



## **Audit and Risk Committee Charter**

**Careteq Limited**

**ACN 612 267 857**

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## 1. INTRODUCTION

- 1.1 The Audit and Risk Committee (**Committee**) is a committee of the Board of Directors (**Board**) of Careteq Limited (**Company**).
- 1.2 The Board established the Committee under the Company's Constitution.
- 1.3 This Charter sets out the scope of the Committee's responsibilities in relation to the Company and its controlled entities (**Group**).
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## 2. OBJECTIVES

- 2.1 The main objectives of the Committee are to assist the Board fulfil its obligations to assist the Board in fulfilling its oversight responsibilities in respect of:
- (a) the financial reporting process;
  - (b) the system of internal control relating to all matters affecting the Group's financial performance;
  - (c) the internal (if appointed) and external audit process; and
  - (d) the process for monitoring compliance with laws and regulations and the Company's Code of Conduct;
  - (e) assisting the Board with the adoption and application of appropriate ethical standards and management of the Group and the conduct of its business;
  - (f) assisting the Board in exercising of due care, diligence and skill in relation to risk assessment, risk management strategies and monitoring as well as reviewing the adequacy of the Group's insurance policies and self-insured risks; and
  - (g) reviewing related party transactions.
- 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.
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## 3. COMMITTEE MEMBERSHIP

### 3.1 Structure

The Board will strive to adhere to the following composition requirements for the Committee where at all possible. However, the Board acknowledges that the composition of the Board may not allow adherence to the following composition requirements from time to time.

- 3.2 The Committee should be structured so that it:
- (a) comprises only Non-Executive Directors, the majority of whom should be independent.
  - (b) comprises of a minimum of three members; and
  - (c) is chaired by an independent Director appointed by the Board and who is not the Chair of the Board.
- 3.3 The current members of the Committee are: Stephen Munday, Mark Simari and Brett Cheong. The Committee is currently chaired by Stephen Munday.
- 3.4 The Committee shall include members who are financially literate and at least one member being the Chair of the Committee who has financial expertise.
- 3.5 The Board shall appoint such additional Non-Executive Directors to the Committee or remove and replace members of the Committee by resolution.
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#### **4. MEETINGS AND PROCEDURES**

- 4.1 Meetings shall be held at least every six months or more frequently as required. Any member may call a meeting of the Committee.
  - 4.2 The quorum for a Committee meeting is two Committee members.
  - 4.3 The Committee may invite anyone it considers appropriate to attend Committee meetings including the Company's external auditor.
  - 4.4 Committee meetings may be held by any technological means allowing its members to participate in discussions even if all of them are not physically present in the same place.
  - 4.5 The dates, times and venues of each meeting of the Committee will be notified by the Company Secretary to all members of the Committee as far in advance as possible.
  - 4.6 Supporting papers for each meeting of the Committee will be distributed by the Company Secretary to all members of the Committee as far in advance as possible to the meeting.
  - 4.7 Proceedings of the Committee will be governed by the provisions of the Constitution, in so far as they may be applicable.
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#### **5. CHAIR**

- 5.1 In the absence of the Chair, the remaining members will elect one of their number as Chair of the meeting.
  - 5.2 The Chair of the Committee has a casting vote.
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#### **6. COMMITTEE SECRETARY**

- 6.1 The Company Secretary will act as secretary of the Committee.
  - 6.2 The Company Secretary is to attend all Committee meetings or to otherwise receive an update from the Committee Chair to ensure that accurate minutes are taken of each Committee meeting.
  - 6.3 The Company Secretary will provide such assistance as may be required by the Chair including in relation to preparation of the agenda, minutes or papers for the Committee.
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#### **7. MINUTES**

- 7.1 The Company Secretary will be responsible for keeping the minutes of its meetings and circulating them to the Chair of the Committee for review, the other Committee members, the other members of the Board and other Committee meeting attendees as appropriate.
  - 7.2 Minutes of meetings of the Committee, will be distributed to members as soon as practicable following the meeting and tabled for approval at the next Committee and presented at the next Board meeting.
  - 7.3 Minutes, agenda and supporting papers are available to Directors upon request to the Company Secretary, except if a conflict of interest exists.
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## **8. AUTHORITY**

### **8.1 Access**

The Committee has unrestricted access to senior management, all employees and all Company records and to the Company's external and internal auditors.

### **8.2 Independent Advice**

The Committee or any member of the Committee is authorised to obtain (at the cost of the Company) outside external advice or other independent professional advice, and to secure the attendance of such advisers if it is considered necessary for the proper performance of the Committee's functions under this Charter. The member should first contact the Chair of the Committee (or if the Chair, the Company Secretary) for approval prior to proceeding with procuring that professional advice.

