

Audit, Risk & Compliance Committee



Charter

Review: October 2026 (Annually unless required earlier)

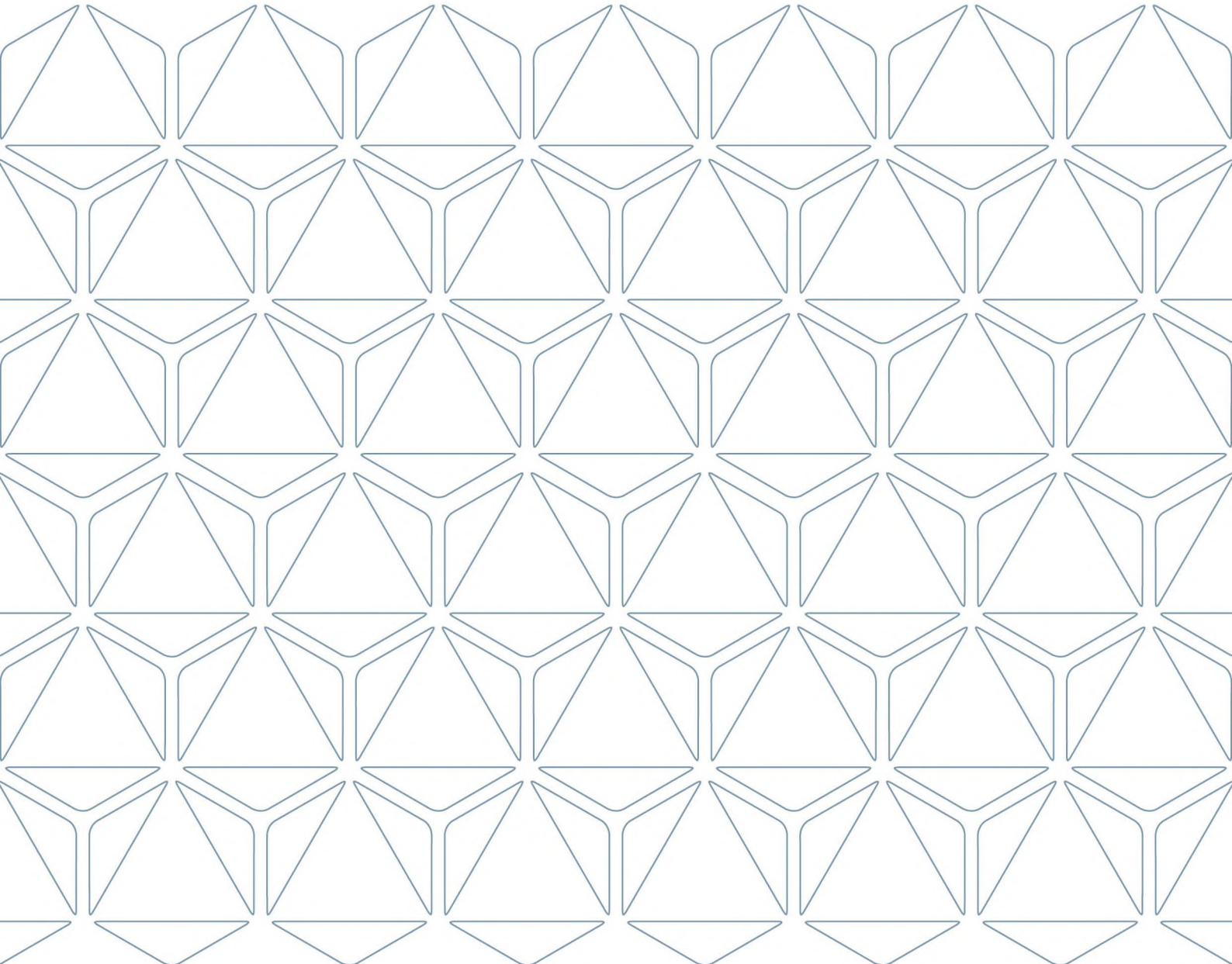
Document Owner: Company Secretary

Classification: Internal use only

Approved:

» Praemium Limited

October 2024



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1. Objectives

The aim of this document is to set out the charter for the Audit, Risk & Compliance (ARC) Committee.

2. Scope

Praemium Limited's Audit, Risk & Compliance Committee (the Committee) has been established by a resolution of the Board of Praemium Limited (the Board). This charter has been approved by the Board.

