

# Healius Limited

## Audit Committee Charter

### 1 Definitions and Interpretation

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#### 1.1 Definitions

In this Charter, unless the contrary intention appears:

"**Annual Review Date**" means the occasion of the first meeting of the Board held after each annual general meeting (required under s250N(2) of the CA) of the Company.

"**at any time**" means at any time and from time to time.

"**the Board**" means the board of directors of the Company.

"**the Committee**" means the Audit Committee established by resolution of the Board, and whose Charter this is.

"**the Company**" means Healius Limited (ACN 064 530 516).

"**the Company Group**" means the Company and any entity controlled by the Company (as defined in Accounting Standard "AASB 127: Consolidated and Separate Financial Statements").

"**Director**" means a member of the Board.

"**Financial Certifications**" means the declaration under section 295A of the CA and the assurance given in accordance with Recommendation 7.3 to be given by each of the Chief Executive Officer and the Chief Financial Officer of the Company to the Board in relation to each proposed annual financial reporting by the Company.

"**Financial Reporting Risk Management System**" means the risk management and internal control system implemented by the Company Group to manage the Company's Financial Reporting Risks, consistent with best practice in risk management, as identified in International Standard AS/NZS/ISO 31000 Risk Management (2009), and as modified from time to time.

"**Financial Reporting Risks**" means the Company's material business risk of a material error in the financial statements, for the year or the half-year, of the Company.

"**Guidance**" means any "Guidance", "Guideline", "Commentary" or "Suggestion" in relation to a "Recommendation" issued by the ASX Corporate Governance Council.

"**Principle**" means one of the 8 numbered "Principles" of corporate governance issued by the ASX Corporate Governance Council.

"**Recommendation**" means a numbered "Recommendation" issued by the ASX Corporate Governance Council.

## 1.2 Assessing when a Director is "independent"

For the purpose of this Charter:

- (a) The Board may at any time determine that a Director is "independent" by reference to the relationships, derived from the Guidance on Recommendation 2.1, as set out in paragraph (c) below.
- (b) The Board may at any time determine that a Director is "independent" even though that Director meets the description of one or more of the relationships set out in paragraph (c) below. The Board may do so if it considers that the Director is independent in character and judgment, despite not meeting one or more of the relationships set out in paragraph (c) below.
- (c) When determining whether or not a Director is "independent" the Board should consider whether the Director:
  - (i) is a non-executive Director (that is, is not a member of management); and
  - (ii) is not a substantial shareholder (that is, a person who has a "substantial holding" as defined in section 9 of CA) of the Company or an officer of, or otherwise associated directly with, a substantial shareholder of the Company; and
  - (iii) within the last 3 years has not been employed in an executive capacity by the Company or another entity in the Company Group; and
  - (iv) within the last 3 years has not been a principal of a material professional adviser or a material consultant to the Company or another entity in the Company Group, or an employee of such an adviser or consultant and materially associated with the service provided; and
  - (v) is not a material supplier to, or material customer of, the Company or another entity in the Company Group, or an officer of, or otherwise associated directly or indirectly with, such a supplier or customer; and
  - (vi) has no material contractual relationship with the Company, or another entity in the Company Group, other than as a Director of the Company.

## 1.3 Interpretation

In this Charter:

- (a) italicised notes are not part of this Charter and the Charter may be published at any time with or without any one or more of those notes, and either uniformly or on a selective basis;
- (b) references to the Corporations Act 2001 (Cth) ("**CA**") include any regulation made under that legislation and are construed as references to any statutory modification or re-enactment for the time being in force;
- (c) references to ASX Limited's Listing Rules ("**LR**"), Clauses of the Constitution of the Company ("**cl.**"), or Recommendations of the ASX Corporate Governance Council

("Recommendations") are construed as references to those for the time being in force.

## 2 Authority

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### 2.1 Source of authority

The Committee is a committee of the Board [cl. 22.1]. The Committee is appointed and authorised by the Board to assist the Board in fulfilling its statutory and fiduciary responsibilities [Recommendation 4.1 and LR 12.7]. The authority of the Committee is sourced from:

- (a) this Charter;
- (b) separate resolutions passed by the Board at any time; and
- (c) relevant Clauses of the Constitution of the Company.

