

Corporate Governance Statement

Principle 4: Safeguard integrity in financial reporting

Have a structure to independently verify and safeguard the integrity of the company's financial reporting.

Recommendations and response:

R4.1 The board should establish an audit committee.

The board has established an Audit and Risk Management Committee which assists it to ensure that:

- the systems of control which management has established effectively safeguard the assets, tangible and intangible, of the Company
- financial information provided to shareholders and others is reliable
- effective risk management systems are in place.

The ultimate responsibility for the integrity of the Company's financial reporting rests with the full board.

R4.2 Structure the audit committee so that it consists of:

- **only non-executive directors**
- **a majority of independent directors**
- **an independent chair, who is not chair of the Board**
- **has at least 3 members**

The Audit and Risk Management Committee comprises two non-executive directors, namely, Mr Mark McCauley who is chair of the committee, and Mr A. Anthony McLellan. Both meet the ASX test of independence.

Norton does not comply with R4.2 as the committee has less than three members. The directors believe that the approach being followed, as described above, is appropriate in light of the current size of the board and the particular circumstances of the Company.

R4.3 The audit committee should have a formal charter.

The Audit and Risk Management Committee works within a formal charter. It addresses its primary responsibilities by reviewing work performed by the external auditors and the Company's management supplemented by discussions, as deemed appropriate by the Audit and Risk Management Committee, with senior executives, the external auditors and consultants. A copy of the charter is accessible via corporate governance webpage – Audit Committee Charter.

Specifically, in meeting its responsibilities, the Audit and Risk Management Committee is required to:

- provide an open avenue of communication between external auditors and the board of directors
- assure the professional independence of the external auditors
- meet with the external auditors at the completion of their annual and semi-annual examinations to review the auditors' evaluation of the fairness of the presentation

of the financial statements, the financial position and operating results and the adequacy of management disclosures.

R4.4 Companies should provide the information indicated in the Guide to reporting on Principle 4.

Information related to Principle 4 is presented above and in the [Company's Annual Report](#). Departures from Recommendation R4.2 are explained above.