



# Audit Committee Charter Policy

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## Objective

The Board of Directors (**Board**) of Beach Energy Limited (**Beach** or the **Company**) shall maintain in existence an Audit Committee. The primary objective of the Audit Committee is to assist the Board to fulfil its corporate governance and oversight responsibilities relating to financial accounting practices, external financial reporting, financial reporting risk management and internal control, and the external audit function.

## Membership

The committee shall consist of:

- At least three members;
- Only non-executive directors;
- A majority of independent directors; and
- An independent chairman, who is not the chairman of the Board,

who are nominated by the Board.

The Board may add to or replace committee members by resolution.

The committee chair shall have leadership experience and be qualified and experienced in accounting or finance. All committee members shall have an understanding of the content of financial statements and the key financial issues facing the entity.

Members of the committee shall be considered independent so long as they are non-executive and meet the definition of what constitutes an 'independent director' in accordance with the ASX Corporate Governance Council Corporate Governance Principles and Recommendations and Beach's policy on the Independence of Directors.

Management may attend meetings of the committee at the invitation of the committee chairman, but must not be appointed as members of the committee.

## Administrative Matters

The committee should meet as often as required but not less than three times annually including:

- Prior to the issue of the interim results announcement and the Board meeting approving the interim results;
- Prior to the issue of the final results announcement and the Board meeting approving the financial report, at which significant matters arising during the audit are considered; and
- At the planning stage of the external audit to consider the scope of the audit.

The committee may meet otherwise as determined by the Chairman of the committee who will take into account any request from any committee member, the Chief Executive Officer, Chief Financial Officer or the external auditors.

Two directors shall constitute a quorum.

The committee has a right to access management and to seek additional information and explanations where it considers it appropriate, and access to external auditors, without management present.

The committee may, on obtaining approval of the chairman of the Board, instruct the Chief Executive Officer to engage independent professional advisers as the committee requires to enable or assist it to discharge its purpose and responsibilities.

The Company Secretary or Chief Financial Officer will attend all committee meetings as minute secretary. All minutes will be entered into a minute book in accordance with the Board Minutes Policy, maintained for that purpose and be available at all times for inspection by any director.

## **Role and Responsibilities**

The main role and responsibilities of the Audit Committee include:

- Monitor the integrity of the statutory financial statements of the Company reviewing significant financial reporting judgements contained in them;
- To review the Company's internal financial controls and the Company's internal control and risk management systems;
- To review the Company's internal framework for identifying and managing tax risk;
- To review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process, taking into consideration relevant Australian and international auditing standards and regulatory requirements;
- Review the engagement of the external auditor to supply non-audit services in accordance with the non-audit services policy;
- Ongoing review of the non-audit services policy and reporting to the Board on the continuing suitability of the policy and recommended changes to the existing policy as and when required;
- Providing oversight of the Company insurance program;
- Annually review the strategy, scope and structure of the Company's insurance program, having regard to the business, risks and available insurance; and
- Report to the Board, identifying any matters in respect of which it considers that action or improvement is needed, and making recommendations as to the steps to be taken.

## **External Financial Reporting**

One of the committee's main roles is to review the integrity of the Company's financial reporting including:

- Review the financial reporting impact of significant transactions on the Company's business;
- Review the interim and annual financial statements and reports with the Chief Executive Officer, Chief Financial Officer and the external auditors and recommend acceptance to the Board;
- Review the interim and annual announcements of results to the Stock Exchange with the Chief Executive Officer, Chief Financial Officer and the external auditors and make a recommendation to the Board;

- Review accounting policies adopted by the Company and issues that could have a significant impact on financial results (eg. Impairment testing); and
- Review compliance with relevant financial statutory and regulatory requirements.

### **Internal Controls and Risk Management Systems**

- The Company's management is responsible for the identification, assessment, management and monitoring of risk, for developing, operating and monitoring the system of internal control and it is the role of the Audit Committee to assess the effectiveness of the systems that have been developed and to report back to the Board.
- The committee shall be directly responsible for making recommendations to the Board on the, selection, appointment, reappointment or replacement, remuneration, monitoring of the effectiveness in relation to a Company internal audit function.
- In relation to the internal audit function, the Audit Committee shall consider annually whether there is a need for an internal audit function and make a recommendation to the Board.

### **Appointment of External Auditors**

The committee shall be directly responsible for making recommendations to the Board on the, selection, appointment, reappointing or replacement (subject, if applicable, to shareholder ratification), remuneration, monitoring of the effectiveness, and independence of the external auditors, including resolution of disagreements between management and the auditor regarding financial reporting and rotation of audit partners as set out below.

Audit partners who have had significant roles in the external audit will be required to rotate off the audit after their involvement of 5 successive financial years (or involvement of 5 financial years within a 7 financial year period) and there will be a period of at least 2 successive financial years before that partner can be involved in Beach's audit again.

To ensure auditor independence is maintained, the company requires all engagements of the external auditor to provide non audit services be approved in writing by the Chief Financial Officer and by the Audit Committee, where required, in accordance with the non-audit services policy.

### **Approval of the Annual Audit Plan and assessment of the independence of the External Auditors**

On an annual basis the Audit Committee should review the audit plan which is to include:

- Reviewing the Audit Engagement letter and fee;
- Agreeing between management and the external auditors the key areas of focus of the statutory audit; and
- Assessing the implications of any changes to the accounting standards and review the proposed changes to the Company's accounting policies.

At least twice a year, the committee is to:

- Receive and review a formal audit report at the conclusion of the interim and final results outlining the findings and determining whether all matters raised are receiving appropriate attention;

- Meet with the external auditors in the absence of management to confirm that information is readily accessible and that the information it is receiving is not subject to bias; and
- Evaluate the overall performance of the external auditors.

The committee, at least on an annual basis:

- Assess the independence of the external auditors by considering the relationships and services provided by the external auditors; and
- Receive and review from the external auditors a formal written statement that they have complied with all professional and regulatory requirements relating to auditor independence prior to the completion of each year's interim and final financial report

## **Reporting**

The committee chairman shall report significant issues arising from the committee meetings at the next Board meeting. The draft minutes of any meetings will be provided to the Board with the Board papers for the next Board meeting for information. However, if the committee has met before a Board meeting but has not approved the minutes of that meeting or meetings, the draft minutes of the meeting or meetings will be approved by the chairman of the committee for provision to the Board.

## **Review**

The Board will, at least once a year review the membership and charter of the committee to determine its adequacy and effectiveness for current circumstances. The committee may make recommendations to the Board in relation to the committee's membership, purpose and responsibilities. The Committee shall evaluate its own performance on a regular basis, but not less than every two years.