



# AUDIT AND RISK COMMITTEE CHARTER

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## 1. INTRODUCTION

The Board of Directors (the **Board**) of IGO Limited (**IGO** or the **Company**) has resolved to establish an Audit and Risk Committee of the Board (the **Committee**).

## 2. PURPOSE

The Board has approved this Charter which prescribes the role and responsibilities, composition, structure and membership requirements for the Committee.

## 3. ROLE

The primary role of the Committee is to assist the Board to fulfil its responsibilities by overseeing, monitoring, reviewing and reporting to the Board on:

- the implementation and effectiveness of the Company's Risk Management System<sup>1</sup> including its related bodies corporate as defined in the Corporations Act (Cth) 2001
- the effectiveness of the control environment of IGO and its related bodies corporate (as defined in the Corporations Act 2001 (Cth)) (the **Group**) in the areas of balance sheet risk, relevant legal and regulatory compliance and financial reporting
- the integrity of the financial reports and financial reporting, including the adequacy of the control processes in place in relation to the preparation of financial and other information prepared by management, in particular those reports to be provided to shareholders and/or filed with regulators
- the implementation and effectiveness of the Company's internal audit systems and processes including allocating resources and overseeing the scope of internal audit as set out in the Internal Audit Charter (see Annexure A)
- the audit process, including the Group's relationship with the external auditor and the external audit function generally as set out in the External Audit Policy (see Attachment 1)
- the Company's tax risk management framework; and
- the implementation and effectiveness of the Company's systems and processes for ensuring compliance with all applicable laws, regulations, industry codes, Company policies and material licenses, permits and agreements.

## 4. AUTHORITY

Within the scope of its responsibilities, the Committee is generally authorised to:

- consult with and seek any information from any Director or employee of IGO or any external party
- access internal and external auditors without management present
- resolve any disagreement between management and the external and internal auditor, with areas of significant disagreement being advised to the Board
- obtain (at IGO's expense) professional advice and education from external consultants or specialists as it considers necessary to assist the Committee in meeting its responsibilities; and
- require the attendance of any IGO employee at Committee meetings.

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<sup>1</sup> Risk Policy, Risk Appetite and Risk Management Framework

## 5. MEMBERSHIP

Committee members are appointed by the Board for a term considered appropriate by the Board. The Board may appoint additional non-executive directors to the Committee and may remove or replace members of the Committee by ordinary resolution. The Committee should be of sufficient size and independence and all Committee members must have sufficient financial knowledge and understanding and must be financially literate (able to read and understand financial statements) as well as having a sound understanding of the industry in which IGO operates to allow them to discharge their responsibilities under this Charter. At least one member must have expertise in financial and accounting matters. The Committee must contain:

- only non-executive directors
- a majority of independent directors; and
- at least three members of the Board.

Members of the Committee may withdraw from the Committee by notifying the Board in writing.

The Chair of the Committee (**Committee Chair**) must be an independent non-executive Director and must not be the Chair of the Board. The Committee Chair will be appointed for non-consecutive terms of three years.

If the Committee Chair is unable to attend a Committee meeting, the Committee members present at that meeting must appoint a Committee member to chair the meeting.

Other Directors who are not Committee members may attend meetings of the Committee should they wish and are entitled to receive all Committee papers. Selected members of management may attend meetings of the Committee by invitation.

## 6. DUTIES AND RESPONSIBILITIES

The duties and responsibilities of the Committee are as set out in this section. The Board may from time-to-time delegate other responsibilities and functions to the Committee.

### 6.1 Risk Management

The following forms part of the Committee's responsibility:

- review at least annually the Company's Risk Management System<sup>2</sup> to ensure its effectiveness
- review at least annually, the Company's risk appetite, which is captured in the Company's Risk Management Policy and associated Standards
- monitor management's performance against the Company's Risk Management System, including whether it is operating within the risk appetite set by the Board to ensure that the Risk Management System deals adequately with new and emerging sources of risk, and the risk controls and mitigation measures that management has put in place to deal with those risks
- make recommendations to the Board in relation to changes that should be made to the Company's Risk Management System or to the risk appetite set by the Board
- consider the risk culture within the Company and report this to the Board

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<sup>2</sup> Risk Policy, Risk Appetite and Risk Management Framework

- review any material breakdown involving a breakdown of IGO's risk controls and the "lessons learned" unless dealt with in another committee e.g., safety incidents
- review at least every three years the Company's Crisis Management Standard to ensure its effectiveness
- review at least biannually the Company's current Strategic and Material Risks and their associated treatment strategies
- review and report to the Board on the risk management disclosure in the Company's Annual Report, and all other risk management information published by the Company or released to the market
- review, at least every three years and if necessary, approve any changes to the Financial Risk Management Standard; and
- reviewing and making recommendations on the strategic direction, objectives and effectiveness of the Group's financial risk management policies.

