

Capitol Health Limited

ACN 117 391 812

Audit and Risk Committee Charter

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1. Scope

- 1.1. The Audit and Risk Committee (**Committee**) is a Committee of the Board of the Company with specific powers delegated under this Charter. The Charter sets out the Committee's function, composition, mode of operation, authority, and responsibilities.

2. Function

- 2.1. The primary function of the Committee is to assist the Board in fulfilling its responsibilities relating to accounting and reporting practices of the Company, and to oversee the risk management framework and system of internal controls of the Company. In addition, the Committee will:
- (a) oversee, co-ordinate and appraise the quality of the audits conducted by both the Company's external and internal auditors (if and when appointed);
 - (b) determine the independence and effectiveness of the external and internal auditors;
 - (c) maintain open lines of communications among the Board, the internal and external auditors to exchange views and information, as well as confirm their respective authority and responsibilities;
 - (d) to review the financial information submitted by management to the Board for issue to shareholders, regulatory authorities and the general public; and
 - (e) review the adequacy of the reporting and accounting controls of the Company.
- 2.2. The Committee is not required to personally conduct accounting reviews or audits and is entitled to rely on employees of the Company or professional advisers where appropriate.

3. Membership and Composition

- 3.1. The Board shall appoint the members of the Committee. The Committee will comprise:
- (a) at least three members;
 - (b) only Non-Executive Directors;
 - (c) a majority of Independent Directors;
 - (d) an Independent Chairperson appointed by the Board and who is not the Chairperson of the Board; and
 - (e) at least one member with relevant qualifications or experience (that is, should be a qualified accountant or other finance professional with experience of financial and accounting matters); and
 - (f) at least one member with an understanding of the industry in which the Company operates.

4. Meetings

- 4.1. The Committee shall:
- (a) meet as frequently as required but at least two times per year; and
 - (b) the minimum quorum for a Committee meeting is two members.
- 4.2. The secretary of the Committee is the Company Secretary.
- 4.3. The internal or external auditors may request a meeting and such a request is to be met.

5. Authority

- 5.1. In performing its functions in accordance with any applicable law, the Committee:
- (a) has unrestricted access to the external auditors, the internal audit firm, Senior Management and employees of the Company. Management and employees are directed to co-operate with Committee's requests or from external parties;
 - (b) has unrestricted access to information and reports relevant to fulfilling its responsibilities;
 - (c) may seek independent external advice on matters brought before the Committee or in relation to the functions and responsibilities of the Committee; and
 - (d) shall have the power to conduct or authorise investigations into any matters within the Committee's scope of responsibilities or when requested by the Board.

6. Audit - Responsibilities

- 6.1. The Committee must promote an environment within the Company which is consistent with creditable and objective financial reporting. In particular, the Committee must:
- (a) perform an independent review of financial information prepared by management for external reporting. This will include conducting reviews of the annual report, Directors' report, annual financial statements, half yearly financial statements and any other externally reported financial information required by law;
 - (b) monitor the integrity and effectiveness of financial reporting processes;
 - (c) review and assess the external audit arrangements and the results of the audit;
 - (d) appoint, review and assess the internal audit arrangements, as applicable, and consider significant internal audit findings and management's responses and related actions;
 - (e) review and ensure implementation of recent professional and regulatory announcements; and
 - (f) ensure that appropriate policies are established, and adequate systems are in place to identify and disclose related-party transactions and assess the propriety of any related party transactions.

7. Internal Audit Function

- 7.1. The Committee shall report to the Board on the internal audit function (if applicable) including:
- (a) monitoring the need for a formal internal audit function and its scope;
 - (b) reviewing and recommending to the Board the appointment or removal of the Head of Internal Audit;
 - (c) assessing the independence, performance and objectivity of any internal audit function that may be in place;
 - (d) reviewing risk management and internal compliance procedures;
 - (e) monitoring the quality of the accounting function; and
 - (f) reviewing the internal controls of the Company via consideration of any comments from the Company's internal and/or external auditors and/or commissioning an independent report on the Company's internal controls.

8. External Audit Arrangements

- 8.1. The Committee shall report to the Board on external audit arrangements, including:
- (a) making recommendations to the Board on the appointment, re-appointment, replacement and remuneration of the external audit firm;
 - (b) review and approve the terms of engagement for the external auditor;
 - (c) review the scope and adequacy of the external audit with the external auditor including identified risk areas;
 - (d) monitor the performance of the external audit including assessment of the quality and
 - a. rigour of the audit, quality of the service provided and the audit firm's internal quality
 - b. control procedures;
 - (e) review and assess non-audit services to be provided by the external auditor, with particular consideration to the potential to impair, or appear to impair, the external auditors' independence;
 - (f) review and monitor management's responsiveness to the external audit findings; and
 - (g) on a periodic basis, meet with the external auditor without the presence of management.

