

[Keywords]

Version 6

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Audit Committee Charter

Connecting health solutions

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1. Purpose

- 1.1 The audit committee ('AC') will assist the board in fulfilling its responsibilities for corporate governance and oversight of Sigma's:
- (a) Integrity of financial statements and financial reporting process;
 - (b) internal and external audit functions; and
 - (c) corporate governance practices and procedures. The roles and responsibilities of the AC to fulfil this purpose are described in section 3.

2. Authority

- 2.1 Except where expressly stated in this Charter, the AC discharges its responsibilities by making recommendations to the Board.
- 2.2 The AC does not have any executive powers to commit the Board or management to the implementation of its recommendations except where expressly stated in this Charter or as authorised by resolution of the Board.
- 2.3 The AC is not responsible for supervising the performance of management and does not become involved in day-to-day operations, management functions or decision making. The AC will have unrestricted access to management and rights to seek explanations and additional information from management. The AC will also have unrestricted access to both the internal auditor and the external auditor (with or without the presence of management, at the AC's discretion).
- 2.4 The AC has authority to conduct or direct investigations into any matters within this Charter. The AC is entitled to obtain external, independent legal or professional advice as considered necessary or desirable by the AC to assist it in any investigation or to carry out its duties. As appropriate, the AC will inform the Chair of the Board of Sigma Healthcare Limited, the Chief Executive Officer, the Chief Financial Officer and the Company Secretary of its decision to authorise such an investigation or obtain such external advice.

3. Roles and Responsibilities

- 3.1 External Audit
- 3.1.1 Review and recommend to the Board the appointment and remuneration (and, where appropriate, replacement) of the external auditor and the terms of their engagement.
 - 3.1.2 Review and agree the overall scope of the external audit, including identified risk areas and any additional procedures considered necessary.
 - 3.1.3 Review external audit plans, including changes to those plans, and review progress reports prepared by the external auditor and determine whether all matters raised are receiving appropriate attention.
 - 3.1.4 Resolve any disagreements between the external auditor and management in relation to financial reporting.
 - 3.1.5 Monitor and periodically evaluate the effectiveness of the external auditor.
 - 3.1.6 Approve and review the External Auditor Independence Policy which regulates the provision of services by the external auditor, and monitor compliance with that policy.
 - 3.1.7 Review and recommend to the Board that the lead external audit engagement partner be rotated every five years or more frequently if the AC considers it desirable to maintain the external auditor's independence.

- 3.1.8 Require, in addition to normal recruitment due diligence processes, that the appointment of any present or former employee of the external auditor to a senior position within Sigma be approved in advance by the Chair of the AC.

3.2 Financial Reporting

- 3.2.1 Review half-yearly and yearly financial reports and statements with Management and the external auditor.
- 3.2.2 Review and make recommendations to the Board regarding significant financial, accounting and reporting issues.
- 3.2.3 Review declarations made by the Managing Director and Chief Executive Officer and the Chief Financial Officer regarding the financial records and statements and the process supporting those declarations (including as required by section 295A of the Corporations Act);
- 3.2.4 Review Sigma's financial reporting and disclosure processes (including climate change disclosures) and the outputs of those processes.
- 3.2.5 Review the appropriateness of the accounting policies adopted by Management in relation to the financial reports.
- 3.2.6 Review financial statements for compliance with accounting standards and policies and other requirements relating to the preparation of financial reports.
- 3.2.7 Assess whether the half-year and full-year financial reports are consistent with the AC members' information and knowledge.
- 3.2.8 Internal Audit and Internal Control:
- (a) Review the internal auditor's objectives, competence and resourcing (including determining whether the internal audit function is to be provided by an internal or external party).
 - (b) If the internal audit function is to be provided by an external party, recommend to the Board the appointment (and, where appropriate, replacement) of the internal auditor and the terms of their engagement.
 - (c) Review and recommend to the Board the annual internal audit plan and work program and any associated fees, and monitor the progress of the work program.
 - (d) Meet separately with the lead internal auditor to discuss any matters that the AC or internal auditors believe should be discussed privately.
 - (e) Ensure that significant findings and recommendations made by the internal auditors are received and discussed on a timely basis with management.
 - (f) Ensure that management responds to recommendations by the internal auditors.
 - (g) Where internal audit services are provided by an external firm:
 - i. Approval of non-internal audit services to be provided by the internal auditors is delegated to the Managing Director and Chief Financial Officer. They are to ensure that the internal auditor is not placed in a conflict of interest position on the basis of non-internal audit work which it undertakes for the Company.
 - ii. Once a year the internal auditors are to be requested to provide to the AC a summary of non-internal audit services provided over the preceding 6 months.

- iii. Consider the effectiveness of Sigma's internal control system by reviewing management and internal audit reports on the effectiveness of the internal control systems and management of material business.

4. Corporate Governance

- 4.1 Review and make recommendations regarding the Company's Corporate Governance policies, practices and procedures.
- 4.2 Review and make recommendations regarding the Corporate Governance Statement in the Company's annual report and in any other statutory report or document.
- 4.3 Review and make recommendations regarding other relevant statements, or reporting, included in the Company's annual report and in any other statutory report or document, including but not limited to, environmental, social responsibility, diversity and compliance.

