

Board Audit Committee Charter.

7.10.2021

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1. Introduction.

- 1.1 The board of Judo Capital Holdings Limited and Judo Bank Pty Ltd (collectively "Judo") (the "Board") is responsible for the objective oversight of the effectiveness of Judo's financial reporting.
- 1.2 This charter sets out the role, composition and responsibilities of the Board Audit Committee ("Committee"), a committee established by the Board.

2. Purpose.

- 2.1 The purpose of the Committee is:
 - a. to advise the Board on the effectiveness of Judo's accounting, auditing, financial and regulatory reporting and overall internal control frameworks; and
 - b. to provide the Board with assurance that all key risks relevant to Judo have been appropriately identified, managed and reported to the Board in accordance with the risk management framework.
- 2.2 The Board may place reasonable reliance on the Committee's advice and recommendations in relation to those matters set out in this clause as it deems necessary. The Committee is required to provide prior endorsement for the appointment or removal of the external auditor and internal auditor.¹

3. Membership.

- 3.1 The Committee will comprise at least three non-executive directors, a majority of whom shall be 'independent' directors as determined by resolution of the Board. Committee members are to be financially literate and, between them, are to have the accounting and financial expertise and sufficient understanding of the financial services industry to fulfil its responsibilities. All members of the Committee will be non-executive directors. At least one member of the Committee must be a chartered accountant, a certified practising accountant or has a recognised form of financial expertise.
- 3.2 The Chair of the Committee will be appointed by resolution of the Board and will be an independent director. The Chair of the Board may be a member of the Committee however cannot be its Chair. Should the Chair of the Committee be absent from a meeting, the members of that Committee present will appoint another independent director as Chair for that particular meeting (other than the Chair of the Board).
- 3.3 The membership of the Committee will be reviewed annually by the Board, or as deemed necessary by the Board.
- 3.4 To ensure the flow of relevant information, there shall be some common membership between the Committee and the Board Risk Committee (as determined by the Board).
- 3.5 The Company Secretary will be responsible for keeping membership records.
- 3.6 Members of the Committee are required to be available to meet with APRA upon request.

4. Authority.

- 4.1 The Board authorises the Committee, within the scope of its responsibilities to:
 - a. monitor, advise on and, where applicable, approve all matters falling within its purpose and duties as set out in this charter or as directed by the Board;

¹ CPS 510 - 81

- b. seek any information it requires to satisfy itself as to the adequacy of the risk management functions from the Chief Executive Officer (“CEO”), Chief Risk Officer (“CRO”), Chief Financial Officer (“CFO”), internal auditor or external auditor. The Committee shall have unfettered access to senior management,² any employees or any internal or external parties at any time, to request relevant and additional information or seek explanations as it deems necessary; and
 - c. obtain, at the expense of the Judo, external legal or other independent professional advice or to arrange for the attendance at meetings, at the expense of the Judo, of outside parties with relevant experience and expertise if it considers this necessary.
- 4.2 The Committee does not take action or make decisions on behalf of the Board unless specifically mandated. The Committee is not responsible for the day-to-day management functions or operation of the business. However, the Board may consider advice from the Committee in relation to its financial reporting and overall internal control frameworks.
- 4.3 The Committee may delegate its authority in accordance with the Board Delegation Framework provided such delegation is recorded in its minutes.

5. Responsibilities and Duties of the Committee.

- 5.1 The Management Board is responsible for the preparation, provision and integrity of information and all matters about which the Committee or Board should be informed of, or provided assurance, in relation to its financial reporting and overall internal control frameworks.
- 5.2 The Management Board is responsible for implementing and maintaining appropriate accounting, financial reporting and risk management principles, processes and internal controls designed to ensure compliance with accounting standards and applicable laws and regulations and to identify and address financial and taxation risk in excess of the RAS.
- 5.3 The internal audit team is responsible for independent reviews of the adequacy and effectiveness of the financial and risk management framework and compliance with policies.³
- 5.4 The external auditors are responsible for carrying out each audit and review in accordance with the applicable auditing and review standards.
- 5.5 The responsibilities and duties of the Committee are:

