



# Audit, Risk Management and Compliance Committee Charter

Shopping Centres Australasia Property Group

Adopted on 12 December 2019

## 1. Introduction

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This Charter sets out the responsibilities, structure and composition of the Audit, Risk Management and Compliance Committee of the Board of Shopping Centres Australasia Property Group RE Limited (**SCPRES**), as responsible entity for the Shopping Centres Australasia Property Management Trust and the Shopping Centres Australasia Property Retail Trust (**SCA Property Group**).

## 2. Responsibilities

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### 2.1 Financial Reporting

In respect of financial reporting the Committee:

- review with management and the external auditor, and recommend for approval by the Board, SCA Property Group's half year and full year financial reports with supporting documents and accompanying notes having regard to:
  - (a) whether the 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 SCA Property Group;
  - (b) significant accounting policies applied and the implications of any changes in such policies; compliance with relevant regulatory and statutory requirements;
  - (c) the appropriateness of the accounting judgments and estimates, and choices exercised by management in preparing the financial statements;
  - (d) any adjustments or unadjusted errors arising from the audit or review or differences in opinion between management and the auditors; and
  - (e) significant or unusual transactions or events and their implications for the financial statements;
- reviews any representation letters provided to the external auditors in respect of the financial statements and the CEO and CFO declarations and assurances in respect of the financial statements, financial records and internal control framework; and
- oversees the adequacy of SCA Property Group's corporate reporting processes and reviews and assesses the management processes which support external reporting and disclosures.

## 2.2 Taxation

- Oversees the Tax Risk Management policy that has been established to identify and manage all major tax risks.
- Consider and discuss with management material taxation issues which may arise from time to time

## 2.3 External Audit

In respect of external audit, the Committee:

- monitors and reviews the process for selecting the external auditors and makes recommendations to the Board regarding the appointment, re-appointment and removal of the external auditors. A formal process of a review of the appointment of the appointed auditor is undertaken every 3 years;
- monitors the independence and performance of the external auditors annually;
- ensures the audit partner is rotated every 5 years;
- agrees annually the terms of the engagement with the external auditor, including the scope and proposed fee for audit related services;
- reviews all audit reports provided by the external auditors, including but not limited to:
  - (a) the overall scope and plans for the external audit activities including staffing and fees;
  - (b) any significant matters arising from any audit and management's response;
  - (c) any other major issues regarding accounting principles and financial statement presentations, internal controls, financial reporting issues, off-balance sheet exposures and other material accounting and financial reporting issues; and
  - (d) any summary of unadjusted audit differences and management assessment of their validity and materiality;
- reviews interactions between management and the external auditor;
- reviews and monitors the independence of the external auditor (including considering the Corporations Act, applicable codes of professional conduct and "perceived" independence);
- reviews any proposal for and monitors the framework for, the approval of additional audit and non-audit services by the external auditors, and provides advice to the Board as to whether the Committee is satisfied that the provision of non-audit services does not compromise audit independence, and the reasons for being so satisfied; and
- ensures that the external auditor has regular direct access to the Committee.

SCA Property Group will not invite any current or former audit partners involved or previously involved in the external audit of SCPRE or SCA Property Group to be appointed as Directors. Further, any current or former audit partners or senior audit personnel involved or previously

involved in the external audit of SCPRE or SCA Property Group who may be proposed for appointment in a management position will be subject to Board approval.

## **2.4 Internal Audit**

In respect of the internal audit the Committee:

- where applicable, makes recommendations to the Board in respect of the appointment and / or removal of the head of internal audit;
- ensures that the internal audit function (whether internal or external to the SCA Property Group) is adequately resourced to deliver the approved annual plan;
- reviews and approves the scope and adequacy of the internal audit work plan;
- reviews the results of any significant internal audits undertaken and any issues raised and monitors management's responsiveness to internal audit findings and recommendations; and
- reviews the independence, objectivity and performance of the internal audit function.

## **2.5 Risk Management**

In respect of risk management, the Committee:

- assesses whether management has developed and implemented effective systems to manage the material risks affecting SCA's business;
- reviews, monitors and assess the effectiveness of the risk management and internal control systems,
- monitors management's performance against the risk management framework, including whether it is operating with due regard to the risk appetite set by the Board;
- receives reports from management on new and emerging sources of risk and the risk controls and mitigation measures that management has put in place to deal with those risks;
- receives reports from internal audit on its reviews of the adequacy of SCA Property Group's processes for managing risk;
- annually, reviews and approves the delegations of financial authority;
- reviews SCA Property Group's insurance arrangements to ensure appropriate and cost-effective coverage;
- evaluates SCA Property Group's exposure to incidents involving fraud or other break down of internal controls and oversees the appropriate investigation and management reporting of allegations of fraud or malfeasance and other significant risk events and incidents;
- liaises with the Remuneration Committee to ensure that remuneration related risks (particularly executive remuneration) are regularly monitored and controls are reviewed, updated and linked to SCA Property Group's risk management program.

