

Webster Limited

ACN 009 476 000 (Company)

Audit & Risk Committee Charter

Approved by the Board 28 August 2008

Audit & Risk Committee Charter

1. Introduction

The Audit & Risk Committee ("ARC") is a committee of the Board of directors of Webster Limited (Company). This Charter governs the scope of the Audit & Risk Committee's responsibilities in relation to the Company and its controlled entities. This Charter should be read in conjunction with the Board Charter.

2. Purpose

Audit:

The ARC will assist the Board to fulfil its corporate governance and oversight responsibilities in relation to the Company's:

- Financial reporting;
- Internal control structure;
- The external audit function; and
- Overall corporate governance policies.

Risk:

The ARC will assist the Board to fulfil its oversight responsibilities in relation to the Company's risk management processes and disciplines.

The ARC will ensure that effective systems are established to identify, assess, monitor and manage risks. The risk management process will include a structure of limits and written policies and guidelines supported by a system of monitoring and reporting risks.

The ARC is empowered to investigate any matter brought to its attention. The ARC has full access to all books, records, facilities and personnel of the Company. It has the authority to engage independent counsel and other advisors as it determines necessary to carry out its duties.

3. Membership

The ARC will consist of at least three members of the Board with complementary skills and experience. All members of the ARC must be Non-executive Directors and the majority of members should be independent. In addition, one member is to have an appropriate depth of experience in an accounting or finance related discipline. All members are to be financially literate – or become financially literate within a reasonable period of time after appointment.

The Chairman of the ARC will be nominated by the Committee from time to time and will not be the Chairman of the Company. A quorum of a meeting will be two. Members of the Committee will be determined by the Board and changed at the discretion of the Board. The secretary of the ARC will be the Company Secretary, or such other person as nominated by the Board from time to time.

4. Attendance at Meetings

The Chief Executive Officer, Chief Financial Officer, Company Secretary, Auditors and such others as deemed appropriate may be invited to attend ARC meetings. The ARC is to meet at least four times each year. Special meetings may be convened as required.

The ARC is governed by the rules of meetings that apply to the Board. Adequate minutes of all proceedings will be kept. Committee members will be provided with copies of the minutes of each meeting. Minutes, agenda and supporting papers are available to committee members upon request to the Committee secretary, except if there is a conflict of interest.

5. Roles and Responsibilities

The key responsibility of the ARC is to identify and analyse the risks facing the Company and to oversee the assessment of controls put in place by management to mitigate those risks.

Financial Reporting:

The ARC is responsible for:

- (a) reviewing and recommending to the Board any half-yearly and annual financial reports and all other financial information with management, advisers and the internal and external auditors (as appropriate), including but not limited to preliminary announcements, interim financial statements, analyst briefings and media releases;
- (b) reviewing and recommending to the Board proposed material changes in accounting policies;
- (c) recommending to the Board declaration of profits available for payment of dividends and the interim and final dividend amounts payable;
- (d) assessing the appropriateness and application of the Company's accounting policies and principles and any changes to them, so that they accord with the applicable financial reporting framework;
- (e) obtaining an independent judgment from the external auditor about the appropriateness of accounting policies and principles, and the clarity of current or proposed financial disclosure practices;
- (f) assessing any significant estimates or judgments in the financial reports and any unusual transactions, including valuations, impairments, commitments and contingencies;
- (g) receiving from management confirmation that the integrity of financial reports is founded on a sound system of risk management and internal compliance and control, pursuant to Section 295A of the Corporation Act 2001;
- (h) endeavouring to ensure that significant adjustments, adjusted differences and critical accounting policies and practice are discussed with the external auditors;
- (i) endeavouring to ensure that the Board is aware of matters which may significantly impact the financial condition of the Company's business;

- (j) assessing information from auditors that may affect the quality of financial reports (for example, material audit adjustments, financial report disclosures, non-compliance with laws and regulations and internal control issues); and
- (k) monitoring the continuous disclosure process adopted by the Board and recommending to the Board any necessary changes.

Internal Audit (where appropriate):

Where an internal audit function is considered appropriate the ARC will review and approve the appointment of an Internal Audit service provider.

The Committee is responsible for:

- (a) ratifying the engagement and dismissal by management of the internal auditor and ensuring any internal auditor is independent of the external auditor;
- (b) ensuring the external auditor does not provide internal audit services;
- (c) overseeing the scope of the internal audit, including reviewing the internal audit team's mission, charter, qualifications and resources;
- (d) reviewing and approving the scope of the internal audit plan and work program;
- (e) monitoring the progress of the internal audit work program and considering the implications of the internal audit findings for the control environment;
- (f) monitoring and reporting to the Board on management's responsiveness to internal audit findings and recommendations;
- (g) evaluating the process for monitoring and assessing the effectiveness of the internal audit function;
- (h) where appropriate ensure that management comply with the internal audit recommendations as approved by the ARC;
- (i) receiving and reviewing the internal audit reports; and
- (j) ensuring that internal audit reports directly to the ARC.