## 6.2 Financial and Corporate Reporting

The following forms part of the Committee's responsibility:

- evaluating the adequacy, effectiveness and appropriateness of the Group's administrative, operating and accounting control systems and policies, including:
  - compliance with approved policies, applicable accounting standards and other requirements relating to the preparation and presentation of financial and other results; and
  - management of balance sheet risks.
- determining the reliability, integrity and effectiveness of accounting policies and financial reporting and disclosure practices, including review and approval of any significant non-mandatory accounting policy change
- overseeing the Group's financial reporting and overall disclosure processes and the outputs of those processes
- reviewing and making recommendations to the Board on the quarterly, half and full year financial reports
- reviewing and recommending to the Board the approval of the quarterly activity reports for release to the Australian Stock Exchange (**ASX**)
- reviewing (in consultation with management and external auditors) the appropriateness of the accounting principles adopted by management in the composition and presentation of financial reports and approving all significant accounting policy changes
- reviewing and making recommendations on the declaration from the Managing Director and Chief Financial Officer to the Board, as suggested by Recommendation 4.2 of the ASX Corporate Governance Council's, Corporate Governance Principles and Recommendations, 4th Edition, and any statement given in accordance with section 295A of the Corporations Act; and
- reviewing and approving asset carrying values and impairments at least annually.

## 6.3 Audit

The following forms part of the Committee's responsibility:

- reviewing and reporting on the regular program of internal and external audit undertaken to test the adequacy of compliance with prescribed policies
- reviewing and reporting on the processes in place that ensure:

- the safeguarding of the assets of the Group
- accounting and other records are properly maintained in accordance with statutory requirements; and
- that financial and other information provided to investors and the Board is accurate and reliable.

### **6.3.1 External Audit**

The following forms part of the Committee's external audit responsibility:

- recommending to the Board the appointment and removal of the external auditors and reviewing the terms of engagement
- reviewing and reporting on the performance and independence of external auditors, including reviewing the level of non-audit services provided by the external auditor and ensuring it does not adversely impact on auditor independence
- reviewing the audit plan and close out report of the external auditors
- reviewing material issues arising from external audits and their close out
- obtaining assurances that the audit is conducted in accordance with the Auditing Standards and all other relevant accounting policies and standards
- meeting separately with the external auditor if the Committee or internal auditor believes there are substantive matters to be discussed privately
- reviewing and appraising the quality of audits conducted by the Group's external auditors and confirming their respective authority and responsibilities; and
- monitoring the relationship between management and the external auditors.

### **6.3.2 Internal Audit**

The following forms part of the Committee's internal audit responsibility:

- recommending to the Board the appointment and removal of the internal auditors and reviewing the terms of engagement
- reviewing and reporting on the performance and independence of internal auditors
- approving the annual internal audit plan and all major changes to the plan and receiving reports from internal audit on its reviews of the adequacy of IGO's processes for managing risk
- obtaining an understanding of the scope of reviews of internal control (including over financial reporting), and reviewing reports on significant findings and recommendations, together with management's responses
- reviewing and monitoring the close out of any significant internal audit findings
- ensuring that the auditors include in their reports a statement providing assurance that no unjustified restrictions or limitations were placed on their access to the information and people as reasonably required to provide the audit service
- reviewing material issues arising from internal audits
- meeting separately with an internal auditor if the Committee or internal auditor believes there are substantive matters to be discussed privately
- reviewing and appraising the quality of audits conducted by the Group's internal auditors and confirming their respective authority and responsibilities; and
- monitoring the relationship between management and the internal auditors.

## **6.4 Tax Risk Management and Compliance**

The following forms part of the Committee's responsibility:

- overseeing the Group's tax risk management framework
- considering the appropriateness of material tax judgements applied in the preparation of financial reports of the Group
- considering the implications of expected changes in prevailing tax laws to the Group's operating business and structure; and
- reviewing the findings of any examination by regulatory agencies of the Group's tax governance and practices.

## **6.5 Fraud Control**

The following forms part of the Committee's responsibility:

- evaluating the Company's exposure to fraud and review any material incident involving fraud or malfeasance and the "lessons learned".