9. Appointment of External Auditor

- 9.1. Should a change in external auditor be considered necessary, a formal tendering process will be undertaken. The Committee will identify the attributes required of an external auditor and will ensure the selection process is sufficiently robust to ensure the selection of an appropriate auditor.
- 9.2. The Committee and the Board will consider the appointment in conjunction with Senior Management.

10. External Auditors Rotation and Succession Planning

- 10.1. The Committee will discuss with the external auditor the provisions the audit firm has in place for rotation of the lead engagement partner and the independent review partner. The Company shall require that the lead engagement partner be rotated at least every 5 years.

11. Risk - Responsibilities

- 11.1. Monitor management's performance against the Company's risk management framework; including whether it is operating within the risk appetite set by the Board;
- 11.2. Review any material incident involving fraud or a break-down of the Company's risk controls and the "lessons learned";
- 11.3. Receive reports from internal audit on its reviews of the adequacy of the Company's processes for managing risk;
- 11.4. Receive reports from management on new and emerging sources of risk and the risk controls and mitigation measures that management has put in place to deal with those risks;

- 11.5. Make recommendations to the Board in relation to changes that should be made to the Company's risk management framework or to the risk appetite set by the Board; and
- 11.6. Oversee the Company's insurance program, having regard to the Company's business and insurable risks associated with its business.

12. Risk Management

- 12.1. Overseeing the establishment and implementation of risk management and internal compliance and control systems and ensuring there is a mechanism for assessing the efficiency and effectiveness of those systems;
- 12.2. Approving and recommending to the Board for adoption policies and procedures on risk oversight and management to establish an effective and efficient system for:
 - (a) identifying, assessing, monitoring, and managing risk; and
 - (b) disclosing any material change to the risk profile;
- 12.3. Regularly reviewing, discussing and updating the risk profile;
- 12.4. Assessing the adequacy of the internal risk control system with management and internal (if relevant) and external auditors;
- 12.5. Monitoring the effectiveness of the internal risk control system and processes;
- 12.6. Overseeing and monitoring the effectiveness of the Company's Crisis Management system;
- 12.7. ensuring the risk management system takes into account all material risks;
- 12.8. review and report to the Board on the risk management disclosure in the Company's Annual Report, and all other risk management information published by the Company or released to the market;
- 12.9. ensure that procedures for whistle blower protection are adequate; and
- 12.10. review and report to the Board on material non-compliance with legislation and regulations across the Company.

13. Reliance on information or professional or expert advice

- 13.1. Each member of the Committee is entitled to rely on information, or professional or expert advice, to the extent permitted by law, given or prepared by:
 - (a) an employee of the Company whom the member believes on reasonable grounds to be reliable and competent in relation to the matters concerned;
 - (b) a professional adviser or expert in relation to matters that the member believes on reasonable grounds to be within the person's professional or expert competence; or
 - (c) another Director or officer of the Company in relation to matters within the Director's or officer's authority.

14. Management Sign-off Procedures

- 14.1. The Committee will ensure that the Chief Executive Officer / Managing Director and Company Secretary prepare a written statement to the Board certifying that the Company's annual financial report and half yearly financial report present a true and fair view, in all material respects, of the financial condition of the Company and its operational performance and are in accordance with relevant accounting standards.
- 14.2. The statement is to be presented to the Board prior to the approval and sign-off of the respective annual and half yearly financial reports.

15. Minutes

- 15.1. The Secretary will be responsible for keeping the minutes of its meetings and circulating them to the Chairperson of the Committee for review, and thereafter circulated to the other members of the Committee or the Board as appropriate.
- 15.2. Minutes, agenda and supporting papers are available to Directors upon request to the Committee Secretary, except if a conflict of interest exists.
- 15.3. The minutes must be approved at the next meeting of the Committee. The Chairperson should report to the Board after each meeting.

16. Reviews

- 16.1. The Committee will review its performance on an annual basis.
- 16.2. The Committee should review this charter and its composition annually. The Board should consider the Committee's charter and/or composition.

17. Approved and Adopted

- 17.1. This Charter was approved and adopted by the Board on 23 February 2021 and reviewed on 22 February 2023.