### 2.2 Duties and responsibilities – integrity of financial reporting – Principle 4

The Committee's primary role is to assist the Board in relation to the reporting of financial information, the appropriate application and amendment of accounting policies, the appointment, independence and remuneration of the external auditor and to provide a link between the external auditors, the Board, and management of the Company.

The Committee's duties and responsibilities include:

- (a) reviewing the Company's financial reporting and disclosure processes, and ensuring the reliability and integrity of the Company's financial reporting and accounting policies;
- (b) assessing whether the Company's external reporting is consistent with Committee members' information and knowledge and is adequate for shareholder needs;
- (c) assessing the adequacy of the management processes supporting external reporting;
- (d) developing and implementing procedures for the selection and appointment of the external auditor and for the rotation of external audit engagement partners and approving all external audit services and any non-audit services provided by the external auditor;
- (e) reviewing the performance and independence of the external auditor, including recommending for the appointment, or, if necessary, the removal of the external auditor;
- (f) recommending to the Board in relation to the appointment, compensation, the terms of engagement and other contractual terms of the external auditor;
- (g) assessing the performance and objectivity of the internal audit function;
- (h) resolving any differences between management and the external auditor on external reporting;
- (i) reviewing the application of accounting policies to the Company;

- (j) improving the credibility and objectivity of the accountability process, including financial reporting;
- (k) ensuring an ethical culture is embedded within the Company.

### **2.3 Duties and responsibilities – material business risk: financial reporting – Principle 7**

The Committee is to assist the Board in the effective identification and management of the Company's Financial Reporting Risks.

The Committee has the following duties and responsibilities:

- (a) ensure the Company has identified and regularly updates the Company's Financial Reporting Risks;
- (b) monitor any anticipated changes to the Company's Financial Reporting Risks;
- (c) monitor and review, at least on an annual basis, the effectiveness of the implementation of the Financial Reporting Risk Management System;
- (d) report and provide recommendations to the Board (or the Chief Executive Officer and/or the Chief Financial Officer, as and when requested by such officer in relation to proposed Financial Certifications) on whether the Financial Reporting Risk Management System is sound and being managed and implemented effectively;
- (e) review and approve key policies relating to the Financial Reporting Risk Management System;
- (f) ensure it receives the Financial Certifications and makes any enquiries necessary in relation to the Financial Certifications or the process supporting them; and
- (g) if satisfied with the Financial Certifications, recommend to the Board that the Board accept and rely upon the Financial Certifications.

### **2.4 Annual financial reporting**

Prior to the relevant deadline under the CA and the Listing Rules, the Committee must ensure that it is in a position to make recommendations to the Board in relation to the annual financial reporting obligations of the Company, including (without limitation) the following matters:

- (a) receipt of and reliance upon the Financial Certifications [s.295A CA];
- (b) formation of any necessary opinions and making of the relevant declarations about the financial statements for the year and the notes to the financial statements [s.295 CA];
- (c) making the relevant directors' report for the financial year [s.298 CA];
- (d) determination that a dividend is payable or declaration of a dividend, fixing the amount of the dividend, the record date and date for payment [cl. 27.1];
- (e) determination of the amount of discount from the "Market Price" of a Share for the purpose of the Dividend Reinvestment Plan of the Company, or that there be no discount, or that the operation of such Plan be suspended or recommenced [Rules 5.3, 12.1(c) and (d) of Plan];

- (f) determination of the amount of discount from the "Market Price" of a Share for the purpose of the Bonus Share Plan of the Company, or that there be no discount, or that the operation of such Plan be suspended or recommenced [*Rules 5.1, 12.1(b) and (c) of Plan*];
- (g) making of relevant announcements to ASX Limited in relation to (a) to (f) above [*LR 4.3A, 4.3B, 4.3C, 4.3D, 4.5, 4.5A, Appendix 6A, 3.20, Appendix 3A*].

