

# Audit & Risk Committee Charter

## 1. Membership

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- 1.1 The Resonance Health Ltd (**Company**) Board of Directors (**Board**) has established a committee known as the Audit & Risk Committee (**Committee**).
- 1.2 Members of the Committee are non-executive Directors of the Company. All members will be financially literate and at least one member will have an accounting or related financial expertise.
- 1.3 The members and Chair of the Committee are appointed by the Board for terms not exceeding two years, after which they will be eligible for reappointment.
- 1.4 The Chair of the Board may not be the Chair of the Committee.
- 1.5 The Chair of the Committee shall be independent (i.e. have no material relationships with the Company, other than Board and Committee roles).
- 1.6 The Committee may appoint a Secretary to the Committee.
- 1.7 The current members of the Committee are:
  - (a) Dr Travis Baroni – Chair;
  - (b) Dr Martin Blake;
  - (c) Mr Aaron Brinkworth; and
  - (d) Mr Simon Panton.
- 1.8 The Committee Chair shall:
  - (a) be knowledgeable of the Company's business and financial and auditing processes;
  - (b) oversee planning and conduct of Committee meetings, including approval of the agenda and minutes; and
  - (c) oversee reporting and verbal presentations to the Board from the Committee and be involved in selection of Committee members as appropriate.
- 1.9 Committee members may only receive the following compensation from the Company:
  - (a) Directors' fees (including committee fees), which may be received in cash, shares, superannuation contributions or other in-kind consideration ordinarily available to non-executive Directors; and
  - (b) any other regular benefits that other Company non-executive Directors receive.

## 2. Objectives

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The Committee's objectives are to:

- 2.1 assist the Board to discharge its responsibilities to exercise due care, diligence, and skill in relation to the Company's:
  - (a) reporting of financial information;
  - (b) application of accounting policies;
  - (c) financial management;
  - (d) internal control systems;
  - (e) risk management systems;
  - (f) business policies and practices;
  - (g) protection of the Company's assets; and
  - (h) compliance with applicable laws, regulations, standards, and best practice guidelines.
- 2.2 improve the credibility and objectivity of the accountability process, including financial reporting;
- 2.3 provide a formal forum for communication between the Board and senior financial management;
- 2.4 improve the effectiveness of audit functions and be a forum for improving communications between the Board and the auditors;
- 2.5 facilitate the maintenance of the independence of the external auditor;
- 2.6 if applicable, provide a structured reporting line for internal audit and facilitate the maintenance of the independence of the internal auditor;
- 2.7 improve the quality of internal and external reporting of financial and non-financial information; and
- 2.8 foster an ethical culture throughout the Company.

## 3. Responsibilities

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- 3.1 The Committee shall consider any matters relating to the financial affairs, corporate governance and external audit of the Company and its controlled entities that it considers necessary. In addition, the Committee shall examine any matters referred to it by the Board.
- 3.2 The Committee's role is to monitor, investigate and make recommendations to the Board with respect to:

### External Reporting

- (a) consider the appropriateness of the Company's accounting policies and principles and any changes,

as well as the methods of applying them, ensuring that they are in accordance with the stated financial reporting framework;

- (b) assess significant estimates and judgments in financial reports;
- (c) review for completeness and accuracy the reporting of the Company's main corporate governance practices, as required under the Australian Securities Exchange (**ASX**) Listing Rules;
- (d) ensure that a process is established by the Company's management to capture issues for the purpose of continuous disclosure to the ASX;
- (e) assess information from internal and external auditors that affects the quality of financial reports;
- (f) recommend to the Board whether the financial and non-financial statements should be signed, based on the Committee's assessment of them;

#### **Related Party Transactions**

- (g) review and monitor the propriety of related-party transactions;

#### **Internal Control and Risk Management**

- (h) assess the internal processes for determining, managing, and reporting on key risk areas;
- (i) ensure that the Company has an effective risk management system and that macro risks to the Company are reported to the Board as they are identified;
- (j) address the effectiveness of the Company's internal control and risk management systems with management and the internal and external auditors;
- (k) assess whether management has controls in place for unusual types of transactions and/or any potential transactions that may carry more than an acceptable degree of risk;
- (l) meet periodically with key management, internal and external auditors and compliance staff to understand and discuss the entity's control environment;

