

# AUDIT, RISK & COMPLIANCE COMMITTEE CHARTER

MIRVAC GROUP

## CONTENT

<b>1. INTRODUCTION</b>	<b>3</b>
<b>2. PURPOSE</b>	<b>3</b>
<b>3. COMMITTEE ROLE AND RESPONSIBILITIES</b>	<b>4</b>
<b>4. COMMITTEE SIZE AND COMPOSITION</b>	<b>7</b>
<b>5. MEETINGS</b>	<b>8</b>
<b>6. REPORTING</b>	<b>8</b>
<b>7. ACCESS TO INDEPENDENT ADVICE</b>	<b>8</b>
<b>8. SPECIFIC DELEGATIONS FROM THE BOARD</b>	<b>8</b>
<b>9. REVIEW</b>	<b>9</b>
<b>10. APPROVAL</b>	<b>9</b>
<b>ANNEXURE A</b>	<b>10</b>
<b>POLICY ON EXTERNAL AUDITOR ASSESSMENT AND INDEPENDENCE</b>	<b>10</b>
<b>1. INTRODUCTION</b>	<b>10</b>
<b>2. PURPOSE</b>	<b>10</b>
<b>3. ASSESSMENT OF EXTERNAL AUDITOR</b>	<b>10</b>
<b>4. INDEPENDENCE</b>	<b>10</b>
<b>5. ATTENDANCE AT AGMS</b>	<b>11</b>
<b>6. ROTATION OF EXTERNAL AUDITOR</b>	<b>11</b>
<b>7. OTHER MATTERS</b>	<b>11</b>
<b>ANNEXURE B</b>	<b>12</b>
<b>TASKS/ACTIVITIES TO BE ADDRESSED BY THE TRUSTEE/RESPONSIBLE ENTITY BOARD AS PER SECTION 2 OF THIS CHARTER.</b>	<b>12</b>

## 1. INTRODUCTION

The Boards of Mirvac Limited (including its controlled entities) and Mirvac Funds Limited (including its controlled entities), (together “**the Board**” for collectively “**the Group**”) have established an Audit, Risk & Compliance Committee (“**Committee**”).

The purpose, members, responsibilities and powers of the Committee are set out in this Charter.

## 2. PURPOSE

The Board has responsibility for:

- (a) the initial appointment and recommendation of the appointment for approval by security holders of external auditors;
- (b) approving the remuneration of external auditors;
- (c) defining the scope of the external audit function;
- (d) reviewing the control environment and audit, compliance and risk management resources, structures and process and approving any changes;
- (e) approving the definition of significant audit and compliance issues, reviewing significant audit and compliance issues and considering and approving action and remediation plans;
- (f) reviewing major risks that the Mirvac Group is, or is likely to be, exposed to; and
- (g) approving risk management strategies.

The Board has established the Audit, Risk & Compliance Committee:

- (a) to assist the Board in discharging its responsibilities as set out above;
- (b) with the terms of reference set out in section 3; and
- (c) with the delegated authority set out in section 8.

The Committee will work in conjunction with other Board committees to assist the Board to fulfil its responsibility to security holders and other stakeholders to ensure the Mirvac Group has and maintains appropriate corporate governance procedures.

There are controlled entities within the Group which act as either a Trustee or a Responsible Entity (“**Trustee/RE Entities**”) and for which the Group provides certain services detailed in a services agreement and which is to be reviewed at least every two years.

The Committee will undertake the same tasks/activities as detailed herein for these Trustee/RE Entities in their capacities as Trustees or Responsible Entities, except for those tasks/activities specifically detailed in Annexure B which will be addressed by the relevant Trustee or Responsibility Entity Board.

### 3. COMMITTEE ROLE AND RESPONSIBILITIES

The key role and responsibilities of the Committee includes:

**(a) Risk**

- i. reviewing and making recommendations on the Group's risk profile, including identifying, assessing and prioritising the Group's key operational and strategic risks and key risk indicators, and reviewing reports from management;
- ii. reviewing and approving the structure and adequacy of the Group's Business Continuity Plan;
- iii. reviewing and approving the adequacy and effectiveness of management reporting and risk management control systems, including the discretions and delegations conferred on senior management by the Board;
- iv. reviewing and approving the adoption and structure of the Group's insurance program, other than D&O insurance;
- v. reviewing and making recommendations on the Group's D&O insurance;
- vi. when required, reviewing and making recommendations to the Board in relation to the Group's policies relevant to the Committee's responsibilities to ensure that there is:
  - an adequate system of internal control, management of business risks and safeguarding of assets; and
  - accountability at a senior management level for risk oversight and risk management;
- vii. reviewing and approving the adoption and maintenance of procedures relevant to the Committee's responsibilities to ensure that there is:
  - an adequate system of internal control, management of business risks and safeguarding of assets; and
  - accountability at a senior management level for risk oversight and risk management;
- viii. reviewing:
  - material whistleblower and harassment incidents;
  - significant incidents; and
  - material litigation;

## **(b) Audit**

### *Finance*

- i. overseeing and approving the Group's financial reporting and disclosure processes and reviewing the outputs of that process;
- ii. reviewing and recommending for approval by the Board the half yearly and annual financial statements of the Group, the distribution estimates, determinations and confirmation of actual distributions paid, taking into account:
  - the accuracy of the statements and ensuring that they reflect a true and fair view;
  - adherence to accounting standards and policies and any other requirements relating to the preparation and presentation of financial results; and
  - information from internal and external auditors which may be relevant to the quality of financial reports / statements;
- iii. reviewing and making recommendations on the Group's significant accounting policies and principles;
- iv. reviewing and making recommendations on significant accounting and reporting issues;
- v. reviewing and approving the Group's Property Valuation Policy;

### *External Audit*

- i. reviewing and approving the Group's External Audit Annual Plan, including the scope of external audit work and any changes that may be required to the same;
- ii. reviewing and making, where appropriate, recommendations in respect of:
  - the appointment (or removal) of the external auditor, including the terms of engagement, remuneration and other contractual terms; and
  - the procedures for selecting and appointing the external auditors and for the rotation of external audit engagement partners;
- iii. reviewing and making recommendations on the Group's external auditor's report, including the performance, independence and objectivity of the external auditor, and the external auditor's findings;<sup>1</sup>

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<sup>1</sup> A copy of the Group's Policy on External Auditor Assessment and Independence is attached as Annexure A.

- iv. reviewing compliance with the requirement that the external auditor does not supply “prohibited non-audit services” which are any services if provided by the external auditor to the Group would create a real or perceived threat to the independence of the external auditor;

#### *Internal Audit*

- i. reviewing and approving the Group’s Internal Audit Annual Plan, including the scope of internal audit work and any changes that may be required to the same;
- ii. reviewing and approving reports from internal audit, the effectiveness of the internal audit program and the performance and objectivity of the internal audit function, including:
  - the results of any significant internal audits undertaken and issues raised therein;
  - the internal control structure and procedures for financial reporting processes;
  - the organisational structure and qualifications of the internal audit program;
  - whether the internal auditors are adequately resourced and coordinated with the external auditor;
  - monitoring the independence of the internal audit programs from the external auditors and management; and
  - management’s responsiveness to internal audit findings and recommendations;

#### **(c) Compliance**

- i. reviewing the Group’s:
  - compliance obligations;
  - compliance processes, policies, and procedures;
  - issues and significant breaches; and
  - compliance projects;
- ii. reviewing and making recommendations on the Group’s compliance with each of the Group’s Registered Managed Investment Scheme’s (“Scheme”) Compliance Plans and constitutions, and the Group’s Australian Financial Services licences (“AFSL”);
- iii. reviewing and, where appropriate, making recommendations on Scheme Compliance Plans and approving the appointment of Scheme Compliance Plan Auditors, including terms of engagement;

- iv. reviewing and making recommendations on governance and compliance issues relating to corporate relationships, joint ventures and investment management activities;
- v. evaluating the Group's exposure to fraud and overseeing investigations of allegations of fraud or malfeasance;
- vi. making recommendations on the Group's Anti-Money Laundering and Counter-Terrorism Financing ("AML / CTF") Program and AML / CTF Policy ("Policy") in addition to reviewing and making recommendations on compliance with the AML / CTF Program and the Policy;
- vii. reviewing and or approving any other matter requested by the Board; and
- viii. when required, reviewing and making recommendations to the Board in relation to the Group's policies and procedures relevant to the Committee's responsibilities, to ensure compliance with:
  - relevant laws and regulations (particularly those which have a major potential impact on the Group in areas such as occupational health and safety and the environment); and
  - insider trading laws, continuous disclosure requirements, anti-money laundering programs and other best practice corporate governance processes (including requirements under the ASX Listing Rules, the ASX Corporate Governance Principles and Recommendations, the Corporations Act and AASB requirements).

