

# Australian Unity Investment Real Estate Limited

## Audit & Risk Committee Charter

### 1. Introduction

- 1.1. Australian Unity Investment Real Estate Limited (the Company, or AUIREL) is Responsible Entity of the Australian Unity Office Fund (Fund). The Company is owned by Australian Unity Keppel Capital Pty Ltd (AUKC) which is owned equally by subsidiaries of Australian Unity Limited (AUL) and Keppel Capital Holdings Pte Ltd the asset management arm of Singapore-based Keppel Corporation Limited (Keppel).
- 1.2. The below sets out the charter of the Audit & Risk Committee of the Company in its own capacity and as Responsible Entity of the Fund which is a REIT listed on the Australian Securities Exchange (ASX).

### 2. Purpose of the Audit & Risk Committee

- 2.1. The main purposes of the Audit & Risk Committee (Committee) are to:
  - Oversee the risk management framework for identifying, assessing, mitigating and monitoring material risks arising from the activities of the Fund and the Company
  - Evaluate on an ongoing basis, the effectiveness of the Fund and Company's risk management framework and identify opportunities for its enhancement or change
  - Assist the Board in discharging its responsibilities relating to the preparation and integrity of the Company and Fund financial accounts and statements
  - Monitor compliance with legal, regulatory requirements and compliance policies; and
  - Ensure adequacy and independence of external audit functions
- 2.2. Operational responsibility for identification and management of risk is vested in senior management.

### 3. Objectives and Functions

- 3.1. The primary objective of the Committee is to assist the board of the Company in fulfilling its responsibilities relating to audit and risk management of the Fund and the Company. For these purposes the board has delegated authority to the Committee to make decisions which are consistent with and necessary to, the discharge of the objectives and functions described in this charter.
- 3.2. Further to the Committee's primary objective, the objectives and functions include (as they relate to the Fund unless otherwise stated):

#### Risk Management

- a) Oversee and review the effectiveness of the risk management framework that incorporates a program of assurance confirming the Company's and the Fund's material risks are being considered and there are appropriate management plans in place, and make recommendations to the board on any material risk management issue which arise.
- b) Review the Fund's risk management framework at least annually.

- c) Oversight of management's implementation of the risk management strategy.
- d) Approve and review the quality and adequacy of risk management policies, systems, procedures, controls and practices that apply to the Fund, including business continuity management.
- e) Promote a greater awareness and commitment to risk management practices in relation to the Fund and the Company.
- f) Provide a forum for review of changes to regulatory and statutory requirements with regard to risk management.

### **Assessment of Financial Information**

- a) Review any significant accounting and reporting issues, including professional and public regulatory announcements and understand their effect on the Fund's and the Company's financial statements.
- b) Review the accounting policies and practices adopted and compliance with accounting standards, ASX Listing Rules and relevant legislation.
- c) Review annual and semi-annual financial statements of the Fund to ensure the financial statements provide a true and fair view of the financial position and performance of the Fund, and discuss the financial statements with the external auditor and management before recommending approval by the Board.
- d) Ensure appropriate processes are in place to form the basis upon which each person who performs a chief executive officer function or a chief financial officer function (each as defined in the Corporations Act) execute their certifications under section 295A of the Corporations Act 2001 (Cth) to the Board at each financial year end.
- e) Review annual financial statements of the Company to ensure the financial statements provide a true and fair view of the financial position and performance of the Company, and discuss the financial statements with the external auditor and management before recommending approval by the Board.

### **External Audit**

- a) Recommend and approve the appointment (including reappointment) and removal of external auditors.
- b) Review the procedures for selection and appointment of the external auditors and rotation of the external audit engagement partner.
- c) Review and approve the external auditor's proposed audit plan and audit approach for audit and non-audit services, including materiality levels.
- d) Review and agree on the terms of engagement for audit and non-audit services, including making an assessment of whether the auditor meets the audit independence tests set out in APES 110 Code of Ethics for Professional Accountants prior to the commencement of each audit.
- e) Approve the audit fees for the external auditor prior to the commencement of each audit.
- f) Review the external auditor's management letter, detailing the results and significant findings from the audit, and management responses.
- g) If the Fund holds an annual general meeting (AGM), ensure that the external auditor attends the Fund's AGM and is available to answer questions from unitholders relevant to the audit and financial statements, at or ahead of the AGM.

- h) Resolve any disagreement between management and the external auditor in respect of financial reporting issues.
- i) Without management present, the Chairman of the Committee and / or the Committee meet, as required, with the external auditor, and specifically if requested by the external auditor.

