

# AUDIT COMMITTEE CHARTER

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## 1. INTRODUCTION

The Audit Committee ("**Committee**") is a committee of the Board of Oceania Healthcare Limited ("**Oceania Healthcare**") established by the Board, with power only of recommendation to the Board for final decisions (unless specifically mandated by prior Board authority to act or make decisions on behalf of the Board).

## 2. PURPOSE

The principal purpose of the Committee is to assist the Board in providing oversight of all matters relating to financial management and controls, financial accounting, audit and the external reporting requirements of Oceania Healthcare and its subsidiary companies. Without limiting the Committee's purpose as set out in the preceding sentence, the Committee assists the Board, in relation to Oceania Healthcare and its subsidiary companies, with the proper and efficient discharge of its responsibility to exercise due care, diligence and skill in relation to the oversight of:

- (a) The appointment and performance of the external auditors;
- (b) The integrity of external financial reporting;
- (c) The financial management and financial risks and internal control systems;
- (d) The application of accounting policy and practice;
- (e) Related party transactions; and
- (f) Compliance with applicable laws, regulations, standards, codes of practice, and the requirements of the NZX Listing Rules and the ASX Listing Rules (to the extent any such laws, regulations, standards, codes of practice, or Listing Rules requirements concern matters within the Committee's purpose).

## 3. MEMBERSHIP

The Board is responsible for the appointment and removal of the members of the Committee.

The Committee shall be comprised of members of the Board who are non-executive Directors, with a majority of the members being independent Directors (as determined by the requirements of the NZX Listing Rules, and having regard to the NZX Corporate Governance Code and the ASX Corporate Governance Principles and Recommendations (in each case, to the extent applicable)).

The number of members of the Committee shall not be less than three.

At least one of the members of the Committee must be a member of the Chartered Accountants Australia and New Zealand or otherwise have an 'accounting or financial background' (for the purposes of the NZX Listing Rules). All Committee members must be financially literate.



The Chairperson of the Committee shall be appointed by the Board from among the members of the Committee who are independent. The Chairperson of the Board must not be the Chairperson of the Committee.

#### **4. SECRETARIAL & MEETINGS**

The secretary of the Committee shall be appointed by the Board.

A quorum of members of the Committee is two and no business may be transacted at a meeting of the Committee unless a quorum is present.

Attending each meeting by a standing invitation are the Chief Executive Officer, the Chief Financial Officer, the Financial Controller, the General Counsel & Company Secretary and representatives from the external auditors. From time to time the Chairperson of the Committee may request that the Committee meet without these persons present.

The external auditors shall be encouraged to meet as appropriate with the Committee Chairperson, independent of management. The Committee Chairperson will generally meet with management and the external auditors (either together or separately as the Chairperson deems appropriate) before each Committee meeting and at other times as required.

All Directors may attend each meeting by standing invitation. Executives, employees and internal risk management auditors may only attend Committee meetings at the invitation of the Committee.

Reasonable notice of Committee meetings and the business to be conducted shall be given to the members of the Committee, all other members of the Board, the Chief Executive Officer and the Chief Financial Officer and the external auditors.

Meetings shall be held not less than four times a year having regard to Oceania Healthcare's reporting and audit cycle, which generally requires four meetings per year in April, May, October and November. Any member of the Committee, the Chief Executive Officer, the Chief Financial Officer, or the external auditors may request a meeting at any time if they consider it necessary.

Minutes of all meetings are kept.

Oceania Healthcare shall identify the members of the Committee each year in its annual report.

#### **5. RESPONSIBILITIES**

The responsibilities of the Committee are as follows:

##### **Audit**

- (a) Review and recommend to the Board for approval, the appointment of the external auditors and their fees;
- (b) Review and confirm the independence of the external auditors consistent with Oceania Healthcare's External Auditor Independence Policy, including a review of any non-audit services that may be provided to Oceania Healthcare and any related fees;



- (c) Liaise with the external auditors and any internal auditors or accountants, and establish a procedure for sustaining direct communication and unrestricted access between the Committee and the external auditors, and any internal auditors or accountants;
- (d) Review and recommend to the Board for approval, the annual and any interim audit plan of the external auditors;
- (e) Monitor management's execution of the recommendations highlighted within the external audit report;
- (f) Monitor and review the external and any internal auditing practices, and oversee and monitor the performance of the external auditors;
- (g) Ensure that the key audit partner is changed at least every five years;
- (h) Review and recommend to the Board for approval, the removal of the external auditors;