#### **4. COMMITTEE SIZE AND COMPOSITION**

- (a) All Committee members must be non-executive Directors.
- (b) Unless otherwise determined by the Board, the Committee will comprise a minimum of three non-executive Directors, and will have an independent non-executive Director as Chair who is not the Chairman of the Board.
- (c) It is intended that all members of the Committee should be financially literate and have familiarity with financial management and at least one member should have relevant qualifications and experience (i.e. be a qualified accountant or other finance professional with experience of financial and accounting matters).
- (d) The Board will appoint the Committee members and may remove or replace the Chair and Committee members by resolution.
- (e) Members of management and the external auditor may attend Committee meetings at the invitation of the Committee Chair.
- (f) The Committee is entitled to have access to, and meet with, the Group's auditors (both external and internal) without executives or management of the Group being present.

## 5. MEETINGS

- (a) The Committee will meet at least half-yearly, or more frequently as necessary.
- (b) All directors of the Board are entitled to receive copies of Committee papers and to attend the Committee meetings.
- (c) A quorum for any Committee meeting will be two members.
- (d) The Secretary of the Committee will be the Group Company Secretary or their appointed delegate.
- (e) The Committee agenda and papers will be circulated to the Committee members within a reasonable period in advance of each Committee meeting. The Secretary of the Committee will circulate the minutes of the Committee meetings to members of the Committee.
- (f) The Committee may pass a resolution without a Committee meeting being held if all of the Committee members who are then in Australia and entitled to vote on the resolution sign a document containing a statement that they are in favour of the resolution set out in the document. Separate copies of a document may be used for signing by Committee members if the wording of the resolution and statement is identical in each copy. The resolution is passed when the last Committee member signs.

## 6. REPORTING

- (a) The Committee will make recommendations to the Board and the Chair of the Committee will provide regular updates to the Board about the Committee's activities.
- (b) Minutes of each Committee meeting will be tabled at the next Board meeting.

## 7. ACCESS TO INDEPENDENT ADVICE

- (a) The Committee collectively, and each Committee member individually, has the right to seek independent professional advice as they consider necessary to fulfil their responsibilities and permit independent judgment in decision making, subject to the approval of the Chair of the Committee at the Group's expense.
- (b) It is expected that a Committee member will consult the Chair or the CEO & Managing Director before obtaining advice and the policy of the Board is that external advice will be made available to all Directors unless the Chair agrees otherwise.

## 8. SPECIFIC DELEGATIONS FROM THE BOARD

The Committee has full delegated authority to fulfil its responsibilities as set out in section 3 above, including the approval, on behalf of the Board, of any matter where the Terms of Reference specify that the Committee's responsibility extends to approval of that matter.



## **9. REVIEW**

This Charter will be reviewed every two years or more frequently as required.

## **10. APPROVAL**

This Charter was approved and adopted by the Board on 18 June 2015.

## **ANNEXURE A**

### **POLICY ON EXTERNAL AUDITOR ASSESSMENT AND INDEPENDENCE**

#### **1. INTRODUCTION**

The Audit, Risk and Compliance Committee (“Committee”) has the responsibility and authority (subject to Corporations Act 2001 (Cth) requirements) for the appointment, removal and remuneration of the external auditor as well as evaluating its effectiveness and independence.

The Committee will review the appointment of the external auditor annually based on its assessment of the auditor’s performance.

#### **2. PURPOSE**

This policy sets out a practice protocol to assist the Committee in assessing the performance and Independence of the external auditor.

#### **3. ASSESSMENT OF EXTERNAL AUDITOR**

The Committee will review the performance of the external auditor on an annual basis after completion of the year end audit. In evaluating the effectiveness of external audit, the Committee will assess the effectiveness of the external auditor based on a number of criteria including, but not restricted to:

- the overall comprehensiveness of the external audit plan;
- the timeliness and quality of communications promised under the plan and delivered during the audit;
- the competency and industry knowledge of external audit staff; and
- the adequacy of resources to achieve the scope as outlined in the plan.

The Committee will seek feedback from management and internal audit during the assessment process.

#### **4. INDEPENDENCE**

As a general principle, it is the Group’s policy to engage the best available professional advisors at the most competitive price. This policy must, however, be applied within the context of maintaining the independence of the company’s external auditors.

