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## **Audit and Risk Committee Charter for Manhattan Corporation Limited (the Company)**

*Once the Board is of a sufficient size and structure, reflecting the Company's growth in operations, then the Board will establish a separate Audit and Risk Committee (**Committee**) to assist in fulfilling its duties.*

*Until such time, the Board will carry out the duties that would ordinarily be assigned to the Committee under the written terms of reference, being this adopted Charter.*

*In this Charter, a reference to the Committee is a reference to the Board and a reference to a meeting of the Committee is a reference to a meeting of the Board for the purposes of satisfying the responsibilities of the Committee.*

*This Charter has been adopted.*

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### **1 Role of the Audit and Risk Committee and its Authority**

- (a) The Board is responsible for corporate governance and oversight of Manhattan's financial reporting, internal control structure, risk management systems and internal and external audit functions. In doing so, the Board has the responsibility to maintain free and open communication with the external auditor and Manhattan's management.
  - (b) The Board may investigate any matter, with full access to all books, records, company operations, and people of Manhattan and the authority to engage independent accounting, legal, compliance, risk management or other professional advisers as it determines necessary to carry out its duties.
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### **2 Membership**

- (a) The Committee should to the extent practicable given the size and composition of the Board and nature and scope of the operations of the Company from time to time, comprise of:
  - (i) at least three members;
  - (ii) non-executive directors; and
  - (iii) a majority of directors who are independent (and it must satisfy this description if required by statute or regulation).
- (b) Given the current size and composition of the Board and/or nature and scope of the operations of the Company, the Board will perform the role of the Committee.
- (c) All Committee members should be financially literate (that is, able to read and understand financial statements).
- (d) All Committee members should have a reasonable understanding of Manhattan's business and the industry in which it participates.

- (e) The Board will appoint the chair of the Committee (**Committee Chair**). The Committee Chair should be an appropriately qualified independent non-executive director who does not chair the Board (and must satisfy this description if required by statute or regulation).
- (f) Committee members will be appointed for a fixed period of no more than three years, with Committee members generally being eligible for re-appointment for so long as they meet the relevant criteria.
- (g) The appointment and removal of Committee members is the responsibility of the Board.
- (h) A Committee member may resign as a member of the Committee upon reasonable notice in writing to the Committee Chair.
- (i) If a Committee member ceases to be a director of the Board, their appointment as a member of the Committee is automatically terminated with immediate effect.
- (j) The Company Secretary of Manhattan is secretary to the Committee.

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### 3 Meetings

- (a) The Committee will meet at least two times annually or as frequently as is required to undertake its role effectively.
- (b) The Committee may meet in private with either or both of Manhattan's Chief Financial Officer (if one is appointed) and external auditor.
- (c) Any Committee member may, and the Company Secretary must upon request from any member, convene a meeting of the Committee.
- (d) The Committee may invite any executive, other staff member or external auditor to attend all or part of a meeting of the Committee.
- (e) The Company Secretary will minute the proceedings of all meetings. All minutes of the Committee are available for inspection by any director.
- (f) A quorum for any meeting will be at least two Committee members.

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### 4 Duties and Responsibilities

- (a) The Committee's key responsibilities and functions are to discharge its responsibilities:
  - (i) to oversee the establishment of and approving Manhattan's risk management framework (for both financial and non-financial risks) including its strategy, policies, procedures and systems;
  - (ii) to review at least annually and monitor the effectiveness of Manhattan's risk management framework to satisfy itself that it continues to be sound and Manhattan is operating with due regard to the risk appetite set by the Board;
  - (iii) to review and monitor the effectiveness of Manhattan's risk management strategy, policies, procedures and systems;
  - (iv) to review and approve Manhattan's financial statements and reports;
  - (v) in relation to Manhattan's financial reporting, which, without limitation, includes:
    - (A) reviewing the suitability of Manhattan's accounting policies and principles, how they are applied and ensuring they are used in accordance with the statutory financial reporting framework;
    - (B) assessing significant estimates and judgements in financial reports;
    - (C) assessing information from the external auditor to ensure the quality of financial reports; and

