



Graphene Manufacturing Group

# AUDIT COMMITTEE CHARTER

January 2021

## *Audit Committee Charter*

### **1. Purpose**

- 1.1. The Audit Committee is responsible for the policies and practices relating to integrity of financial and regulatory reporting, as well as internal controls to achieve the objectives of safeguarding of corporate assets; reliability of information; and compliance with policies and laws. Within this mandate, the Audit Committee's role is to:
  - (a) support the Board of Directors (Board) in meeting its responsibilities to shareholders;
  - (b) verify the independence of the external auditor;
  - (c) facilitate effective communications between management and the external auditor and provide a link between the external auditor and the Board; and
  - (d) increase the credibility and objectivity of the Company's financial reports and public disclosure.
- 1.2. The Audit Committee will make recommendations to the Board regarding items relating to financial and regulatory reporting and the system of internal controls following the execution of the Committee's responsibilities as described herein.
- 1.3. The Audit Committee will undertake those specific duties and responsibilities listed below and such other duties as the Board from time to time prescribe.

### **2. Role and Responsibilities**

The audit committee is not a policy-making body nor does it have substantive executive function. However, it assists the board in developing board policy and monitoring corporate activity within the scope of its remit, and making recommendations to the Board for resolution. The role of the committee includes assisting the Board with the company's governance and exercising of due care, diligence and skill in relation to:

- (a) reporting financial information to users of financial reports;
- (b) application of accounting policies;
- (c) financial management;
- (d) the internal control system;
- (e) the risk management system;
- (f) the performance management system;
- (g) business policies and practices;
- (h) protection of the company's assets;
- (i) compliance with applicable laws, regulations, standards and best practice guidelines.

Other committee objectives include:

- (j) improving the credibility and objectivity of the accountability process, including financial reporting;
- (k) overseeing the effectiveness of the internal and external audit functions and providing a forum for communication between the board and the internal and external auditors;
- (l) ensuring the independence of the external auditor;

- (m) providing a structured reporting line for internal audit and monitoring the objectivity and independence of the internal auditor;
- (n) assuring the quality of internal and external reporting of financial and non-financial information;
- (o) ensuring an ethical culture is embedded throughout the company.

### **3. Membership**

- 3.1. Each member of the Audit Committee must be a director of the Company.
- 3.2. The Board will appoint the Audit Committee members and the Chair of the committee, usually on the recommendation of the Nominating Committee, if there is one.
- 3.3. The Audit Committee will consist of at least three members, and usually no more than five members, the majority of whom are neither officers nor employees of the Company or any of its affiliates.
- 3.4. Each Audit Committee member will be financially literate and the majority, if not all, will be independent.
- 3.5. The membership of the Audit Committee will be reviewed annually by and will serve at the discretion of the Board.
- 3.6. At least one member of the Audit Committee will have relevant qualifications and experience – for example, a qualified accountant holding a current accounting qualification, CPA or CA, or a finance professional with experience of financial and accounting matters.
- 3.7. The Chair of the committee must be non-executive and independent. The Board Chair is not excluded from being the Audit Committee Chair.

### **4. Invitees**

Other people may attend meetings of the Audit Committee by invitation, for example the:

- Chief Executive Officer;
- Chief Financial Officer;
- Company Secretary;
- head of internal audit if such exists;
- external audit provider.

They may take part in the business and discussions but have no voting rights. Sometimes all executive and management personnel will be asked to leave the meeting because the committee requires a closed session with or without the external audit provider.

### **5. Authority**

- 5.1. The Board authorises the Audit Committee, through the Audit Committee Chair, to:
  - (a) oversee the appointment, compensation and work of any registered company auditor employed by the organisation;
  - (b) resolve any disagreements between management and the auditor on financial reporting;
  - (c) pre-approve all auditing and non-audit services;
  - (d) retain independent counsel, accountants or others to advise the Audit Committee or assist in the conduct of an investigation;
  - (e) seek any information it requires from employees directed to co-operate with the Audit Committee's requests, or from external parties.

## 6. Meetings

- 6.1. A quorum will be more than half of the members. In the Chair's absence, the members who are present will select a Chair for that particular meeting.
- 6.2. The Audit Committee will meet at least four times a year and hold extra meetings as required. A request for a meeting from the internal or external auditors must be met.
- 6.3. All Audit Committee members are expected to attend each meeting in person or by other approved means such as teleconferencing or video conferencing.
- 6.4. The notice and agenda of a meeting will include relevant supporting papers.
- 6.5. The Audit Committee may invite other people to attend a meeting, consult other people or seek any information considered necessary to fulfil its responsibilities.  
The members may meet separately with auditors.

## 7. Voting

Matters will generally be decided by consensus or, if a consensus cannot be reached, by a majority of votes from the members present.

## 8. Conflicts of interest

Committee members will be invited to disclose conflicts of interest at the start of each meeting. Ongoing conflicts of interest need not be disclosed at each meeting once they have been acknowledged. Where members or invitees are deemed to have a real or perceived conflict of interest, they will be excused from committee discussions about the issue where a conflict exists.

## 9. Secretariat duties

The company secretary or another appropriate, designated person will act as secretary to the audit committee. The secretary will help the Chair to develop and distribute the agenda, papers, minutes and calendar.

## 10. Reporting to the board

The Chair of the Audit Committee is to report to the Board following each committee meeting. The Chair may distribute a copy of the minutes supplemented with other necessary information, including recommendations requiring board action and/or approval. The Chair is to organise the information relating to the Audit Committee to be included in the Company's annual report

## 11. Minutes

Minutes must be prepared, approved by the Chair and circulated to the members within two weeks of a committee meeting. The minutes must be ratified and signed by the Chair at the following meeting.

## 12. Reviews

The Audit Committee will review its performance on an annual basis. The review may be conducted as a self-assessment and will be coordinated by the Chair. The assessment may seek input from any person. Training needs will be monitored by the Chair. The Audit Committee should review this charter and its composition annually to ensure that it remains consistent with the Board's objectives and responsibilities. The Board should consider the committee's review and either approve or further review the committee's charter and/or composition.