



Audit and Risk Management Committee Charter

SenSen Networks Limited

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Audit and Risk Management Committee Charter

Adopted by Board: 21 March 2018

1. Establishment of Committee

1.1 Establishment

- (a) The Committee is a committee of the Board established pursuant to the Company's Constitution.
- (b) This Charter sets out the basis on which the Board has established an Audit and Risk Management Committee pursuant to the Constitution.
- (c) This Charter sets out the principles and processes to be followed by the Committee.

1.2 Board approval

- (a) The Board has approved this Charter.
- (b) The Board may approve any amendments to this Charter from time to time.

2. Interpretation

Unless the contrary intention is expressed in this Charter, the following words (when used in this Charter) have the meaning set out below:

Board	means the Board of Directors of the Company.
Chairman	means the Chairman of the Board or other director elected under paragraph 3 of this Charter.
Charter	means this Audit and Risk Management Committee charter.
Committee	means the Audit and Risk Management Committee of the Board.
Company	means SenSen Networks Limited.

Constitution means the constitution of the Company.

Director mean the members of the Board.

3. Size and composition of the Committee

3.1 Composition

The Committee should be of sufficient size, independence and expertise to conduct its duties effectively.

The Committee will be comprised of at least three members, as determined by the Board. The Board shall also appoint one of the Committee members to act as Chairman.

The Managing Director shall not be a member of the Committee.

The Company must work to achieve the following:

- (a) Only non-executive Directors may be members and a majority of members must be independent.

3.2 Expertise

The members of the Committee shall meet the independence and experience requirements of the applicable Australian regulatory bodies. All members of the Committee must be financially literate.

At least one member must be a financial expert, defined for the purposes of this Charter as being professionally qualified, as either a Chartered Accountant (CA) or Certified Practising Accountant (CPA) or member of a similarly recognised professional accounting body.

3.3 Removal or resignation

If a member of the Committee ceases to be a Director, that member ceases to be a member of the Committee. The Board may remove a member of the Committee.

3.4 Secretary

The Secretary of the Committee is the Company Secretary, unless otherwise determined by the Committee. The Secretary of the Committee will be responsible, in conjunction with the Chair of the Committee, for determining the agenda for each meeting.

4. Objectives

The Committee's primary responsibility is to assist the Board in fulfilling its corporate governance and oversight responsibilities with respect to:

- (a) assessment and analysis of the Company's risk profile;
- (b) application of accounting policies and reporting of financial information;
- (c) financial management, including the capital structure and financing of the Company;
- (d) internal and external audit practices and to ensure that effective relationships exist;
- (e) the system of risk management and internal controls that management has established, including safety, health, environment and quality practices;
- (f) compliance with applicable laws and regulations;
- (g) business policies and practices;
- (h) the Company's capital expenditure procedures, including an effective program of post expenditure audit review; and
- (i) reviewing the effectiveness of the Company's risk management and internal control systems.

In addition, the Committee provides an avenue for communication between internal audit, the external auditors, financial management and the Board.

The Company recognises that risk management systems are not to be applied in isolation, but rather they are to be applied in conjunction with other business routines and systems, for example, the planning, budgeting and reporting conducted by the Company.

Risk management policies developed by the Committee are to reflect the Company's risk profile. When developing a risk management policy, the Committee should consider the reasonable expectations of the Company's Stakeholders.¹

5. Meetings of the Committee

5.1 Frequency

- (a) The Committee shall meet not less than three times a year coinciding, where appropriate, with key dates in the Company's financial calendar and at other times as the Chairman of the Committee shall require.
- (b) The Secretary to the Committee or any member may call a meeting of the Committee.

¹ Stakeholders include shareholders, employees, customers, suppliers, creditors, consumers and the broader community in which the Company operates.

5.2 Notice

The dates, times and venues of each meeting of the Committee will be notified by the Secretary to all members of the Committee, all other members of the Board, the Managing Director, the Chief Financial Officer, Group Internal Auditor and the external auditors as far in advance as possible.