The Committee provides guidance to the Board of Praemium Limited and the Boards of the following subsidiary entities:

- » Praemium Australia Limited
- » OneVue Wealth Services Ltd (OneVue) and Investment Gateway Pty Ltd (Investment Gateway)
- » Powerwrap Limited (from 1 July 2024 onwards)
- » MWH Capital Ltd (from 1 July 2024 onwards)

3. Related documentation

This Charter should be read in conjunction with the following policies:

- » Praemium Limited Board Charter
- » Subsidiary Board Charter

4. Purpose

Ultimate responsibility for the integrity of the Group's financial reporting and risk & compliance rests with the Board (and for the subsidiary entities, with their own Boards). The purpose of the Committee is to assist the Board and the Boards of the relevant subsidiary entities (collectively, the Group) to fulfil their corporate governance obligations and oversee responsibilities in relation to financial reporting, risk, compliance and external audit functions.

5. Responsibilities of the Committee - Audit

The Committee is responsible for reviewing the integrity of the Group's financial reporting and overseeing the independence of the external auditors. In particular, the Committee has the following duties:

7.1. Accounting Practices and External Reporting

- » To review the audited annual and half-yearly financial statements and any reports which accompany published financial statements before submission to the Board, recommending to the Board their approval (or further revision), focusing particularly on:
 - I. any changes in accounting policies and practices;
 - II. major judgmental areas;
 - III. significant adjustments, accounting and financial reporting issues resulting from the internal and external audit;
 - IV. compliance with accounting policies and standards; and
 - V. compliance with legal requirements.
- » To review the evaluation by management of factors related to the independence of the Group's public accountant and to assist them in the preservation of such independence.
- » To oversee management's appointment of the company's public accountant.

7.2. Related Party Transactions

To monitor and review the propriety of any related party transactions.

7.3. External Audit Function

- » To recommend to the Board the appointment of the external auditor.
- » Each year, to review the appointment of the external auditor, their independence, the audit fee, and any questions of resignation or dismissal.
- » To discuss with the external auditor and any internal auditor before the audit commences the nature and scope of the audit, and to ensure coordination between the internal and external auditor.
- » To meet privately with the external auditor, if it wishes.
- » To ensure that no management restrictions are being placed upon the external auditor.

- » To discuss problems and reservations arising from the interim (review) and final audits, and any matters the auditors may wish to discuss (in the absence of management where necessary).
- » To review the external auditor's management letter and management's response.
- » To review any regulatory reports on the Group's operations and management's response.

7.4. Internal Audit Function

To recommend to the Board the appointment of the internal auditor.

The Committee will also:

- » Consider the appointment of the internal auditor and any questions of resignation, dismissal or changes of the internal auditor
- » Approve the audit fee (if externally contracted)
- » Each year, to review and approve the internal auditor's charter and audit plan.
- » Review the reporting lines of the internal audit function to ensure that the internal auditor is allowed adequate independence.
- » Determine that no management restrictions are being placed upon the internal auditor.
- » Ensure that the internal audit function is adequately resourced (including qualified personnel, funding and equipment) so as not to impede its ability to execute its responsibilities.
- » Consider the major findings of any internal audit reviews and/ or investigations and the appropriateness and timeliness of management's response.
- » Oversee the progress of management actions related to internal audit findings.
- » Ensure coordination between the internal and external auditor.
- » Meet privately with the internal auditor on at least an annual basis.

7.5. Communication

- » To review external communications and reports which accompany published financial statements before submission to the Board, recommending to the Board their approval.
- » Providing, through regular meetings, a forum for communication between the Board, senior financial management staff involved in internal control procedures and the external auditors.
- » Enhancing the credibility and objectivity of financial reports with other interested parties, including creditors, key stakeholders and the general public.
- » Establishing procedures for complaints and reports regarding accounting, internal accounting controls and auditing matters and ensuring a mechanism for the confidential treatment of such complaints and reports including the ability to submit them anonymously.

7.6. Assessment of Effectiveness

To evaluate the adequacy and effectiveness of the Group's administrative, compliance, operating and accounting policies through active communication with operational management, the internal auditor, and the external auditors.

6. Responsibilities of the Committee – Compliance

The Committee is responsible for reviewing the integrity of the Group's compliance framework. In particular, the Committee has the following duties:

- » To monitor the Group's performance in accordance with its compliance policy and approach.
- » To review the appointment, evaluation, retention and dismissal of the Chief Risk Officer in any jurisdiction in which the Group undertakes regulated activities.
- » To oversee the establishment and implementation by management of a compliance plan for the relevant entities by identifying, assessing, monitoring, reporting on and managing compliance issues throughout the Group.
- » To check that there is an appropriate structure for reporting on compliance which does not compromise the independence of the compliance function from daily operational activities.
- » To review at least annually the Group's compliance with any relevant regulatory authorisation or licence condition, and the applicable laws and regulations in each relevant jurisdiction in which such licenses or authorisations (or similar) are held by group entities.
- » To ensure compliance with obligations as Australian Financial Services Licensees.
- » To evaluate the Group's compliance with other relevant laws relating to its business operations – including but not limited to, employment laws, occupational health and safety, competition laws, trade practices laws, privacy and data protection laws etc.

