

BRISCONNECTIONS MANAGEMENT COMPANY LIMITED

**AUDIT, RISK AND COMPLIANCE COMMITTEE
CHARTER**

INCLUDING POLICY FOR AUDITOR INDEPENDENCE

APPROVED 23 MAY 2008



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The Board of Directors of BrisConnections Management Company Limited (“BrisConnections”) have constituted this Audit, Risk and Compliance Committee (ARCC) which is to operate in accordance with this Charter.

1.0 Objectives

The objectives of the ARCC are to assist the Board to fulfill its corporate governance and overseeing responsibilities relating to the Group:

- 1.1. Financial reporting;
- 1.2. Systems of internal controls and management of risk;
- 1.3. Internal and external audit functions; and
- 1.4. Process for monitoring compliance with laws and regulations and own Code of Conduct/Ethical Business Behaviour.

2.0 Operation

- 2.1. The ARCC reviews the process of financial reporting, internal control, continuous disclosure, financial risk management and compliance, internal and external audit, the monitoring of compliance with laws and regulations and the BrisConnections Group’s own codes of conduct and ethics. It also encourages effective relationships with, and communication between, the Board management, the internal auditor and the external auditor.
- 2.2. The role of the ARCC is not an executive role. Specifically it is the duty of management to plan and arrange for the conduct of audits and, in conjunction with the external auditors, to ensure that the BrisConnections Group’s financial statements and disclosures are complete and accurate and are in accordance with generally accepted accounting principles and applicable rules and regulations.
- 2.3. The ARCC may seek any information or obtain any independent professional advice it considers necessary to fulfil its responsibilities, with any associated costs to be borne by BrisConnections Group.
- 2.4. The ARCC is entitled to have access to, and meet with, auditors (external and internal), employees within the BrisConnections Group and any external advisors without executives or management of BrisConnections Group being present.
- 2.5. All employees shall have the right (and be made aware of the right) to raise matters confidentially with any member of the ARCC and shall be protected by the Board against any unfair treatment as a consequence of such raising of legitimate matters. The investigation of such matters raised with any member of the ARCC will be conducted in accordance with the terms of BrisConnections Group’s Whistleblower Policy. Similarly the protection afforded to any employee who raises such matters will be in accordance with the measures detailed in the Whistleblower Policy.
- 2.6. The ARCC is accountable to the Board and will report to the Board and provide appropriate advice and recommendations on matters relevant to this Charter in order to facilitate decision making by the Board.

3.0 Responsibilities

The responsibilities of the ARCC include the following:

- 3.1. External Financial Reporting
 - 3.1.1. Review and recommend to the Board BrisConnections Group’s accounting policies and principles and any changes to them.
 - 3.1.2. Review and recommend for acceptance, significant estimates and judgements in the financial reports, and the process used to make them.

- 3.1.3. Review governance and compliance issues relating to corporate relationships, joint ventures and investment management activities, including compliance with related party disclosures as required by Accounting Standards and the Corporations Act 2001 (Cth).
- 3.1.4. Assess information from internal and external auditors which may affect the quality of financial reports.
- 3.1.5. Review half yearly and annual financial reports with management, advisors and auditors as appropriate.
- 3.1.6. Recommend for adoption by the Board BrisConnections Group's interim and final financial reports.
- 3.1.7. Review documents and reports to regulators and make recommendations to the Board thereon.
- 3.1.8. Review the integrity of BrisConnections Group's written policies and procedures designed to ensure continuous disclosure and accurate financial reporting and make recommendations to the Board thereon.
- 3.2. Internal Control and Risk Management
 - 3.2.1. Review and recommend to the Board for adoption policies and procedures on risk oversight and management so as to establish an effective and efficient system for:
 - (a) identifying, assessing, monitoring and managing risk;
 - (b) accountability at a senior management level for risk oversight and management; and
 - (c) appropriate disclosure.
 - 3.2.2. Review BrisConnections Group's risk profile ensuring a regular update including an assessment and prioritisation of risks.
 - 3.2.3. Overview the effectiveness of BrisConnections Group's risk management and internal compliance and control systems.
 - 3.2.4. Monitor and review processes and procedures for compliance with laws, regulations and other requirements relating to the external reporting by BrisConnections Group of financial and non-financial information.
 - 3.2.5. Recommend to the Board for adoption the scope, cover and cost of the insurance program for the BrisConnections Group.
- 3.3. External Audit
 - 3.3.1. Review and recommend to the Board acceptance of the terms of engagement with the external auditor at the beginning of each financial year, having regard to the requirement that no individual may be the external audit partner for more than seven consecutive years.
 - 3.3.2. Review and recommend to the Board the nature and scope of the audit/review procedures upon agreement with the external auditor.
 - 3.3.3. Make recommendations to the Board on the remuneration of the external auditor.
 - 3.3.4. Review and recommend to the Board for adoption policies and procedures in relation to the appointment or removal of an external auditor.
 - 3.3.5. Recommend appropriate policies for the provision of all non-audit services by the external auditor or a related party of the external auditor and regularly review the application of those policies.
 - 3.3.6. Monitor and evaluate on a regular basis the independence of the external auditor.
 - 3.3.7. Monitor and evaluate on a regular basis the performance of the external auditor.
 - 3.3.8. Provide the opportunity for the ARCC to meet with the external auditor without management present at least once a year.
 - 3.3.9. Monitor and report to the Board on management's responsiveness to external audit findings and recommendations.

