



Audit and Corporate Governance Charter

Regional Express Holdings Limited

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Audit and Corporate Governance Charter

1. Objectives

The Audit and Corporate Governance Committee has been established by the Board of Regional Express Holdings Limited (**Company**) and applies to the Company and its subsidiaries (**Group**) to support and advise the Board of the Company (**Board**) in fulfilling its responsibilities to shareholders, employees and other stakeholders of the Company by:

- (a) assisting the Board in fulfilling its oversight responsibilities for the financial reporting process, the system of internal control relating to all matters affecting the Group's financial performance, the audit process, and the Company's process for monitoring compliance with laws and regulations and the code of conduct;
 - (b) advising the Board on good governance standards and appropriate corporate governance policies for the Group; and
 - (c) critically reviewing the Group's performance against its corporate governance policies.
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2. Authority

The Audit and Corporate Governance Committee has authority to conduct or authorise investigations into any matters within its scope of responsibility. It is empowered to:

- (a) retain outside counsel, accountants, or others to advise the Committee or assist in the conduct of its duties;
 - (b) seek any information it requires from employees (all of whom are directed to cooperate with the Committee's requests) or external parties;
 - (c) require the attendance of members of management at Committee meetings when necessary; and
 - (d) meet with Group officers, external auditors, or outside counsel, as necessary.
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3. Specific responsibilities

In order to fulfil its responsibilities to the Board, the Committee will:

(a) Financial Statements

- Review the financial statements for the half year and full year, and consider whether they are complete, consistent with information known to Committee members, and reflect appropriate accounting policies and principles.
- Receive and consider in connection with the half year and full year financial statements the MD/COO/ and CFO/GM Corporate Services letter of representation to the Board in respect of financial reporting and the adequacy and effectiveness of its risk management, internal compliance and control systems.
- Review the financial sections of the annual report and related regulatory filings before release and consider the accuracy and completeness of the information.
- Review with management and the external auditors the results of the audit.

(b) Internal Control

- Review the effectiveness of the Group's internal controls regarding all matters affecting the Group's financial performance and financial reporting, including information technology security and control.
- Review the scope of internal and external auditors' review of internal control, review reports on significant findings and recommendations, together with management's responses, and recommend changes from time to time as appropriate.

(c) Internal Audit

- Review with management and the internal auditor, the Charter, plans and activities of the internal audit activity.
- Meet with the internal auditor to review reports and monitor management response.
- Meet separately, as required, to discuss any matters that the committee or internal audit believes should be discussed privately.
- Review the effectiveness and independence of the internal audit activity.
- Ensure there are no unjustified restrictions or limitations, and review and concur in the appointment, replacement or dismissal of the internal auditor by management.

(d) External Audit

- Review the external auditors' proposed audit scope and approach.
- Meet with the external auditors to review reports, and meet separately, at least once a year, to discuss any matters that the Committee or auditors believe should be discussed privately.
- Establish or amend policies as appropriate in regards to the independence of the external auditor.

- Review and confirm the independence of the external auditors by obtaining statements from the auditors on relationships between the auditors and the Company, including non-audit services, and discussing the relationships with the auditors.
- Review the performance of the external auditors, and consider the re-appointment and proposed fees of the external auditor and, if appropriate, conduct a tender of the audit. Any recommendation following the tender for the appointment of an external auditor will be put to the Board and then, if a change is agreed, be put forward to shareholders for their approval.

(e) Corporate Governance Responsibilities

- Review developments in corporate governance in Australia and internationally that may be relevant to the Group and to the expectations of the investor market and other stakeholders.
- Monitor the corporate governance requirements of regulators, including, but not limited to, the Australian Securities and Investments Commission and the Australian Stock Exchange.
- Review ethical guidelines and standards for Directors.
- Advise the Board on corporate governance standards, and on the adoption or amendment of corporate governance policies that would be appropriate for the Group.
- Review annually the Group's compliance with its corporate governance policies and procedures, and report to the Board on the results of the review together with any recommendations of the Committee.
- Assist the Board to prepare the Group's corporate governance disclosure statements in its Annual Report.

(f) Related Party Transactions

- Review and monitor related party transactions and investments involving the Group and its Directors.

(g) Other Responsibilities

- Perform other activities related to this Charter as requested by the Board.
- Institute and oversee special investigations if required.
- Confirm annually that all responsibilities outlined in this Charter have been carried out.
- Evaluate the Committee's and individual members' performance on a regular basis.

4. Composition

- (a) The Committee will comprise a minimum of two and a maximum of three Directors.
- (b) As far as possible members should be non-executive and/or independent Directors.
- (c) The Board will nominate and elect the Chairman of the Committee (*Committee Chairman*) from time to time.

- (d) If a member ceases to be a member of the board, that member ceases to be a member of the Committee
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5. Procedural requirements

- (a) The Committee will meet as required but not less than two times a year.
- (b) A quorum of the Audit and Corporate Governance Committee will comprise two members, although all members are expected to attend (either in person or by conference call or similar means) and participate.
- (c) If the Committee Chairman is absent from a meeting and no acting Chairman has been appointed, the members present may choose one of them to act as Chairman for that meeting.
- (d) Meetings of the Committee may be held or participated in by conference call or similar means, and decisions may be made by circular or written resolution.
- (e) Each member of the Audit and Corporate Governance Committee will have one vote.
- (f) The Committee Chairman will not have a casting vote. If there is a tied vote, the motion will lapse.
- (g) The Audit and Corporate Governance Committee may seek such advice from any external parties or professional advice as it may consider necessary or desirable to fulfil its objectives.
- (h) Minutes of meetings of the Committee will be prepared for approval by the Committee and circulated to the members of the Board.
- (i) The Company Secretary will provide such assistance as may be required by the Committee Chairman in relation to preparation of the agenda, minutes or papers for the Audit and Corporate Governance Committee.
- (j) As necessary or desirable, the Chairman may require members of management, including the head of internal audit and representatives of the external auditors or other external advisors, to be present at meetings of the Committee.
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6. Annual review

The Committee will prepare and provide to the Board annually:

- (a) recommended goals and objectives for the coming year; and
- (b) recommended changes or improvements to its Charter if necessary.

The annual review may be presented by way of an oral report to the Board by the Committee Chairman.

7. Amendments to the Charter

Any amendments to the Charter of the Audit and Corporate Governance Committee must be approved by the Board.

The Committee is responsible for review of the effectiveness of this Charter and the operations of the Audit and Corporate Governance Committee and to make recommendations to the Board of any proposed amendments.