

Audit and Risk Committee Charter

1. Introduction

- 1.1 The Audit and Risk Committee (Committee) is a Committee of the Board of Directors of Asaleo Care Limited ACN 154 461 300 (Company and, together with its controlled entities, the Group)
- 1.2 The Board of Directors of the Company (Board) established the Committee under the Company's Constitution.
- 1.3 This Charter sets out the scope of the Committee's responsibilities in relation to the Company and the Group.

2. Objective

- 2.1 The objectives of the Committee are to assist the Board to achieve its governance objectives by:
 - (a) maintaining and improving the quality, credibility and objectivity of the Group's financial accountability and reporting processes (including financial reporting on a consolidated basis);
 - (b) maintaining and improving the Group's legal and regulatory compliance policies, procedures and framework and promoting a culture of compliance across the Group;
 - (c) providing a forum for communication between the Board, management and auditors in relation to financial, audit, risk and compliance matters affecting the Group;
 - (d) ensuring effective audit functions; and
 - (e) maintaining and improving the Group's risk management policies, process and framework.

3. Committee composition

- 3.1 The Committee will comprise:
 - (a) at least three Directors;
 - (b) all Non-Executive Directors; and
 - (c) a majority of independent Directors.
- 3.2 The Board of the Company will appoint the Chairperson. The Chairperson must be an appropriately qualified independent Director and must not be the Chairperson of the Board. The Committee will appoint a Secretary.
- 3.3 Each member of the Committee must be able to read and understand financial statements and at least one member must be a qualified accountant or other financial professional with appropriate experience of financial and accounting matters.
- 3.4 Each member of the Committee should have an understanding of the industry in which the Group operates.

- 3.5 The Board will decide appointments, rotations and resignations within the Committee having regard to the ASX Listing Rules, the *Corporations Act 2001* (Cth) and the general law applicable to such matters.

4. Financial Accountability and Reporting

The responsibilities of the Committee with respect to financial accountability and reporting are:

- (a) proactively overseeing, and assessing the adequacy of, the Group's financial reporting and accountability and disclosure processes, overseeing and reviewing the outputs of those processes and making recommendations to the Board in relation to those matters;
- (b) assessing the appropriateness and application of the Group's accounting policies and principles and any changes to them, so that they accord with the applicable financial reporting framework, and relevant laws, regulations and standards;
- (c) obtaining an independent judgment from the external auditor about:
 - (i) the acceptability and appropriateness of accounting policies and principles put forward by management; and
 - (ii) the clarity of current or proposed financial disclosure practices as put forward by management;
- (d) assessing information from the internal and external auditors that may affect the quality of the Company's financial reports;
- (e) reviewing all half-yearly and annual financial reports with management, advisers and the external auditors (as appropriate) and recommending the applicable accounts adoption by the Board if those financial reports reflect the understanding of the members of the Committee of, and otherwise provide a true and fair view of, the financial position and performance of the Group;
- (f) reviewing any draft audit opinion letter and management letter with the external auditors before it is finalised;
- (g) assessing after consultation with management and auditors as required the appropriateness of any significant accounting estimates, judgments or choices in the financial reports of the Company.
- (h) reviewing and approving as required, documents and reports to regulators, consistent with the responsibility of the Committee as set out in this Charter.
- (i) following up on any matter raised by the Board regarding financial reports, audit opinions and management letters;
- (j) assessing management processes for supporting external reporting, and dealing with any complaints or concerns raised regarding financial or accounting processes and practices; and
- (k) ensuring that procedures are in place to verify the effectiveness of accounting and financial systems and other systems of internal control and receiving confirmation from management to this effect.

5. Risk management and internal control

The responsibilities of the Committee with respect to risk management and internal control are:

Risk management and internal control systems

- (a) overseeing the implementation of a risk management framework and risk management and internal control systems and assessing the ongoing efficiency and effectiveness of that framework and those systems and management's performance against that framework;

- (b) ensuring the risk management framework remains sound and appropriate for the Group's operations and management is operating within the risk appetite set by the Board.
- (c) reviewing (at least annually) and approving policies and procedures on risk oversight and management to establish an effective and efficient system for:
 - (i) identifying, assessing, monitoring and managing risk; and
 - (ii) disclosing any material change to the Group's risk profile;
- (d) reviewing and evaluating reports from management concerning the Group's material risks, including any breakdown in internal controls, management operating outside the risk appetite set by the Board or material incidents, in order to assess the internal processes for determining, lessons learned, monitoring and managing these risks going forward and to monitor the risk profile of the Group;
- (e) reviewing and evaluating:
 - (i) the effectiveness of the Company's risk management and internal control processes; and
 - (ii) the Company's risk management framework at least annually, and ensuring that the Company discloses in relation to each reporting period whether such a review has taken place, as well as any insights gained and any changes made to the risk management framework as a result;
 - (iii) reports on new and emerging risks and the control measures and mitigants that management propose to implement to manage those risks; and
- (f) recommending to the Board changes which should be made to the risk management framework or the Group's risk appetite.
- (g) ensuring that the Company discloses on an annual basis whether, and if so how, it has regard to, and manages, economic, environmental and social sustainability risks.