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## **9. RESPONSIBILITIES - FINANCIAL STATEMENTS**

9.1 The Committee must promote an environment within the Company which is consistent with credible and objective financial reporting. In particular, the Committee must:

- (a) review the suitability and application of accounting policies to ensure they are applied in accordance with the financial reporting obligations of the Company;
- (b) review the financial statements and consider whether they are complete, consistent with information known to the Committee and reflect appropriate accounting policies and principles;
- (c) assess significant estimates and judgments made in financial statements;
- (d) receive and consider in connection with the Company's financial statements letters of representation to the Board in respect of financial reporting and the adequacy and effectiveness of the Company's risk management, internal compliance and control systems and the process and evidence adopted to satisfy those conclusions;
- (e) review the financial sections of the Company's Annual Report and any other periodic or ad hoc regulatory filings before release and consider the accuracy and completeness of the information; and
- (f) review with management and the external auditors the results of the audit.
- (g) review the effectiveness of the Company's internal controls regarding all matters affecting the Company's financial performance and reporting, including information technology security and control; and
- (h) 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.

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## **10. RESPONSIBILITIES - INTERNAL AUDIT FUNCTION**

10.1 The Committee must:

- (a) oversee the appointment, replacement or dismissal of the internal auditor, noting that the Board may decide that the Group's operations do not require an internal audit function from time to time;
- (b) review the scope and objectives of the internal audit;
- (c) ensure that internal audit processes are appropriately documented;
- (d) review the plans and activities of the internal audit to ensure that it covers all material

- risks and financial reporting requirements;
- (e) approve the annual budget, staffing and structure of internal audit and ensure that it is adequately resourced and has unfettered access to Group management;
  - (f) approve outsourcing of internal audit services;
  - (g) assess the adequacy, effectiveness, expertise and independence of the internal audit;
  - (h) meet with the internal auditor to review reports and monitor management response;
  - (i) meet as often as the Committee considers appropriate, and in any event at least once a year, to discuss any matters that the Committee or internal auditor believes should be discussed privately; and
  - (j) ensure there are no unjustified restrictions or limitations placed on the internal audit function.
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## **11. RESPONSIBILITIES - EXTERNAL AUDIT**

### 11.1 The Committee must:

- (a) make recommendations to the Board on the appointment, re-appointment, replacement and remuneration of the external audit firm;
- (b) establish procedures for the selection and appointment of the external auditor;
- (c) review and approve the terms of engagement for the external auditor;
- (d) review the scope of the external audit with the external auditor including identified risk areas;
- (e) monitor the performance of the external audit including assessment of the quality and rigour of the audit, quality of the service provided and the audit firm's internal quality control procedures;
- (f) 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;
- (g) review and monitor management's responsiveness to the external audit findings; and
- (h) on a periodic basis, meet with the external auditor without the presence of management.

11.2 Should a change in auditor be considered necessary, a formal tendering process will be undertaken. The Committee will identify the attributes required of an auditor and will ensure the selection process is sufficiently robust so as to ensure selection of an appropriate auditor.

11.3 The Committee and the Board will consider the appointment in conjunction with Senior Management.

11.4 The Committee will discuss with the 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.

## **12. RESPONSIBILITIES - COMPLIANCE**

12.1 The Committee must:

- (a) consider the work plan for Company compliance activities;
- (b) obtain regular updates from management and the Company's legal adviser regarding compliance matters;
- (c) review the effectiveness of the system for monitoring compliance with laws and regulations and the results of management's investigation and follow-up (including disciplinary action) of any instances of non-compliance;
- (d) review and assess the management process supporting external reporting;
- (e) review the findings of any examinations by regulatory agencies; and
- (f) review the process for communicating the Code of Conduct to Group personnel, and for monitoring compliance with that code.

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## **13. RESPONSIBILITIES - REPORTING**

13.1 The Committee must:

- (a) regularly report to the Board about Committee activities, issues, and related recommendations;
- (b) provide an open avenue of communication between internal auditor, external auditors and the Board. For the purpose of supporting the independence of their function, the external auditor and the internal auditor have a direct line of reporting access to the Committee;
- (c) report annually to the shareholders, describing the Committee's composition, frequency of meetings held per period (and the attendance record of committee members), responsibilities, and how they were discharged and any other information required by law or the ASX Listing Rules; and
- (d) review any other reports the Company issues which relate to Committee responsibilities.

