



VMOTO LIMITED

ACN 098 455 460

("Company")

AUDIT AND RISK COMMITTEE CHARTER

The Board has not established an Audit and Risk Committee at this time. Until such time as the Board determines that it is appropriate to establish an Audit and Risk Committee, the function of the Audit and Risk Committee as set out in this Charter will be performed by the full Board.

Scope

The Audit and Risk Committee is a committee of the Board of the Company with the specific powers delegated under this charter. The charter sets out the Audit and Risk Committee's function, composition, mode of operation, authority and responsibilities.

Function

The primary function of the Committee is to assist the Board in fulfilling its responsibilities relating to accounting and reporting and risk management practices of the Company. In addition, the Committee will:

- (a) oversee, co-ordinate and appraise the quality of the audits conducted by both the Company's external and internal auditors;
- (b) determine the independence and effectiveness of the external and internal auditors;
- (c) maintain open lines of communications among the Board, the internal and external auditors to exchange views and information, as well as confirm their respective authority and responsibilities;
- (d) serve as an independent and objective party to review the financial information submitted by management to the Board for issue to shareholders, regulatory authorities and the general public;
- (e) review the adequacy of the reporting and accounting controls of the Company; and
- (f) oversee the Company's risk management framework.

The Committee is not required to personally conduct accounting reviews or audits and is entitled to rely on employees of the Company or professional advisers where appropriate.

Membership and composition

The Board shall appoint the members of the Committee and review the composition of the Committee at least annually. The Committee will comprise:



- (a) at least three members;
- (b) a majority of non-executive directors whom are independent;
- (c) an independent chairman appointed by the Board and who is not the Chairman of the Board; and
- (d) Committee members should between them have the accounting and financial expertise and a sufficient understanding of the industry in which the Company operates to be able to discharge the Committee's mandate effectively.

Meetings

The Committee shall:

- (a) meet as frequently as required but at least two times per year; and
- (b) the minimum quorum for a committee meeting is two members.

The secretary of the Committee is the Company Secretary.

Authority

In performing its functions in accordance with any applicable law, the Committee:

- (a) has unrestricted access to the external and (if applicable) internal auditors (with our without management present), senior management and employees of the Company;
- (b) has unrestricted access to information and reports relevant to fulfilling its responsibilities;
- (c) may seek independent external advice on matters brought before the Committee or in relation to the functions and responsibilities of the Committee where the Committee considers this necessary or appropriate; and
- (d) shall have the power to conduct or authorise investigations into any matters within the committee's scope of responsibilities or when requested by the Board.

Responsibilities

The Committee must promote an environment within the Company which is consistent with best practice financial reporting. In particular, the Committee must:

- (a) perform an independent review of financial information prepared by management for external reporting. This will include conducting reviews of the annual report, directors' report, annual financial statements, half yearly financial statements and any other externally reported financial information required by law;
- (b) monitor the integrity and effectiveness of financial reporting processes;
- (c) review and assess the external audit arrangements;



- (d) appoint, review and assess the internal audit arrangements and consider significant internal audit findings and management's responses and related actions;
- (e) review and ensure implementation of legislated major accounting changes;
- (f) ensure that appropriate policies are established and adequate systems are in place to identify and disclose related-party transactions and assess the propriety of any related party transactions;
- (g) monitor management's performance against the Company's risk management framework including whether it is operating within the risk appetite set by the Board;
- (h) review any material incident involving fraud or breakdown of the Company's risk controls and the "lessons learned";
- (i) receive reports from internal audit on its reviews of the adequacy of the Company's processes for managing risk;
- (j) receive 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;
- (k) make recommendations to the Board in relation to changes that should be made to the Company's risk management framework or to the risk appetite set by the Board;
- (l) oversee the Company's insurance program, having regard to the Company's business and the insurable risks associated with its business; and
- (m) ensure that the Board is kept regularly informed on general progress and activities and is promptly briefed on all significant matters relating to the Committee's areas of responsibility.

External audit arrangements

The Committee shall report to the Board on external audit arrangements, including:

- (a) making recommendations to the Board on the appointment, re-appointment, replacement and remuneration of the external audit firm;
- (b) review the terms of engagement for the external auditor;
- (c) review the scope of the external audit with the external auditor including identified risk areas;
- (d) monitor the performance of the external audit including assessment of the quality and rigour of the audit, quality of the service provided and the audit firm's internal quality control procedures;



- (e) review and assess non-audit services to be provided by the external auditor, with particular consideration to the potential to impair or appear to impair the external auditors' independence;
- (f) review and monitor management's responsiveness to the external audit findings; and
- (g) on a periodic basis, meet with the external auditor without the presence of management.

Appointment of external auditor

Should a change in auditor be considered necessary, a formal tendering process will be undertaken. The Committee will identify the attributes required of an auditor and will ensure the selection process is sufficiently robust so as to ensure selection of an appropriate auditor.

The Committee will ensure that prospective auditors have been provided with a sufficiently detailed understanding of the Company, its operations, its key personnel and any other information, including group structures and financial statements, that will have a direct bearing on each firm's ability to develop an appropriate proposal and fee estimate.

The Committee and the Board will consider the appointment in conjunction with senior management.

In selecting an external auditor, particular consideration will be given to determining whether the fee quoted is sufficient for the work required, that the work is to be undertaken by people with an appropriate level of seniority, skill and knowledge and whether the work proposed is sufficient to meet the Company's needs and expectations.

The appointment of a new external audit firm will be placed before shareholders for ratification at the next annual general meeting after the appointment is made.

Compliance, whistleblowing and fraud

The Committee shall:

- (a) review the adequacy and security of the Company's arrangements for its employees and contractors to raise concerns, in confidence, about possible improprieties in financial reporting or other matters. The Committee shall ensure that these arrangements allow proportionate and independent investigation of such matters and appropriate follow up action;
- (b) review the Company's procedures for detecting fraud; and
- (c) review the Company's procedures, systems and controls for the prevention of bribery and receive reports on non-compliance.

Rotation and succession planning

The Committee will discuss with the auditor the provisions the audit firm has in place for rotation of the lead engagement partner and the independent review partner. The Company shall require that



the lead engagement partner be rotated at least every 5 years and the review partner be rotated at least every 3 years.

Management sign-off procedure

The Audit Committee will ensure that the Managing Director and Chief Financial Officer provide a declaration that, in their opinion, the financial records of the Company have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the Company and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

The statement is to be presented to the Board prior to the approval and sign-off of the respective annual and half yearly financial reports.

This policy is reviewed every **two years**.