Disclosure and financial reporting

- (h) ensuring that management establishes a comprehensive process to capture all financial information that must be disclosed to ASX;
- (i) reviewing the Group's financial risk management procedures to ensure that the Group complies with its legal obligations, including to assist the Chief Executive Officer and Chief Financial Officer to provide declarations in relation to the Group's financial reports required by both section 295A of the *Corporations Act 2001* (Cth) and Recommendation 4.2 of the *ASX Corporate Governance Principles and Recommendations (3rd edition)*; and

6. Compliance

The responsibilities of the Committee with respect to legal and regulatory compliance are:

- (a) overseeing the establishment and implementation of a compliance framework and systems and ensuring that there is a mechanism for assessing the ongoing efficiency and effectiveness of the framework and systems;
- (b) reviewing (at least annually) the compliance framework and systems to ensure they are effective and efficient in:
 - (i) identifying, assessing and monitoring compliance across the Group; and
 - (ii) disclosing and remedying any compliance failures across the Group; and

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- (c) reviewing reports from management with respect to the Group's compliance activities in order to assess the effectiveness and efficiency of the framework and systems and management's response to any changes in the legal and regulatory environment or compliance failures.

7. External Audit

The responsibilities of the Committee are,

- (a) recommending to the Board for approval the terms of engagement with the external auditor at the beginning of each financial year;
- (b) regularly reviewing with the external auditor:
 - (i) the scope of, plan for and adequacy of the external audit;
 - (ii) identified risk areas; and
 - (iii) any other agreed procedures;
- (c) recommending to the Board for adoption any policies and procedures for appointing or removing an external auditor and for external audit engagement partner rotation;
- (d) recommending to the Board for approval, the appointment or removal of an external auditor;
- (e) approving the remuneration of the external auditor;
- (f) regularly reviewing the performance, effectiveness and independence of the external auditor, including annual receipt of an independence report from the external auditor;
- (g) approving the types of non-audit services that the external auditor may provide without impairing or appearing to impair the external auditor's independence;
- (h) meeting periodically with the external auditors and inviting them to attend Committee meetings to:
 - (i) review their plans for carrying out internal control reviews;
 - (ii) identify if there have been any significant disagreements with management, and if so whether or not they have been resolved; and
 - (iii) consider any comments made in the external auditor's management letter, and in particular, any comments about material weaknesses in internal controls and management's response to those matters;
- (i) reviewing all representation letters signed by management;
- (j) reviewing the reports of the external auditor; and
- (k) arranging for the external auditor to attend the Annual General Meeting of the Company and be available to answer questions from shareholders.

8. Internal Audit

- 8.1 The Committee will review and approve the appointment or dismissal of an internal auditor (which may be an external service provider). The Committee and the internal auditor will have the right to access each other directly.
- 8.2 The Committee is responsible for:
 - (a) approving the terms of engagement including fees of any internal auditor;
 - (b) ensuring the internal auditor is independent of the external auditor;

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- (c) overseeing the scope of internal audit;
 - (d) ensuring the internal audit function is adequately resourced and has access to all business lines and support areas;
 - (e) regularly reviewing and monitoring progress of the internal audit plan and work program;
 - (f) reviewing and evaluating, the findings of the internal audit work (in particular regarding the adequacy of processes for managing risks) and monitoring management responsiveness to internal audit findings and recommendations; and
 - (g) evaluating the processes for monitoring and assessing the effectiveness of the internal audit.

9. Other responsibilities

Other responsibilities of the Committee are:

- (a) assessing and recommending to the Board for approval the scope, cover and cost of required insurances, including insurance relating to Directors and Officers liability;
- (b) if it considers appropriate, investigating any complaint or allegation made to it;
- (c) reviewing and monitoring any related party transaction and recommending its approval or otherwise; and
- (d) any other responsibilities or matters as determined by the Board from time to time.

10. Committee meetings

- a) The Committee will meet as often as it considers necessary, and at least twice a year.
- b) A quorum for a Committee meeting is two Committee members.
- c) Committee meetings may be held by any technological means allowing its members to participate in discussions even if all of them are not physically in the same place. A member who is not physically present but participating by technological means is taken to be present.
- d) The Committee may invite other persons it regards appropriate to attend and contribute to Committee meetings.
- e) The Committee must disclose at the end of each reporting period the number of times that it met during the period and the individual attendances of its members at those meetings.
- f) Procedures applicable to Board meetings under the constitution shall apply to Committee meetings.

11. Minutes of Committee meetings

- a) The Committee must keep minutes of its meetings.
- b) Minutes of each Committee meeting will be included in the papers for the next scheduled Board meeting, except if there is a conflict of interest.
- c) Minutes must be distributed to all Committee members, after the Committee Chairperson has approved them.
- d) The agenda and supporting papers will be available to all Directors upon request to the Committee Secretary, except if there is a conflict of interest.

12. Access to information and independent advice

- a) The Committee may seek any information or advice it considers necessary to fulfil its responsibilities.
- b) The Committee has access to:
 - (i) management, to seek explanations and information from them; and
 - (ii) External and internal auditors to seek explanations and information, without management being present.
- c) The Chief Financial Officer and Company Secretary shall have free and unfettered access to the Committee.
- d) The Committee may seek professional advice from appropriate external advisers, at the Company's cost. The Committee may meet with these external advisers without management being present.

13. Review and changes to this Charter

- a) The Committee will review this Charter annually or as often as it considers necessary.
- b) The Board may change this Charter (including the responsibilities of the Committee) from time to time by resolution.

14. Approved and adopted

This Charter was approved by the Board in December 2019.