- (D) recommending to the Board whether the financial and associated non-financial statements should be signed based on the Committee's assessment of them;
  - (vi) in relation to the entry into, approval or disclosure of related party transactions (if any);
  - (vii) in overseeing Manhattan's financial controls and systems;
  - (viii) to manage audit arrangements and auditor independence, including considering whether an internal audit function is required and, if not, ensuring that Manhattan discloses the processes it employs to evaluate and improve its risk management and internal control processes; and
  - (ix) ensuring that any periodic corporate report Manhattan released to the market that has not been subject to audit or review by an external auditor discloses the process taken to verify the integrity of its content.
- (b) If Manhattan has an internal audit function, the Committee is responsible for:
- (i) the appointment and removal of the head of the internal audit function;
  - (ii) the scope and adequacy of the internal audit work plan; and
  - (iii) the independence, objectivity and performance of the internal audit function.

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## 5 Reporting

The Committee should compile a report on all matters relevant to the Committee's role and responsibilities at least annually.

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## 6 Preparation and Presentation of Financial Statements and Reports

The Committee will:

- (a) after review with management and the external auditor, recommend to the Board the half year and full year financial statements, the preliminary financial reports to be lodged with ASX and all related financial reports and statements;
- (b) review representation letters to be signed by management to ensure that all relevant matters are addressed;
- (c) discuss matters raised by the external auditor as a result of their work;
- (d) assess the impact of changes in accounting standards and review recommendations for adoption of such changes in the financial accounts; and
- (e) ensure that appropriate processes are in place to form the basis upon which the Chief Executive Officer and Chief Financial Officer execute their certifications under section 295A of the *Corporations Act 2001* (Cth) (**Corporations Act**) to the Board at financial year end in relation to the systems of internal controls, and that that system is operating effectively in all material respects in relation to financial reporting risks.

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## 7 Financial Controls and Systems, Risk Management Policy, Procedures and Systems

- (a) The Committee will oversee the effectiveness of Manhattan's financial controls and systems, oversee the risk management function (as detailed below) and evaluate the structure and adequacy of the group's insurance coverage periodically.

- (b) The risks faced by Manhattan may include regulatory and compliance risk, investment risk, legal risk, economic risk, environmental risk, social sustainability risk, occupational health and safety risk, financial risk, reputation risk, operational and execution risk and strategic risk.
- (c) Responsibility for risk management is shared across the organisation. Key responsibilities include:
  - (i) the Board is responsible for overseeing the:
    - (A) establishment of and approving Manhattan's risk management framework (for both financial and non-financial risks) including its strategy, policies, procedures and systems; and
    - (B) disclosure of any material exposure that Manhattan has to environmental or social risks and how Manhattan intends to manage those risks;
  - (ii) Manhattan management is responsible for establishing Manhattan's risk management framework, including identifying major or potentially major risk areas and developing Manhattan's policies and procedures, which are designed effectively to identify, treat, monitor, report and manage key business risks;
  - (iii) the Board is responsible for:
    - (A) identifying major or potentially major risk areas;
    - (B) reviewing and monitoring Manhattan's risk management framework to provide assurance that major business risks are (including contemporary and emerging risks) identified, consistently assessed and appropriately addressed. In addition, the Committee should undertake a review of Manhattan's risk management framework with management (at least once annually) to satisfy itself that Manhattan's risk management framework continues to be sound including whether there have been any changes in the material business risks and whether Manhattan is operating within the risk appetite set by the Board. The Committee should ensure that the Board discloses whether such a review has taken place in the Manhattan annual report;
    - (C) considering Manhattan's approach to occupational health and safety, economic, environmental and social sustainability risks, including the benchmarks Manhattan uses to measure performance on issues of sustainability and their achievements against those benchmarks;
    - (D) ensuring that risk considerations are incorporated into strategic and business planning;
    - (E) reviewing any material incident involving fraud or a break-down of the risk management framework and identifying "lessons learned";
    - (F) providing risk management updates to the Board and any supplementary information required to provide the Board with confidence that key risks are being appropriately managed;
    - (G) reviewing reports from management concerning compliance with key laws, regulations, licences and standards which Manhattan is required to satisfy to operate;
    - (H) overseeing tax compliance and tax risk management; and