## 2.5 Half-year financial reporting

Prior to the relevant deadline under the CA and the Listing Rules, the Committee must ensure that it is in a position to make recommendations to the Board in relation to the half-year financial reporting obligations of the Company, including (without limitation) the following matters::

- (a) Formation of any necessary opinions and make the relevant declarations about the financial statements for the half-year and the notes to the financial statements [*s.303 CA*];
- (b) Making of the relevant directors' report for the half-year [*s.306 CA*];
- (c) determination that a dividend is payable or declaration of a dividend, fixing the amount of the dividend, the record date and date for payment [*cl. 27.1*];
- (d) determination of the amount of discount from the "Market Price" of a Share for the purpose of the Dividend Reinvestment Plan of the Company, or that there be no discount, or that the operation of such Plan be suspended or recommenced [*Rules 5.3, 12.1(c) and (d) of Plan*];
- (e) determination of the amount of discount from the "Market Price" of a Share for the purpose of the Bonus Share Plan of the Company, or that there be no discount, or that the operation of such Plan be suspended or recommenced [*Rules 5.1, 12.1(b) and (c) of Plan*];
- (f) making of relevant announcements to ASX Limited in relation to (a) to (e) above [*LR 4.2A, 4.2B, 4.2C, Appendix 6A, 3.20, Appendix 3A*].

## 2.6 Direct access to Company Group employees

The Committee has the authority to seek at any time any explanations or additional information the Committee considers may be relevant to its functions from any officer or employee of the Company Group [*Guidance on Recommendation 4.1*]. Such officers or employees must be instructed by the board of the entity employing them to cooperate fully in the provision of such information.

The Committee has rights of access to management and to the external auditor and those persons responsible for the internal audit function without management present [*Guidance on Recommendation 4.1*].

## 2.7 Investigation

The Committee has the authority to at any time conduct or direct any investigation it considers necessary to fulfil its responsibilities.

## 2.8 Retain advisers

The Committee has the authority to at any time retain, at the expense of the Company, such legal, accounting or other advisers, consultants or experts, as the Committee considers appropriate to assist it in meeting its responsibilities.

## 2.9 Recommendation

The Committee may at any time make recommendations to the Board as it sees fit.

## 2.10 Sub-committee

The Committee may at any time form and delegate authority to sub-committees, comprised of one or more members of the Committee as it considers necessary or appropriate. Each sub-committee has the full power and authority of the Committee, subject to the terms of its delegated authority [*cl. 22.2 and 22.5*].

# 3 Members of the Committee

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## 3.1 Composition requirements

Membership of the Committee is governed by the following requirements:

- (a) each member of the Committee is appointed by the Board;
- (b) the Committee must comprise at least 3 Directors [*Recommendation 4.1, and LR 12.7*];
- (c) all members of the Committee must be non-executive Directors [*Recommendation 4.1, and LR 12.7*];
- (d) a majority of the members of the Committee must be independent, with the determination as to whether a Director is "independent" being made by the Board under **Clause 1.2** above [*Recommendation 4.1, and LR 12.7*];
- (e) the chair of the Committee must be an independent Director, who is not chair of the Board [*Recommendation 4.1, and LR 12.7*];
- (f) at least one member of the Committee should have relevant qualifications and experience (that is, should be a qualified accountant or other finance professional with experience of financial and accounting matters) [*Guidance on Recommendation 4.1*].

## 3.2 Annual review

Each member of the Committee, including its chair, continues as a member of the Committee on an ongoing basis, subject only to a cessation under **Clause 3.3**. On each Annual Review Date the Board must review the composition of the Committee.

## 3.3 Cessation

The Board may at any time remove any individual from the Committee and need not give a reason for doing so [*cl. 22.5(b)*]. If a member of the Committee ceases for any reason to be a Director, that individual automatically ceases to be a member of the Committee.

### 3.4 Fees

The services of a member of the Committee are beyond the ordinary duties of a Director. Accordingly, under Clause 16.6 of the Constitution of the Company, Committee members are entitled to receive remuneration as determined from time to time by the Board.

## 4 Chair

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### 4.1 Appointment

The chair of the Committee must be appointed by the Board and must be an independent Director, who is not chair of the Board [*Recommendation 4.1*] [see *Clause 3.1(e) above*]. On each Annual Review Date the Board must review the composition of the Committee, including the chair [see *Clause 3.2 above*].

