

Terms Of Reference

Audit & Risk Committee

1. Role, Purpose & Responsibilities

The Audit & Risk Committee oversees all matters concerning:

- The integrity of Headway's financial statements and financial reporting systems;
- The external auditor's qualifications, performance, independence and fees;
- Oversight and performance of the internal audit function, if applicable;
- Headway's compliance with financial reporting and related regulatory requirements;
- Risk management.

The Committee reviews, assesses and makes recommendations to the Board on:

- Any significant estimates and judgements in financial reports, and monitors the methods used to account for unusual transactions;
- The processes used to monitor and comply with laws, regulations and other requirements relating to external reporting of financial and non-financial information;
- The major financial risk exposures;
- Risk appetite, risk policy and risk management framework;
- Strategic risk management plan;
- Workplace health & safety;
- The effectiveness of management's control of risks;
- Oversees the development and ongoing review of key policies that support our framework for managing risk.

Any matters pertaining to the key items above, should be approved, or at a minimum, be provided as information to the Audit & Risk Committee before it is presented to the Board for action.

The committee must conduct regular discussions with:

- The CEO and key finance staff;
- The external auditor concerning the annual audit and any significant findings and managements response to them;
- The external auditor without management being present at each meeting;
- Management and the external auditor concerning the annual financial statements;
- Management and the external auditor regarding any correspondence with regulators or government agencies, and reports that raise issues fo a material nature; and
- Headway's legal advisors regarding any matters that may have a material impact on the financial statements and/or our compliance with financial reporting and related regulatory policies.

2. Scope Of Authority, Extent Of Power & Decision Making Abilities

- The Board is not bound by any committee decisions.

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- The Committee should not make any determinations regarding its policy advice and recommendations to the Board without prior consultation with the CEO.

3. Membership Requirements & Procedure For Attendance By Non-Committee Members

- The Board will appoint a minimum of three members to the committee based on individual insights, skills and expertise.
- The committee may nominate individuals to be co-opted as additional members with suitable expertise to assist in its work – the Board shall provide the approval for the appointment of co-opted members.
- The chair of the Audit & Risk Committee shall be a Board director who is not the chair of the Board.
- The Audit & Risk Committee shall have a majority of its members as Board members.

4. Conduct Of Meetings

- A quorum for the committee shall be one half of the membership.
- Committee members must declare any actual or perceived conflicts of interest in any matter before the committee. Conflicts of interest must be dealt with accordance with the Board's Conflict of Interest policy.
- The Committee should consult with the Board chair, if appropriate, in relation to any conflict of interest matters.

5. Frequency Of Meetings

- The Audit & Risk Committee is to meet 4 times per year and as required.

6. Terms Of Access To Internal & External Advice & Resources

- The CEO is to arrange for advice, information and reports and comment as required by the Committee to undertake its role
- Advice from the executive management team is also available as well as advice from any other internal specialists
- Advice from external specialists, including legal advice, will be provided as required to assist the Committee in its role
- All Committee papers are to be regarded as confidential documents. Disclosure of these documents or their contents to external parties must not occur without Board approval.
- Committee members are expected to be mindful of commercial in confidence, privacy and confidentiality considerations in exercising their role.

7. Requirements For Reporting To The Board

- The Committee Chair shall be responsible for the preparation of reports to the Board in the form of Committee minutes from the previous meeting
- The Committee is to provide a report to every Board meeting detailing the Committee's activities, advice and any recommendations for the Board's endorsement or approval

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- The Committee must report both majority decisions as well as any dissenting, or minority views to the Board in relating to its advice and recommendations
- All Committee papers including agendas, minutes, reports, discussion papers and data reports shall be considered as working papers of the Board and should not normally be tabled at a Board meeting but must be available to review by any Board member on request.

8. Powers Of Committee Chair

- The Board appoints the Chair of the Committee.
- The Committee Chair shall determine the frequency and method of each committee meeting
- The Committee Chair shall determine the agendas and the Business program for the Committee in consultation with the Committee members.
- The Committee Chair shall be responsible for the effective conduct of the meetings.

9. The Tenure Of The Committee

- The Committee is a standing Board Committee.
- The Board reviews the composition of its committees on an annual basis.