- » To consider whether compliance issues are adequately dealt with in the development of new products and services.
- » To evaluate the performance of internal compliance personnel and any outsourced compliance services provided.
- » To assess any regulatory action and the proposed measures to be taken by the Group in dealing with the regulators and outcomes from regulatory action, if any.
- » To assess proposed changes to the relevant laws and how they may impact on the operations of the Group and staffing requirements.
- » To receive and consider compliance reports which highlight any inadequacies and/or verify the state of compliance.
- » To determine the format and content of the compliance reports.
- » To check that all lodgments are made with the appropriate regulatory bodies in a timely manner.

7. Responsibilities of the Committee – Risk

7.1. Function of the Committee

The Committee is to assist the Board in fulfilling its risk management responsibilities as defined by applicable law and regulations, Praemium Ltd.'s Constitution, Responsible Entity obligations and ASX Corporate Governance Principles and Recommendations.

The Committee is to ensure that the Group develops an appropriate and sound policy for the management of risk; manages risk in accordance with internal Policy and applicable Standards; provide governance, oversight and strategic direction; and initiating and overseeing special projects in respect to key risk areas (for example conduct risk, cyber-security, privacy, technology, intellectual property, reputation, change management, sustainability,) from time to time.

Without limiting its role as described above, the specific duties and responsibilities of the Committee include:

- » Monitoring management's performance against its risk management framework, including whether it is operating within the risk appetite set by the Board;
- » Considering and making recommendations to the Board in respect to policies developed by management in respect to Risk Assessment and Management, or required changes to the Group's risk management framework or risk appetite set by the Board;
- » To liaise with management in respect to the ongoing assessment the Group's risk profile and identify all material risks, in particular those relating to non-financial matters, facing the Group and individual group entities;
- » To monitor compliance of the risk management and internal control systems with the Group's Risk Management policies, including assessing any material incident or break-down of risk controls;
- » Monitoring new and emerging risks and changes in the Group risk profile;
- » Assessing the effectiveness of insurance coverage and reviewing insurance reports;
- » Making recommendations to the Board in respect to insurance matters;
- » Monitoring the Group's reputation and reputational risks;
- » To take an active interest in ethical considerations regarding the Group's policies and practices;
- » To monitor the standard of corporate conduct in areas such as arm's length dealings and likely conflicts of interest; and
- » To identify and direct any special projects or investigations deemed necessary.

The Committee must also monitor and oversee the specific risk management obligations in relation to Praemium Australia Limited, OneVue Wealth Services Ltd and Powerwrap Limited's roles as Responsible Entities (REs) and their obligations to maintain adequate risk management systems. In particular, the Committee oversees and reviews:

- a. overarching risk management systems, to ensure that the REs:
 - » maintain documented risk management systems;
 - » foster a strong risk management culture;
 - » observe industry, local and international guidance;
 - » have a liquidity risk management process; and
 - » review their existing risk management systems.

b. processes for identifying and assessing risks, to ensure that the REs:

- » maintain one or more risk registers;
- » have a risk management system in place to address all material risks; and
- » adopt appropriate methods to assess risks

c. processes for managing risks, to ensure that the REs:

- » implement appropriate strategies for managing each of the material risks identified;
- » have adequately experienced staff regularly review and monitor the risks identified;
- » undertake regular reporting and escalation of issues to the Board and the Committee as appropriate.

In performing these duties, the Committee must consider and monitor the reasonable expectations of stakeholders, including shareholders, employees, customers, creditors and users and the broader financial services community in each jurisdiction in which the Group operates.

8. Membership

The Committee will consist of not less than three members. Members will be appointed by the Board from amongst the non-executive directors of Praemium Limited or any of its wholly owned subsidiaries, and a majority of members will also be independent Directors.

The Board Charter defines “independence” as follows: “An independent director is one who is not a previous executive, is not involved in material contracts with the Company and is not an adviser to the Company for fees or some benefit”.

The Corporate Governance Principles and Recommendations published by the ASX Corporate Governance Council defines an independent director as a non-executive director who is not a member of management and who is free of any business or other relationship that could materially interfere with – or could reasonably be perceived to materially interfere with – the independent exercise of their judgement. It also sets out the relationships which, in the view of the ASX Corporate Governance Council, affect independence.

