



AUDIT POLICY

Spectur Limited
ACN 140 151 579

Date Adopted: 26 April 2017

1. Preamble

- 1.1 The Board of Directors (**Board**) of Spectur Limited (ACN 140 151 579) (**Company**) is responsible for overseeing the management of the Company and its subsidiaries, including its control and accountability systems.
- 1.2 The Board has not established a separate audit committee. The Board considers that, having regard to the Company's current size and scope, as well as the current size of the Board, efficiencies would not be gained by establishing a separate audit committee.
- 1.3 The Board is responsible for overseeing audit and compliance matters. As the Company's operations grow and evolve, the Board will reconsider whether establishment of a separate audit committee is appropriate.
- 1.4 This Audit Policy (**Policy**) outlines various matters concerning the audit and compliance function performed by the Board (**Audit Function**).

2. Objectives

In performing the Audit Function, the Board will primarily focus on discharging its obligations with respect to:

- (a) the integrity and quality of interim and annual financial reporting and disclosures;
- (b) identification of key business, financial and regulatory risks;
- (c) compliance with relevant laws, regulations, standards and codes;
- (d) the adequacy of the internal control framework; and
- (e) the integrity of internal and external audit.

3. Role and responsibilities

- 3.1 The Board will consider (among other things) the following in performing the Audit Function:
 - (a) the adequacy of the Company's corporate reporting processes;
 - (b) whether the Company's financial statements reflect the understanding of the committee members of, and otherwise provide a true and fair view of, the financial position and performance of the Company;

- (c) the appropriateness of the accounting judgements or choices exercised by management in preparing the Company's financial statements;
- (d) the appointment or removal of the external auditor;
- (e) the rotation of the audit engagement partner;
- (f) the scope and adequacy of the external audit;
- (g) the independence and performance of the external auditor;
- (h) any proposal for the external auditor to provide non-audit services and whether it might compromise the independence of the external auditor; and
- (i) if the Company has an internal audit function:
 - (i) the appointment or removal of the head of internal audit;
 - (ii) the scope and adequacy of the internal audit work plan; and
 - (iii) the objectivity and performance of the internal audit function.

3.2 The Board may consider any matter concerning the financial affairs of the Company, the internal audit, the external audit, risk management and any other issues considered material and relevant to discharging the Audit Function.

3.3 The Board will adopt the following procedure in discharging the Audit Function:

(a) **Risk**

Review the adequacy of the risk management processes adopted by management for assessing and managing key business and financial risks.

(b) **Compliance**

- (i) Review compliance with relevant laws and regulations and determine whether the organisational programmes in place provide reasonable assurance of compliance.
- (ii) Review compliance with statutory financial and remuneration reporting requirements.

(c) **Reporting**

- (i) Review all half yearly, annual and other financial reports distributed externally, with particular emphasis on the integrity and completeness of information and key disclosures.
- (ii) Assess whether external reporting is consistent with the Directors' information and knowledge and is adequate for shareholders' needs.
- (iii) Assess management processes supporting external reporting.
- (iv) When satisfied with the propriety and integrity of the financial reports and disclosures, the Board will finalise and approve them.

(d) **Internal control**

Monitor the establishment and maintenance of an appropriate internal control framework, including information systems.

(e) **Internal audit**

Monitor activities and effectiveness of internal audit, including:

- (i) approve the engagement terms and conditions of the internal auditor;
- (ii) approve the internal audit charter;
- (iii) approve the annual internal audit objectives and risk-based work plan;
- (iv) review the internal audit reports and actions taken by management;
- (v) review internal audit's periodic reports on the generally observed compliance with internal control and financial practices, provided in addition to reports on specifically agreed reviews; and
- (vi) oversee the process and review the procedures for the selection, appointment and removal of the internal auditor.

(f) **External audit**

Monitor the activities and performance of the external auditor, including:

- (i) review the annual audit plan of the external auditors, and approve the external audit remuneration;
- (ii) review with external auditors the outcomes of the annual audits, ensuring that any reported major deficiencies or weaknesses in controls have been identified and that appropriate and timely corrective action is taken by management;
- (iii) oversee the process, and review the procedures, for the selection, appointment and removal of the external auditor, including rotation of external audit partner; and
- (iv) assess the performance and independence of the external auditors and consider whether the provision of any non-audit services compromises the independence of the external auditors.

(g) **Corporate Code of Conduct**

Ensure that a Company's Corporate Code of Conduct is maintained and that there are processes in place for administering the code. This duty includes the duty to review related party transactions and potential conflicts of interest.

4. Rights of access

4.1 In discharging the Audit Function, Board members have:

- (a) rights of access to management, rights to seek explanations and additional information and access to auditors, internal and external, without management present; and
- (b) authority to seek any information it requires from any employee of the Company.

4.2 The external auditor, and any internal auditor if appointed, will have unlimited free access to members of the Board.

5. Meetings

- 5.1 The Board will meet to discharge the Audit Function at least twice per year, with additional meetings called by the Chairperson of the Board (**Chairperson**), as required, or if formally requested by any member of the Board, the Managing Director or the Company's auditor.
- 5.2 An annual schedule of Board meetings and activities related to performance of the Audit Function will be established.
- 5.3 After endorsement by the Chairperson, the agenda papers will be distributed to all meeting invitees approximately 5 working days prior to each meeting.
- 5.4 The Company Secretary or other person appointed secretary to any meeting will maintain a formal record of the business of each meeting.
- 5.5 The Chairperson will report key issues arising and any recommendations of the Board in relation to the Audit Function following each meeting.

6. Attendance at meetings by invitation

The following people may be invited to attend all or part of Board meetings for the performance of the Audit Function:

- (a) each Director;
- (b) the Company's external auditor;
- (c) any internal auditor appointed by the Company; and
- (d) any other staff members or external parties as requested by the Board.

7. Professional advice

The Board is authorised to take such independent professional advice as it considers necessary.

8. Further information

- 8.1 The Company will publish this Policy on the Company's website: www.spectur.com.au
- 8.2 If you have any questions or need further information in relation to this Policy, please contact the Company Secretary.