

Audit and Risk Committee Charter

1. Introduction

- 1.1 The Board of directors of the Company (**Board**) have established the Audit and Risk Committee in accordance with the Company's Constitution.
- 1.2 The Audit and Risk Committee (**ARC**) is a committee of the board of directors of People Infrastructure Ltd (**PPE**) and applies to all companies in the People Infrastructure Limited Group (**Group**).
- 1.3 This Charter sets out the role, authority, responsibilities, composition and procedural requirements of the ARC.

The primary role of the ARC is to:

- (a) satisfy itself that the Group has an adequate control framework for the oversight of the external audit arrangements; and
- (b) make recommendations to the Board in relation to:
 - the adequacy of the Group's processes for identifying, measuring, monitoring and managing the material business risks;
 - any incident involving fraud or other break down of the Group's internal control policies and practices; and
 - the Group's insurance program.

2. Responsibilities

The ARC is required to oversee and make recommendations to the Board in relation to:

- (a) Reliable management and financial reporting
 - Assess the adequacy of management reporting on the entity's risks, operations, and financial condition to the Board;
 - Scrutinise the Group's accounting policies and practices in the light of the *Corporations Act 2001* and Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board;
 - Review the half yearly and annual financial statements of the Group and recommend to the Board the signing of the directors' declaration to them;
 - Review and discuss with the external auditor the quality and acceptability of the Group's accounting principles as applied in its financial reporting; and
 - Supervise the implementation of the Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board and other changes in regulatory requirements.

- (b) Compliance with laws and regulations
 - Consider the plans and processes for the Group's compliance activities.
 - Ensure that the Group's financial statements and reporting complies with the *Corporations Act 2001*, accounting standards, ASX Listing Rules and other relevant regulatory requirements.
 - Monitor the laws and the regulations that relate generally to the entity's business operations and, review the Group's compliance with such laws.
 - Seek advice of the Group's legal advisers on any legal matters that could have significant impact on the Group's financial statements.
- (c) Maintenance of an effective and efficient audit
 - Recommend to the Board the appointment of the external auditors.
 - Review the plans of the external auditors, including any significant changes to the plans.
 - Review the efficiency and effectiveness of the external auditors in relation to their responsibilities.
 - Review and discuss with the external auditor professional and other significant relationships to determine their independence.
 - Review the external auditor's fees.
 - Ensure there are no unjustified limitations placed on the auditors and review any serious disputes with management during the audits.
 - Ensure the scopes of the audits are adequate, with emphasis on matters where the ARC, management or the auditors believe special attention is necessary.
 - Meet with and assess the findings of the external auditors as well as management's response to their recommendations.
 - Ensure compliance with the ASX principles of good corporate governance related to external auditors.
- (d) Risk management and internal control
 - (i) In consultation with management:
 - Establish a risk management framework that identifies monitors and manages material business risks facing the Group, including financial and non-financial matters and taking into account both the Group's legal obligations and the reasonable expectations of the Group's stakeholders (such as shareholders, employees, customers, suppliers, creditors, consumers and the broader community in which the Group operates).

- This risk management framework should include any material exposure to economic, environmental and social sustainability risks, and how the Group intends to manage any identified risks.
 - Regularly review and update the risk management framework and provide copies to the Board.
 - Review the risk management framework at least annually to satisfy itself that it continues to be sound and that the Company is operating with due regard to the risk appetite set by the Board.
 - Disclose that the annual risk management framework review has taken place in the Group's annual report.
- (ii) Review and report to the Board (at least annually) on the effectiveness of the Group's internal controls regarding:
- Due diligence for acquisitions and other new projects.
 - Compliance with confidentiality obligations.
 - Information technology security.
- (iii) Review and report to the Board (at least annually) on the effectiveness of internal systems and processes for identifying, managing and monitoring material business risks, including:
- Breaches of contract.
 - Breaches of internal controls.
 - Litigation and claims.
 - Fraud and theft.
 - The Group's insurance program, having regard to the Group's business and the insurable risk associated with its business.
- (iv) Obtain regular reports from management on the occurrence and/or status of any material breaches of internal controls or other material risk exposures or incidents and report to the Board (at each Board meeting or earlier, if appropriate) on such breaches, exposures and incidents and generally whether material business risks are being managed effectively.
- (v) review the scope of the external auditors' review of internal control and risk management, review reports on significant findings and recommendations, together with management's responses.
- (vi) Recommend to the Board any changes to the Company's internal control and risk management framework or to the risk appetite set by the Board from time to time as appropriate.
- (vii) Review the processes to verify the integrity of any periodic corporate reports that are not audited or reviewed by an external auditor.