- 3.4. Internal Audit
 - 3.4.1. Review and approve the engagement and dismissal by management of any chief internal audit executive.
 - 3.4.2. Monitor and evaluate on a regular basis the independence of the internal auditor.
 - 3.4.3. Oversee the scope of the internal audit, including a review of the internal auditor's mission, charter, qualifications and resources.
 - 3.4.4. Review and note the annual internal audit plan and work program. Monitor the progress of the internal audit work program and consider the implications of the internal audit findings for the control environment. Monitor and report to the Board on management's responsiveness to internal audit findings and recommendations.
 - 3.4.5. Review and note the process the entity has in place for monitoring and assessing the effectiveness of the internal auditor.
 - 3.4.6. Oversee the liaison of the internal auditor with the external auditor.
 - 3.4.7. Provide the opportunity for the ARCC to meet with the internal auditor without management personnel being present at least once a year.
 - 3.4.8. Require the internal auditor to report directly to the ARCC.
- 3.5. Special Investigations
 - 3.5.1. The ARCC must initiate, monitor and report to the Board on any investigations the Board asks it to undertake into matters relevant to any of its responsibilities, and the ARCC may recommend to the Board that the ARCC undertakes any such special investigation.
- 3.6. Managed Investment Schemes

The ARCC will oversee the activities of the various investment schemes managed by entities within the BrisConnections Group, including:

 - 3.6.1. review scheme accounting, financial matters and statutory reporting;
 - 3.6.2. review scheme, financial management systems and practices;
 - 3.6.3. review and recommend the appointment of scheme compliance plan auditors;
 - 3.6.4. review reporting and compliance processes for mandate clients; and
 - 3.6.5. oversee the activity of the Compliance Committee.

4.0 Composition of the ARCC

- 4.1. The ARCC will comprise:
 - 4.1.1. at least three Directors;
 - 4.1.2. all non-executive Directors;
 - 4.1.3. a majority of independent Directors; and
 - 4.1.4. an independent Chairman who is not Chairman of the Board of BrisConnections Group.However, the Chairman of the Board may be a member of the ARCC.
- 4.2. The ARCC will be of sufficient size, independence and technical expertise to effectively discharge its mandate. Each member of the ARCC will be able to read and understand financial statements and at least one member will be a qualified accountant or other financial professional with experience of financial and accounting matters.
- 4.3. ARCC members are appointed for an initial term of three years, unless the Board specifies otherwise, and their appointments may be renewed for further terms by mutual agreement.

5.0 Meetings

- 5.1. The ARCC will appoint a Chairman and a secretary.
- 5.2. The ARCC may invite such other persons to attend its meetings as it considers appropriate.
- 5.3. The ARCC will hold meetings at least quarterly including in August and February each year to consider the annual and half yearly financial statements respectively, and at any other time it or the Board consider necessary.
- 5.4. A quorum will comprise two ARCC members.
- 5.5. The ARCC will keep minutes of its meetings. Any dissenting ARCC member shall be entitled to have his/her opinion recorded in the minutes.
- 5.6. The ARCC may pass or approve resolutions by circular resolution by adopting the procedures (so far as they are appropriate) set out in section 248A of the Corporations Act 2001 (Cth).
- 5.7. The contemporaneous linking together by telephone or other electronic means of a sufficient number of members to constitute a quorum constitutes a valid meeting of the ARCC.

