

## AUDIT & RISK MANAGEMENT COMMITTEE CHARTER

### INTRODUCTION

This Charter sets out the specific responsibilities delegated by the Nearmap Board to the Audit and Risk Management Committee (**Committee**) and details the manner in which the Committee will operate.

### ROLE

The Committee will assist the Board to meet its oversight responsibilities in relation to the Company's financial reporting and external audit functions, internal control structure and risk management procedures. In doing so, it is the responsibility of the Committee to maintain free and open communication between the Committee, the Board, the external auditors, and the management of the Company.

### DUTIES

The Committee acts on behalf of the Board and its primary purpose is to support and advise the Board in fulfilling its responsibilities to shareholders. The Committee has no decision making authority unless specifically delegated by the Board from time to time.

The Committee has the following specific responsibilities, as delegated by the Board:

#### Internal Control and Risk Management

The Committee shall keep under review the effectiveness of the Company's financial reporting and internal control policies and its procedures for the identification, assessment, reporting and management of material business risks.

It is the responsibility of the Managing Director and Chief Financial Officer to ensure that the Company operates within a sound structure of internal controls and procedures and within an approved Risk Management framework as adopted by the Board.

#### External Audit

- (a) The Committee shall consider and make recommendations to the Board as regards the appointment and re-appointment of the Company's external auditors, and shall ensure that key partners within the appointed firm are rotated from time to time in accordance with the law and Board policy;
- (b) The Committee shall meet with the external auditors at least once a year, where the scope of the audit will be discussed and shall ensure that any auditor's management letters and management's responses are reviewed;
- (c) The Committee shall keep under review the Company's relationship with the external auditors, including (but not limited to):
  - Their independence and objectivity;
  - The audit fees;
  - The nature and quantum of non-audit services provided by the external auditor, including the amount of fees paid for such services, and
  - Compliance with accounting standards and any proposals that the external auditors have made vis-à-vis the Company's internal controls & procedures;

- (d) The Committee shall report to Board on any material findings of the external auditor and any recommendations to strengthen the internal controls and reporting systems of the Company.

### **Internal Audit and Risk Management**

Nearmap is not currently of a size that can support an Internal Audit function. It is the opinion of the Committee that the cost of establishing and maintaining such a function outweighs the potential benefits that may be obtained from one. The Committee will however, review the need for an Internal Audit function on a regular basis.

The Committee requires management to design and implement the risk management and internal control system to manage the Company's material business risks and report to it whether those risks are being effectively managed. The Committee is responsible for reporting material risks to the Board on a regular basis and reviewing the effectiveness of the risk management system at least once annually, although the ultimate responsibility for risk oversight and risk management rests with the full Board.

### **Financial Statements**

- (a) The Committee shall keep under review the consistency and appropriateness of accounting policies both on a year to year basis and across the Company/Group;
- (b) The Committee shall review and challenge where necessary the Company's financial statements taking into account:
- Critical accounting policies and practices and any changes in them;
  - Decisions requiring a major element of judgement;
  - The extent to which the financial statements are affected by any unusual transactions;
  - The clarity of disclosures;
  - Significant adjustments resulting from the audit;
  - The going concern assumption;
  - Compliance with accounting standards;
  - Compliance with stock exchange and other legal requirements; and
  - The Managing Director/Chief Financial Officer declarations to the Board firstly, as to the truth & fairness of the financial statements and their compliance with relevant accounting standards and secondly, as to whether the statements are founded on a reliable system of risk management and internal control.

### **Budgets**

- (a) The Committee shall review and recommend to Board for approval the annual operating and capital expenditure budgets (Budget) and any proposed adjustments to the Budget, in line with the Company's strategic and business plans and any applicable regulation.

### **Reporting Responsibilities**

- (a) The Chairman of the Committee shall report to the Board, at the next following Board meeting, on the proceedings of each meeting of the Committee, bringing forward all recommendations of the Committee that require Board endorsement or approval.

- (b) The Committee shall report to the Board annually, on all matters relevant to the performance of its role and the discharge of its duties during the period, having regard to ASX Corporate Governance Council recommendations.
- (c) The Committee shall ensure that it procures an assurance from the Managing Director and the Chief Financial Officer that the declaration provided in accordance with s.295A of the Corporations Act has been founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks and report this to the Board for disclosure.

#### **Other Matters**

- (a) The Committee shall be responsible for the co-ordination of the external auditors and for reviewing and approving the annual and forward integrated audit plans; and
- (b) The Committee shall oversee any investigation of activities, which are within its terms of reference and escalate these to the Board where appropriate.

#### **COMPOSITION**

The Committee shall be appointed by the Board and shall, where practicable, be composed of:

- (a) At least three members, the majority of which are independent;
- (b) All members should be non-executive Directors;
- (c) A Chairman, also appointed by the Board, who is one of those independent non-executive Directors and who is not the Chairman of the Board;
- (d) Members who are financially literate, with at least one member possessing accounting or related financial expertise and qualifications;
- (e) At least one member who has experience in and an understanding of the industry in which the business operates; and
- (f) In the event that a member of the Committee retires, is removed or resigns from the Board of Nearmap, that member shall cease to be a member of the Committee.

The Company Secretary of Nearmap Limited shall act as Committee Secretary.

#### **ATTENDANCE AT MEETINGS**

The Chairman of the Board may attend meetings, ex officio.

The Managing Director, Chief Financial Officer, the Company Secretary or his/her nominee (acting as Committee Secretary) and representative(s) of the external auditors may attend meetings by invitation.

## **MEETINGS**

- (a) The Committee should meet at least two times a year;
- (b) Any Committee members or the Committee Secretary may call a meeting of the Committee;
- (c) Unless all Committee members consent to short notice, a notice of each meeting shall be forwarded to each Committee member at least 24 hours prior to the date of the meeting;
- (d) The Committee may invite any executive management team members or other individuals to attend meetings of the Committee, as they consider appropriate;
- (e) Minutes and resolutions of the Committee shall be maintained by the Committee Secretary and distributed to all Committee Members and the Chairman of the Board following approval by the Committee Chairman;
- (f) The Chairman of the Committee, or delegate, shall report to the Board at the next meeting;
- (g) Committee minutes and papers may be made available to any Director following a request to the Committee Chairman, providing no conflict of interest exists; and
- (h) A quorum shall comprise any two Committee members.

## **AUTHORITY**

The Committee has the authority to:

- (a) Seek any information it requires from any employee of the Company and from the external auditor in order to perform its duties;
- (b) Obtain, at the Company's expense, outside legal or other professional advice on any matters within its Charter;
- (c) Call any member of staff to be questioned at a meeting of the Committee as and when required; and
- (c) Approve accounting policies and procedures and auditing methodology. Issues of material importance however will be referred to the Board with the Committee's recommendation.

## **REVIEW OF COMMITTEE PERFORMANCE**

The Committee will annually revisit its objectives and duties and evaluate the effectiveness of its performance.