

Audit, Risk and Compliance Committee Charter

Integral Diagnostics Limited

ACN 130 832 816

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1 Introduction

This Charter sets out the objectives, authority, operational mechanics and responsibilities of the Audit, Risk and Compliance Committee (the Committee) which is a committee of Board of Directors of Integral Diagnostics Limited (the Company).

The primary purpose of the committee is to assist the Board in fulfilling its responsibilities to provide shareholders and regulatory authorities with timely and reliable financial reports of the company and its subsidiaries (the Group) and to protect the interest of shareholders through the identification assessment, monitoring and control of the Groups' risks.

2 Membership of the Committee

The Committee should consist of:

- (a) only non-executive directors;
- (b) a majority of independent directors;
- (c) an independent chair, who is not chair of the Board; and
- (d) a minimum of 3 members of the Board.

The Board may appoint additional non-executive directors to the Committee or remove and replace members of the Committee by resolution. Members may withdraw from membership by written notification to the Board.

Non-committee members, including members of management and the external auditor may attend meetings of the Committee at the invitation of the Committee chair.

It is intended that the members of the Committee between them should have the accounting and financial expertise, and a sufficient understanding of the industry in which the Company operates, to be able to effectively discharge the Committee's responsibilities. At least one member should have relevant formal qualifications and experience (ie be a qualified accountant or other finance professional with experience of financial and accounting matters).

The Company Secretary, or his or her delegate, must attend all Committee meetings as minute secretary.

3 Role and Responsibilities

2.1. Authority of the Committee

- (a) The committee is authorised by the board to investigate any activity consistent with its responsibilities
- (b) In carrying out its responsibilities, the Committee is authorised to:
 - i) Seek any information from any employee or external party;

- ii) Require the attendance of any employee at meetings; and
 - iii) Obtain legal or other professional advice.
- (c) All employees must co-operate with any request made by the Committee

2.2. Financial Reporting

- (a) The Committee will review and discuss with management and the External auditors the half year and full year financial reports including:
- i) Notes to the financial accounts
 - ii) Reports on the Company's compliance with ASX Corporate Governance principles and any other corporate governance obligations
 - iii) Other relevant disclosures particularly any critical accounting policies or practices adopted (and any changes in them)
 - iv) Compliance with applicable accounting standards (and any changes in them) the ASX listing rules and other legal requirements.
 - v) Decisions requiring a major element of estimation and /or judgement
 - vi) The extent to which financial reports are affected by any unusual transactions and how they are disclosed
 - vii) Significant audit adjustments and any audit recommendations that have not been adjusted
 - viii) The carrying value of assets including Goodwill and Deferred Tax Assets
 - ix) The value and disclosure of assets and liabilities (whether booked or contingent)
 - x) Actual and threatened litigation and material disputes involving the company
 - xi) Compliance with financial covenants and the going concerns assumption
 - xii) Management assessment of the risk of material misstatement
 - xiii) The representations of the Managing Director and CFO.
- (b) Recommend to the Board the approval of the half year and full year financial reports including notes to the financial accounts and other relevant disclosures.

2.3. Risk Management

The Committee will:

Identify, review and make recommendations on Risk Management to:

- (a) Assist the Board in determining the risk tolerance (appetite) that is acceptable to the Company and its stakeholders and review whether the Company is operating with due regard to the risk appetite set by the Board.
- (b) Assess the risk profile of the Company relative to the Company's risk appetite and report the results to the Board along with remedial recommendations.

- (c) Review the Company's material risks and assess the degree to which they are being managed effectively through periodic agenda items for each identified high-risk area.
- (d) Assess the effectiveness of the Company's Privacy Policy in managing the risks relating to the Company's obligations under the Privacy Act and the Australian Privacy Principles, including the alignment of the response plan for data breaches with the Mandatory Data Breach Notification Law.
- (e) Review the Company's exposure to emerging cyber risk and assess the degree to which it is being managed effectively, including the adequacy of cyber risk insurance cover, and the response plan for cyber risk incidents.
- (f) Review the status of all actual and threatened litigation, material disputes and insurance claims involving the Company.
- (g) Review and assess the standard of corporate conduct in respect of potential conflicts of interest.
- (h) Review and assess the propriety of any related party transaction.