External Audit:

The ARC is responsible for:

- (a) approving and recommending to the Board for acceptance the terms of engagement of the external auditor;
- (b) regularly reviewing with the external auditor the scope of the external audit, identified risk areas and any other agreed procedures;
- (c) recommending to the Board for approval the appointment or removal of an external auditor;
- (d) approving the remuneration of the external auditor;
- (e) regularly reviewing the effectiveness and independence of the external auditor;
- (f) meeting periodically with the external auditors and inviting them to attend Committee meetings to:
 - (i) review their plans for carrying out internal control reviews;

- (ii) identify if there have been any significant disagreements with management, whether or not they have been resolved; and
 - (iii) consider any comments or recommendations made in the external auditor's management letter, particularly, any comments about material weaknesses in internal controls and management's response to those matters.
- (g) where appropriate, ensuring that the external audit engagement partners are rotated in accordance with relevant statutory requirements, and otherwise after a maximum of five years' service;
 - (h) monitoring and reporting to the Board on management's response to the external auditor's findings and recommendations; and
 - (i) reviewing all representation letters signed by management and receiving and reviewing the reports of the external auditor.

Compliance with Laws and Regulations:

The ARC is responsible for:

- (a) reviewing the effectiveness of the system for monitoring compliance with laws and regulations;
- (b) reviewing the results of management's investigation and follow-up of any fraudulent acts or non-compliance;
- (c) obtaining regular management updates regarding compliance matters;
- (d) ensuring that all regulatory compliance matters have been considered in the preparation of the Company's financial statements; and
- (e) reviewing the findings of any audits or examinations undertaken by regulatory agencies, including but not limited to ASIC, ASX and the ATO.

Insurance:

The ARC is responsible for reviewing the scope, cover, including adequate declared values, and cost of the Company's insurance policies and recommend the appointment of the preferred insurance provider (where appropriate) to the Board.

Risk Specific & Corporate Governance:

The ARC is responsible for:

- (a) identifying types of risks that the Company may be exposed to and the development of appropriate policies to manage risks;
- (b) developing appropriate policies to manage credit risks;
- (c) ensuring that procedures and policies are in place and operating effectively in respect to the management of foreign exchange and interest rate risks, including review of exposure and performance of strategies;
- (d) reviewing the effectiveness of the system for monitoring compliance with laws;
- (e) developing and reviewing the Company's corporate governance policies; and
- (f) making recommendations to the Board regarding corporate governance policies to ensure compliance with the law and best practice standards.

6. External Auditor Appointment Process

The Audit & Corporate Governance Committee will oversee the selection process of the external auditor with the assistance of management. The Board will then make recommendations to shareholders at the relevant annual general meeting in relation to the appointment.

The Company will select its external auditor through a formal tender process. The ARC will make a recommendation to the Board of those firms to be invited to tender.

The tender invitation is to set out appropriate information concerning the Company to enable prospective auditors to provide a formal tender. The ARC or the Board may require formal presentations from a number of audit firms invited to tender.

The ARC will ensure that the Company provides tendering auditors with sufficient detailed information concerning the Company, its operations, its management and corporate structure, and financial statements so that an appropriate proposal and fee estimate can be presented. Tendering auditors will be given the opportunity of visiting the Company's premises and meeting with executives in order to obtain additional information which is relevant to the tender process.

The tender will require the auditor to provide details of its capabilities and experience. The ARC will undertake reference checks before recommending the appointment of the auditor.

The ARC will consider each of the tenders with senior management and will make a recommendation to the Board.

The selection process is to be objective and is not to be influenced by improper considerations. The auditor will be selected using the criteria the Board and ARC establish and these criteria will be clearly set out for the tendering firms to consider. The selection criteria will include, but is not limited to:

- actual and perceived independence;
- an understanding of the Company, its business and the industry in which the Company operates;
- the experience of the auditor within the industry;
- whether the auditors are auditors of direct competitors - particularly considering issues concerning confidentiality;
- the calibre of the team and team leader proposed;
- the relationship between the audit partner, the Board and senior management; and
- fee proposal and structure.

The external auditor will be appointed for a fixed term as determined by the Board. The Company will execute a formal letter of engagement with the auditor before any audit work begins.

7. Reporting to the Board

The ARC is responsible for:

- (a) regularly updating the Board about ARC activities and making appropriate recommendations; and
- (b) ensuring the Board is aware of any matters that may impact on the financial condition of affairs of the business.

8. Committee Performance

The ARC will evaluate its performance at least every two years to determine whether it is functioning effectively by reference to current best practice. This evaluation will be presented to the Board for review.

9. Disclosure

The Board will make appropriate disclosure in the Webster Ltd Annual Report, including:

- (a) Details of the ARC members;
- (b) A summary of the number of ARC meetings held and the number attended by each committee member; and
- (c) A statement summarising the Company's current practices in respect to each of the best practice recommendations set out in the Australian Securities Exchange Corporate Governance Council Principles of Good Corporate Governance and Best Practice Recommendations.

10. Review and Changes to this Charter

The Audit & Risk Committee will review this charter annually or as often as it considers necessary.

The Board may change this charter from time to time by resolution.

This Charter was approved by the Board and adopted by the Audit & Risk Committee on 28 August 2008.