

OM Group Holdings Ltd
(to be renamed TopBeta Holdings Ltd)
ACN 164 521 395

Audit and Risk Committee Charter

1. Introduction

- 1.1 The audit and risk committee is a committee of the board of directors of OM Group Holdings Ltd (to be renamed TopBeta Holdings Ltd) ACN 164 521 395 (**Company** and, together with its controlled entities, the **Group**) (**Audit & Risk Committee**).
- 1.2 The board of directors of the Company (**Board**) may either fulfil the role of the Audit & Risk Committee itself or establish a separately constituted Audit and Risk Committee under the Company's constitution, as is practicable given the size of the Board and the circumstances of the Group, including the nature of the Group's business, from time to time.
- 1.3 This charter sets out the scope of the Audit & Risk Committee's responsibilities in relation to the Company and the Group.

2. Objectives

- 2.1 The objectives of the Audit & Risk Committee are to:
- (a) assist the Board to achieve its governance objectives in relation to:
 - (i) financial reporting;
 - (ii) the application of accounting policies;
 - (iii) business policies and practices;
 - (iv) legal and regulatory compliance; and
 - (v) internal control and risk management systems;
 - (b) maintain and improve the quality, credibility and objectivity of the financial accountability process (including financial reporting on a consolidated basis);
 - (c) promote a culture of compliance across the Group;
 - (d) provide a forum for communication between the Board and the Company's management (**Management**) in relation to audit and compliance matters affecting the Group;
 - (e) ensure effective internal audit (if any) and external audit functions and communication between the Board and the internal auditor (if any) and external auditor; and
 - (f) review and comment on Management's plans for managing the material financial and reporting risks faced by the Group.

3. Audit & Risk Committee composition

- 3.1 The Audit & Risk Committee should (and, if the Company is included in the S&P ASX 300 Index, must) comprise:
- (a) at least three directors;
 - (b) to the extent possible, all non-executive directors; and
 - (c) to the extent possible, a majority of independent directors.

- 3.2 The Audit & Risk Committee will appoint its chairperson. The chairperson should be an appropriately qualified independent director and must not be the chairperson of the Board.
- 3.3 The Audit & Risk Committee will appoint a secretary.
- 3.4 The Audit & Risk Committee must be of sufficient size, independence and technical expertise to effectively discharge its mandate.
- 3.5 Each member of the Audit & Risk Committee must be able to read and understand financial statements and at least one member must be a qualified accountant or other financial professional with appropriate experience of financial and accounting matters.
- 3.6 Each member of the Audit & Risk Committee should have an understanding of the industry in which the Group operates.
- 3.7 The Board will decide appointments, rotations and resignations within the Audit & Risk Committee having regard to the ASX Listing Rules, the Corporations Act 2001 (Cth) and the general law applicable to such matters.
- 3.8 A member of the Audit & Risk Committee may act by their alternate.

4. External financial reporting

- 4.1 The responsibilities of the Audit & Risk Committee are:
 - (a) engaging in the proactive oversight of, and assessing the adequacy of, the Group's financial reporting and disclosure processes, overseeing and reviewing the outputs of that process and making recommendations to the Board in relation to those matters;
 - (b) assessing the appropriateness and application of the Group's accounting policies and principles and any changes to them so that they accord with the applicable financial reporting framework;
 - (c) obtaining an independent judgement from the external auditor about:
 - (i) the acceptability and appropriateness of accounting policies and principles put forward by Management; and
 - (ii) the clarity of current or proposed financial disclosure practices as put forward by Management;
 - (d) assessing information from the external auditor that may affect the quality of the Company's financial reports;
 - (e) reviewing all quarterly, half-yearly and annual financial reports with Management, advisers and the external auditors (as appropriate) and recommending the applicable accounts' adoption by the Board if those financial reports reflect the understanding of the members of the Audit & Risk Committee of, and otherwise provide a true and fair view of, the financial position of the Group;
 - (f) discussing any draft audit opinion letter and Management letter with the external auditors before it is finalised;
 - (g) assessing the appropriateness of any significant accounting estimates, judgments or choices in the financial reports of the Company;
 - (h) reviewing and approving as required, documents and reports to regulators;
 - (i) following up on any matter raised by the Board regarding financial reports, audit opinions and Management letters;
 - (j) establishing procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls and auditing matters, and procedures for the confidential, anonymous submission of concerns by employees regarding accounting and auditing matters;
 - (k) reviewing Management processes supporting external reporting, and any complaints or concerns raised internally regarding financial or accounting processes and practices;

- (l) ensuring that procedures are in place that are designed to verify the existence and effectiveness of accounting and financial systems and other systems of internal control which relate to financial risk management; and
- (m) any other responsibilities as determined by the Audit & Risk Committee or the directors from time to time, and making recommendations to the Board in respect of these matters.

5. Risk management and internal control

5.1 The responsibilities of the Audit & Risk Committee are:

- (a) risk management and internal compliance and control systems:
 - (i) overseeing the establishment and implementation of risk management and internal compliance and control systems and ensuring that there is a mechanism for assessing the ongoing efficiency and effectiveness of those systems;
 - (ii) reviewing (at least annually) and approving policies and procedures on risk oversight and management to establish an effective and efficient system for:
 - (iii) identifying, assessing, monitoring and managing risk; and
 - (iv) disclosing any material change to the Group's risk profile;
- (b) receiving reports from Management concerning the Group's material risks in order to assess the internal processes for determining, monitoring and managing these risks and to monitor the risk profile of the Group;
- (c) if the Group has established an internal audit function:
 - (i) appointing or removing the head of internal audit;
 - (ii) determining the scope and adequacy of the internal audit work plan; and
 - (iii) ensuring the objectivity and performance of the internal audit function.
- (d) disclosure and financial reporting:
 - (i) ensuring that Management establishes a comprehensive process to capture all financial information that must be disclosed to ASX;
 - (ii) reviewing the Group's financial risk management procedures to ensure that the Group complies with its legal obligations, including to assist the Chief Executive Officer or Chief Financial Officer to provide declarations in relation to each of the Group's financial reports required by both section 295A of the Corporations Act 2001 (Cth) and Recommendation 4.2 of the ASX Corporate Governance Principles and Recommendations (3rd edition); and
- (e) other responsibilities:
 - (i) any other responsibilities as determined by the Audit & Risk Committee or the directors from time to time, and
 - (ii) making recommendations to the Board in respect of these matters.

