

AUDIT AND RISK COMMITTEE CHARTER

Pacific Environment Limited

ABN: 42 122 919 948

Adopted 13 March 2008

Document Control	
V1 - Adopted	13 March 2008
V2 - Adopted	16 February 2016
V3 - Adopted	25 August 2016

**Pacific Environment
Limited** 

Applied Science and Technology

Background

1. The Audit & Risk Management Committee is a committee of the Board of Directors of the Company, constituted on 26 October 2007.

Objective

2. The objective of the Committee is to assist the Board to discharge its responsibilities, in particular with regard to the following areas:
 - i. ensuring the accuracy and integrity of the Company's external financial reporting;
 - ii. ensuring the independence of the external auditor;
 - iii. ensuring that directors and senior management are provided with financial and non-financial information that is of high quality and relevant to the judgements to be made by them;
 - iv. ensuring that controls are established and maintained in order to safeguard the Company's financial and physical resources;
 - v. ensuring that systems and procedures are in place in order that the Company complies with relevant statutory and regulatory requirements; and
 - vi. assessing financial risks arising from the Company's operations, and considering the adequacy of measures taken to moderate those risks.

Membership

3. The Committee shall comprise not less than two members, of whom at least two shall be directors of the Company.
4. Committee members shall be appointed by the Board.
5. Committee members shall be non-executive directors, to the extent possible, subject to the composition of the board from time to time, save that the Board may also appoint outside experts to the Committee if it believes it desirable to do so.

Chair

6. The Chair of the Committee shall be a director of the Company, who is not the Chairman of the Company.

Authority

7. Unless stated in this Charter, the Committee has no authority independent of the functions delegated to it, and is to report its approvals, findings and recommendations direct to the Board.
8. The Committee has the authority to require members of the Company's management or other Company employees to attend meetings and to provide advice or information.
9. The Committee has the authority to access the Company's documents and records.

Responsibilities

10. The duties and responsibilities of the Committee include:

i. General

- assessing whether the resources devoted to the Company's accounting function are adequate to ensure a high standard of record keeping and financial reporting;

ii. Charter

- regularly reviewing this Charter and recommending any appropriate changes to the Board;

iii. Internal Controls and Risk Management

- assessing the adequacy of the Company's policies and procedures to monitor and ensure compliance with laws and regulations;
- reviewing and assessing the adequacy of the Company's risk management systems with respect to the identification and management of risks;
- reviewing the Company's budget and forecasts
- reviewing related party transactions;

iv. External Audit

- making recommendations to the Board in relation to the appointment, terms of engagement, evaluation and termination of the external auditor;
- assessing and ensuring the independence of the external auditor;
- periodically reviewing with the external auditor, without management present, the quality of the Company's accounting and risk management policies and procedures;
- reviewing any findings and recommendations of the external auditor;

v. External Reporting

- reviewing draft financial statements prior to submission to the Board for approval;
- reviewing the accounting policies and practices adopted by the Company;
- reviewing the Company's compliance with applicable accounting standards and legislation in the preparation of financial reports;

vi. Internal Reporting

- assessing the completeness and quality of financial information being provided to the Board;

vii. Compliance

- Ensuring that the procedures established to monitor compliance with statutory requirements, regulations and contractual obligations are appropriate.

Procedures

Attendance

11. Members of the Company's management or external advisors may be invited to attend meetings, as appropriate

Meetings

12. Meetings may be called by the chair of the Committee, or at the request of the chair of the Board. The number of meetings is to be determined by the Committee Chair so as to allow the Committee to fulfil its obligations, but shall not be less than two each year.
13. At least 48 hours notice of meetings must be given to Committee members unless members unanimously consent to shorter notice.
14. The quorum for a meeting of the Committee shall be a minimum of two members.
15. All meetings of the Committee shall be subject to an agenda to which Committee members have been given the opportunity to contribute.

Secretary

16. One of the Secretary to the Board, an employee of the Company, or a member of the Committee shall be designated by the Committee to act as secretary to the Committee for any given meeting of the Committee.
17. A designated Committee secretary shall take minutes of the meeting of the Committee at which he/she is designated to do so. The minutes shall be signed by the Chair of the Committee. The Secretary to the Board will be responsible for maintaining the minutes of the Committee meetings.

Reporting

18. The Chair of the Committee will:
 - i. arrange for the provision to other members copies of the minutes of each Committee meeting as soon as reasonably possible after they have been signed as a true and correct copy by the Chair of the Committee; and
 - ii. report to the Board at the next succeeding Board meeting on the deliberations present minutes when available and outcomes of each Committee meeting.

Access

19. The Committee is granted unrestricted access to all information of the Company and its subsidiaries, and shall have right of access to all levels of the Company's management.
20. The Committee, with approval of the Board, is entitled to obtain independent professional or other advice at the expense of the Company when it considers it necessary to carry out its duties.

Review of committee performance

21. No committee member shall be responsible for appraising his/her own performance or solely responsible for recommending his/her own level of remuneration for Board approval.

Publication and review of the charter

22. This Charter shall be made available on the Company's website.
23. This Charter shall be reviewed annually, initially by the Committee and then by the Board.