5.3 Supporting Papers

Supporting papers for each meeting of the Committee will be distributed by the Secretary to all members of the Committee as far in advance as possible and where possible by the last working day of the week preceding the meeting.

5.4 Meeting Attendance

- (a) Only members of the Committee are entitled to be present at a Committee meeting.
- (b) The Committee may extend an invitation to any person to attend all or part of any meeting of the Committee which it considers appropriate. In particular, the Committee may meet with:
 - (i) external advisers; and/or
 - (ii) any executive or other employee,and may do so with or without executive management being present.
- (c) Where considered appropriate by the Chairman, the Committee will hold a separate private session with the external auditors², without management representation.
- (d) Where considered appropriate by the Chairman, the Committee will hold a separate private session with the Group Internal Auditor and/ or the Managing Director and/or the Chief Financial Officer.
- (e) The external auditors and/ or the Group Internal Auditor may also request a separate private meeting with the Committee, if they consider that one is necessary.
- (f) Unless decided otherwise by the Chairman of the Committee, the Managing Director, Chief Financial Officer, Group Internal Auditor, and partner in charge of the external audit will be routinely invited.

5.5 Quorum

A quorum for a meeting of the Committee is three members who are independent, Non-Executive Directors. A duly convened meeting of the Committee at which a quorum is

² If a Group Internal Auditor is appointed to attend meetings of the Committee. Other senior managers may be asked to attend on specific agenda items.

present is competent to exercise all or any of the authorities, powers or discretions vested in, or exercisable by, the Committee.

5.6 Chairman

- (a) In the event the Chairman is unable to attend the meeting for any reason, the remaining members will elect one of their number as chairman of the meeting.
- (b) The Chairman of the Committee does not have a casting vote.

5.7 Constitution

Proceedings of the Committee will be governed by the provisions of the Constitution, in so far as they may be applicable.

6. Responsibilities of the Committee

The Committee's main responsibilities are as follows.

6.1 Financial Management

- (a) review regularly with management the Company's cash flow forecasts, capital structure, including debt financing and the adherence to bank or other debt covenants and related requirements; and
- (b) consider the Company's treasury management policies, including hedging of trading, financing or balance sheet exposure.

6.2 External Financial Reporting

- (a) consider the appropriateness of the Company's accounting policies and principles and any changes to them;
- (b) assess significant estimates and judgements in the financial reports and enquire of the external auditor regarding the reasonableness of those estimates;
- (c) review compliance with accounting standards and other legal requirements;
- (d) review the clarity of disclosures;
- (e) review financial reports and recommend to the Board on their approval or amendment; and
- (f) where applicable, review the Company's statement on internal control systems prior to endorsement by the Board and review the policies and processes for identifying and assessing business risks and the management of these risks by the Company.

6.3 Related party transactions

Review and monitor the propriety of all related party transactions.

6.4 External Audit

- (a) make recommendations to the Board on the appointment and remuneration of the external auditor;
- (b) be satisfied that an effective, comprehensive and complete external audit can be conducted for the set fee;
- (c) approve the external audit plan;
- (d) monitor the effectiveness and independence of the auditor, ensuring that the external auditor's rotation practices, provision of non-audit services and relationships with the Company do not impair that independence;
- (e) at least annually, obtain a formal written statement of all relationships between the external auditors and the Company;
- (f) discuss with the external auditor, before the audit commences, the nature and scope of the audit and review the auditors' quality control procedures and steps taken by the auditors to respond to changes in regulatory and other requirements;
- (g) review the external auditors' management letter and management's response and ensure that information provided is complete and appropriate;
- (h) give consideration to any other matter communicated by the external auditors, in particular serious difficulties or disputes with management encountered during the course of audits;
- (i) invite the external auditor to attend audit committee meetings to review the audit plan, discuss audit results and consider the implications of the external audit findings for the risk management and control environment; and
- (j) approve the provision of non-audit services to the Company, where such services are to be provided by the external auditors of the Company.

