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1 Applicability

This Audit and Risk Committee (“**the Committee**”) Charter applies to all members of the Audit and Risk Committee established by the board of directors (**Board**) of **Black Cat Syndicate Limited** ABN 620 896 282 (“**Black Cat**” or “**the Company**”).

2 Role

The role of the Committee is to assist the Board to meet its oversight responsibilities in relation to the Company’s risk management framework and corporate reporting.

The objectives of the Committee include:

Audit related:

- (a) assisting the Board in the governance of the Company, and the exercising of due care, skill and diligence in relation to:
 - (i) reporting of financial information to users of the Company’s financial reports;
 - (ii) application of accounting policies;
 - (iii) financial management;
 - (iv) the Company’s internal control system;
 - (v) financial business policies and practices; and
 - (vi) compliance with all applicable laws, regulation, standards and best practice guidelines.
- (b) improving the credibility and objectivity of financial reporting;
- (c) overseeing the effectiveness of the external audit function; and
- (d) ensuring the independence of the external auditor.

Ultimate responsibility for the Company’s financial statements rests with the Board.

Risk related:

- (a) Assess the adequacy of Black Cat processes for managing risk;
- (b) Review the risk management framework at least annually; and



- (c) Oversee the Company's insurance program, having regard to the Black Cat business and the insurable risks associated with its business.

3 Composition

The Board will strive to adhere to the following composition requirements for the Committee where at all possible. However, the Board acknowledges that the composition of the Board may not allow adherence to the following composition requirements from time to time:

- (a) the Committee shall comprise at least three Directors, the majority being independent non-executive Directors;
- (b) the Committee will be chaired by an independent Director who will be appointed by the Board; and
- (c) the Board may appoint such additional non-executive Directors to the Committee or remove and replace members of the Committee by resolution.

All members of the Committee must be financially literate (that is, be able to read and understand financial statements); ideally at least one member (or invitee) must have relevant qualifications and experience (that is, should be a qualified accountant or other finance professional with experience of financial and accounting matters); and all members should have an understanding of the industry in which the Company operates.

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

The Board will review the composition of the Committee annually to ensure it comprises the appropriate balance of skills, knowledge and experience to be able to discharge the Committee's mandate effectively.

4 Responsibilities

The Committee has the following responsibilities:

4.1 Corporate Reporting

- (a) Review the half-year and annual financial statements presented by management, together with reports and opinions from the external auditor and confirm they reflect the understanding of the Committee members, and otherwise provide a true and fair view of, the financial position and performance of the Company.
- (b) Review significant accounting and reporting issues and assess the appropriateness of accounting policies and methods chosen by management, particularly those relating to significant accounting estimates and judgements and the assessment of going concern.
- (c) Review recent regulatory and professional pronouncements and understand their impact on the financial statements.
- (d) Review the results of the audit with the external auditor, including significant adjustments, uncorrected misstatements and any difficulties encountered or unresolved disagreements with management.
- (e) Review the appropriateness of disclosures in the financial statements and financial reporting to stakeholders, particularly in regard to estimate and judgments.
- (f) Review all matters required to be communicated to the Committee under Australian Auditing Standards with management and the external auditor, such as key audit matters for listed companies, significant internal control deficiencies, indications of fraud or corruption and non-compliance with laws or regulations.



- (g) Provide a recommendation to the Board whether the financial report should be approved, based on a review of the financial statements, note disclosures and other information.
- (h) Ensure that the declaration by the Chief Executive Officer and Chief Financial Officer pursuant to Section 295(2) of the Corporations Act is given to the Board, before the Board approves the Company's financial statements for each half-year and full year.

4.2 Fraud and Internal Control

- (a) Consider the impact of the Company's culture on internal control.
- (b) Assess the internal processes for determining and managing key financial risk areas, particularly:
 - (i) compliance with laws, regulations, standards and best practice guidelines, including industrial relations laws;
 - (ii) important judgments and accounting estimates;
 - (iii) litigation and claims; and
 - (iv) fraud and theft.
- (c) Make recommendations to the Board for improvements (if any) in relation to the internal financial management and financial controls of the Company.
- (d) Obtain and assess management reports on any suspected or actual fraud, theft or breaches of law, and recommend appropriate actions by the Board.
- (e) Address the effectiveness of the internal control, financial risk management and performance management systems with management and the external audit providers.
- (f) Evaluate the processes the Company has in place for assessing and continuously improving internal controls, particularly those related to areas of significant risk.
- (g) Meet periodically with key management and external auditors to understand and discuss the control environment.

4.3 External Audit

- (a) Assess the quality and effectiveness of the audit conducted and evaluate performance of the auditor.
- (b) Meet with the external auditor at least twice each year, and any other time considered appropriate.
- (c) Review the Company's Procedure for the Selection, Appointment and Rotation of External Auditor set out in the Appendix to this Charter.
- (d) Carry out the functions ascribed to the Committee in the Procedure for the Selection, Appointment and Rotation of the External Auditor.
- (e) Review with the external auditor the scope and terms of the audit and the audit fee including a review of non-audit services provided by the external auditor.
- (f) Review the audit plan for coverage of material risks and financial reporting requirements.
- (g) Monitor and review auditor independence and objectivity.
- (h) Establish ongoing communications with the auditors and ensure access to directors and the Committee.
- (i) Review reports from the external auditors (including auditor's reports, closing reports and management letters).