Workplace Health and Safety responsibilities function, the ARC is required to:

- (i) Review and make recommendations to the Board regarding the Company's policies and programs to protect the health and safety of employees; and
- (ii) Monitoring and reviewing the Company's performance against agreed workplace health and safety measures.

3. Composition

- (a) Unless the Board determines otherwise, the ARC shall comprise a minimum of three members, the majority of whom should be independent non-executive directors.
- (b) The Board will nominate the Chairperson of the ARC from time to time. The Chairperson of the ARC must be an independent non-executive director and should not be the Chair of the Board. However, the composition and skill set of the board members is to be taken into account.
- (c) At least annually, the Committee shall meet separately with the external auditor without Management present.
- (d) The ARC may invite other persons as it deems necessary and may seek advice from such other persons as appropriate.
- (e) The ARC must include members who are financially literate and at least one member being the chairperson who has financial expertise (i.e. is a qualified accountant or other financial professional with experience of financial and accounting matters).
- (f) The secretary of the ARC should be the Company Secretary or such other person as nominated by the Board.
- (g) The Committee may delegate authority to subcommittees of the Committee.
- (h) A quorum for ARC Meetings is two (2) members of the ARC.

4. Procedural requirements

4.1 ARC procedures

- (a) The ARC shall meet at least six monthly or more frequently as required.
- (b) The ARC shall meet with the external auditor at least six monthly or more frequently as required, and in separate executive sessions to discuss relevant matters.
- (c) Meetings and proceedings of the Committee are governed by the provisions in the Company's constitution regulating meetings and proceedings of the Board and committees of the Board in so far as they are applicable and not inconsistent with this charter.
- (d) Meetings of the ARC may be held by technological means, and decisions may be made by circular resolution.
- (e) Any member of the ARC may, with the Chairperson's prior approval, invite any non-member to attend and participate in a meeting of the ARC.
- (f) Following each meeting the Chairperson will report to the Board on any matter that should be brought to the Board's attention, and on any recommendation of the ARC that requires Board approval or action.

- (g) The proceedings of all meetings will be recorded in minutes to be approved by the ARC. The minutes of the ARC shall be made available at the next full Board meeting of the Group after each ARC meeting.
- (h) Regular reports shall be provided to the Board including:
 - assessment of management processes supporting external reporting;
 - procedures for the selection and appointment of the external auditor and for the rotation of external audit engagement partners;
 - assessment of the performance and independence of the external auditors and whether the ARC is satisfied that independence of this function has been maintained having regard to the provision of non-audit services;
 - the results of its review of internal compliance and control systems;
 - assessment of whether external reporting is consistent with committee members' information and knowledge and provides a true and fair view of, the financial position and performance of the entity and is adequate for securityholder needs;
 - the assessment of the appropriateness of the accounting judgments or choices exercised by management in preparing the financial statements;
 - recommendations for the appointment or removal of an auditor;
 - report annually to the Board regarding information to be provided in the Annual Report to securityholders, describing the ARC's composition, responsibilities and how they were discharged, and any other information required by law or the ASX Listing Rules; and
 - before the Board approves the Group's financial statements for a financial period, provide a report on whether the financial records of the Group have been properly maintained and whether the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity.
- (e) ARC members will not receive directly or indirectly any consulting, advisory or other fee from the Group, other than the remuneration received by a Director on the ARC in his or her capacity as a Director and member of the ARC.

4.2 Authorities

- (a) The Board authorises the ARC, within the scope of its responsibilities, to seek any information it requires from any Group employee or contractor.
- (b) The ARC, with the approval of the Chair of the Board may obtain independent professional advice on relevant matters at the expense of the Group.

5. Annual review

The ARC will prepare and provide to the Board annually:

- (a) a self-evaluation of its performance against its Charter, goals and objectives;
- (b) recommended goals and objectives for the coming year; and
- (c) recommended changes or improvements to its Charter, if necessary.

The annual review may be done by way of an oral report to the Board by the Chairperson of the ARC.

6. Revisions of this Charter

- 6.1 The ARC is responsible for reviewing the effectiveness of this Charter and the ARC, and to make recommendations to the Board of any amendments to this Charter.
- 6.2 The Charter, and any amendments thereto must be approved by the Board.