6.5 Internal Audit

- (a) determine if there is a need for a formal internal audit function, including a Group Internal Auditor and, if so:
 - (i) draft an Internal Audit Charter for adoption by the Board;
 - (ii) ensure that the internal audit function is adequately resourced and has appropriate standing within the Company;
 - (iii) approve the appointment or dismissal of the Group Internal Auditor;
 - (iv) review and approve the scope of the internal audit plan and work program;
 - (v) monitor the progress of the internal audit work program and consider the implications of the findings for the control environment;

- (vi) monitor and critique management's response to internal audit findings and recommendations; and
 - (vii) evaluate the process the Company has in place for monitoring and assessing the effectiveness of the internal audit function;
- (b) the internal auditor should report to the Chairman of the Committee with day to day reporting through the Managing Director.

6.6 Operational Risk Management

The Committee can play a key role in establishing an appropriate culture in the Company's overall operating environment, through reviewing both key financial and also key operational risk areas. Specific areas for oversight include:

- (a) assessing internal processes for determining and managing litigation and claims, related to both quality and non-quality issues;
- (b) assess the adequacy of the Safety, Health, Environment and Quality (**SHEQ**) management system and SHEQ performance;
- (c) assess the potential for liability arising from SHEQ issues;
- (d) review the impact of changes in SHEQ legislation, community expectations, research findings and technology;
- (e) review and monitor the SHEQ audit plan and auditing processes;
- (f) receive and consider the results of SHEQ external and internal audits;
- (g) review of insurance arrangements to ensure appropriate coverage in accordance with the Company's risk management policy; and
- (h) review of actions taken by management to reduce risk exposure in the key areas of compliance with the Australian Competition and Consumer Act 2010, Information Technology and Human Resources.

6.7 Material Business Risks

The Committee shall in conjunction with management, monitor and review the policies and control systems established by management to identify and manage business risks. These risks may include but are not limited to operational, environmental, sustainability, compliance, strategic, ethical conduct, reputation or brand, technological, product or service quality, human capital, financial reporting and market related risks.

6.8 General

- (a) approve minutes of the previous Committee Meeting;
- (b) oversee that the external auditors and internal auditors meet regularly and maintain a good working relationship;
- (c) oversee the adequacy of the Company's capital expenditure procedures analysis;

- (d) review and approve the Company's Corporate Code of Conduct and Director Code of Conduct annually and recommend any proposed changes to the Board for approval;
- (e) develop and regularly evaluate the Company's need for further policies, including a fraud policy detailing the adequacy of procedures related to the handling of allegations on accounting, internal accounting controls and auditing matters from whistleblowers;
- (f) as the Committee may deem appropriate, obtain, weigh and consider expert advice as to Committee related rules and audit standards and other accounting, legal and regulatory provisions;
- (g) review management's processes for ensuring the monitoring of compliance with laws, regulations and other requirements relating to the external reporting by the Company of financial and non-financial information; and
- (h) in addition, the Committee shall examine any other matters referred to it by the Board.

7. Access and independent external advice

The Committee is authorised by the Board to investigate any activity within its Charter. It is authorised to seek any information it requires from any employee and all employees will be directed to co-operate with any request made by the Committee.

The Committee is authorised by the Board to obtain, at the expense of the Company, outside legal or other independent professional advice and to arrange for attendance at meetings of outside parties with relevant experience and expertise if it considers necessary.

8. Reporting to the Board

The Chair of the Committee (or a person nominated by the Chair of the Committee for that purpose) must report to the Board at its next meeting regarding all material matters relevant to the Committee's duties and responsibilities.

9. Review of Committee

The Board shall undertake an annual review of the Committee's performance, including an assessment of the adequacy of this Charter, and the Committee may recommend any proposed changes to the Board for approval. Ultimate responsibility for risk oversight and risk management rests with the full Board. As such the Board should review the effectiveness of the implementation of all risk management and internal control systems at least annually.

10. Access to the Charter

A copy of this Charter shall be posted on the Company's website in a clearly marked Corporate Governance section.

11. Review of the Charter

The Committee will review this Charter annually and the Charter may be amended by resolution of the Board.

Review Date: 21 March 2019