## **6.6 Compliance**

The following forms part of the Committee's responsibility:

- reviewing the effectiveness of the system for monitoring compliance with all applicable laws, regulations, industry codes, company policies and material licences, permits and agreements, and the results of management's investigation and follow-up (including disciplinary action) of any instances of non-compliance
- reviewing the findings of any examinations by regulatory agencies and any auditor observations
- obtaining regular updates from management and Chief Legal Officer regarding compliance matters and any Speak Up reports; and
- considering and reporting to the Board, the compliance culture within the Company.

## **6.7 Other Responsibilities**

The following forms part of the Committee's responsibility:

- considering the effectiveness of the Company's internal control system, policies and procedures, including information technology security and control (cyber)
- overseeing the Company's insurance program, having regard to the Company's business and insurable risks; and
- assessing and approving for adoption the scope, cover and cost of insurance, including insurance relating to directors and officers liability, company reimbursement, crime and special accident.

## **7. MEETINGS**

The Committee will meet as often as the Committee members deem necessary in order to fulfil their role. However, it is intended that the Committee will meet at least four times each year. A notice of meeting, agenda and relevant supporting documents must be provided at least seven days before each meeting.

The Committee Chair will meet with the lead internal auditor at least before each Committee meeting.

A quorum consists of the lesser of two members or a majority of members of the Committee.

The Company Secretary will attend all Committee meetings as minute secretary. All minutes of the Committee will be entered into a minute book maintained for that purpose and will be open at all times for inspection by any director.

The Committee Chair may invite any person(s) to attend meetings of the Committee, but not necessarily for the full duration of the meeting, a standing invitation will be issued to:

- all other Directors
- the Chief Executive Officer
- all members of the Executive Leadership Team
- Internal and external auditors; and
- other relevant members of management.

The minutes of a Committee meeting will be prepared for the approval by the Committee and will be circulated to all Directors in the papers for the next Committee meeting.

## **8. ADMINISTRATIVE MATTERS**

The Company will disclose this Charter on its website and will disclose the following in its Annual Corporate Governance Statement:

- committee membership
- the relevant experience and qualifications of each Committee member
- the number of times the Committee met during the financial year
- the individual attendances of members at Committee meetings
- whether the Risk Management Framework has been reviewed during the financial year including any insights gained from the review(s) and any changes to the Risk Management Framework as a result of the review(s); and
- whether it has any material exposure to environmental and social risks, and, if it does, how the Company manages or intends to manage these risks.

## **9. REPORTING**

The Committee will report to the Board on all matters relevant to the Committee's roles and responsibilities, including:

- assessment of the overall adequacy and effectiveness of the risk framework, risk assessment process and methodology and risk culture
- assessment of whether external reporting is consistent with Committee members' information and knowledge and whether it is adequate for shareholder needs
- assessment of the management processes supporting external reporting
- procedures for the selection and appointment of the external and internal auditors and for the rotation of external and internal auditors' engagement partners
- recommendations for the appointment or, if necessary, the removal of the external and internal auditors



- assessment of the performance and independence of external and internal auditors. Where the external auditor provides non-audit services, the report should state whether the Audit and Risk Committee is satisfied that the provision of those services has not compromised the auditor's independence; and
- assessment of the overall adequacy and effectiveness of the compliance framework and compliance culture.

The report will include details 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.

## **10. REVIEW**

The Board will, at least once in each year review the membership and Charter of the Committee to ensure it remains consistent with the Board's objectives and responsibilities.

## **11. CONTACT DETAILS**

If you are in any doubt regarding this Charter, you should contact the Company Secretary at:

IGO Limited, PO Box 496, South Perth, WA 6951

Phone: 08 9238 8300

Email: [contact@igo.com.au](mailto:contact@igo.com.au), Attention: the Company Secretary

## ATTACHMENT 1 - EXTERNAL AUDIT POLICY

### Appointment

The Audit and Risk Committee (the **Committee**) has the responsibility and authority (subject to Corporations Act 2001 (Cth) requirements) to recommend to the Board the appointment, reappointment or replacement of the external auditor as well as evaluating its effectiveness and independence. The Committee will review the appointment of the external auditor annually based on its assessment of the auditor's performance.

### 2. Assessment of External Auditor

The Committee will review the performance of the external auditor on an annual basis after completion of the year end audit. In evaluating the effectiveness of external audit, the Committee will assess the effectiveness of the external auditor based on a number of criteria including but not restricted to:

- the overall comprehensiveness of the external audit plan
- the timeliness and quality of communications promised under the plan and delivered during the audit
- the competency and industry knowledge of external audit staff
- the adequacy of resources to achieve the scope as outlined in the audit plan; and
- the value received from the external audit including comparing the final remuneration payable to the external auditor with the original estimate in the audit plan provided to IGO plus agreed variations.