In addition, in determining membership of the Committee the Board will identify and appoint:

- » Members who can all read and understand financial statements and are otherwise financially literate;
- » At least one member with financial expertise either as a qualified accountant or other financial professional with experience in financial and accounting matters; and
- » At least one member who has an understanding of the industry in which the Group operates.

Committee members are appointed for an initial period of three years at the conclusion of which their membership is reviewed and a decision is made as to whether it is appropriate for the member to serve another three-year term. However, to ensure the continuity of the membership of the Audit, Risk & Compliance Committee, it is desirable that no more than one third of the members of the Audit, Risk & Compliance Committee be changed in any year.

9. Chairman

The Board will appoint the Chairman of the Committee. The Committee’s Chairman shall be an independent director who is not the chair of the Board.

10. Secretary

The Company Secretary will be the Committee Secretary.

11. Other Attendees

Senior management and, if appropriate, external advisers, may be invited to be present for all or part of the meetings of the Committee at the discretion of the Committee Chairman, but will not be members of the Committee.

Representatives of the Company’s external auditor (and, if considered appropriate by the Chairman of the Committee, the external auditors of the Group’s subsidiaries) are expected to attend, in person or by telephone, each meeting of the Committee at which reviewed or audited accounts are presented to the Committee for consideration and, if thought fit, recommend to the Board.

At least once a year the Committee may meet at its discretion with the Company's external auditors without any management staff or executives present.

Should the Group appoint internal auditors at some time in the future, representatives of the internal auditor would also be expected to attend at least one meeting of the Committee each year without any management staff or executives present.

12. Quorum

A quorum will be two members.

13. Meetings

Committee meetings will be held not less than four times a year to enable the Committee to undertake its role effectively. In addition, the Chairman of the Committee is required to call a Committee meeting if requested to do so by the Chairman of the Board, any member of the Committee, the CEO, the CFO, the internal auditor (if any), the external auditor or the Chief Risk Officer.

The Secretary, in conjunction with the Chairman, must draw up an agenda which will be circulated within a reasonable time prior to each meeting to the members of the Committee.

14. Authority

The Committee is authorised by the Board to investigate any activity within its charter.

The Committee is required to make recommendations to the Board on all matters within the Committee's charter.

The Committee discharges its responsibilities by making recommendations to the Board.

The Committee does not have any powers to commit the Board or Management to implementation of recommendations unless authorised by resolution of the Board.

The Committee is not responsible for supervising the performance of executives and must not become involved in day-to-day operations, management functions or decision making.

The Committee may obtain information from and consult with the Managing Director or other executive officer of the Company or any subsidiary entity, as and when it considers appropriate. The Committee will have access to management, auditors (external and internal), Compliance Officers with or without management present, and has the right to seek explanations and additional information. It is authorised to seek any information it requires from any employees and all employees are directed to cooperate with any request made by the Committee. The Committee is authorised by the Board to obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary.

The Committee shall, after notifying the Board or the Chairman of the Board and the Managing Director, have the ability to:

- a. direct any special investigations;
- b. seek advice of the entity's auditors or solicitors;
- c. engage and consult independent experts where necessary to carry out its duties; and/or
- d. commission and consult external reports and other documents.

15. Reporting

The Committee will keep minutes of its meetings. The Secretary shall circulate the minutes of the meetings of the Committee to the Committee Chairman for comment and change before circulation to the Committee within the papers for the next Committee meeting.

The minutes of an ARC Committee meeting must be circulated prior to the next Board meeting and tabled at the meeting for discussion, unless they are less than a week apart then the minutes, along with any recommendations, are to be tabled at the subsequent Board meeting.

The minutes of the meetings of the ARC Committee may be approved at the next Committee meeting, provided that the Chair of the Audit, Risk & Compliance Committee has not received any objection from any committee member who is not present at the Committee meeting.

The Committee shall regularly update the Board about Committee activities and make appropriate recommendations. The Chairman of the Committee will report to the Board, at the Board meeting next following a meeting of the Committee, on any matters considered within this Charter.

With the approval of the Chairman, certain matters where conflict issues may arise may be recorded in a confidential minute book and not circulated to directors but reported verbally to the directors at a directors' meeting.

At least once annually the Committee must require management report to it on the extent to which management designed and implemented risk management and internal control systems to manage the Group's material financial reporting risks.

16. Review

This Charter must be reviewed not less than annually. The Charter may only be amended with the approval of the Board following recommendations from the Committee.

The Committee shall prepare, and report to the Board, the results of an annual performance evaluation of the Committee, which shall compare the performance of the Committee with the requirements of this Charter.