

**APIAM ANIMAL HEALTH LIMITED**

**ACN 604 961 024**

**AUDIT AND RISK MANAGEMENT COMMITTEE  
CHARTER**

**Contents**

<b>1</b>	<b>Overview</b>	<b>3</b>
<b>2</b>	<b>Committee objectives</b>	<b>3</b>
<b>3</b>	<b>Authority and Access</b>	<b>3</b>
<b>4</b>	<b>Composition</b>	<b>3</b>
<b>5</b>	<b>Committee Responsibilities</b>	<b>4</b>
<b>6</b>	<b>Meetings</b>	<b>5</b>
<b>7</b>	<b>Review</b>	<b>6</b>

## 1 OVERVIEW

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- 1.1 In operating its business Apiam Animal Health Limited ACN 604 961 024 (**Company**) will adopt a structured and consistent approach to risk management, which will assist in the alignment of strategy, procedures, people, behaviour and technology for the purpose of evaluating and managing the risks the Company faces in protecting and creating shareholder value.
- 1.2 The board of directors (**Board**) of the Company has established an Audit and Risk Management Committee (**Committee**).
- 1.3 This charter (**Charter**) outlines the scope of the Committee's responsibilities in relation to the Company and provides a framework within which the Committee will operate.

## 2 COMMITTEE OBJECTIVES

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- 2.1 The primary function of the Committee is to assist the Board in fulfilling its corporate governance and oversight responsibilities in relation to:
- (a) the adequacy and integrity of financial reporting;
  - (b) the application of appropriate accounting policies;
  - (c) legal and regulatory compliance;
  - (d) internal control and risk management systems; and
  - (e) monitoring the effectiveness of audit functions.

## 3 AUTHORITY AND ACCESS

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- 3.1 The Committee has authority to investigate any activity within this Charter and any other matters specifically brought to its attention by the Board.
- 3.2 The Committee has authority to engage appropriate independent advisers as necessary to assist in carrying out its duties.
- 3.3 In discharging its role, the Committee shall have unrestricted access to:
- (a) all books and records of the Company;
  - (b) all staff, including the Company's managers (**Management**), to seek information and explanations from them; and
  - (c) the Company's auditors, both internal and external, including the right to seek explanations and information from them without Management being present.

## 4 COMPOSITION

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- 4.1 The Board will determine all appointments to the Committee, rotations, resignations and eligibility for re-election in accordance with the ASX Listing Rules, *the Corporations Act 2001 (Cth)* and any other applicable general law.
- 4.2 The Committee will be comprised of at least 3 members, being:
- (a) the chairperson (**Chair**); and

(b) at least two other Directors,

all of whom must be non-executive Directors and a majority of whom must be independent Directors.

4.3 The Chair must not be the chairperson of the Board.

4.4 The Committee will appoint a secretary (**Secretary**).

4.5 The Committee must be of a sufficient size and possess the requisite skill and independence to effectively discharge its obligations.

4.6 All members of Committee must be able to comprehend financial reports and possess a working knowledge of general finance and accounting practices, as well as an understanding of the industry in which the Company operates.

4.7 At least one member of Committee must be a qualified accountant or financial professional with appropriate expertise in financial and accounting matters.

## **5 COMMITTEE RESPONSIBILITIES**

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5.1 The Committee's responsibilities with respect to financial reporting are:

- (a) to proactively oversee the Company's financial reporting and disclosure processes and make recommendations to the Board in relation to the outputs of those processes;
- (b) to assess the appropriateness of accounting policies and principles adopted by Management in relation to financial reporting and make relevant recommendations to the Board;
- (c) to review the Company's financial reports and make recommendations to the Board as to whether they present a true and fair view of the Company's financial position and performance;
- (d) to assist the Managing Director, Chief Executive Officer or Chief Financial Officer in their duty under section 295A of the *Corporations Act 2001* (Cth) to provide declarations about the Company's financial reports;
- (e) to make recommendations to the Board regarding the appointment or removal of an external auditor, as well as in relation to the auditor's independence and performance;
- (f) to make recommendations to the Board as to the scope and adequacy of the external audit;
- (g) to review information received from the external auditor and bring to the Board's attention any relevant matters that may affect the quality of the Company's financial reports;
- (h) to maintain a free and open communication forum between the Committee, external auditors and Management; and
- (i) any other responsibilities as determined by the Committee or the Board from time to time.

- 5.2 The Committee's responsibilities with respect to risk management and internal control are:
- (j) to ensure that the Company has implemented a sound risk management framework and appropriate internal control systems;
  - (k) to review at least annually the effectiveness of the Company's risk management and internal control systems and make relevant recommendations to the Board;
  - (l) to monitor compliance with regulatory requirements under the ASX Listing Rules, the *Corporations Act 2001* (Cth) and any other relevant guidelines;
  - (m) to monitor the Company's exposure to economic, environmental and social sustainability risks, and make recommendations to the Board as to how those risks should be managed;
  - (n) to make recommendations to the Board in relation to the Company's insurance program, having regard to the Company's business and the insurable risks associated with it; and
  - (o) any other responsibilities as determined by the Committee or the Board from time to time.

## **6 MEETINGS**

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### **6.1 Frequency and attendance at meetings**

- (a) The Committee will meet as often as it deems to be necessary, and at least twice a year.
- (b) The Chair must call a meeting if requested to do so by any member of the Committee, the external auditor or the chairman of the Board.
- (c) If the Chair is absent from a meeting, the members present shall have authority to choose one of their number to chair that particular meeting.
- (d) Committee meetings may be held by technological means which allow members to participate without being physically present in the same place.
- (e) As necessary or desirable, the Committee may invite Management, auditors, external advisors, or any other persons to attend and contribute to meetings.
- (f) At the end of each reporting period, the Committee must disclose to the Board the number of times that it met during the period and the individual attendances of its members at those meetings.

### **6.2 Quorum**

- (a) A quorum shall be any two Committee members.

### **6.3 Reporting**

- (a) The Secretary must keep minutes of all Committee meetings.
- (b) The minutes of each Committee meeting must be approved by the Chair and distributed to all Committee members.

- (c) The minutes of each Committee meeting are to be tabled at the next Board meeting.
- (d) The Committee must bring to the Board's attention all matters of importance and sufficient information to facilitate informed decision making.

**6.4 Agenda and documents**

- (a) The agenda and supporting papers are to be delivered to Committee members by the Secretary in advance of each meeting.

**7 ADOPTION AND REVIEW**

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- 7.1 This Charter was adopted by the Board on 6 November 2015.
- 7.2 The Committee will review this Charter at least annually to ensure that it accords with best practise and remains consistent with the Committee's authority, objectives and responsibilities.
- 7.3 This Charter may be amended from time to time by resolution of the Board.