

Compliance, Audit, Risk and Finance Committee Charter

1. Purpose

The Compliance, Audit, Risk and Finance (CARF) Committee (Committee) is a committee of the Board of Directors of Community Resources Ltd (CR) pursuant to rule 12 of its Constitution.

This charter outlines the role and responsibilities of the Committee and governs its meetings and proceedings. Nothing in this charter limits any powers or responsibilities of the Board.

2. Role and Responsibilities

2.1 Role

The Committee's role is to assist the Board to:

- Ensure that there is a robust and effective process for evaluating CR's financial performance
- Assist the Board to assess major new projects or initiatives proposed by the CEO
- Support the CEO to develop innovative solutions to long term business challenges
- Discharge its responsibilities in relation to overseeing compliance, risk, audit and finance responsibilities, and
- Ensure that there is a robust and effective process for evaluating CR's internal and external controls.

It is an advisory role and does not relieve any directors of their responsibilities for these matters.

2.2 Responsibilities

The Committee's responsibilities are:

- Ensuring that appropriate Board Policies are developed and reviewed regarding compliance, audit, risk and finance
- Overseeing CR's financial position to determine whether CR can meet its financial commitments
- Overseeing controls and processes to determine whether staff are trained and aware of their responsibilities about financial matters
- Regularly reviewing CR's finances and providing advice to the Board on financial reporting
- Assessing and reporting to the Board risks associated with any major new projects or initiatives proposed by the CEO
- Ensuring that annual financial statements comply with accounting standards, the Corporations Act 2001 (Cth) and the Australian Charities and Not-for-profits Commission Act 2012 (Cth), and such other applicable legislation as may be in force
- Developing and reviewing CR's Risk Management Framework and the Board's risk appetite statement
- Overseeing internal and external controls within the context of the Risk Management Framework
- Developing the internal and external audit program

- Providing recommendations to the Board for the appointment or removal of the external auditor
- Monitoring the performance and independence of the external auditors
- Reviewing the annual financial reports
- Assessing the operational and financial risks associated with major new projects or initiatives, in consultation with the Finance Committee
- Making enquiries of the CEO to determine whether there are scope or budget limitations that impede the execution of risk and audit responsibilities
- Monitor regulatory, legal, compliance and financial risk matters for CR
- Considering and reviewing:
 - The adequacy of the process for reporting and responding to legal and regulatory breaches
 - The findings of any examinations by regulatory agencies and providing recommendations to the Board as required.

3. Committee Structure and Composition

The Committee will be appointed by the Board and must consist of up to four (4) non-executive directors but no less than two (2) persons who have the appropriate qualifications, knowledge, skills or experience to enable the Committee to perform the functions and collectively possess the expertise necessary to effectively advise the Board.

The number of Committee members may be amended at any time by resolution of the Board.

The Chair of the Committee and each of the members will be appointed annually for a one-year term.

In the event of any member of the Committee ceasing for any reason to be a director of CR, then his or her position as a member of the Committee ceases immediately.

The Board may, at its discretion, by notice in writing terminate the position of any Committee member and appoint another in that member's place.

4. Conflict of Interest

All Committee members are required to act in accordance with the Board Charter and to disclose any existing or potential conflicts of interest in relation to matters considered by the Committee.

5. Relationship between the Board and the Committee

The Board may delegate its powers in respect of specified matters to the Committee by resolution. In the absence of a specific resolution, the Committee will have no power other than to make recommendations to the Board.

If powers have been delegated, the Committee must exercise those powers in accordance with Board directions.

In carrying out its work, the Committee will have access to appropriate resources, including advice of the Executives and Management, and where necessary and subject to the Board's approval, independent advice.

The CEO and a delegate will have direct access to the Committee on an as needs basis.

Subject to Board approval, the Committee can co-opt external members from time to time to access additional skills, knowledge and experience.

The Committee has no power to exercise authority over staff or to delegate tasks to staff, unless approved by the Board and the CEO.

6. Meeting Procedure

6.1 Meetings

The Committee will meet at least four (4) times per year, with regular communications via the Committee Chair at other times.

The need for additional meetings will be decided by the Committee Chair. Members may make requests to the Chair for additional meetings.

6.2 Meeting Preparation

The Committee Chair, working with the CEO or delegate, will set the agenda for each meeting. Members may request the inclusion of specific items on the agenda.

The agenda and papers should be distributed to members at least 5 business days before each meeting to enable members to review and prepare for the meeting.

Members are expected to make a reasonable effort to attend Committee meetings.

6.3 Minutes

The CEO, in consultation with the Committee, will appoint a person to provide secretariat support.

Minutes of Committee meetings will be prepared by the secretariat, approved by the Committee Chair in draft format, and circulated to all Committee members. Once finalised by the Committee, minutes will be tabled for information at the next meeting of the Board and then signed by the Chair as approved at the next Committee meeting.

6.4 Attendance at Meetings

In addition to Committee members, other Board members may attend Committee meetings but only as non-voting and non-contributing observers.

Management representatives will attend Committee meetings by standing invitation as non-voting advisers but may be asked (collectively or individually) by the Chair to absent themselves at any time for all or part of a meeting. Management attendees are not members of the Committee.

The Committee may invite other persons to meetings as it deems appropriate having regard to their skills, knowledge and experience as it relates to the role and responsibilities of the Committee. Any external persons invited to Committee meetings is required to sign a confidentiality undertaking and conflict of interest declaration.

Meetings can be held in person, by telephone and by video conference. In addition to decisions made under delegation from the Board at physical meetings, decisions may be taken by electronic communication (by

emails etc.) where it is impracticable or determined by the Chair unnecessary for the Committee to meet. Such decisions require approval by all Committee members, that is, any vote must be unanimous.

The Committee members will meet separately (in camera) with the internal and external auditors and Corporate Support Manager at least annually.

6.5 Voting

In the case of an equality of votes, the Committee Chair will have a casting vote in addition to their deliberative vote.

6.6 Quorum

It is necessary to have two (2) members at Committee meetings to form a quorum.

7. Performance Evaluation

The Committee will review its performance annually by self-assessment or, subject to Board approval, by appointing an independent professional expert to conduct the evaluation. Evaluation will be conducted as part of the overall Board performance evaluation.

The results of the performance evaluation will be provided to the Board.

8. Reporting

The Committee will regularly report (quarterly at a minimum) to the Board on its operation and activities including:

- A summary of the work performed by the Committee to fully discharge its responsibilities; and
- Details and minutes of the meetings held in the preceding period including attendance.

The Committee may, at any time, report to the CR Board any other matter it deems of sufficient importance to do so.

9. Review of Charter

The Charter will be reviewed annually by the Committee, with any changes to be approved by the Board.

Adopted and Reviewed

Revision	Date	Description	Author
1	27/08/2020	Audit and Risk Committee Charter adopted	Corporate Support Manager
2	tbd	Revised to incorporate Finance Committee Responsibilities	Corporate Support Manager