#### **External Audit**

- (m) make recommendations to the Board on the appointment, remuneration and monitoring of, the effectiveness and independence of the external auditor invite the external auditor to attend Committee meetings to review the audit plan, discuss audit results and consider the implications of the external audit findings for the control environment, in addition to any other matters considered relevant at the time. In this regard, the external auditor should attend meetings of the Committee by invitation prior to the annual financial report and half-year review being signed;

- (n) together with the external auditor, review the scope of the external audit (particularly the identified risk areas) and any additional agreed-upon procedures on a regular and timely basis;
- (o) provide opportunity for the Committee members to meet with the external auditors without management personnel being present at least twice a year;

#### **Corporate Governance**

- (p) monitor developments in corporate governance practices;
- (q) benchmark the Company's policies against best practice;
- (r) ensure that policies exist to deal with conflicts of interest;
- (s) review past or proposed transactions between the Company and members of management or the Board;
- (t) make recommendations on corporate governance standards and practices to the Board; and
- (u) review documentation relating to corporate governance on an annual basis.

#### **Non-audit Engagements**

- 3.3 The Company will not engage the auditor to perform any of the following non-audit services for the Company:
- (a) bookkeeping services and other services related to preparing the Company's accounting records or financial statements;
  - (b) financial information system design and implementation services;
  - (c) appraisal or valuation services, fairness opinions or contribution-in-kind reports;
  - (d) actuarial services;
  - (e) internal audit services;
  - (f) management functions or human resources;
  - (g) broker or dealer, investment adviser or investment banking services;
  - (h) legal services or expert services unrelated to the audit.

In addition, the auditor will not undertake taxation advice of a strategic or tax planning nature.

- 3.4 The Company may only engage the auditor in respect of other non-audit services if:
- (a) the Committee has expressly approved the provision of the non-audit service; and
  - (b) the performance of the non-audit service will not cause the total annual revenue to the auditor from

non-audit work to exceed the aggregate annual amount of the auditor's total fees, respectively.

- 3.5 The Committee must not approve the provision of a non-audit service by the auditor if provision of the service would compromise the auditor's independence.

#### 4. Access

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- 4.1 The Committee may invite any executive Director, executive, other staff member or external or internal auditor to attend all or part of a Committee meeting.
- 4.2 The Committee may consult independent experts and institute special investigations if it considers it necessary to fulfil its responsibilities.
- 4.3 The Committee is authorised by the Board to obtain outside legal or other professional advice if it considers this necessary.

#### 5. Meetings and Secretary

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- 5.1 The Committee meets as often as required, but at least twice a year (prior to the annual financial statements and half-year report being signed).
- 5.2 Any Committee member or Secretary may call a meeting of the Committee.
- 5.3 A quorum is two members.
- 5.4 If only one Committee member is available through unavoidable circumstances, an additional Board member may be co-opted to the Committee for the purpose of finalising urgent business.
- 5.5 The Committee may appoint a Secretary who, in consultation with the Committee Chair, shall draw up an agenda, which should be circulated to Committee members at least 5 days prior to meeting.
- 5.6 The Chair will call a meeting of the Committee if requested by any Committee member, the Board, or the Chief Executive Officer.
- 5.7 The external auditor should be given notice of all meetings and, at the Chair's discretion, have the right to attend and speak at such meetings.
- 5.8 The Secretary will prepare minutes of Committee meetings for the approval of the Committee Chair at its next meeting. Minutes of the Committee meeting are to be circulated to all Directors and reported at the Board meeting following the Committee meeting.

#### 6. Reporting

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The Chair of the Committee shall report the findings and recommendations of the Committee to the Board after each Committee meeting.

#### 7. Authority

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- 7.1 The Committee discharges its responsibilities by making recommendations to the Board.
- 7.2 The Committee does not have any executive powers

to commit the Board or Management to their implementation. The Committee is not responsible for supervising the performance of executives and does not become involved in day-to-day operations, management functions or decision making.

- 7.3 The Committee shall have unrestricted access to both internal and external auditors and to senior management of the Company.

#### 8. Review of this Charter

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The Charter, composition and agenda for the Committee should be reviewed at least annually. Any changes to this Charter will require Board approval. The Board will review the effectiveness of the Committee as appropriate.

#### 9. Who to contact

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Any questions relating to the interpretation of this Charter should be forwarded to the Committee Chair, Chief Executive Officer, or the Company Secretary.