- when required, reviewing and making recommendations to the Board in relation to policies that are relevant to ensuring that SCA Property Group has a sound system of risk management and internal control that operates effectively
- ensures that SCA Property Group's risk management activities are adequately resourced;

## **2.6 Compliance**

In respect of compliance the Committee:

- monitors the effectiveness of the design, implementation and management of SCA Property Group's compliance framework;
- reviews specific policies, systems and processes for addressing compliance with applicable laws and SCA Property Group policy;
- reviews SCA Property Group's key corporate governance policies and reports, or ensures that management reports, the results of these reviews to the Board;
- receives reports from SCA Property Group's Compliance Officer or Company Secretary on interactions with SCP's regulators, including material notices to or inquiries received from government regulators or agencies;
- receives recommendations from SCA Property Group's Compliance Officer, Company Secretary and/or CFO, as appropriate, on compliance policies, systems and processes relating to significant legal, compliance or regulatory matters that may have a material effect on SCA Property Group's legal liabilities or financial statements. These matters may relate to any aspect of SCA Property Group's operations, including, health and safety, privacy, environment, trade practices and fair trading, and employment obligations;
- reviews compliance with SCA's Capital Management & Liquidity policy;
- monitors procedures for the receipt, retention and treatment of complaints received by SCA Property Group regarding potential breaches of law, ethical standards or SCA Property Group's policy, whether received from the employees or otherwise and whether or not provided on a confidential or anonymous basis in accordance with the Incident & Breach Reporting Policy and Whistleblower Policy.

## **2.7 Continuous Disclosure**

The Committee reviews the detailed policies and procedures designed to ensure compliance with the ASX Listing Rules on continuous disclosure and makes recommendations to the Board (on the advice of the Company Secretary) regarding any amendments required to be made to the Continuous Disclosure Policy from time to time.

## **2.8 Other Matters**

The Committee:

- (a) undertakes from time to time any special projects or investigations which the Committee considers necessary, or as may be requested by the Board;
- (b) meets with the internal auditors and external auditors at least once a year without executive directors or management being present;

- (c) reviews any audit committee reports from subsidiaries or related entities as may be required;
- (d) reviews and assesses the adequacy of this charter annually and makes appropriate recommendations for revisions to be approved by the Board.

### **3. Structure and Composition**

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#### **3.1 Composition of the Committee**

The Committee must be comprised only of Non-executive directors and have at least three members. A majority of the Committee must be independent Non-executive Directors.

The Board is responsible for the appointment of members to the Committee, for setting the term of member appointments and for the revocation of any such appointments.

It is intended that all members will have appropriate business expertise and will be financially literate. At least one member should have relevant financial qualifications and experience, as determined by the Board.

#### **3.2 Chair of the Committee**

The Chair of the Committee must be appointed by the Board and must not also be Chair of the Board. The Chair of the Committee must be an independent Non-executive Director. If the Chair of the Committee is absent from a meeting, the members of the Committee will choose one of their number to be Chair of the Committee for the meeting.

The Chair of the Committee will report to the Board after each meeting covering key issues and reports discussed at each meeting.

The Chair of the Committee will meet with the CEO, the CFO, the Company Secretary, senior management and internal and external auditors between meetings to discuss and review matters relating to Committee functions as appropriate.

#### **3.3 Meetings**

The Committee will meet as frequently as required, but not less than four times per year.

#### **3.4 Secretary**

The Company Secretary or their delegate will act as secretary to the Committee and must produce papers for and minutes of the Committee's meetings as are appropriate, in a timely manner.

#### **3.5 Attendance at Meetings**

A quorum at a meeting is two members.

The Committee may invite any person from time to time to attend meetings of the Committee.

#### **3.6 Authority of the Committee**

The Committee has the authority to:

- (a) obtain independent professional or other advice in the fulfilment of its duties at the cost of the SCA Property Group (subject to prior consultation with the chair of the Board);

- (b) obtain such resources and information from the SCA Property Group in the fulfilment of its duties as it may reasonably require; and
- (c) directly access the external auditors, without management present, to discuss and review specific issues, and the right to co-ordinate their respective roles.

The Committee has full access to the RE's records and personnel, without management present. Whilst the internal audit function reports to senior management, it is acknowledged that internal audit also reports directly to the Committee.

Internal audit as well as the external auditors must have direct access to either the Committee or the Chair of the Committee.

### **3.7 Review of Committee Performance**

The Committee will annually revisit its objectives and duties and evaluate the effectiveness of its performance.

**Last Review date:**

December 2019