The Committee will seek feedback from management during the assessment process.

### 3. Independence

The Committee will review and assess the independence of the external auditor, including but not limited to any relationships with the Company or any other entity that may impair or appear to impair the external auditor's judgement or independence in respect of the Company. The review and assessment will be carried out annually at the time the external auditor presents its annual audit plan.

Prior to this review, the Committee will request a report from the external auditor which sets out all relationships that may affect its independence, including the provision of non-audit services, financial relationships, employment and other relationships and any other matters that may reasonably be thought to have bearing on the external auditor's independence. The report should outline any safeguards that the external auditor has in place to reduce any threat to independence to an acceptable level.

Before the Directors approve the half year and full year accounts, the external auditor will be asked to provide a declaration testifying to its independence in respect of the financial period in question. The external auditor will have a continuing obligation to notify the Committee, via the Company Secretary, of any new information it believes may be material to reviewing its independence.

The Committee has responsibility to develop and oversee the implementation of the Company's policy on the engagement of the external auditor to supply non audit services and to ensure compliance with that policy.

#### **4. Rotation of External Audit Engagement Partner**

Subject to compliance with the Corporations Act, Listing Rules of the Australian Securities Exchange (**ASX**) and corporate governance best practice, the external audit engagement partner is required to rotate at least once every five years.



# INTERNAL AUDIT CHARTER

DATE: 12 AUGUST 2022



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12/08/2022	Last amendment	Minor changes.	
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## 1. INTRODUCTION

Internal audit is an independent and objective assurance and advisory activity intended to improve IGO Limited's (**IGO** or the **Company**) operations and governance. Internal Audit assists management and the Board in fulfilling IGO's Purpose and delivering on our Strategy by systematically evaluating conformance to, and the efficacy of, IGO's governance, risk management and internal control processes.

## 2. PURPOSE

The document defines IGO's Internal Audit Charter as approved by IGO Audit and Risk Committee. This document shall be read with reference to the Audit and Risk Committee Charter.

## 3. ROLE

The core role of Internal Audit is to provide assurance that the "entity's processes for managing risk" are adequate. To this end, Internal Audit shall:

- Systematically verify that Key Governance Processes are operating in accordance with IGO's risk appetite, policies, standards, procedures, defined authorities and applicable laws and regulations by means of targeted audits
- Identify matters of non-conformance with IGO's policies, standards, procedures and applicable laws and regulations, and form a view as to the significance of the non-compliance based on an agreed risk assessment framework
- Identify IGO's Key Governance Processes that require improvements to their efficacy and efficiency to more effectively manage the risks that the Key Governance Processes are intended to control
- Where appropriate and practicable, make recommendations or suggest improvements to IGO's Key Governance Processes
- Report findings related to non-conformance to line management
- Report Material Findings to IGO's Executive Leadership Team (**ELT**)
- Coordinate a process to document management's response to Internal Audit findings
- Verify that corrective actions agreed to by management are captured in INX; and
- Verify that corrective actions associated with Material Non-conformance are completed and report on associated findings.

**Note:** In considering risk appetite, Internal Audit's role is to provide assurance that risks are being appropriately managed and controlled based on the applicable risk appetite. The process is intended to both prevent over controlling and identify under controlling of risk.

### 3.1 Key Governance Processes

Key Governance Processes include those processes described in:

- IGO's Risk Appetite Statement
- IGO's Corporate Control Standard
- IGO's Common Management System Standards
- Function Standards

- Other standards, procedures and activities (documented or otherwise) that are intended to control business critical risk

### **3.2 Material Findings**

Material Findings relate to matters or circumstances that pose a material risk to the business as defined in IGO Common Management System Standard 3 – Risk Management. The Internal Auditor and Risk and Audit Committee shall come to agreement of the materiality threshold to be applied in respect of reporting to the Committee.

## **4. AUTHORITY**

### **4.1 Independence and Objectivity**

The Internal Auditor will adhere to the mandatory elements of The Institute of Internal Auditors' International Professional Practices Framework, including the Core Principles for the Professional Practice of Internal Auditing, the Code of Ethics, the International Standards for the Professional Practice of Internal Auditing and the Definition of Internal Auditing.

### **4.2 Action Authority**

The Internal Auditor is authorised to:

- direct and unrestricted access to all functions' records, property and personnel
- direct and unrestricted access to the Audit and Risk Committee
- consult with operational management to secure agreement on
  - Audit resource allocation, the annual audit schedule, the logistics of audit completion, techniques required to accomplish audit objectives, and
  - engage specialist resources (internal and external) to supplement the skills of the internal audit function as required to fulfil the requirements of the audit plan.