6. External audit

6.1 The responsibilities of the Audit & Risk Committee are, among other things:

- (a) approving the terms of engagement with the external auditor at the beginning of each financial year;
- (b) regularly reviewing with the external auditor:
 - (i) the scope of, plan for and adequacy of the external audit;
 - (ii) identified risk areas; and
 - (iii) any other agreed procedures;

- (c) approving policies and procedures for appointing or removing an external auditor and for external audit engagement partner rotation;
- (d) recommending to the Board for approval, the appointment or removal of an external auditor;
- (e) approving the remuneration of the external auditor;
- (f) regularly reviewing the performance, effectiveness and independence of the external auditor, including annual receipt of an independence report from the external auditor;
- (g) approving the types of non-audit services that the external auditor may provide without impairing or appearing to impair the external auditor's independence;
- (h) meeting periodically with the external auditor and inviting its representatives to attend Audit & Risk Committee meetings to:
 - (i) review the external auditor's plans for carrying out internal control reviews; and
 - (ii) consider any comments made in the external auditor's Management letter, and in particular, any comments about material weaknesses in internal controls and Management's response to those matters;
- (i) reviewing all representation letters signed by Management;
- (j) receiving and reviewing the reports of the external auditor;
- (k) ensuring that the external auditor attends the annual general meeting of the Company and is available to answer questions from shareholders of the Company relevant to the audit; and
- (l) any other responsibilities as determined by the Audit & Risk Committee or the directors from time to time.

7. Other responsibilities

7.1 The responsibilities of the Audit & Risk Committee are:

- (a) assessing and recommending to the Board for adoption the scope, cover and cost of insurance, including insurance relating to directors and officers liability, company reimbursement and professional indemnity;
- (b) if it considers appropriate, investigating any complaint or allegation made to it;
- (c) reviewing and/or evaluating:
 - (i) the effectiveness of the Group's risk management and internal control processes;
 - (ii) the Group's risk management plan framework at least annually, and ensuring that the Company discloses in relation to each reporting period whether such a review has taken place, as well as any insights gained and any changes made to the risk management framework as a result;
- (d) if the Company has an internal audit function, how the function is structured and what role it performs, or if it does not have an internal audit function, that fact and the process that it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes;
- (e) ensuring that the Company discloses whether, and if so how, it has regard to and manages, economic, environmental and social sustainability risks;
- (f) reviewing and approving all transactions in which a Group Company is a participant and in which any parties related to the Company, including its executive officers, Directors, beneficial owners of more than 5% of Company Securities, immediate family members of the foregoing persons and any other persons whom the Board determines may be considered related parties of the Company, has or will have a direct or indirect material interest; and

- (g) any other responsibilities as determined by the Audit & Risk Committee or the directors from time to time.
- 7.2 The Audit & Risk Committee will only approve those related party transactions that are determined to be in, or are not inconsistent with, the best interests of the Company and its shareholders, after taking into account all available facts and circumstances as the Audit & Risk Committee determines in good faith to be necessary. Transactions with related parties will also be subject to shareholder approval to the extent required by the Listing Rules and the Corporations Act.

8. Audit & Risk Committee meetings

- 8.1 The Audit & Risk Committee will meet as often as it considers necessary.
- 8.2 A quorum for an Audit & Risk Committee meeting is two Audit & Risk Committee members.
- 8.3 Audit & Risk Committee meetings may be held by any technological means allowing its members to participate in discussions even if all of them are not physically in the same place. A member who is not physically present but participating by technological means is taken to be present.
- 8.4 The Audit & Risk Committee may invite other persons it regards appropriate to attend and contribute to Audit & Risk Committee meetings.
- 8.5 The Audit & Risk Committee must disclose at the end of each reporting period the number of times that it met during the period and the individual attendances of its members at those meetings.

9. Minutes of Audit & Risk Committee meetings

- 9.1 The Audit & Risk Committee must keep minutes of its meetings.
- 9.2 Minutes of each Audit & Risk Committee meeting must be included in the papers for the next full Board meeting after each meeting of the Audit & Risk Committee, except if there is a conflict of interest.
- 9.3 Minutes must be distributed to all Audit & Risk Committee members, after the Audit & Risk Committee chairperson has approved them.
- 9.4 The agenda and supporting papers must be made available to all directors upon request to the Audit & Risk Committee secretary, except if there is a conflict of interest.

10. Access to information and independent advice

- 10.1 The Audit & Risk Committee may seek any information or advice it considers necessary to fulfil its responsibilities.
- 10.2 The Audit & Risk Committee has access to:
 - (a) Management, to seek explanations and information from them; and
 - (b) the external auditor to seek explanations and information, without Management being present.
- 10.3 The Audit & Risk Committee may seek professional advice from appropriate external advisers, at the Company's cost. The Audit & Risk Committee may meet with these external advisers without Management being present.

11. Review and changes to this charter

- 11.1 The Audit & Risk Committee will review this charter annually or as often as it considers necessary.
- 11.2 The Board may change this charter from time to time by resolution.

12. Approved and adopted

- 12.1 This charter was approved by the Board on 29 October 2015.