

# Audit and Risk Committee Charter

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Alcidion Group Limited  
ACN 143 142 410

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BOARD APPROVED

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**V1.0** 22 August 2019

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## 1 Introduction

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- 1.1 The Audit and Risk Committee (**Committee**) is a committee of the Board of Directors (**Board**) of Alcidion Group 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**).

## 2 Objectives

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- 2.1 The main objectives of the Committee are to assist the Board to fulfil its obligations to:
  - (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 Committee Membership

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### 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.

- (a) The Committee shall comprise only Non-Executive Directors, the majority of whom should be independent.
- (b) The Committee shall comprise at a minimum three members.
- (c) The Committee will be chaired by an independent Director appointed by the Board and who is not the Chair of the Board.
- (d) The Board may appoint such additional Non-Executive Directors to the Committee or remove and replace members of the Committee by resolution.

### 3.2 Expertise

The Committee should include members who are financially literate and at least one member being the Chair of the Committee who has financial expertise.

### 3.3 Company Secretary

The Company Secretary must attend all Committee meetings and will act as Secretary to the Committee, unless otherwise determined by the Committee.

## **4** Proceedings

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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 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 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.

## **5** Chair

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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.

## **6** Minutes

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6.1 The 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.

6.2 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.

6.3 Minutes, agenda and supporting papers are available to Directors upon request to the Secretary, except it a conflict of interest exists.

## **7 Authority**

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### **7.1 Access**

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

### **7.2 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 Secretary) for approval prior to proceeding with procuring that professional advice.

## **8 Responsibilities**

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8.1 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.

## **9 Internal Audit Function**

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9.1 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) assessing the performance and objectivity of any internal audit procedures that may be in place;
- (c) reviewing risk management and internal compliance procedures;
- (d) monitoring the quality of the accounting function; and

- (e) 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.

## **10 External Audit Function Arrangements**

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- 10.1 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 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 rigour of the audit, quality of the service provided and the audit firm's internal quality 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.

## **11 Appointment of External Auditor**

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- 11.1 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.
- 11.2 The Committee and the Board will consider the appointment in conjunction with Senior Management.

## **12 Rotation and Succession Planning**

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- 12.1 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.

## **13 Management Sign-off Procedures**

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- 13.1 The Audit Committee will ensure that the Chief Executive Officer and Chief Financial Officer 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.

- 13.2 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.

## **14 Reporting to the Board**

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- 14.1 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.

## **15 Reviews**

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- 15.1 The Audit and Risk Committee will review its performance on an annual basis.
- 15.2 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.

## **16 Approved and adopted**

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- 16.1 This policy was approved and adopted by the Board on 22 August 2019.