

## 1. COMPOSITION OF THE AUDIT AND RISK COMMITTEE

The Audit and Risk Committee (Committee) is to include at least three members, all of whom are Non-Executive Directors. At least one member is to have relevant financial qualifications and experience.

From time to time, non-Committee members may be invited to attend meetings of the Committee, if it is considered appropriate.

## 2. ROLE OF THE AUDIT AND RISK COMMITTEE

The role of the Committee is to:

- a) monitor and review the integrity of the financial reporting of the Company, reviewing significant financial reporting judgments<sup>1</sup> and a broad assessment of financial health of the Company including asset / liability classification verification, cashflow assessment and debt arrangements;
- b) review the Company's internal financial control system and, unless addressed by the Board itself, the adequacy and effectiveness of the risk management framework, including:
  - i. processes for identifying and managing the Company's risks within the Board's risk appetite, ensuring that all major risks are identified and managed;
  - ii. reviewing reports from management, internal audit and external audit, and monitoring management responses and actions to correct any noted deficiencies;
- c) make recommendations to the Board in relation to changes that should be made to the entity's risk management framework or to the risk appetite set by the Board, including an annual review of:
  - i. the risk rating criteria, including likelihood & consequence levels;
  - ii. broader strategic threats to the Company and the risks to the company achieving its strategic objectives, including consideration of new and emerging sources of risk;
- d) review and approve the Company's internal audit charter and effectiveness of the internal audit function;
- e) review and approve the Company's internal audit plan, and any significant changes made to the plan;
- f) receive reports from internal audit on its reviews of the adequacy of the Company's internal control environment and risk management processes;
- g) set, monitor and review annually the Company's tax risk strategy that aligns with the overall group strategy;
- h) monitor gaps testing of the Company's tax governance policies and procedures;
- i) monitor, review, approve or reject (where relevant) material tax risks identified by Northern Star's Tax Team and escalated to the Committee in accordance with the Company's tax governance policies and procedures;
- j) monitor, review and oversee the external audit function including matters concerning appointment and remuneration, independence and non-audit services;
- k) monitor and review compliance with the Company's *Code of Conduct* and *Whistleblower Policy*<sup>2</sup>;
- l) review any material incidents involving fraud or a breakdown of the entity's risk controls; and
- m) perform such other functions as assigned by law, the Company's Constitution or the Board.

## 3. OPERATIONS

The Committee meets at least quarterly, with further meetings to be held dedicated to half year and full year financial statements and on an as required basis. Minutes of all meetings of the Committee are to be kept and tabled at the next meeting of the full Board for noting, together with a report of actions taken or recommended. Committee meetings will be governed by the same rules, as set out in the Company's Constitution, as they apply to the meetings of the Board.

<sup>1</sup> In particular, Annual and Interim Half Yearly Financial Statements.

<sup>2</sup> Include as a standing agenda item at all Audit and Risk Committee Meetings and Board Meetings.

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## 4. AUTHORITY AND RESOURCES

The Company is to provide the Committee with sufficient resources to undertake its duties, including provision of educational information on accounting policies and other financial topics relevant to the Company, and such other relevant materials requested by the Committee.

The Committee has rights of access to management and has the authority to seek explanations and additional information from the Company's external auditors, without management present, when required.

The Committee has the power to conduct or authorise investigations into any matters within the Committee's scope of responsibilities. The Committee has the authority, as it deems necessary or appropriate, to retain independent legal, accounting or other advisors.

## 5. REPORTING TO THE BOARD AND SHAREHOLDERS

The Committee is to report to the Board at least half yearly on the following matters:

- assessment of whether external reporting is consistent with Committee members' information and knowledge and is adequate for Shareholder needs;
- assessment of the management processes supporting external reporting;
- recommendations for amending the Company's Procedures for the Selection and Appointment of the External Auditor and procedures for the rotation of external audit engagement partners;
- recommendations for the appointment or, if necessary, the removal of the external auditor;
- assessment of the performance and independence of the external auditors. Where the external auditor provides non-audit services, the report should state whether the Audit and Risk Committee is satisfied that provision of those services has not compromised the auditor's independence; and
- the results of the Committee's review of risk management and internal control systems.

The Chair of the Audit and Risk Committee, if appointed, is to be present at the annual general meeting to answer questions, through the Chairman of the Board.

## 6. RESPONSIBILITIES

Annual responsibilities of the Committee are as set out in the Audit and Risk Committee Charter – Annual Action Points.

This charter is subject to annual review by the Audit & Risk Committee, with any material changes recommended to the Board of Directors for approval.

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