### **Internal Audit**

- a) Review the internal audit procedures and program that relate to the Fund.
- b) Review any reports provided by Australian Unity Group Audit on issues relevant to the Company and the Fund.
- c) Consider any major findings of Australian Unity Group Audit reports and review management's response in terms of content and timeliness.

### **Compliance**

- a) Review compliance framework and program.
- b) Review and assess new compliance policies and procedures developed by management of the Fund prior to submission to the Board.
- c) Review the effectiveness of the Company's and management's approach to achieving compliance with laws, regulations and industry codes and Company policies.
- d) Review correspondence from regulatory bodies regarding significant issues.
- e) Monitor and review any significant recommendations relating to changes in legislative requirements which may impact on the compliance framework and systems of the Company and the Fund.
- f) Receive and evaluate reports from Australian Unity Business Enablement & Assurance, Wealth & Capital Markets regarding the adoption and adequacy of compliance practices by the Company and the Fund.
- g) Review any reports provided by the managed investment scheme compliance plan auditor.
- h) Review and assess the integrity of compliance reporting to regulatory bodies.

The obligations of the Company in relation to the monitoring of the compliance plan of the Fund have been delegated by the Company to the Australian Unity Wealth & Capital Markets Compliance Committee.

### **Health and Safety**

- a) Supervising the management of occupational health & safety issues, including risk issues for employees and other people

## **4. Composition and Membership**

- 4.1. All members of the Committee must be non-executive directors of the Board, with a majority being independent directors. At least one member should have relevant accounting and financial experience or expertise and a sufficient understanding of the industry in which the Fund operates.
- 4.2. The Committee will be composed of no less than three (3) non-executive directors of the Board as determined and resolved by the Board from time to time, with a majority of members who are independent directors.

- 4.3. The Chairman of the Committee must be an independent director and will be appointed by the Board. The Chairman of the Board cannot chair the Committee.
- 4.4. The Board may annually renew the nomination of the Chairman of the Committee.
- 4.5. The Committee members shall conduct a biennial self-assessment of their performance, duties and responsibilities and provide a report of the finding to the Board.

## 5. Method of Operation

The Committee will operate in the following manner:

- a) The Committee will meet as frequently as it determines necessary but at least four times in each financial year. Meetings may be held in person, by teleconference or by other electronic means. Special meetings may take place at the request of any Committee member or, with the prior approval of the Chairman.
- b) Two members of the Committee will constitute a quorum for meetings.
- c) The external auditors, management and others may attend meetings at the invitation of the Chairman of the Committee.
- d) The Committee will have complete and unrestricted access to management and employees, including risk and financial control personnel, of the Australian Unity Group and other advisers, as necessary, to assist it in fulfilling its responsibilities.
- e) The Company Secretary or designate shall be the Secretary to the Committee, whose responsibilities will include the taking of minutes of Committee meetings and maintaining records of its proceedings.
- f) The Committee's meeting agendas, together with relevant papers, are to be distributed prior to meetings to such persons as the Committee directs and, where appropriate, should contain specific recommendations.
- g) The Committee will otherwise determine its own procedures, but will generally operate informally.
- h) The Committee may seek advice from external consultants or specialists where the Committee considers that necessary or appropriate to perform the functions of the Committee as set out in this charter. The Committee will notify the Chairman of the Company before commissioning any advice.

## 6. Meetings

- a) All duties, functions and powers of the Committee may be performed or exercised at a meeting of the Committee at which a quorum is present, or participate as provided in paragraph 5 of this charter.
- b) Minutes of the Committee's meetings will be kept and provided in the papers to the Board following the Committee meeting.
- c) The Committee may table a formal report to the Board on its activities when it considers the same to be appropriate.
- d) Any matters arising at a meeting of the Committee must be determined by a resolution passed by a majority of votes of those present and voting.
- e) The Chairman of the Committee does not have a casting vote in addition to his or her deliberative vote.

## 7. Confidentiality

All proceedings of the Committee must be kept confidential and must not be disclosed or released to any person other than Committee members, except as required by law or as otherwise agreed by the Board.

## 8. Reports

The Chairman of the Committee will report the proceedings and recommendations of the Committee to the next meeting of the Board following each meeting of the Committee.

## 9. Review and Amendment

This charter shall be reviewed on at least an annual basis. This charter may only be varied by resolution of the Board.

<b>Policy Owner</b>	Australian Unity Wealth & Capital Markets Business Enablement & Assurance
<b>Date of Board Approval</b>	21 September 2020
<b>Charter Superseded</b>	6 December 2017