- (i) reviewing any significant findings of any examinations by regulatory agencies.
  - (iv) the Chairman and Accountant are to provide to the Board declarations in accordance with section 295A of the Corporations Act; and
  - (v) each employee and contractor is expected to understand and manage the risks within their responsibility and boundaries of authority when making decisions and undertaking day to day activities.
- (d) It is the responsibility of the Committee to report to the Board about Manhattan's adherence to policies and guidelines approved by the Board for the management of risks. This includes bringing to the Board's attention any instances where Manhattan either has or may need to operate outside the current risk appetite set by the Board or where disclosure to the market might be required.
- (e) Manhattan's adherence to policies and guidelines approved by the Board for the management of risks.
- (f) The Chairman is responsible for reporting to the Committee on:
- (i) any proposed changes to the risk management framework and to that committee and to the Board any exposures or breaches of key policies, procedures or systems, or incidence of risks, where significant (including any material incidents reported under Manhattan's Code of Conduct, Anti-Bribery and Corruption Policy and Whistleblower Protection Policy);
  - (ii) new and emerging sources of risks (including the risk controls and mitigation measures that have been or are being put in place by management to deal with those risks);
  - (iii) any disclosure-related considerations; and
  - (iv) proposed changes to Manhattan's risk management framework.

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## 8 External Audit

The Committee:

- (a) is responsible for the appointment, reappointment or replacement (subject to shareholder ratification, as required), remuneration, monitoring of the effectiveness, and independence of the external auditor;
- (b) will discuss annually with the external auditor the overall scope of the external audit and ensure the external auditor attends the Manhattan AGM and is available to answer questions from security holders relevant to the audit;
- (c) must pre-approve all audit and non-audit services provided by the external auditor (other than taxation services) and will not engage the external auditor to perform any non-audit or assurance services that may impair or appear to impair the external auditor's judgment or independence in respect of Manhattan. The Committee may delegate a pre-approval dollar limit and authority to a member of the Committee to pre-approve amounts in excess of this between Committee meetings;
- (d) will consider statements to be made in the directors' report regarding non-audit services in accordance with the Corporations Act;

- (e) will annually request from the external auditor a report which sets out all relationships that may affect its independence; and
- (f) will review the procedures for selection and appointment of the external auditors and rotation of external audit engagement partner.

## 9 Access to information and independent advice

- (a) The Committee may seek any information or advice it considers necessary to fulfil its responsibilities.
- (b) The Committee has access to:
  - (i) Manhattan's management, to seek explanations and information from them; and
  - (ii) external and internal auditors to seek explanations and information, without Manhattan's management being present.
- (c) The Chief Financial Officer (if one is appointed) and Company Secretary shall have free and unfettered access to the Committee.
- (d) The Committee may seek professional advice from appropriate external advisers, at Manhattan's cost. The Committee may meet with these external advisers without Manhattan's management being present.

## 10 Reviews and changes to this Charter

- (a) The Committee will review this charter annually or as often as it considers necessary.
- (b) The Committee will make recommendations to the Board on changes to Manhattan's risk management framework or the risk appetite set by the Board.
- (c) The Board may change this charter (including the responsibilities of the Committee) from time to time by resolution.

## 11 Committee Performance

- (a) The Board will, at least once in each year, review the membership of the Committee to determine its adequacy for current circumstances.
- (b) The Committee shall make an evaluation of its performance at least once every two years to determine whether it is functioning effectively by reference to current best practice.

### **Policy History**

#### **Date**

June 2020  
July 2015

#### **Change Reason**

1<sup>st</sup> Revision  
Policy adopted by the Board