



FirstGrowthFunds

**Finance, Audit and Risk
Committee Rules**

First Growth Funds Limited
ACN 006 648 835

1 Finance, Audit and Risk Committee Rules

The Finance, Audit and Risk Committee (**Committee**) is established under rule 29 of the Constitution of First Growth Funds Limited (**Company**).

2 Membership of the Committee

2.1 Composition

The Committee should comprise of:

- a minimum of 3 members of the Board;
- only Non-executive Directors;
- a majority of independent Directors; and
- an independent Director who is nominated by the Board as Chair, who is not Chair of the Board.

It is acknowledged that from time to time the composition of the board may not allow for the fulfillment of the committee composition guidelines set out above

2.2 Membership

The Board may appoint additional Non-executive Directors to the Committee or remove and replace members of the Committee by resolution. Members may withdraw from membership by written notification to the Board. Any Director not formally a Member of the Committee may attend Committee meetings however only nominated Directors may vote on matters before the Committee.

The Committee Chair may invite non-committee members, including members of management and the external auditor to attend meetings of the Committee.

It is intended that all members of the Committee should be financially literate and have familiarity with financial management and at least one member must be a qualified accountant or other financial professional with appropriate expertise in financial and accounting matters.

The Company Secretary must attend all Committee meetings.

3 Administrative matters

3.1 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 normally meet at least twice per annum.

3.2 Quorum

The quorum is at least 2 members.

3.3 Convening and notice of meeting

Any member may, and the Company Secretary must upon request from any member, convene a meeting of the Committee. Notice will be given to every member of the Committee, of every meeting of the Committee, at the member's advised address for service of notice (or such other pre-notified interim address where relevant). However, there is no minimum notice period and acknowledgement of receipt of notice by all members is not required before the meeting may be validly held.

3.4 Rights of access and authority

The Committee has rights of access to management and to auditors (external and internal) without management present, and rights to seek explanations and additional information from both management and auditors. Whilst any internal audit function will report to senior management, it is acknowledged that the internal auditor will also report directly to the Committee.

The Committee may seek the advice of the Company's auditors, solicitors or such other independent advisers as to any matter pertaining to the powers or duties of the Committee or the responsibilities of the Committee, as the Committee may require.

3.5 Minutes

Minutes of meetings of the Committee must be kept by the Company Secretary and, after approval by the Committee Chair, be included in the Board papers for the next Board meeting. All minutes of the Committee must be entered into a minute register maintained for that purpose and be open at all times for inspection by any Director.

3.6 Reporting

The Committee Chair will provide a brief oral report to the Board 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.

4 Role & Responsibilities

4.1 Role

The Committee's primary roles are to:

- (a) oversee the Company's relationship with the external auditor, including the appointment, independence and remuneration of the external auditor;
- (b) oversee the preparation of the financial statements and reports;
- (c) ensure the appropriate application and amendment of accounting policies;
- (d) oversee the Company's financial controls and systems;
- (e) manage the process of identification and management of risk; and
- (f) provide a formal forum for communication between the external auditors, the Board and management of the Company.

4.2 Finance and Audit

The following are intended to form part of the normal procedures for the Committee's finance and audit responsibilities.

Finance

- (a) Engage in the pro-active oversight of the Company's financial reporting and disclosure processes and overseeing and reviewing the outputs of that process as a basis for recommendation to and adoption by the Board.
- (b) Assist the Board in determining the reliability and integrity of accounting policies and financial reporting and disclosure practices.
- (c) Review the appropriateness of the accounting policies adopted by management in the composition and presentation of financial reports (or any changes made or contemplated in relation to the Company's accounting policies) and assess the

management processes supporting external reporting.

- (d) Review financial statements for adherence to accounting standards and policies and other requirements relating to the preparation and presentation of financial results
- (e) Assess any significant estimates or judgments in the Company's financial reports.
- (f) Ensure that procedures are in place designed to verify the existence and effectiveness of accounting and financial systems and other systems of internal control which relate to financial risk management.
- (g) Ensure that appropriate processes are in place to form the basis upon which the Managing Director/CEO and CFO execute their certifications to the Board of Directors at year end under section 295A of the Corporations Act 2001 (Cth) in relation to the systems of internal controls, and that that system is operating effectively in all material respects in relation to financial reporting risks.

Audit

- (a) Approve the selection, appointment and termination of external auditors. Also approve the audit contract, terms of engagement and process for the rotation of external audit engagement partners.
- (b) Review the scope and effectiveness of the annual external audit.
- (c) Review the performance, independence and objectivity of the external auditors.
- (d) Review the results of the external audit of financial reports (including assessing whether external reporting is consistent with the Committee members' information and knowledge, and is adequate for shareholder needs).
- (e) Develop and oversee the implementation of the Company's policy on the engagement of the external auditor to supply non-audit services and ensure compliance with that policy.
- (f) Oversee the internal audit function and monitor the need for any specific internal audits.

4.3 Risk

The Committee's specific function with respect to risk management is to review and report to the Board that:

- (a) the Company's ongoing risk management program effectively identifies all areas of potential risk;
- (b) adequate policies and procedures have been designed and implemented to manage identified risks;
- (c) the effectiveness and compliance with policies and procedures are reviewed and reported annually;
- (d) proper remedial action is undertaken to redress areas of weakness.

The Committee procedures will include review and approval of:

- (a) management reporting and control systems used to monitor adherence to policies and guidelines and limits approved by the Board for management of balance sheet risks;
- (b) financial and operational risk management control systems (including reviewing risk registers and reports from management and external auditors);
- (c) the Company's business continuity plans;
- (d) the adequacy of the Company's own insurances;

- (e) the strategic direction, objectives and effectiveness of the Company's financial and operational risk management policies;
- (f) the establishment and maintenance of processes to ensure that there:
 - (i) are adequate systems of internal control, identification and management of business risks and safeguard of assets; and
 - (ii) is a review of internal control systems and the operational effectiveness of the policies and procedures related to risk and control.
- (g) the Group's exposure to fraud, including establishing processes for the prevention, detection and investigation of fraud or malfeasance;
- (h) compliance with regulations including Listing Rules, Corporations Act, AASB requirements, and other best practice corporate governance processes;
- (i) the Company's policies and culture with respect to the establishment and observance of appropriate ethical standards; and
- (j) reviewing and discussing with management and the external auditors the overall adequacy and effectiveness of the Company's legal, regulatory and ethical compliance programs.

5 Relationship with the external auditor

The Committee provides a link between the external auditor and the Board and has the responsibility and authority for the appointment and removal of the external auditor and to review the terms of its engagement. Specific activities required in relation to the external auditor are set out in 4.2 above.

6 Authority

The Audit & Corporate Governance Committee shall have the authority to seek any information it requires from any officer or employee of the Company or its controlled entities and such officers or employees shall be instructed by the Board of the Company to respond to such enquiries. The Audit & Corporate Governance Committee is authorized to take such independent professional advice as it considers necessary.

The Audit & Corporate Governance Committee shall have no executive powers with regard to its findings and recommendations.

7 Reporting

The Chairman of the Committee will report the findings and make recommendations to the Board after each Committee meeting.

The minutes of all Committee meetings will be circulated to members of the Board.

8 Performance

The Board will, at least once in each year, review the membership and Charter of the Committee to determine its adequacy for current circumstances and the Committee may make recommendations to the Board in relation to the Committee's membership, responsibilities, functions or otherwise.