

# VGI HEALTH TECHNOLOGY LIMITED

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## Audit and Risk Management Committee Charter

### Objectives

1. The Audit and Risk Management Committee (Committee) has been established by the board of directors of VGI Health Technology Limited (the **Board**). Its purpose is to support and advise the Board in fulfilling its responsibilities to shareholders, employees and other stakeholders of VGI Health Technology Limited (the **Company**) and its related bodies corporate (the **VTL Group**) by:
  - a. assisting the Board in fulfilling its oversight responsibilities in respect of:
    - i. the financial reporting process;
    - ii. the system of internal control relating to all matters affecting the VGI Health Technology Limited's financial performance;
    - iii. ensuring the integrity of periodic corporate reports released to the market that are not audited or reviewed by the Company's external auditor;
    - iv. the internal (if appointed) and external audit process; and
    - v. the process for monitoring compliance with laws and regulations and the Company's Code of Conduct;
  - b. assisting the Board with the adoption and application of appropriate ethical standards and management of the VTL Group and the conduct of its business;
  - c. assisting the Board in exercising of due care, diligence and skill in relation to risk assessment, risk management strategies and monitoring as well as reviewing the adequacy of the VTL Group's insurance policies and self-insured risks; and
  - d. reviewing related party transactions.

### Authority

2. The Committee has authority to exercise its roles and responsibilities as set out in this Charter and granted to it from time to time by resolution of the Board. The Committee has authority to conduct or authorise investigations into any matters within its scope of responsibility. It is empowered to:
  - a. retain outside accountants or other advisers to advise the Committee or assist in the conduct of an investigation;
  - b. seek any information it requires from Board members and employees (all of whom are directed to cooperate with the Committee's requests) or external parties; and
  - c. meet with VGI Health Technology Limited officers, employees, internal and external auditors, or outside legal advisers, as necessary and without management present.

### Specific Responsibilities

3. In order to fulfil its responsibilities to the Board, the Committee will:
  - 3.1 Financial statements
    - a. review the suitability and application of accounting policies to ensure they are applied in accordance with the financial reporting obligations of the Company;
    - b. review the financial statements and consider whether they are complete, consistent with information known to the Committee and reflect appropriate accounting policies and principles;
    - c. assess significant estimates and judgments made in financial statements;
    - d. receive and consider in connection with the Company's financial statements letters of representation to the Board in respect of financial reporting and the adequacy and effectiveness of the Company's risk management, internal compliance and control systems and the process and evidence adopted to satisfy those conclusions;

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- e. review the financial sections of the Company's Annual Report and any other periodic or ad hoc regulatory filings before release and consider the accuracy and completeness of the information; and
- f. review with management and the external auditors the results of the audit.

### 3.2 Internal control

- a. review the effectiveness of the Company's internal controls regarding all matters affecting the Company's financial performance and reporting, including information technology security and control; and
- b. review the scope of internal and external auditors' review of internal control, review reports on significant findings and recommendations, together with management's responses, and recommend changes from time to time as appropriate.

### 3.3 Internal audit

- a. oversee the appointment, replacement or dismissal of the internal auditor, noting that the Board may decide that the VTL Group 's operations do not require an internal audit function from time to time;
- b. review the scope and objectives of the internal audit;
- c. ensure that internal audit processes are appropriately documented;
- d. review the plans and activities of the internal audit to ensure that it covers all material risks and financial reporting requirements;
- e. approve the annual budget, staffing and structure of internal audit and ensure that it is adequately resourced and has unfettered access to VGI Health Technology Limited management;
- f. approve outsourcing of internal audit services;
- g. assess the adequacy, effectiveness, expertise and independence of the internal audit;
- h. meet with the internal auditor to review reports and monitor management response;
- i. meet as often as the Committee considers appropriate, and in any event at least once a year, to discuss any matters that the Committee or internal auditor believes should be discussed privately; and
- j. ensure there are no unjustified restrictions or limitations placed on the internal audit function.

### 3.4 External audit

- a. make recommendations to the Board regarding the remuneration and monitoring of independence of the external auditor;
- b. establish procedures for the selection and appointment of the external auditor;
- c. review the external auditors' proposed audit scope and approach;
- d. meet with the external auditors to review reports;
- e. meet as often as the Committee considers appropriate, and in any event at least once a year, to discuss in that regard any matters that the Committee or auditors believe should be discussed privately;
- f. establish policies as appropriate in regards to the independence and integrity of the external auditor including the rotation of external audit engagement partners;
- g. review and confirm the independence of the external auditors by obtaining statements from the auditors concerning any relationships between the auditors and the VTL Group, including non-audit services;
- h. pre-approve all non-audit services proposed to be provided to the VTL Group by the external auditor firm; and
- i. for the purpose of removing or appointing external auditors, review the performance of the auditors, including their proposed fees, and if appropriate conduct a tender of the audit. Any subsequent recommendation following the tender for the appointment of an external auditor will

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be put to the Board and, if a change is approved, it will be put forward to shareholders for their approval.