### **4.3 Exclusions**

The Internal Auditor is not authorised to perform any operational activities for the organisation. Accordingly, the Internal Auditors shall not implement internal controls, develop procedures, install systems, prepare records, or engage in any other activity that may impair their judgment or place them in a position where their impartiality may reasonably be called into question.

The Internal Auditor is not authorised to perform activities that are or might be consider self-review of the Internal Audit Function.

## **5. DUTIES AND RESPONSIBILITIES**

### **5.1 Audit Planning**

The Internal Auditor shall develop and maintain an internal audit plan. The plan shall be informed by a combination of a) the auditor's independent view on at-risk elements of Key Governance Processes, and b) Board and management's views on at-risk elements of Key Governance Processes.

Planning shall be for a three-year period updated annually. The annual audit schedule shall be approved by management and the Board's Audit and Risk Committee.

## 5.2 Execution of the annual audit schedule

The Internal Auditor shall make such arrangements with management to complete the timely completion of scheduled audits. It is expected that the logistics and timing of audits shall be managed to accommodate operational needs.

Internal audits shall only be conducted by individuals with the skills, competence, experience and qualifications appropriate for the subject matter of the audit. To this end, the Internal Auditor shall engage additional third-party expertise through the IGO contracts team as required to complete technical elements of an audit. All such appointments will be discussed with the operational area and is subject to approval by IGO's Chief Legal Officer (e.g., an audit of IGO's Group Safety Standard on Ground Control).

## 5.3 Process Review and ad hoc Audits

The Internal Auditor shall complete such additional process reviews, investigations and audits as requested by IGO's Chief Legal Officer or the Audit and Risk Committee. The Internal Auditor shall coordinate all internal investigations related to fraud.

## 5.4 Audit Reports

The Internal Auditor shall produce an Audit Report on completion of each audit. The report shall contain:

- An executive summary.
- Findings and summary of the evidence supporting the findings.
- Agreed management action plans (approved by the General Manager of the audited operation or functional area) developed in response to the audit findings, and auditor recommendations or suggestions as to process improvements.

The finalised report shall be provided to key stakeholders and the IGO's Chief Legal Officer.

**Note:** In the event that the Internal Auditor identifies matters that are potentially non-compliant with the law and or activities contrary to IGO's Code of Conduct, then these matters must be immediately raised with IGO's Chief Legal Officer.

# 6. ADMINISTRATIVE MATTERS

For administrative purposes, the Internal Auditor shall report to IGO's Chief Legal Officer.

IGO's Chief Legal Officer shall:

- Ensure that IGO remains free from all conditions that threaten the ability of the Internal Auditor to carry out their responsibilities in an unfettered manner, including matters of audit selection, scope, procedures, frequency, timing, logistics and report content.
- Provide Internal Audit Reports to relevant members of management.
- Provide information on Material Findings, and as requested, Internal Audit Reports to the ELT.
- Provide the Audit and Risk Committee with a) the annual Internal Audit Schedule for approval (section 5.1), and b) Quarterly Reports (section 7.1).
- Manage the Internal Audit budget
- Oversee an independent quality assessment of the Internal Audit function in accordance with the IIA Standards at least every five years with the results reported to the Managing Director & Chief Executive Officer and the Audit and Risk Committee.



## **7. REPORTING**

### **7.1 Quarterly Reporting for Audit & Risk Committee**

The Internal Auditor shall produce a quarterly report for the Audit and Risk Committee. The format and timing shall be prescribed by the Audit and Risk Committee.

The report shall address:

- progress against the approved audit schedule.
- material findings arising from audits and investigations.
- commentary on the verification of completed actions associated with material findings.

The report shall be provided to IGO's Chief Legal Officer.

### **7.2 Meeting with Audit & Risk Committee**

The Internal Auditor shall:

- Meet with the Chair of the IGO Audit and Risk Committee prior to every meeting of the Audit and Risk Committee. IGO management shall not be present.
- Attend each Audit and Risk Committee meeting.
- Meet at least biannually with the Chair of the Audit and Risk Committee.

## **8. REVIEW**

This Internal Audit Charter will be reviewed at least once every three years by both a) the Internal Auditor and b) the Audit and Risk Committee. Any significant changes to this charter must be approved by the Audit and Risk Committee.

## **9. CONTACT DETAILS**

If you are in any doubt regarding this Charter, you should contact IGO's Chief Legal Officer at:

IGO Limited, PO Box 496, South Perth, WA 6951

Phone: 08 9238 8300

Email: [contact@igo.com.au](mailto:contact@igo.com.au), Attention: Chief Legal Officer

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