### 4.2 Acting chair

If the chair of the Committee is absent from a meeting of the Committee and no acting chair has been appointed, the members of the Committee present at the meeting must choose one of the members of the Committee present, whether independent or not, to chair that particular meeting.

## 5 Secretary

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### 5.1 Appointment

The Committee must appoint an employee from the Company Group (who may be the Company Secretary) as secretary of the Committee.

### 5.2 Minutes

The secretary of the Committee must ensure that minutes are taken of meetings of the Committee. If the secretary is asked to withdraw for all or any part of any meeting the chair must ensure that minutes are taken in respect of that part of the meeting [see *Clause 8.1 below re circulation of minutes*].

## 6 Meetings

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### 6.1 Meetings other than in person

The Committee may meet for the dispatch of business, adjourn and otherwise regulate their meetings as they see fit. The Committee may conduct meetings by telephone or other form of technology without a member being in the physical presence of another member or other members providing the members have a reasonable opportunity to communicate by some means with each other [*same as cl. 17.1*].

## 6.2 Frequency

The Committee must meet often enough to undertake its role effectively, and no less than four times per year.

## 6.3 Additional meetings

The chair of the Committee must call a meeting of the Committee if so requested by:

- (a) any member of the Committee;
- (b) the chair of the Board;
- (c) the external auditor; or
- (d) the internal auditor of the Company Group.

## 6.4 Quorum

A quorum for a meeting of the Committee is 50% or more of members. However, where there is the temporary absence of a quorum because some members are absent by reason of **Clause 6.5** below, then the remaining members (or member) who are present (without the material personal interest) may act in relation to the matter requiring such absence as if the member/s present were the full Committee.

## 6.5 Conflict of interest of a member of the Committee

A member of the Committee who has a material personal interest in a matter that is being considered at a meeting of the Committee must not:

- (a) be present while the matter is being considered at the meeting; or
- (b) vote on the matter

[section 195(1) CA].

# 7 Attendance at meetings

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## 7.1 Invitees

Individuals who are not members of the Committee, whether Directors, other members of management of the Company Group, or parties external to the Company Group, may be invited to attend any meeting of the Committee.

Typically the following members of management will be invited to attend:

- (a) the Chief Executive Officer;
- (b) the Chief Financial Officer;
- (c) the Company Secretary; and
- (d) the internal auditor of the Company Group.

## **7.2 Attendees may have to withdraw**

An individual who is not a member of the Committee may be asked by the Committee to withdraw for all or any part of any meeting of the Committee.

## **8 Reporting by the Committee**

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### **8.1 Circulation of minutes**

Minutes of each meeting of the Committee must be circulated to the members within two weeks after the conclusion of the relevant meeting. The minutes must be approved and signed by either the chair of that meeting or the chair of the Committee and then provided to the Board at the next meeting of the Board.

### **8.2 Reports to the Board**

The Committee, through its chair, must report to the Board at the earliest possible Board meeting after each meeting of the Committee. Such report should include any matters that, in the opinion of the Committee, should be brought to the attention of the Board, any recommendations requiring the approval of the Board, and all matters relevant to the Committee's role and responsibilities.

### **8.3 Review of Charter**

The Committee may at any time, and no less frequently than once per reporting period, review the adequacy of this Charter and recommend to the Board any changes to the Charter that the Committee considers are desirable.

### **8.4 Annual performance appraisal**

An evaluation of the performance of the Committee and the extent to which the Committee has met the requirements of this Charter will be conducted through the Board's annual performance appraisal process.

**Charter History**

27 March 2012	Audit Committee established by the Board
27 March 2012	Charter approved by the Board (version 1.0)
26 June 2015	Charter (version 2.0) approved by the Board
4 February 2016	Typographical error corrected in clause 2.5(e)
14 January 2019	Change of name Primary to Healius
20 March 2019	Charter (version 2.2) approved by the Board

**Version Information**

Version 1.0	27 March 2012
Version 2.0	26 June 2015
Version 2.1	4 February 2016
Version 2.2	14 January 2019