### 3.5 Compliance

- a. consider the work plan for Company compliance activities;
- b. obtain regular updates from management and the Company's legal adviser regarding compliance matters;
- c. review the effectiveness of the system for monitoring compliance with laws and regulations and the results of management's investigation and follow-up (including disciplinary action) of any instances of non-compliance;
- d. review and assess the management process supporting external reporting;
- e. review the findings of any examinations by regulatory agencies; and
- f. review the process for communicating the Code of Conduct to VGI Health Technology Limited personnel, and for monitoring compliance with that code.

### 3.6 Reporting responsibilities

- a. regularly report to the Board about Committee activities, issues, and related recommendations;
- b. provide an open avenue of communication between internal auditor, external auditors and the Board. For the purpose of supporting the independence of their function, the external auditor and the internal auditor have a direct line of reporting access to the Committee;
- c. report annually to the shareholders, describing the Committee's composition, frequency of meetings held per period (and the attendance record of committee members), responsibilities, and how they were discharged and any other information required by law or the NSX Listing Rules; and
- d. review any other reports the Company issues which relate to Committee responsibilities.

### 3.7 General risk oversight and monitoring

- a. review the VTL Group's risk appetite and risk tolerance, as determined by the Board on a holistic group-wide basis, and with respect to the relevant categories of operational risk and potential external and internal factors affecting those categories of risk;
- b. review and assess the various categories of risk faced by the VGI Group, including any concentrations of risk and interrelationships between risks;
- c. review and assess the likelihood of occurrence, severity of impact of those risks, and any mitigating measures affecting those risks;
- d. review the responsibility for risk oversight and management of specific risks to ensure a common understanding of accountabilities and roles;
- e. periodically review the Company's risk management framework and the risk treatment and mitigation policies and procedures developed by management, including procedures for periodic and critical reporting of matters to the Board and the Committee;
- f. review the objectivity, utility, effectiveness and efficiency of the Company's risk management function in the context of the VGI Group's size, complexity and scope of operations and the industry and economic factors which affect it;
- g. review how the Company's risk management policy and strategy is communicated throughout the VGI Group to ensure it is embedded as part of the VGI Group's corporate culture; and
- h. review reports from management, external auditors, internal auditors, legal counsel, regulators, and consultants as appropriate, regarding risks the VGI Group faces and its management of those risks;

### 3.8 Internal control and risk management

- a. assess the internal processes for determining and managing key risk areas, particularly:
  - i. compliance with laws, standards and best practice guidelines;

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- ii. important judgments and accounting estimates;
  - iii. litigation and claims; and
  - iv. fraud and theft;
- b. address the effectiveness of the internal control, risk management and performance management systems with management, the internal and external auditors, legal and other advisers;
  - c. assess the effectiveness of, and compliance with, risk related internal plans, policies and procedures;
  - d. obtain regular updates about risk and compliance matters; and
  - e. ensure the CEO and CFO are reasonably able to state that their declarations required under section 295A of the Corporations Act 2001 (Cth) relating to financial statements and reports of the Company are founded on a sound system of risk management and internal control, and that the system is operating effectively in all material respects, in relation to the financial reporting risks.

### 3.9 Risk transfer and insurance

- a. review how certain risks of VGI Group may be mitigated by risk transfer strategies and the implementation of those strategies;
- b. review and analyse the extent to which any risk transfer strategies give rise to new risks which may be material;
- c. review the Company's insurance arrangements including:
  - i. type of cover;
  - ii. scope of cover;
  - iii. duration of cover;
  - iv. adequacy of cover;
  - v. cost of cover;
  - vi. terms and conditions of cover including exclusions and limitations;
  - vii. counterparty risk of insurer, including through engaging professional insurance broker services; and
- d. review any self-insured risks.

### 3.10 Related party transactions

- a. review and monitor related party transactions and investments involving the Company and its directors including maintaining a register of related party contracts.