The Committee will review and assess the independence of the external auditor including, but not limited to, any relationships with the Company or any other entity that may impair or appear to impair the external auditor’s judgement or independence in respect of the Company. The review and assessment will be carried out annually at the time the external auditor presents its annual audit plan.

Prior to this review, the Committee will request a report from the external auditor which sets out all relationships that may affect its independence, including the provision of non audit services, financial relationships, employment and other relationships and any other matters that may reasonably be thought to have bearing on the external auditor's independence. The report should outline any safeguards that the external auditor has in place to reduce any threat to independence to an acceptable level.

Before the Board approves the half year and full year accounts, the external auditor will be asked to provide a declaration testifying to its independence in respect of the financial period in question. The external auditor will have a continuing obligation to notify the Committee, via the Company Secretary, of any new information it believes may be material to reviewing its independence.

The Committee has responsibility to develop and oversee the implementation of the Company's policy on the engagement of the external auditor to supply non audit services and to ensure compliance with that policy.

## 5. ATTENDANCE AT AGMS

The lead auditor of the external auditor is required to attend the Group's Annual General Meeting ("AGM") and be available to answer reasonable questions from security holders regarding the audit of the Group.

The Group will ensure that security holders are given reasonable opportunity at the AGM to ask such questions. The Group will also allow the external auditor a reasonable opportunity to answer written questions submitted by security holders prior to an AGM in accordance with the requirements of the Corporations Act 2001 (Cth).

## 6. ROTATION OF EXTERNAL AUDITOR

The Group or Committee will ensure the external lead auditor for a listed entity is rotated:

- in accordance with the requirements of the Corporations Act and other applicable regulations (including in relation to cooling off); and
- with appropriate succession planning.

## 7. OTHER MATTERS

No former partner of the external auditor who was directly involved in an audit of the Group may be appointed as a Director of any Mirvac company or take a position with a Mirvac company during the two year period immediately following the former partner's resignation from the external auditor.

No former partner of the external auditor may become an officer of a Mirvac Group company if any other person, who is or was at any time a partner of the external auditor at the time when the external auditor undertook an audit of a Mirvac Group company, is already an officer of a Mirvac Group company.

## ANNEXURE B

### TASKS/ACTIVITIES TO BE ADDRESSED BY THE TRUSTEE/RESPONSIBLE ENTITY BOARD AS PER SECTION 2 OF THIS CHARTER.

Item No.	Task/Activity	Name of Trustee/Responsible Entity Board	Schemes/Trusts with external equity (as applicable)
1.	Confirmation of Compliance with MGR Political Donations Policy	<ul style="list-style-type: none"> <li>Mirvac Funds Management Limited</li> <li>Mirvac REIT Management Limited</li> </ul>	
2.	Quarterly Investment and Financial Review reporting for:	<ul style="list-style-type: none"> <li>Mirvac Funds Management Limited</li> </ul>	<ul style="list-style-type: none"> <li>Mirvac Development Fund – Meadow Springs</li> <li>Mirvac Development Fund – Seascapes</li> <li>Mirvac Wholesale Residential Development Partnership Trust</li> <li>JFI Yield Fund 1 &amp; 2</li> <li>Australian Sustainable Forestry Investors 1 &amp; 2</li> </ul>
		<ul style="list-style-type: none"> <li>Mirvac REIT Management Limited</li> </ul>	<ul style="list-style-type: none"> <li>Tucker Box Hotel Trust</li> </ul>
		<ul style="list-style-type: none"> <li>non wholly owned JV trustee entities from time to time</li> </ul>	
3.	Quarterly Review of Minutes from Investment Management Risk Committee	<ul style="list-style-type: none"> <li>Mirvac Funds Management Limited</li> <li>Mirvac REIT Management Limited</li> </ul>	
4.	Half Yearly and Annual Distribution: - Estimations - Determinations - Actuals  For all registered and unregistered schemes (including as applicable any sub trusts)	<ul style="list-style-type: none"> <li>Mirvac Funds Management Limited</li> <li>Mirvac REIT Management Limited</li> <li>other non wholly owned JV trustee entities from time to time</li> </ul>	Mirvac Funds Management Ltd: <ul style="list-style-type: none"> <li>Mirvac Development Fund – Meadow Springs</li> <li>Mirvac Development Fund – Seascapes</li> <li>Mirvac Wholesale Residential Development Partnership Trust</li> <li>JFI Yield Fund 1 &amp; 2</li> <li>Australian Sustainable Forestry Investors 1 &amp; 2</li> </ul> Mirvac REIT Management Ltd: <ul style="list-style-type: none"> <li>Tucker Box Hotel Trust</li> </ul>
5.	Following ARCC review, final approval of AFSL Cash Flow Projections Required by ASIC Class order 11/1140	<ul style="list-style-type: none"> <li>Mirvac Funds Management Limited</li> <li>Mirvac REIT Management Limited</li> </ul>	
6.	Approval and monitoring of Limits of Authority for non headstock Investment Management entities	<ul style="list-style-type: none"> <li>Mirvac Funds Management Limited</li> <li>Mirvac REIT Management Limited</li> </ul>	

