

# Board Audit Committee Charter

## **BOARD**

*The Board Audit Committee Charter provides directs the audit function (internal and external) and provides the foundation and framework to manage its statutory and prudential obligations for financial and securities reporting.*

**Owner:** Company Secretary  
**Level:** Level 1 – Board  
**Version:** 1  
**Effective:** 27 April 2023

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This Charter outlines the purpose and responsibilities of the Board Audit Committee of Kina Group Limited.

## 1. PURPOSE

The primary function of the Board Audit Committee (BAC) is to assist the Board to carry out the following activities.

- To fulfil its responsibilities with respect to its statutory and prudential duties and obligations to shareholders;
- Its obligations as a finance institution, as documented in all of the Bank of PNG (BPNG) Prudential Standards and other regulators in the jurisdictions we operate;
- Ensuring the Reliability of Financial Information;
- Oversight of management of material financial risks;
- Reviewing and overseeing the systems in place to ensure compliance with financial reporting requirements and external reporting agencies requirements, including ASX and PNGX;
- Reviewing and overseeing the systems in place to ensure compliance with accounting standards in all relevant jurisdictions;
- Liaison with External and Internal Auditors as appropriate
- Monitor and assess the performance of the internal and external audit functions; and
- Requesting and reviewing relevant external financial, taxation and insurance advice so the Board can be appropriately advised.

Its establishment is to assist in ensuring that the Kina Group complies with:

- It's Risk Management Strategy and Framework;
- It's Corporate Strategy;
- It's Code of Conduct;
- It's policies and procedures; and
- All other relevant laws, regulations, codes, regulations, and industry and organizational standards.

## 2. RESPONSIBILITIES

### Financial Reporting and Internal Control

- Review Kina Group's half and full year statutory financial reports and consider whether they are consistent with information known to the Committee members and reflect appropriate accounting principles, standards and regulations;
- Oversee the financial reporting process;
- Review key aspects of the Kina Group's major market update presentations for the half and full year statutory reports;
- Receive assurances from the External Auditor that disclosures are appropriate and compliant with relevant regulations and accounting standards;
- Review the processes used to provide regulatory certifications of the CEO, CRO and CFO under PNG law;
- Review management's report on financial reporting risks, including any disclosures made;
- Oversee BPNG statutory reporting requirements and annually commission an independent review of the Kina Group's reporting under these requirements;

- Receive key audits and ensure senior management is taking corrective actions in a timely manner to address control weaknesses, areas of non-compliance with policies, procedures or regulations, as identified by the external or internal auditor;

#### Internal Audit

- Oversee and appraise at least annually the independence of the Kina Group internal audit function, provide feedback to management on its performance and obtain an external assessment of the adequacy and effectiveness of the internal audit function at least once every five years;
- Review the performance, objectivity, independence and effectiveness of the internal audit function;
- Monitor to ensure that the internal audit function is adequately resourced;
- Review the internal audit function reports on significant findings and recommendations on internal control;
- Monitor management's responses to reviews and recommendations of the internal audit function regarding internal control systems and procedures;
- Review and approve the annual risk and audit plans of the Internal Auditor and all major changes to their plans, and oversee progress of their audit activities;
- Ensure the internal audit function has a reporting line and unfettered access to the chair of Kina Board and Audit Committee; and
- Provide a structured independent reporting line for the internal audit function on professional internal audit issues;

#### External Audit

- Recommend the appointment or, if necessary, the removal of the External Auditor to the Board for approval by the shareholders;
- oversee and appraise at least annually the independence, adequacy and effectiveness of the External Auditor (including the rotation of the external audit partner), and review and approve the External Auditor's fee and terms of engagement;
- Review the annual risk and audit engagement plans of the External Auditor.
- Review and advise, for the purposes of the directors' report to be included in the annual report, the provision of all non-audit services by or on behalf of the External Auditor during the year to the Kina Group including whether those services comply with the statutory auditor independence requirements and the reasons why; and
- Consider the scope of work, reports and activities of the external auditor including interaction with the internal audit function;
- Review and confirm the independence of the external audit provider;
- Review the effectiveness of the annual audit and the performance of the external auditors (to the extent relevant); and
- Provide the opportunity for the Committee to meet with the external audit provider in the absence of management at least once a year.

### 3. COMMITTEE AUTHORITY

The Committee is authorized by Kina Group Board to:

- Review and approve/endorse relevant financial and audit policies in accordance with the policy hierarchy
- Review and approve the internal audit charter;
- Approve, on the recommendation of the Managing Director (CEO), the appointment and, if necessary, the change of the Internal auditor

- Approve the annual risk and audit plans of the Internal Auditor Obtain information it reasonably requires from, and hold discussions with, the Internal Auditor and/or external auditors
- Appointing and overseeing the work of external auditors

The committee is authorized with prior approval of the Chair or the Chair of the Audit Committee, to obtain independent external professional advice at Kina Group's expense and to secure the attendance of the eternal parties with relevant experience and expertise if it considers it necessary.