Review and make recommendations on Key Risk Policies

- (a) Review and recommend to the Board the Risk Management Policy Statement, Risk Management Framework, Risk Appetite Statement, the Finance and Treasury Risk Management Policy, the Tax Risk Management Policy and any other significant risk management policies the Committee considers necessary.
- (b) Review the Company's Whistle-blower Policy and receive appropriate reporting of notifications and actions arising from there.
- (c) Review the Company's Anti-Bribery and Corruption Policy and receive appropriate reporting of notifications and actions arising from there.

Review and make recommendations on the Company's systems and controls for managing Risk

- (a) Review the Risk Management System of the Company to ensure that it is effective in identifying, assessing, monitoring and managing the Company's material risks.
- (b) Establish and review the mandate of the Company's Risk Management function (if there is one) including its role, authority, and reporting to the Committee.
- (c) Establish and review the mandate of any other compliance or audit related functions (if there are any) within the Company and their role, authority and reporting to the Committee.
- (d) Review the appropriateness of the Company's business continuity and disaster recovery plans.
- (e) Receive an annual briefing from the Company's Chief Information Officer regarding dependence on critical IT systems and steps to ensure system integrity through appropriate segregation and access controls.
- (f) Review and oversee the appropriateness of the Company's insurance program including with respect to coverage, deductibles, terms and conditions, and the creditworthiness of insurers.
- (g) Review, monitor and make recommendations to the Board on the Company's tax policies and practices including any material decisions relating to tax.

- (h) Review the effectiveness of the Company's system for monitoring compliance with all relevant legislation and regulations.

2.4. Compliance

The Committee will:

- (a) Review the procedures the Company has in place to ensure compliance with laws and regulations (particularly those which have a major potential impact on the Company in areas such as trade practices, occupational health and safety, patient safety and confidentiality and the environment).
- (b) Review the procedures in place to ensure compliance with insider trading laws, continuous disclosure requirements and other best practice corporate governance processes (including requirements under the ASX Listing Rules, Corporations Act and AASB requirements).
- (c) Advise the Board on the appropriateness of significant policies and procedures relating to financial processes and disclosures and review the effectiveness of the Company's internal control framework.
- (d) Review the Company's policies and culture with respect to the establishment and observance of appropriate ethical standards.
- (e) Review and discuss with management and the internal and external auditors the overall adequacy and effectiveness of the Company's legal, regulatory and ethical compliance programs.
- (f) Review and liaise with management and regulators about the findings of any recommendations by regulators.
- (g) Review the Company's process to verify the integrity of any periodic corporate report it releases to the market that is not audited or reviewed by an external auditor.

2.5. External Auditor

The Committee will:

- (a) Recommend to the Board the selection, appointment, re-appointment or replacement of the external auditor and rotation of the engagement partner.
- (b) Review the terms and scope of the external audit and audit fee.
- (c) Establish and review the Company's policy on the provision of audit and other services and review compliance to ensure that the independence of the external auditor is maintained.
- (d) Ensure that no management restrictions are placed upon the external auditors
- (e) Review any significant findings made by the external auditors, the appropriateness of managements response and the completion of agreed items
- (f) Review the independence and performance of the external auditor
- (g) Meet with the external auditor at least twice per year independently of management to assess managements performance and communicate the results of the assessment to senior management and the Board.

These obligations are outlined more fully in Attachment 1 to this Charter.

2.6. Internal Audit

The Committee provides a link between the internal audit function and the Board. The head of the internal audit function has a direct reporting line to the Committee and, therefore, to the Board.

The Committee will:

- (a) review the internal audit function's objectives, competence and resourcing (including determining whether the internal audit function is to be provided by an internal or external party provider);
- (b) ensure an appropriate program of internal audit activity is conducted each financial year;
- (c) review and monitor the progress of an internal audit and work program;
- (d) ensure no management restrictions are placed upon the internal audit function;
- (e) consider the major findings of internal audit investigations;
- (f) evaluate and critique management's responsiveness to the findings and recommendations of the internal audit function;
- (g) meet at least twice a year with the internal auditor independent of management; and
- (h) ensure co-ordination between the internal and external auditor.