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## **14. RESPONSIBILITIES - GENERAL RISK OVERSIGHT AND MONITORING**

14.1 The Committee must:

- (a) review the Group's risk appetite and risk tolerance, as determined by the Board on a holistic group-wide basis, and with respect to the relevant categories of operational risk and potential external and internal factors affecting those categories of risk;
- (b) review and assess the various categories of risk faced by the Group, including any concentrations of risk and interrelationships between risks;
- (c) review and assess the likelihood of occurrence, severity of impact of those risks, and any mitigating measures affecting those risks;
- (d) review the responsibility for risk oversight and management of specific risks to ensure a common understanding of accountabilities and roles;
- (e) periodically review the Company's risk management framework and the risk treatment and mitigation policies and procedures developed by management, including procedures for periodic and critical reporting of matters to the Board and the Committee;

- (f) review the objectivity, utility, effectiveness and efficiency of the Company's risk management function in the context of the Group's size, complexity and scope of operations and the industry and economic factors which affect it;
- (g) review how the Company's risk management policy and strategy is communicated throughout the Group to ensure it is embedded as part of the Group's corporate culture; and
- (h) review reports from management, external auditors, internal auditors, legal counsel, regulators, and consultants as appropriate, regarding risks the Group faces and its management of those risks.

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## 15. RESPONSIBILITIES - INTERNAL CONTROL AND RISK MANAGEMENT

### 15.1 The Committee must:

- (a) assess the internal processes for determining and managing key risk areas, particularly:
  - i. compliance with laws, standards and best practice guidelines;
  - ii. important judgments and accounting estimates;
  - iii. litigation and claims; and
  - iv. fraud and theft.
- (b) address the effectiveness of the internal control, risk management and performance management systems with management, the internal and external auditors, legal and other advisers;
- (c) assess the effectiveness of, and compliance with, risk related internal plans, policies and procedures;
- (d) obtain regular updates about risk and compliance matters; and
- (e) ensure the Chief Executive Officer and Chief Financial Officer are reasonably able to state that their declarations required under section 295A of *the Corporations Act 2001* (Cth)(**Corporations Act**) relating to financial statements and reports of the Company are founded on a sound system of risk management and internal control, and that the system is operating effectively in all material respects, in relation to the financial reporting risks.

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## 16. RESPONSIBILITIES - RISK TRANSFER AND INSURANCE

### 16.1 The Committee must:

- (a) review how certain risks of the Group may be mitigated by risk transfer strategies and the implementation of those strategies;
- (b) review and analyse the extent to which any risk transfer strategies give rise to new risks which may be material;
- (c) review the Company's insurance arrangements including:
  - i. type of cover;
  - ii. scope of cover;
  - iii. duration of cover;
  - iv. adequacy of cover;
  - v. cost of cover;
  - vi. terms and conditions of cover including exclusions and limitations;
  - vii. counterparty risk of insurer, including through engaging professional insurance broker services; and

- (d) review any self-insured risks.
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## **17. RELATED PARTY TRANSACTIONS**

- 17.1 Related party transactions between a Director (or Directors) and the Company are regulated by the Corporations Act and the ASX Listing Rules.
- 17.2 A Director with a material personal interest must comply with the law fully, including:
- (a) giving notice of that interest to the other Directors where required, including the nature and extent of the interest and the relation of the interest to the affairs of the Company (under section 191 of the Corporations Act); and
  - (b) unless exempted by law, by not being present while the matter is being considered at the Board meeting or vote on the matter (section 195 of the Corporations Act).
- 17.3 Before the Committee recommends to the Board that a related party transaction be approved without prior shareholder approval having been obtained, it must be determined that:
- (a) an exemption under Chapter 2E of the Corporations Act applies; and
  - (b) Chapter 10 of the ASX Listing Rules does not apply.
- 17.4 The Company also discloses related party transactions in its financial report as required under relevant Accounting Standards. The Committee must ensure that all related party transactions are disclosed to the Company's auditors in a timely and complete manner.

## **18. RESPONSIBILITIES - RELATED PARTY TRANSACTIONS**

- 18.1 The Committee must review and monitor related party transactions and investments involving the Company and its directors including maintaining a register of related party contracts.
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## **19. REPORTING TO THE BOARD**

- 19.1 The Chair of the Committee (or a person nominated by the Chair of the Committee for that purpose) must report to the Board at its next meeting regarding all material matters relevant to the Committee's duties and responsibilities.
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## **20. REVIEWS**

- 20.1 The Audit and Risk Committee will review its performance on an annual basis.
- 20.2 The Audit and Risk Committee Charter is reviewed annually by the Committee or as often as it considers necessary to ensure it remains consistent with the Committee's authority, objectives and responsibilities with the Board approving the amended Charter.
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## **21. APPROVED AND ADOPTED**

- 21.1 This Charter was approved and adopted by the Board on 22<sup>nd</sup> October 2021