6.0 Reporting to the Board

- 6.1. The ARCC Chairman will communicate the findings of the ARCC to the Board after each ARCC meeting. To the extent practicable, copies of the minutes of each meeting will be included in the papers for the next full Board meeting held after each meeting of the ARCC.
- 6.2. Minutes shall be distributed to all ARCC members, after the preliminary approval has been given by the ARCC Chairman. Minutes, agenda and supporting papers shall be made available to any Director upon request to the Secretary, providing no conflict of interest exists.

7.0 Amending the Charter

- 7.1. The ARCC shall review the terms of this Charter annually or otherwise as it considers necessary.
- 7.2. This Charter may be amended at any time and from time to time by a resolution of the Boards of Directors of the BrisConnections Group.

Approved by the BrisConnections Group on 23 May 2008.

ANNEXURE A – POLICY FOR AUDITOR INDEPENDENCE

Policy for Auditor Independence – Provision of Non-Audit Related Services by the External Auditor

1. INTRODUCTION/PURPOSE

- 1.1. The BrisConnections' Audit, Risk & Compliance Committee (ARCC) is responsible for reviewing and recommending to the Board the appointment, terms of engagement, remuneration and removal of the external auditor.
- 1.2. The ARCC will also monitor and evaluate on a regular basis the independence of the external auditor.
- 1.3. The ARCC accepts that independence requires a freedom from bias, personal interest, prior commitment to an interest or susceptibility to undue influence or pressure and an ability to exercise objective and impartial judgement with respect to the conduct of an audit as stated in the APES110: Code of Ethics for Professional Accountants, and in the Corporations Act 2001 (Cth). The ARCC also accepts that the external auditor is subject to specific requirements with respect to auditor independence under that Act.
- 1.4. The ARCC also recognises that BrisConnections should not be disadvantaged by arbitrary rules that might preclude the auditor from providing non-audit services that it is qualified to perform, while maintaining a position of independence, on terms acceptable to BrisConnections. For many services, the depth of the external auditor's insight into and understanding of BrisConnections' business and industry could enhance the quality of the service and reduce costs. In other cases the external auditor may have a natural advantage in a particular topic or skill which makes the use of their services particularly desirable.
- 1.5. BrisConnections' Management and the ARCC are best placed to work with the external auditor in an open and frank manner so that independence standards are met, including deciding in the interests of security holders whether a particular service should be provided by the external auditor or by another service provider.
- 1.6. The purpose of this policy is to establish guidelines so that BrisConnections complies with applicable laws, accounting standards, the ARCC's Charter and best practice with regard to the independence of external auditors.

2. FUNDAMENTAL PRINCIPLES OF INDEPENDENCE

In order for the external auditor to be eligible to undertake any non-audit services assignment, the external auditor must not as a result of the assignment:

- 2.1. create a mutual or conflicting interest with BrisConnections;
- 2.2. audit their own work;
- 2.3. act in a management capacity or as an employee;
- 2.4. act as an advocate for BrisConnections.

3. COMPLIANCE WITH LEGISLATIVE AND PROFESSIONAL OBLIGATIONS

The external auditor must remain independent of the BrisConnections at all times and comply with the auditor independence requirements of the Corporations Act 2001 (Cth) and APES110.

4. SPECIFICALLY PROHIBITED SERVICES

No work will be approved related to, and the external auditor will not provide, the following services to the BrisConnections:

- 4.1. bookkeeping or services relating to accounting records which form the source of the financial report;

- 4.2. appraisals, valuations and fairness opinions where the subject of the opinion is likely to be a material component of the financial report and is based on significant subjectivity;
- 4.3. executive recruitment or extensive human resource functions;
- 4.4. operating financial information systems;
- 4.5. secondment of senior staff to act in a management capacity;
- 4.6. internal audit functions or assignments.