If the Company does not have an internal audit function the Committee will periodically review the need for an internal audit function.

4 Review

The Committee will at least once in each year, review the membership and Charter of the Committee to determine its adequacy for current circumstances and the Committee may make recommendations to the Board in relation to the Committee's membership, responsibilities, functions or otherwise.

It will also review its own effectiveness and make any necessary recommendations to the Board to improve its own effectiveness.

5 Administrative matters

4.1. Meetings

The Committee will meet as often as the Committee members deem necessary in order to fulfil their role. However, it is intended that the Committee will normally meet quarterly.

4.2. Quorum

The quorum is at least 2 members.

4.3. Convening and notice of meeting

Any member may, and the Company Secretary must upon request from any member convene a meeting of the Committee. Notice will be given to every member of the Committee, of every meeting of the Committee. However, there is no minimum notice period and acknowledgement of receipt of notice by all members is not required before the meeting may be validly held.

4.4. Rights of access and authority

The Committee has rights of access to management and to auditors (external and internal) without management present, and rights to seek explanations and additional information from both management and auditors. Whilst the internal audit function reports to senior management, it is acknowledged that the internal audit function also reports directly to the Committee.

4.5. Minutes

Minutes of meetings of the Committee must be kept by the Company Secretary and, after approval by the Committee chair, be presented at the next Board meeting.

4.6. Reporting

It is intended that a copy of the minutes of the Committee meeting will be included in the Board papers for the Board meeting next following a meeting of the Committee. The Committee chair will, if requested, provide a brief oral report as to any material matters arising out of the Committee meeting. All directors may, within the Board meeting, request information of members of the Committee.

Attachment 1 - External Audit Policy

Appointment

The Audit, Risk and Compliance Committee (**Committee**) has the responsibility and authority (subject to Corporations Act 2001 (Cth) requirements) for the appointment, reappointment or replacement and remuneration of the external auditor as well as evaluating its effectiveness and independence. The Committee will review the appointment of the external auditor annually based on its assessment of the auditor's performance.

Assessment of External Auditor

The Committee will review the performance of the external auditor on an annual basis after completion of the year-end audit. In evaluating the effectiveness of external audit, the Committee will assess the effectiveness of the external auditor based on a number of criteria including but not restricted to:

- (a) the overall comprehensiveness of the external audit plan;
- (b) the timeliness and quality of communications promised under the plan and delivered during the audit;
- (c) the competency and industry knowledge of external audit staff; and
- (d) the adequacy of resources to achieve the scope as outlined in the plan.

The Committee will seek feedback from management during the assessment process.

Independence

The Committee will review and assess the independence of the external auditor, including but not limited to any relationships with the Company or any other entity that may impair or appear to impair the external auditor's judgement or independence in respect of the Company. The review and assessment will be carried out annually at the time the external auditor presents its annual audit plan.

Prior to this review, the Committee will request a report from the external auditor which sets out all relationships that may affect its independence, including the provision of non-audit services, financial relationships employment and other relationships and any other matters that may reasonably be thought to have bearing on the external auditor's independence. The report should outline any safeguards that the external auditor has in place to reduce any threat to independence to an acceptable level.

Before the directors approve the half-year and full year accounts, the external auditor will be asked to provide a declaration testifying to its independence in respect of the financial period in question. The external auditor will have a continuing obligation to notify the Committee, via the Company Secretary, of any new information it believes may be material to reviewing its independence.

The Committee has responsibility to develop and oversee the implementation of the Company's policy on the engagement of the external auditor to supply non-audit services and to ensure compliance with that policy.

Rotation of External Audit Engagement Partner

The external audit engagement partner is generally required to rotate at least once every 5 years. If appropriate, the Board may, following a recommendation from the Committee, extend the eligibility term of the audit engagement partner in accordance with the Corporations Act.