- (j) Discuss with the external auditor matters relating to the conduct of the audit, including any difficulties encountered, any restrictions on scope of activities or access to information, significant disagreements with management and the adequacy of management response.
- (k) Review any proposal for the external auditor to provide non-audit services and whether it might compromise the independence of the external auditor.
- (l) Ensure that the external auditor is given notice of all general meetings and attends the Company's annual general meeting.

4.4 Compliance

- (a) Consider the impact of Black Cat culture on compliance processes.
- (b) Monitor the impact of changes in key laws, regulations, internal policies and Accounting Standards affecting the entity's operations.
- (c) Review the effectiveness of the entity's systems, policies and practices that relate to compliance with laws, regulations, internal policies and Accounting Standards, and the results of management's investigation and follow-up (including disciplinary action) of any instances of non-compliance.
- (d) Obtain regular updates from management and the head of compliance about compliance and ethical matters that may have a material impact on the entity's financial statements, strategy, operations or reputation, including material breaches of laws, regulations, standards and company policies.
- (e) Review and monitor related party transactions.
- (f) Discuss with management whether all regulatory compliance matters of the Company have been considered in the preparation of the financial statements, such as compliance with Accounting Standards and the requirement for the financial statements to reflect a 'true and fair' view.

4.5 Risk Management

- (a) Consider the impact of Black Cat culture on risk management.
- (b) Monitor changes in the economic and business environment, including consideration of emerging trends and other factors related to the entity's risk profile.
- (c) Review the effectiveness of processes for identifying Black Cat risks and the appropriateness of the risk management procedures to maintain activities within the Board's risk appetite.
- (d) Consider the adequacy and effectiveness of Black Cat risk management framework by reviewing reports from management and external audit, and by monitoring management responses and actions to correct any noted deficiencies.
- (e) Formulate an action plan to address areas of perceived risk and monitor implementation programs.
- (f) Review and make recommendations on the strategic direction, objectives and effectiveness of Black Cat risk management policies.
- (g) Consider internal controls, including the Company's policies and procedures to assess, monitor and manage risks.
- (h) Review any material incident involving fraud or a breakdown of the Company's risk controls and the "lessons learned".



- (i) Review disclosures in the annual corporate governance statement in relation to the recognition and management of business risks.

4.6 Internal Communications and Reporting

- (a) Report to the Board in accordance with this Charter.
- (b) Make sure that the Board is fully aware of matters which may significantly impact the financial affairs or condition of the business.

4.7 Other

- (a) Verify the composition of the Committee is in accordance with this Charter.
- (b) Review and recommend updates to this Charter to the Board.
- (c) Perform such other functions related to this Charter as requested by the Board.

5 Operations

The Committee meets at least twice annually and otherwise as required. Committee meetings will be governed by the same rules set out in the Company's Constitution as they apply to meetings of the Board.

6 Authority and Resources

The Company will provide the Committee with sufficient resources to undertake its duties, including providing educational information on accounting policies and other financial topics relevant to the Company, to assist the Committee in fulfilling its duties.

The Committee is authorised to:

- (a) seek any information it requires to perform its duties, from any employee of the Company;
- (b) seek explanations and additional information from the Company's external auditors, without management present, when required; and
- (c) obtain, at the Company's expense, external legal or other professional advice on any matter within its responsibilities as set out in this Committee Charter.

The Committee has the power to conduct or authorise investigations into any matter within its scope of responsibilities.

7 Reporting

The Chairman of the Committee will report to the Board, at the following Board meeting, on the proceedings of each meeting of the Committee, bringing forward all recommendations of the Committee which require Board approval, and reporting on any actions taken by the Committee. The Committee must inform the Board of any matter which may significantly impact on Black Cat in a timely manner.

8 Review

This Charter will be reviewed at least annually and updated as required.



Appendix to Audit and Risk Committee Charter

Procedure for the Selection, Appointment and Rotation of External Auditor

- 1 The Board is responsible for the initial appointment of the external auditor and the appointment of a new external auditor when any vacancy arises, as per the recommendations of the Committee (or its equivalent). Any appointment made by the Board is subject to confirmation by shareholders at the next annual general meeting of the Company.
- 2 Candidates for the position of external auditor of the Company must be able to demonstrate complete independence from the Company, and an ability to maintain independence through the engagement period. Further, the successful candidate must have arrangements in place for the rotation of the audit engagement partner in accordance with professional standards as current from time to time, including part 2M.4 Division 5 of the *Corporations Act 2001* (Cth).
- 3 Other than the mandatory criteria set out in paragraph 2 above, the Board may select an external auditor based on criteria relevant to the business of the Company such as experience in the industry in which the Company operates, references, cost, internal governance processes and any other matters deemed relevant by the Board.
- 4 The Committee (or its equivalent) will review the performance of the external auditor on an annual basis and make any recommendations to the Board.