Except as specifically set out in this Charter or the Board- approved policy, the Committee has no delegated authority to approve matters referred to it, nor does it have any executive power to implement its recommendations or findings.

## 4. MEMBERSHIP; QUORUM; SECRETARY

### Membership

- The Committee shall comprise at least three (3) members. All members must be independent non-executive directors.
- The Committee including the Chair shall be appointed and approved by resolution of the Board. The Chair of the Board may not act as Chair or the Committee but may be a member.
- Membership shall comprise officers with appropriate skills and qualifications. At least one of the committee members shall hold appropriate financial qualifications.

### Quorum

- Each meeting shall proceed with a quorum of committee members present. A quorum shall be one half of the appointed members (rounded upwards if not a whole number).
- Failure to achieve a quorum will result in the meeting being postponed to a suitable later date.
- A valid decision of the meeting requires a majority vote of those members attending where a quorum is present.

### Committee Secretary

- The Committee Secretary will be the Company Secretary.
- Members shall provide any documents to the Committee Secretary at least seven (7) working days prior to a meeting to enable timely distribution.
- All material to be considered by the Committee members at formal meetings shall be distributed beforehand (5 business days) by the Committee Secretary.

## 5. COMMITTEE MEETINGS

### Meetings

- The Committee will meet as often as it deems necessary but at a minimum the Committee shall meet at least three (3) times a year.
- The Committee shall also meet as required or necessary to discuss matters of an urgent nature. Following each meeting, the Committee Chair shall report on the Committee's activities, discussions, and decisions to the Board.
- Committee meetings may be held in person or via telephone or other electronic means, including video conferencing.
- Any member of the Committee, the Chair of the Board, the Managing Director (CEO), the Chief Financial Officer or Chief Risk Officer may request a meeting at any time.

## Agendas

- An agenda of standing items for discussion will be drawn up and may be altered by the BAC as it deems fit. The operating rhythm can be changed based on business priorities and sequenced to other committee rhythms or reporting requirements.
- The meeting will consider matters relating to the whole of the Kina Group including its subsidiaries.
- Action Items are to be provided to management for attention.

## Minutes

- Minutes of each Committee shall be prepared by the Secretary and must be presented to the first meeting of the Board following a meeting of the BAC.
- Minutes of the meeting are to be issued to the Chair within 5 business days and distributed to members within one (1) week thereafter.
- Minutes are not to be distributed outside Committee membership.

## Reporting by Committee Chair

- A record must be kept of all meetings, recommendations and decisions of the Committee. The Chair of the Committee must also provide a brief report to the Chair of the Board following every meeting of the Committee.

## Attendees at the Committee meetings

- Other non-executive directors are able to attend the meeting as observers at any time.
- The CRO and the CFO shall be standing attendees of the meeting, along with the Managing Director (CEO).
- Senior management and other relevant staff shall attend part or all of any meeting of BAC when requested by the Committee.

## Conflicts

Conflict of Interests needs to be duly considered by all BAC members

- BAC members must declare any actual or potential conflicts of interest, which may exist or might reasonably be thought to exist in regard to any matter before it.
- BAC may require a member to be absent while any issue relating to that conflict is discussed or voted upon.

BAC members need to acknowledge that they may receive or originate confidential information. Such information must be treated in compliance with Kina Groups' Confidentiality and Privacy Program and retained within Kina Group. In particular, information must

- NOT be released to others outside of the proper ambit of committee member's duties; and
- NOT be used for the personal benefit of directors, officers or employees of KSLPNG or for the personal benefit of others.

## 6. REVIEW OF CHARTER

- This Charter shall be reviewed by the Owner annually under the Risk Management Framework (or at any time required by the Board or Board Committee) with a summary being submitted to BAC and BoRC detailing the results of risk assessment and whether there are any updates required.
- Every three years, the full Charter must be submitted to the Board Risk Committee for Board Endorsement.
- All Amendments and Approvals are maintained by Compliance Team in the Policy & Procedure Change Document Register.

## 7. POLICY ADMINISTRATION

<b>Policy Administrator</b>	Chief Risk Officer
<b>Policy Owner</b>	Company Secretary
<b>Effective Date</b>	27 04 2023
<b>Date of Last Review</b>	n/a (new policy replacing document no. <i>kgc:04/2015</i> ) New Charter. Splitting of the Audit, Risk & Compliance Charter 04/04/2023
<b>Next Scheduled Review</b>	(with a risk assessment each annual anniversary date to CREDITCO and Board Audit & Risk Committee)
<b>Regulator (If Applicable)</b>	BPNG
<b>Compliance Mechanism</b>	Annual Review process certification via Audit & Risk Committee plus 3-year mandatory risk review and re-endorsement.
<b>Approval Body</b>	Board
<b>Document Approval History</b>	Version 1 – Board approved (dated on 27/04/2023)
<b>Related Policies</b>	Internal Audit Charter Risk Management Strategy and Framework Risk Management Policy Policy Hierarchy Model
<b>Supporting Procedures or Guidelines</b>	na