5. APPROVAL PROCESS

- 5.1. Any individual engagement for non-audit services involving fees exceeding, or estimated to exceed, \$100,000 must be reviewed and approved by the ARCC before the engagement commences. Below this amount the service and fee may be approved by the Chief Financial Officer.
- 5.2. No work will be awarded to the external auditor if the ARCC believes such work will give rise to a 'self review threat' (as defined in APES 110).
- 5.3. No work will be awarded if the ARCC believes such work would create a conflict or perceived conflict of interest for the auditor or any member of the audit team.
- 5.4. If, in the view of the ARCC, the level of fees for non-audit services being provided by the external auditor is of a magnitude that, in the ARCC's opinion could impair, or be perceived to impair the auditor's independence, the ARCC may, from time to time, impose a restriction (in addition to any other restriction required by this policy) on non-audit work being awarded to the external auditor.

6. MONITORING

- 6.1. Management and the auditor shall provide the ARCC with semi-annual reports of non-audit assignments assumed and fees incurred, together with comparative information for prior years.
- 6.2. The non-audit services will be classified into three categories:
- 6.3. services that are normally performed by the external auditors;
- 6.3.1. services that are commercially sensible for the external auditors to perform; and
- 6.3.2. services that could be performed by any suitably qualified firm, as defined in the Definitions section.
- 6.4. The external auditor will provide the ARCC with annual and half yearly certifications of their continued independence in accordance with the requirements of the Corporations Act 2001 (Cth) and in particular confirm that they have not carried out any engagements during the year that would impair their professional independence as auditor, as contemplated by APES110.
- 6.5. A statement will be included in BrisConnections' Annual Report disclosing the fees paid to the external auditor for the non-audit services undertaken.
- 6.6. A statement will also be included in the Annual Report as to whether the ARCC is satisfied that the provision of non-audit services is compatible with auditor independence. The Annual Report will include a statement whether the Directors are satisfied the provision of non-audit services is compatible with the general standard of independence imposed by the Act and their reasons why.

7. OTHER MATTERS OF INDEPENDENCE

- 7.1. BrisConnections will require the external auditor to rotate the lead auditor and review auditor for BrisConnections every five years with suitable succession planning to ensure consistency and require the external auditor to ensure that thereafter they do not play a significant role in any BrisConnections audit for at least another two successive financial years.

- 7.2. BrisConnections will require the lead auditor and/or the review auditor of its external auditor to attend its Annual General Meeting and be available to answer reasonable questions from securityholders about the audit of the Group. BrisConnections will ensure that shareholders are given a reasonable opportunity at the Annual General Meeting to ask such questions. BrisConnections will also allow the external auditor a reasonable opportunity to answer written questions submitted by shareholders prior to an Annual General Meeting in accordance with the requirements of the Corporations Act 2001 (Cth).
- 7.3. No former partner of the external auditor who was directly involved in an audit of BrisConnections may be appointed as a Director of any BrisConnections company or take a position with a BrisConnections company during the two year period immediately following the former partner's resignation from the external auditor.
- 7.4. No former partner of the external auditor may become an officer of a BrisConnections company if any other person, who is or was at any time a partner of the external auditor at the time when the external auditor undertook an audit of a BrisConnections company, is already an officer of a BrisConnections company.

8. DEFINITIONS

Audit and Audit Related Services: Audit services comprise audit and review engagements undertaken pursuant to the Corporations Act 2001 (Cth), and any other legislative and regulatory requirements which require review or audit, and sundry assurance opinions.

Non-Audit Services: Non-audit services comprise all other engagements including, but not limited to:

- (a) services that are normally performed by the external auditors – accounting and regulatory advice, risk assessments and control design, tax compliance, benchmarking assistance, and investigating accountant's reports;
- (b) services that are commercially sensible for the external auditors to perform – due diligence, tax consulting and planning, compliance risk management, strategy advice, business analysis, secondments, IT security assessments, IT advisory services, immaterial or non-financial report related valuations, project management or project management assurance, investigative or forensic accounting;
- (c) services that could be performed by any suitably qualified firm – IT systems design and/or implementation, strategic change management, outsourcing the whole internal audit function and independent experts' reports.

Approved by BrisConnections Board of Directors on 23 May 2008.