Financial and Regulatory Reporting

- a. To ensure the integrity of Judo’s financial and regulatory reporting by reviewing the periodic financial and regulatory reporting, the information prepared by the Management Board (including in relation to financial information key accounting policies, taxation and decisions and related party transactions) and the results of the external audit.
- b. To ensure the integrity of Judo’s financial and regulatory reporting controls by reviewing reports from the Management Board concerning the controls and processes in place to ensure that the financial statements and regulatory reports derived from the underlying financial and regulatory reporting systems comply with relevant accounting standards and APRA requirements to provide the Board with assurance that the financial statements and regulatory reporting are accurate and compliant.
- c. To review reports from the Management Board on significant accounting and reporting issues and understand their impacts on financial reports and regulatory reports.

² CPS 510 - 86

³ CPS 220 – 44, 93

- d. To monitor the financial solvency of Judo and provide assurance in relation thereto to the Board.
- e. To recommend to the Board for approval, if appropriate, the external reporting/financial statements of the Judo and its subsidiaries (if any).⁴
- f. To review the disclosure statements prepared by the Management Board for Judo and recommend to the Board that they be approved, where appropriate.
- g. To review reports from the Management Board on the processes that are used to reach the opinions provided in the regulatory certifications of the CEO and CFO and provide assurance to the Board in relation thereto.
- h. To ensure Judo maintains policies and procedures for employees to submit, confidentially, information about accounting, internal control, compliance, audit, and other matters about which the employee has concerns and has a process for ensuring employees are aware of these policies and for dealing with matters raised by employees under these policies.⁵

Internal Audit

- a. To ensure the integrity of Judo's internal audit standards by reviewing reports from the Management Board on the activities, resources and organisational structure of the internal audit function and providing the Board with assurance that there are no unjustified restrictions or limitations.
- b. To review the engagement for the Judo internal auditor at least annually, the proposed annual internal audit plan and to recommend to the Board the appointment (including terms of engagement) or removal or retention of the internal auditor.⁶
- c. To assess at least annually, the independence of the internal auditor,⁷ and the scope and progress of their audit plans and make recommendations to the Board thereon.
- d. To review any significant findings and recommendations made by the internal auditor and the Management Board's timely response⁸ thereto, in order to provide the Board with assurance that the recommendations have been acted on appropriately.
- e. To review the proposed internal audit plan for the coming year and ensure that it addresses key areas of material risk and financial reporting requirements,⁹ and that there is appropriate co-ordination with the external auditor.
- f. To meet separately with the internal auditor to discuss matters which the Committee or internal auditor believes should be discussed privately and report any significant matters arising to the Board.
- g. To be available to participate in tripartite meetings between Judo, APRA and where required, the external auditor.¹⁰
- h. To review and provide assurance to the Board in respect of the effectiveness of the internal audit function¹¹ and to have oversight of the completion of the annual internal audit plan.

⁴ CPS 510 - 75

⁵ CPS 510 - 87

⁶ CPS510 - 82, 84

⁷ CPS 510 - 85, 92, CPS 520 and Judo's Fit and Proper policy.