5. Regulatory Compliance

- 5.1 Obtain regular reports from management and the external auditor that Sigma is in conformity with applicable legal and regulatory requirements in relation to financial information, reporting and disclosure. Advise the Board of the same.
- 5.2 Review reports from management and the external auditor on the identification and resolution status of material weaknesses and reportable conditions in the internal control environment, including significant deficiencies in the design or operation of internal controls that could adversely affects Sigma's ability to record, process, summarise and report financial information.
- 5.3 Review and approve Sigma's policies for the receipt, retention, and treatment of information submitted confidentially by employees and third parties about accounting, internal control, compliance, audit or other matters about which an employee or other person has concerns (including in conjunction with the Risk, Operations and Compliance Committee).
- 5.4 Review any significant adverse findings or examinations by regulatory agencies, including those resulting from any audit activity.
- 5.5 Review, recommend to the Board and monitor Sigma's Whistleblower Policy.

6. Composition

- 7.1 Membership
 - 7.1.1 The Committee membership and Chairman of the Committee will be as determined from time to time by the Board. The AC will comprise at least three (3) Directors of Sigma, the majority of whom will be independent non-executive directors who are financially literate. For the purposes of this Charter, financially literate means the ability to read and understand financial statements, have familiarity with financial management and an understanding of the industry in which Sigma operates. At least one member will have relevant qualifications and experience (i.e. a qualified accountant or other finance professional with experience of financial and accounting matters).
 - 7.1.2 The Chair of the AC will have financial expertise and shall be nominated by the Board from time to time (however, will not be the Chair of the Board).
 - 7.1.3 The Board may determine the appointment and term of any member of the AC at any time. Retirement and renewal of AC members will be reviewed on an ongoing basis by the Board.

7.2 Meetings

- 7.2.1 A quorum for any meeting will be two (2) members.
- 7.2.2 The Committee will meet at least four times annually, or more frequently as necessary. Internal or external auditors may request a meeting if they consider it necessary. The AC may give its approval via circular resolution where it considers appropriate.
- 7.2.3 If the Chair of the AC is unable to attend a AC meeting, the Chair, or the members present, will appoint another member who is an independent director to act as Chair at that meeting.
- 7.2.4 AC meetings may be held or participated in by conference call or similar means, and decisions may be made by circular or written resolution. A circular or written resolution signed by a majority of members will be effective as a resolution duly passed at a AC meeting and may consist of several documents in like form, each signed by one or more members. The expression "written" includes email or other electronic means.

7.3 Attendance

- 7.3.1 Notice of AC meetings will be provided to all non-executive directors of the Board who are not members and all directors may attend AC meetings.
- 7.3.2 Notice of AC meetings will be provided to the Chief Executive Officer, the Chief Financial Officer, the internal auditor and the external auditor, who must attend meetings if requested. Other members of management and advisers may be invited to attend meetings, as the Chair of the AC deems fit.
- 7.3.3 The internal auditor and/or the external auditor will be required to meet separately with the AC, without management, upon the request of the Chair of the AC.

7.4 Secretary

- 7.4.1 The Company Secretary will be the Secretary of the AC.

7.5 Agenda

- 7.5.1 The Secretary, in conjunction with the Chief Financial Officer will prepare an agenda for each AC meeting for review by the Chair of the AC.
- 7.5.2 Any member may require business to be included on the agenda provided the Chair of the AC and the Secretary have been given prior notice.
- 7.5.3 The agenda for each AC meeting will be issued within a reasonable time prior to that meeting to members, the Chief Executive Officer, the Chief Financial Officer, the internal auditor, the external auditor and other attendees.

7.6 Minutes

- 7.6.1 Minutes of AC meetings will be prepared by the Secretary, approved by the Chair of the AC in draft and circulated to all members.
- 7.6.2 Minutes of any private sessions of the AC (for example, with the external auditor and without management) will be prepared, approved by the Chair of the AC in draft and circulated to all members.
- 7.6.3 The minutes of a AC meeting and of any private session will be confirmed at the next AC meeting and then signed by the Chair of the AC.

7.7 Reporting

- 7.7.1 The minutes of each AC meeting will be included in the papers of the next Board meeting.
- 7.7.2 The Chair of the AC will, if requested at the next Board meeting, provide a report as to any material matters arising out of the AC meeting. All directors may, within the Board meeting, request information of members of the AC.

7. Reporting Responsibilities

- 8.1 The Chair will report to the Board subsequent to each AC meeting on:
 - (a) results of the internal and external audit processes;
 - (b) minutes and formal resolutions; and
 - (c) other key activities and major issues of which the Board should be informed.
- 8.2 The AC will provide an open avenue of communication between internal audit, the external auditor and the Board.

8. Review

- 9.1 The AC will, regularly, undertake an evaluation of its performance and effectiveness, and review its membership and this Charter to determine its adequacy for current circumstances, and make recommendations to the Board.
- 9.2 The AC will consider and review the report of the AC's membership, authority, responsibilities and discharge of those responsibilities for inclusion in Sigma's annual report.

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