Item No.	Task/Activity	Name of Trustee/Responsible Entity Board	Schemes/Trusts with external equity (as applicable)
7.	Annual review of non-executive director independence	<ul style="list-style-type: none"> <li>Mirvac Funds Management Limited</li> </ul>	<ul style="list-style-type: none"> <li>Mirvac Development Fund – Meadow Springs</li> <li>Mirvac Development Fund – Seascapes</li> </ul>
8.	Annual review of Board performance	<ul style="list-style-type: none"> <li>Mirvac Funds Management Limited</li> </ul>	
9.	Review, adoption and approval of annual financial reports	<ul style="list-style-type: none"> <li>Mirvac Funds Management Limited</li> <li>Mirvac REIT Management Limited</li> </ul>	
10.	Review, adoption and approval of annual and semi annual financial reports for registered and unregistered schemes not wholly owned within the Group <b>(with a corresponding summary provided to ARCC)</b>	<ul style="list-style-type: none"> <li>Mirvac Funds Management Limited</li> <li>Mirvac REIT Management Limited</li> <li>non wholly owned JV trustee entities from time to time</li> </ul>	<p>Mirvac Funds Management Limited</p> <ul style="list-style-type: none"> <li>Mirvac Development Fund – Meadow Springs</li> <li>Mirvac Development Fund – Seascapes</li> <li>Mirvac Wholesale Residential Development Partnership Trust</li> <li>JFI Yield Fund 1 &amp; 2</li> <li>Australian Sustainable Forestry Investors 1 &amp; 2</li> </ul> <p>Mirvac REIT Management Ltd:</p> <ul style="list-style-type: none"> <li>Tucker Box Hotel Trust</li> </ul>
11.	Risk [as set out in Section 3(a) – Risk, of this Charter as relevant]	<ul style="list-style-type: none"> <li>Mirvac Funds Management Limited</li> </ul>	<p>Mirvac Funds Management Limited</p> <ul style="list-style-type: none"> <li>Mirvac Development Fund – Meadow Springs</li> <li>Mirvac Development Fund – Seascapes</li> <li>Mirvac Wholesale Residential Development Partnership Trust</li> <li>JFI Yield Fund 1 &amp; 2</li> <li>Australian Sustainable Forestry Investors 1 &amp; 2</li> </ul>
12.	Audit including Internal Audit [as set out in Section 3(b) – Audit, in this Charter as relevant]	<ul style="list-style-type: none"> <li>Mirvac Funds Management Limited</li> </ul>	<ul style="list-style-type: none"> <li>Mirvac Development Fund – Meadow Springs</li> <li>Mirvac Development Fund – Seascapes</li> <li>Mirvac Wholesale Residential Development Partnership Trust</li> <li>JFI Yield Fund 1 &amp; 2</li> </ul>
13.	External Auditor Assessment and Independence [as set out in Annexure A of this Charter, as relevant]	<ul style="list-style-type: none"> <li>Mirvac Funds Management Limited</li> </ul>	

**AUDIT, RISK & COMPLIANCE COMMITTEE CHARTER**

Authorised by: Mirvac Group Board on 18/06/2015

Maintained by: Group Company Secretary

Version Number: 2.0

Last Revised Date: 18/06/2015

Item No.	Task/Activity	Name of Trustee/Responsible Entity Board	Schemes/Trusts with external equity (as applicable)
14.	Compliance [as set out in Section 3(c) – Compliance, in this Charter as relevant]	<ul style="list-style-type: none"> <li>• Mirvac Funds Management Limited</li> </ul>	