### **Financial Reporting**

- (i) Review and recommend to the Board for approval, Oceania Healthcare's half year and annual financial statements and in carrying out this exercise, consider and review:
  - (i) All audit reports related to the financial statements;
  - (ii) All audit findings;
  - (iii) All representations from management;
  - (iv) The public releases of financial information to the media and market, including the adequacy of information for shareholders and analysts;
  - (v) The significant estimates and judgements in the financial reports by enquiring of management about the process used in making material estimates and judgements and then enquire of the external auditors their conclusions on the reasonableness of management's estimates and judgements;
  - (vi) The integrity of the annual and half year financial statements and whether the financial reports represent a true and fair view in all material respects, of Oceania Healthcare's financial position;
  - (vii) All significant accounting policy changes;
- (j) To advise the Board whether Oceania Healthcare's half year, annual financial statements, and stock exchange financial reporting comply with applicable laws and regulations;

### **Financial Management**

- (k) Ensure processes are in place and monitor those processes so that the Board is properly and regularly informed and updated on corporate financial matters;
- (l) Assess the performance of financial management;
- (m) Review accounting and financial management policies and recommend to the Board for approval, any changes to accounting and financial management policies;



- (n) Assess whether there are adequate controls over special or complex transactions;
- (o) Oversee compliance with statutory responsibilities relating to financial reporting and other accounting-related requirements;
- (p) Oversee compliance with contractual obligations and covenants in relation to financing arrangements;
- (q) Oversee tax management and compliance;
- (r) Review the frequency and significance of all transactions between Oceania Healthcare and related parties and assessment of their propriety;
- (s) Monitor the financial risks of Oceania Healthcare and review Oceania Healthcare's insurance arrangements;

#### **Auditors' Independence**

- (t) Address what, if any, services other than in their statutory audit role may be provided by the external auditors;
- (u) Ensure that the ability and independence of the external auditors to carry out their statutory audit role is not impaired, or could reasonably be perceived to be impaired;
- (v) Monitor and approve any service provided by the external auditors to Oceania Healthcare other than in their statutory audit role;
- (w) Review the independence of the external auditors and the appropriateness of any non-audit services they undertake for Oceania Healthcare;

#### **Internal Audit**

- (x) Review the internal auditors and their activities;
- (y) Approve the internal audit plan;
- (z) Ensure that recommendations highlighted in internal audit reports are actioned by management;

#### **General**

- (aa) Supervise any special investigation when requested by the Board;
- (bb) Examine and report to Board on any matters referred to the Committee by the Board;  
and
- (cc) Establish and review the schedule of annual activities of the Committee.

### **6. AUTHORITY**

The Committee is authorised by the Board to deal with matters as set out in the Responsibilities section of this Charter, and may:



- (a) Make decisions (or submit recommendations for consideration by the Board) on matters for which decision-making authority has been specifically delegated by the Board; and
- (b) Submit recommendations to the Board on matters for which decision-making authority has not been delegated by the Board.

## **7. ACCESS AND INDEPENDENT ADVICE**

The Committee is authorised by the Board to investigate any activity within its responsibilities as set out in this Charter. It is authorised to seek any information it requires from any employee and all employees will be directed to co-operate with any request made by the Committee.

The Committee is authorised by the Board to obtain, at the expense of Oceania Healthcare, outside legal or other independent professional advice as necessary to discharge its responsibilities as set out in this Charter, and to arrange for the attendance at Board or Committee meetings, at the expense of Oceania Healthcare, of outside parties with relevant experience and expertise if it considers it necessary.

The Committee shall meet with the external auditors without management present as a standing agenda item biannually, and may elect to meet with the external auditors at any time outside these scheduled times.

## **8. RELATIONSHIP WITH AUDITORS**

On a day to day basis, the Chief Financial Officer is responsible for the relationship with the external auditors.

Individual business units of Oceania Healthcare are responsible for the timely and accurate provision of information to the external auditors.

The Committee shall ensure that the external auditors have direct access to both the Committee and, where required, the full Board.

## **9. AUDITOR ROTATION**

Rotation of the external auditors' key audit partner is required at least every five years. The Committee must ensure that the external auditors have an appropriate rotation process in place.

## **10. REPORTING PROCEDURES**

The Committee shall maintain direct lines of communication with the external auditors, the Chief Executive Officer, the Chief Financial Officer, the internal auditors and with management generally.

The Chief Executive Officer and the Chief Financial Officer are each responsible for drawing to the Committee's immediate attention any material matter that relates to the financial condition of Oceania Healthcare, any material breakdown in internal controls, and any event of fraud or malpractice.

The Chief Financial Officer will inform the Committee of any material communication between the external and/or the internal auditors and management.



After each Committee meeting, the Chairperson of the Committee shall report the Committee's findings and recommendations to the Board at the next meeting of the Board following the Committee meeting.

The minutes of all Committee meetings are circulated to the members of the Board, the Chief Executive Officer and the Chief Financial Officer, and will also be made available to the external auditors and to such other persons as the Board directs.

## **11. REVIEW**

This Charter was reviewed by the Board in December 2020 and will be reviewed annually.

