has taken place in the Group's annual report.
- (ii) Review and report to the Board (at least annually) on the effectiveness of the Group's internal controls regarding:
- Due diligence for acquisitions and other new projects.
  - Compliance with confidentiality obligations.
  - Information technology security.
- (iii) Review and report to the Board (at least annually) on the effectiveness of internal systems and processes for identifying, managing and monitoring material business risks, including:
- Breaches of contract or internal controls.
  - Litigation and claims.
  - Fraud and theft.
  - The Group's insurance program, having regard to the Group's business and the insurable risk associated with its business.

- (iv) Obtain regular reports from management on the occurrence and/or status of any material breaches of internal controls or other material risk exposures or incidents and report to the Board (at each Board meeting or earlier, if appropriate) on such breaches, exposures and incidents and generally whether material business risks are being managed effectively.
  - (v) Review the scope of the internal and external auditors' review of internal control and risk management, review reports on significant findings and recommendations, together with management's responses.
  - (vi) Recommend to the Board any changes to the Company's internal control and risk management framework from time to time as appropriate.
- (e) Safety and sustainability responsibilities

In order to fulfil its responsibilities relating to Safety and Sustainability, the Committee will (where applicable):

- (i) Monitor Safety and Sustainability issues
  - review and evaluate market practice and trends in matters relating to Safety and Sustainability, and evaluate their impact on the Group;
  - monitor and inform the Board of all legislation and regulations which are relevant to the Group's Safety and Sustainability practices and policies;
  - evaluate the Group's Safety and Sustainability practices and policies in light of the developments referred to in (a) and (b) above, and make recommendations to the Board;
- (ii) Review Safety and Sustainability performance
  - review the Safety and Sustainability performance of the Group, with particular emphasis on:
    - the Safety and Sustainability consequences of decisions made and actions taken by the Group;
    - the way in which Safety and Sustainability issues are impacting on the reputation and community perception of the Group; and
    - Safety and Sustainability outcomes in light of the standards and objectives set out in the Group's Safety and Sustainability policies;

- evaluate the sufficiency of resources allocated to addressing specific Safety and Sustainability issues;
  - evaluate the effectiveness of Safety and Sustainability policies, management systems, and, in particular, in light of any Safety and Sustainability incidents;
  - where necessary, conduct site visits to review the implementation of Safety and Sustainability policies at specific sites;
  - investigate, or cause to be investigated, any significant Safety and Sustainability incidents;
  - review, or cause to be reviewed, reports from management on Safety and Sustainability issues;
- (iii) Develop and manage Safety and Sustainability policies and performance
- assist and support the Board in the development of Safety and Sustainability policies to ensure that the Group's Safety and Sustainability objectives are being achieved;
  - review and make recommendations to the Board in relation to the Safety and Sustainability aspects of any new initiatives, customer contracts or other new Group activities;
  - assist the Board in managing relationships with local communities, local governments and customers on Safety and Sustainability issues; and
  - annually review all Safety and Sustainability policies and recommend revisions to the Board.
- (f) Corporate governance responsibilities
- In relation to its corporate governance function, the Committee is required to:
- (i) review developments in corporate governance in Australia and internationally that may be relevant to the Group and to the expectations of the investor market and other stakeholders;
  - (ii) monitor the corporate governance requirements of regulators, including the Australian Securities & Investments Commission, the ASX Listings Rules and ASX Corporate Governance Council's Corporate Governance Principles and Recommendations;

- (iii) review ethical guidelines and standards for directors;
- (iv) advise the Board on corporate governance standards, and on the adoption or amendment of corporate governance policies that would be appropriate for the Group;
- (v) review annually the Group's compliance with its corporate governance policies and procedures, and report to the Board on the results of the review together with any recommendations of the Committee; and
- (vi) assist the Board to prepare the Group's corporate governance disclosure statements in its Annual Report.

### **3. Composition**

- (a) The Audit and Risk Committee shall comprise a minimum of three (3) members, the majority of whom shall be independent directors. The Chair of the Committee will be an independent non-executive director appointed by the Board who is not the Chair of the Board.
- (b) The Committee may invite other persons as it deems necessary and may seek advice from such other persons as appropriate.
- (c) The Audit and Risk Committee should include members who are financially literate and at least one member being the chairperson who has financial expertise (i.e. is a qualified accountant or other financial professional with experience of financial and accounting matters).
- (d) The secretary of the Committee should be the Company Secretary or such other person as nominated by the Board.
- (e) A quorum for Committee Meetings is two members of the Audit and Risk Committee.

### **4. Procedural requirements**

#### **4.1 Committee procedures**

- (a) Meetings shall be held at least six monthly or more frequently as required. Additional meetings may be convened as required.
- (b) The Committee may meet with the external auditor from time to time, in separate executive sessions to discuss relevant matters.
- (c) The proceedings of all meetings will be recorded in minutes to be approved by the Committee.

- (d) Regular reports shall be provided to the Board including:
- assessment of the management processes supporting external reporting;
  - procedures for the selection and appointment of the external auditor and for the rotation of external audit engagement partners;
  - assessment of the performance and independence of the external auditors and whether the Audit and Risk Committee is satisfied that independence of this function has been maintained having regard to the provision of non-audit services;
  - the results of its review of internal compliance and control systems;
  - assessment of whether external reporting is consistent with committee members' information and knowledge and is adequate for securityholder needs;
  - recommendations for the appointment or removal of an auditor; and
  - report annually to the Board regarding information to be provided in the Annual Report to securityholders, describing the Committee's composition, responsibilities and how they were discharged, and any other information required by law or the ASX Listing Rules.
  - before the Board approves the Group's financial statements for a financial period, provide a report on whether the financial records of the Group have been properly maintained and whether the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity.
- (e) Committee members may not receive directly or indirectly any consulting, advisory or other fee from the Group, other than the remuneration received by a Director on the Committee in his or her capacity as a Director and member of the Committee.

## 4.2 Authorities

- (a) The Board authorises the Committee, within the scope of its responsibilities, to seek any information it requires from any Group employee or contractor.
- (b) The Committee may obtain independent professional advice on relevant matters at the expense of the Group.

**5. Revisions of this Charter**

This Charter of the Audit and Risk Committee must be approved by the Board of the Group.

The Committee is responsible for reviewing the effectiveness of this Charter and the Audit and Risk Committee, and to make recommendations to the Board of any amendments to this Charter.