



# **Audit Risk and Compliance Committee Charter**

**Approved by the Board 20 February 2023**

**Approved by the Committee 15 February 2023**

# Aspen Group – Audit Risk and Compliance Committee Charter

## Introduction

The **Audit Risk and Compliance Committee** (“the Committee”) is a committee approved by the Boards of **Aspen Group Limited** (“AGL”) and **Evolution Trustees Limited** (“ETL”) as Responsible Entity of the **Aspen Property Trust**.

## 1. Role of Audit Risk and Compliance Committee

The role of the Committee is to assist the AGL and ETL Boards to fulfil their responsibility to **Aspen Group Limited** and **Aspen Property Trust** (“the Group”) stapled security holders, and other relevant stakeholders, to ensure the Group has in place, implements and maintains, appropriate corporate governance systems and procedures including timely and accurate financial reporting based on a sound system of risk management controls.

## 2. Composition

The Committee, consistent with the recommendations of the Australian Securities Exchange (ASX) Corporate Governance Council guidelines shall consist of:

- only non-executive directors;
- a majority of independent directors;
- an independent Chair, who is not Chair of the Board;
- a minimum of three members (currently two) of the Board; and
- may include external compliance committee members.

Due to the small size of the Board, at present the Committee comprises of two members (instead of 3 members as recommended by the ASX Corporate Governance Principles and Recommendations). Both the members are independent non-executive directors. As soon as the Company’s Board size is increased, a third member of the Committee shall be appointed.

The Board of Directors of AGL shall periodically conduct a review of the performance and composition of the Committee, to ensure the continued effectiveness of the Committee, with a particular focus on ensuring that membership changes do not adversely impact on the performance of the Committee.

All members of the Committee are required to be literate in accounting, risk and/or compliance practices, and at least one member of the Committee shall have strong financial and accounting related expertise.

## 3. Responsibilities

The Committee’s responsibilities include the following:

### Financial Reporting

Review and make recommendations to the Boards concerning:

- whether the draft financial statements and reports proposed by the Investment Manager (Aspen Funds Management Limited) provide a true and fair view of the financial position and performance of the relevant Group entity;
- accounting policies and disclosures including notes to the financial statements;
- the response to any issues raised as a result of an external audit;
- the adequacy of AGL’s corporate reporting processes and internal control framework; and
- compliance with accounting and financial reporting standards, all related regulatory (Australian Securities and Investments Commission (ASIC) and ASX) and legal requirements.

The Committee may engage a third party to advise if it feels necessary.

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## External Audit

- Recommend the appointment and removal of external auditors (including Compliance Plan auditors);
- Review the audit engagement letter;
- Review and assess:
  - i. external audit scope;
  - ii. external audit reports;
  - iii. external audit performance, including time of audit, fees, partner rotation and value-added services, including non-auditor services;
  - iv. materiality; and
  - v. auditor independence.
- Evaluating the Group's exposure to fraud and overseeing investigations of allegations of fraud or malfeasance.

## Internal Audit

- Review the requirements for an internal audit function and scope of any internal audit work;
- Review the performance of an internal audit and auditor, if any; and
- Recommend the appointment and removal of the internal auditor, if any.

## Taxation

- Oversee the compliance of the Group with taxation requirements of the federal and state taxation bodies.

## Risk

### Reviewing:

- At least annually and making recommendations to the Boards on the Group's risk appetite, risk profile and risk management framework, including identifying, assessing and prioritising the Group's key operational and strategic risks and key risk indicators, and reviewing reports from the Investment Manager;
- the structure and adequacy of the Group's Business Continuity Plan;
- and approving the adequacy and effectiveness of management reporting and risk management control systems, including the discretions and delegations conferred on the Investment Manager by the Boards;
- and making recommendations to the Boards on the structure of the Group's insurance program, including but not limited to D&O insurance;
- when required, and making recommendations to the Boards, in relation to the Group's policies relevant to the Committee's responsibilities to ensure that there is:
  - an adequate system of internal control, management of business risks and safeguarding of assets; and
  - accountability of the Investment Manager for risk oversight and risk management;
- and approving the adoption and maintenance of procedures relevant to the Committee's responsibilities, as well as continuous monitoring, to ensure that there is:
  - an adequate system of internal control, management of key material business risks and safeguarding of assets; and
  - accountability of the Investment Manager for risk oversight and risk management;
  - appropriate response to material whistleblower and harassment incidents;
  - analysis of and appropriate response to significant incidents;

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- appropriate management and reporting of material litigation; and
- adherence to the risk appetite, risk profile and risk management framework established by the Board.

### **Compliance**

Reviewing:

- all compliance processes, policies, and procedures;
- significant and/or material breaches;
- and making recommendations on governance and compliance issues relating to corporate relationships, joint ventures and investment management activities;
- and making recommendations to the Boards in relation to the Group's policies and procedures relevant to the Committee's responsibilities, to ensure compliance with:
  - relevant laws and regulations (particularly those which have a major potential impact on the Group in areas such as work health and safety and the environment); and
  - insider trading laws, continuous disclosure requirements, anti-money laundering programs and other best practice corporate governance processes (including requirements under the ASX Listing Rules, the ASX Corporate Governance Principles and Recommendations, the Corporations Act, Australian Financial Services Licensing provisions and relevant accounting standards).

#### **4. Meetings and the role of the Chair**

The Committee shall meet as frequently as required and at least half yearly, in line with external reporting requirements.

The Chair will call a meeting of the Committee if so requested by any committee member, the Investment Manager or the internal or external auditors. Any director, if he/she wishes, may attend any meeting. The Investment Manager and the internal and external auditors should be given notice of all meetings and have the right to attend and speak at each meeting subject to concurrence of the Chair of the Committee.

A quorum for a meeting shall be two members, which must include the Chair.

The Company Secretary shall be appointed Secretary of the Committee.

### **Minutes**

Minutes of meetings of the Committee must be kept by the Company Secretary and, after approval by the Committee Chair, be available to the Boards. All minutes of the Committee must be entered into a minute book maintained for that purpose and be open at all times for inspection by any director.

### **Reporting**

It is intended that the Committee Chair will, if necessary, prepare a report of the actions of the Committee to be available for inclusion in the Board papers. The report may include provision of meeting agendas, papers and minutes of the Committee.

The Committee Chair will also, if requested, provide a brief oral report as to any material matters arising out of the Committee meeting. All directors will be permitted, within the Board meeting, to request information of the Committee Chair or members of the Committee.

#### **5. Powers, rights of access and authority of the Committee and the Investment Manager**

The Committee shall have full access to all Group documents and employee assistance required to allow the Committee to fully discharge its duties and responsibilities under this Charter.

The Committee may consult directly with both internal (where they exist) and external advisors as required.

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The Committee is entitled to have access to, and meet with, the Group's internal auditors (if applicable) and external auditors without executives or management being present.

Where it considers it necessary the Committee shall obtain independent external advice as to any matter pertaining to the powers or duties of the Committee or the responsibilities of the Committee, as the Committee may require.

### **6. Review**

The AGL Board will review this Charter annually.

### **7. Approval**

This Charter was approved and adopted by the AGL Board on 24 May 2019 and the ETL Board on 28 February 2019.