⁸ CPS 510 - 84

⁹ CPS 510 - 82

¹⁰ CPS 510 - 88

¹¹ CPS 510 - 92

External Audit

- a. To review the engagement for the external auditor at least annually, the proposed annual external audit plan and to recommend to the Board the appointment (including terms of engagement) or removal or retention of the external auditor.¹²
- b. To meet separately with the external auditor at least annually to discuss any matters that the Committee or the auditor believes should be discussed privately and report any significant matters arising to the Board.
- c. To assess at least annually, the independence of the external auditor¹³ (including the rotation of the external audit partner), and the scope and progress of their audit plans and make recommendations to the Board thereon.
- d. To review reports from the Management Board and the external auditor concerning any significant findings and recommendations made by the external auditor and the Management Board's timely response thereto,¹⁴ in order to provide the Board with assurance that the recommendations have been acted on appropriately.
- e. To review the provision of (and the policies in relation to the provision of) all non-audit services by or on behalf of the external auditor during the year to Judo and provide assurance to the Board, for the purposes of the directors' report to be included in the annual report, that those services comply with the regulatory auditor independence requirements and the reasons thereto.
- f. To be available to participate in tripartite meetings between Judo, APRA and where required, the internal auditor.¹⁵
- g. To regularly review the findings of external audits to promote audit quality¹⁶, and ensure that issues are being managed and rectified in an appropriate and timely manner.¹⁷
- h. To review the proposed external audit plan for the coming year and ensure that it addresses key areas of material risk and financial reporting requirements,¹⁸ and that there is appropriate co-ordination with the internal auditor.

Informing APRA

- a. The Committee will notify APRA on the material matters within its responsibilities and will provide any material updates required with the timeframe prescribed from time to time.
- b. This includes the appointment and removal of internal auditor and external auditor. If the external auditor or internal auditor is removed from their position, the reasons for removal must be discussed with APRA as soon as practicable, and no more than 10 business days, after the Committee's endorsement is agreed upon.¹⁹

6. Attendance.

- 6.1 The CEO and directors of the Board who are not members of the Committee are entitled to attend Committee meetings and may request to receive copies of the papers.

¹² CPS 510 – 85, 95, 96, APS 310, CPS 520 and Judo's Fit and Proper policy.

¹³ CPS 510 – 85, 95, 96, APS 310, CPS 520 and Judo's Fit and Proper policy.

¹⁴ CPS 510 - 84

¹⁵ CPS 510 - 84

¹⁶ ASIC Info Sheet INFO 196

¹⁷ CPS 510 - 82

¹⁸ CPS 510 - 82

¹⁹ CPS 510 - 81

6.2 The CFO (or their nominee, subject to prior clearance by the Chair) shall attend the Committee meetings and the internal and external auditors by invitation.²⁰

7. Meetings.

- 7.1 The Committee shall meet every quarter or more frequently if so required, having due regard to Judo's financial reporting and audit cycle.
- 7.2 A quorum for a meeting shall consist of not less than half of the Committee members eligible to vote on a matter.
- 7.3 The Chair and the Company Secretary will be responsible for setting the agenda for each meeting subject to input from any Committee member.
- 7.4 Subject to the prior consent of the members, a Committee meeting may take place using any form of technology that the Chair deems appropriate.
- 7.5 The Chair may, in his/her discretion, determine that the Committee's approval authority be delegated to a group comprising not less than three members of the Committee.
- 7.6 The Chair shall, to the extent possible, act as the liaison between the Management Board and the Committee members. The agenda and supporting documentation will be circulated to the Committee members within a reasonable period in advance of each meeting. The Company Secretary of the Committee will circulate minutes of meetings to members of the Committee and the Board within a reasonable period following each meeting.
- 7.7 Copies of the Committee minutes, together with such reports received by the Committee as are deemed appropriate, will be included in the monthly Board reports. The Chair of the Committee will update the Board with a verbal report at the Board meeting following each Committee meeting.
- 7.8 The Committee will refer to the Board Risk Committee any matters that have come to the attention of the Committee that are relevant for the Board Risk Committee's consideration.

8. Voting.

- 8.1 Each member present at a Committee meeting, including the Chair, has one vote.
- 8.2 In the event that votes are deadlocked, the Chair does not have a casting vote.
- 8.3 Any Committee member with a real or perceived conflict of interest, may not:
- be present at a meeting while the matter is being considered by the Committee; and
 - vote on the matter being considered by the Committee,
- unless the other members of the Committee agree otherwise.

9. Review of the Committee.

- 9.1 The Board shall undertake a regular review, at least annually, of the Committee's performance, objectives and responsibilities including (without limitation) any matter set out in this charter.
- 9.2 The Committee may recommend to the Board any amendments to this charter.

²⁰ CPS 510 - 89