

INCENTIAPAY LIMITED (Company)

AUDIT AND RISK COMMITTEE CHARTER

1. Purpose

The Audit and Risk Committee has been established to assist the Board of the Company (**Board**) in fulfilling its corporate governance and oversight responsibilities in relation to the Company's financial reports and financial reporting process, internal control structure, risk management systems (financial and non-financial - such as operational, environmental, sustainability, compliance, reputation or brand, project, technological, product or service quality, human capital and market-related risks) and the internal and external audit process.

The Audit and Risk Committee Charter (**Charter**) governs the operations of the Audit and Risk Committee. It sets out the Committee's role and responsibilities, composition, structure and membership requirements.

2. Composition

The members of the Audit and Risk Committee shall be members of, and appointed by, the Board. It shall be of sufficient size, independence and technical expertise to discharge its mandate effectively. If the size and composition of the Board permits, the Audit and Risk Committee shall consist of:

- (a) at least three members; and
- (b) an independent chairman, who shall be nominated by the Board from time to time but is not the chairman of the Board (**Chairman**).

At any time the composition of the Board permits, the Audit and Risk Committee shall also consist of only non-executive Directors, and a majority of independent Directors. All Audit and Risk Committee members shall be financially literate (i.e. are able to read and understand financial statements). At least one member shall have accounting and/or related financial management expertise (i.e. is a qualified accountant or other financial professional with experience of financial and accounting matters) and some members shall have an understanding of the industries in which the Company operates.

3. Secretary

The Company Secretary will act as the Secretary of the Audit and Risk Committee and will attend all Committee meetings.

4. Meetings

The Audit and Risk Committee will meet at least half yearly, with further meetings on an as required basis. Minutes of all meetings of the Committee must be kept. The minutes must be tabled at each subsequent meeting of the full Board, and a report of actions taken by the Audit and Risk Committee will be given by the Chair of the Committee at each subsequent meeting of the full board.

The Audit and Risk Committee may invite such other persons (eg. External auditor, CEO or CFO) to its meetings, as it deems necessary (whether on a permanent or ad hoc basis).

5. Duties and Responsibilities

The Audit and Risk Committee shall ensure it understands the Company's structure, business and controls to ensure that it can adequately assess the significant risks faced by the Company.

5.1 Financial Reporting

The Audit and Risk Committee will review with senior management and the external auditor and make recommendations to the Board in relation to approval of financial statements and reports intended for publication.

In regard to the half-year and full-year financial statements, the Committee will review representation letters signed by senior management to ensure all relevant matters are addressed, including the declarations required by section 295A of the *Corporations Act 2001* (Cth), and the matters set out in Recommendation 4.2 of the *ASX Corporate Governance Council Principles & Recommendations* (3rd Edition).

The Committee will review the results of the half-year review and full year audit and any other matters required to be communicated to the Committee by the external auditor under accepted auditing standards, including significant financial reporting issues and judgements made in preparation of the Company's financial statements.

5.2 Risk Management and Internal Controls

The Audit and Risk Committee shall review the adequacy and effectiveness of the Company's policies and procedures for assessment, monitoring and management of financial and non-financial business risks. The Committee shall gain an understanding of the current areas of greatest compliance risk (financial and non-financial) and review these areas on a regular basis.

The Committee shall review any legal matters which could significantly impact the Company's compliance and risk management systems, and any significant compliance and reporting issues, including any recent internal regulatory compliance reviews and reports.

The Committee shall review the effectiveness of the compliance function at least annually, including the system for monitoring compliance with laws and regulations and the results of management's investigations and follow-ups (including disciplinary action) of any fraudulent acts or non-compliance.

The Committee shall be satisfied that all regulatory compliance matters have been considered in the preparation of the Company's official documents.

The Committee shall review the findings of any examinations by regulatory agencies and oversee all liaison activities with regulators.

5.3 External Auditor

The Audit and Risk Committee shall make recommendations to the Board on the appointment, reappointment or replacement, remuneration, monitoring of the effectiveness and independence of the external auditors.

Candidates for the position of external auditor of the Company must be able to demonstrate complete independence from the Company and an ability to maintain independence through the engagement period. Further, the successful candidate must have arrangements in place for the rotation of the audit engagement partner on a regular basis.

An external auditor may be selected based on criteria relevant to the business of the Company such as experience in the industry in which the Company operates, references, cost and any other matters deemed relevant by the Board.

The Audit and Risk Committee will review the performance of the external auditor on an annual basis and make any recommendations to the Board.

The Committee shall pre-approve all audit and non-audit services provided by the external auditors and shall not engage the external auditors to perform any non-audit/assurance services that may impair or appear to impair the external auditor's judgement or independence in respect of the Company.

The Committee may delegate pre-approval authority to a member of the Committee. The decisions of any Committee member to whom pre-approval authority is delegated must be presented to the full Committee at its next scheduled meeting.

The Committee shall provide the annual statement for inclusion in the Company's annual report as to whether the Committee is satisfied the provision of non-audit services is compatible with the external auditor's independence.

On an annual basis, the Committee will obtain and review a report from the external auditor regarding:

- the overall scope of the external audit, including identified risk areas and any additional agreed procedures;
- the audit firm's internal quality control procedures;
- any material issues raised by the most recent internal quality control review, or peer review, of the audit firm, and any steps taken to address those issues;
- all relationships between the external auditor and the Company (to assess the auditor's independence); and
- the Committee will make its recommendation to the Board on the appointment of the external auditor on the basis of it being satisfied the auditor will provide sound and professional audit services in accordance with the review.

5.4 Internal Audit

The Audit and Risk Committee shall review the internal auditor's charter and resources to ensure no unjustified restrictions or limitations are imposed upon internal audit staff and that resourcing is adequate.

The Committee shall discuss the scope of the internal audit with the internal auditor, including the internal audit plan, work program and quality control procedures.

6. Authority and Resources

The Company is to provide the Audit and Risk Committee with sufficient resources to undertake its duties, including the provision of educational information on accounting policies and other financial topics relevant to the Company, and such other relevant materials requested by the Committee.

The Committee has the authority, within the scope of its responsibilities, to:

- (a) investigate any matter brought to its attention with full access to all books, records and facilities;
- (b) seek any information it requires from an employee (and all employees are directed to co-operate with any request made by the Committee), contractors, consultants or other external parties;

- (c) obtain outside accounting, legal, compliance, risk management or other professional advice as it determines necessary to carry out its duties; and
- (d) ensure the attendance of Company officers at meetings as it thinks appropriate.

7. Reporting to the Board

The Audit and Risk Committee shall regularly report to the Board on all matters relevant to the Committee's role and responsibilities.

The Committee shall ensure that the Board is made aware of audit, financial reporting, internal control, risk management and compliance matters which may significantly impact upon the Company in a timely manner.

8. Performance

The Audit and Risk Committee shall perform an evaluation of its performance at least annually to determine whether it is functioning effectively by reference to current best practice.

9. Review of Charter

The Audit and Risk Committee will review this Charter at least annually and will recommend to the Board the Charter for approval if any updates are made.