### 3.11 Corporate governance

- a. review developments in corporate governance in Australia and internationally which may be relevant to the Company and to the expectations of shareholders and other stakeholders;
- b. monitor the corporate governance requirements of regulators, including the Australian Securities and Investments Commission and the Corporate Governance Council of the ASX;
- c. review and monitor developments in ethical guidelines and standards for directors;
- d. advise senior management of its obligation to provide to the Board all information required by it to discharge its responsibilities, including any information specifically requested by the Board;
- e. advise the Board on corporate governance standards, and on the adoption or amendment of corporate governance policies that would be appropriate for the Company;
- f. advise the Board of the appointment, role, and removal of the Company Secretary;
- g. assist the Board in developing the measurable objectives required under the Company's Diversity Policy and in developing initiatives aimed at achieving these objectives;
- h. review the Company's progress in meeting the measurable objectives set in accordance with the Diversity Policy and report to the Board on this progress, any recommendations of the committee and the relative proportions of men and women at all levels in the organisation;

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- i. assess annually the Company's corporate governance standards including the adequacy and effectiveness of the Company's corporate governance policies and whether they require amendment or new policies should be adopted, and report to the board on the results of the review together with any recommendations of the Committee;
- j. review annually the Company's compliance with its corporate governance policies and procedures, and report to the Board on the results of the review together with any recommendations of the Committee; and
- k. assist the Board to prepare the Company's corporate governance disclosure statements in its Annual Report.

### 3.12 Other responsibilities

- a. review adequacy of external reporting by the Company to meet the needs of shareholders in the context of the Company's Shareholder Communication Policy and requirements under the NSX Listing Rules;
- b. review the adequacy of the processes put in place to ensure the integrity of any periodic corporate report released to the market as required under the NSX Listing Rules;
- c. perform other activities related to this charter as requested by the Board;
- d. institute and oversee special investigations as needed;
- e. confirm annually to the Board that all responsibilities outlined in this charter have been carried out; and
- f. annually evaluate the Committee's and individual members' performance and report this to the Board.

### Composition

- a. Ideally the Committee:
  - i. should comprise of a minimum of three directors of the Company;
  - ii. should have a majority of members who are independent non-executive directors;
  - iii. have all members of the Committee be financially literate;
  - iv. have at least one member with expertise in financial reporting.
- b. To the extent that the Committee does not achieve this structure from time to time, the Board should establish a process to achieve this structure and measure itself against that process annually.
- c. Members of the Committee will be appointed and removed by decision of the Board. A member of the Committee may resign from the Committee by notice to the Board.
- d. The Board will nominate the Chair of the Committee (Chair) from time to time. The Chair should be an independent director who is not Chair of the Board.

### Procedural Requirements

- a. The Committee will meet as required but not less than twice a year.
- b. Meetings of the Committee will be convened on reasonable notice issued by the Board or by any two members of the Committee by notice to all members of the Committee.
- c. A quorum of the Committee will comprise two members, one of whom must be the Chair or, in the absence of the Chair, another independent director. However all members are expected to attend and participate in Committee meetings.
- d. If the Chair is absent from a meeting and no acting Chair has been appointed, the members present may choose one of them to act as Chair for that meeting.
- e. Meetings of the Committee may be held or participated in by conference call or similar means, and decisions may be made by circular or written resolution.
- f. Non-committee members may be invited to attend meetings by the Chair.

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- g. Any independent non-executive director may attend any meeting of the Committee as an observer without an invitation from the Chair.
- h. Each member of the Committee will have one vote.
- i. The Chair will not have a casting vote. If there is a tied vote, the motion will lapse.
- j. The Committee must be provided with such internal resources as it considers necessary or desirable to fulfil its objectives.
- k. The Committee may seek such advice from any internal or external parties or professional advice as it may consider necessary or desirable to fulfil its objectives.
- l. The Committee may meet in private with either or both of the Company's Chief Financial Officer and external auditor as it requires.
- m. Following each meeting the Chair will report to the Board on any matter that should be brought to the Board's attention and on any recommendation of the Committee which requires Board approval or action, and provide the Board with sufficient information upon which to make a decision in that regard.

### **Committee Secretary**

- a. The Company Secretary will act as secretary of the Committee.
- b. The Company Secretary is to attend all Committee meetings or to otherwise receive an update from the Committee Chair to ensure that accurate minutes are taken of each Committee meeting.
- c. Minutes of meetings of the Committee will be prepared for approval by the Committee and circulated to the members of the Board.
- d. The Company Secretary will provide such assistance as may be required by the Chair including in relation to preparation of the agenda, minutes or papers for the Committee.

### **Annual Review**

- a. The Committee will prepare and provide to the Board annually:
  - i. a self-evaluation of its performance against this charter;
  - ii. recommended goals and objectives for the coming year; and
  - iii. recommended changes or improvements to this charter if necessary.
- b. The annual review must be done by way of a written report to the Board by the Chair.

### **Revisions of this Charter**

- a. This Charter and any amendments to it must be approved by the Board.
- b. The Committee is responsible for review of the effectiveness of this charter and the operations of the Committee and to make recommendations to the Board of any amendments to this charter.

### **Disclosure**

- a. The Company will publish this policy on its website along with the relevant qualifications and experience of the members of the Committee.