

1. Introduction

- 1.1 The audit and risk committee is a committee of the board of directors of Isentia Group Limited (**Company** and, together with its controlled entities, the **Group**) (**Audit and risk committee**).
- 1.2 The board established the Audit and risk committee under the Company's constitution.
- 1.3 This charter sets out the scope of the Audit and risk committee's responsibilities in relation to the Company and the Group.

2. Objectives

The objectives of the Audit and risk committee are to:

- (a) assist the board achieve its governance objectives in relation to:
 - (i) financial reporting;
 - (ii) the application of accounting policies;
 - (iii) business policies and practices;
 - (iv) legal and regulatory compliance; and
 - (v) internal control and risk management systems;
- (b) maintain and improve the quality, credibility and objectivity of the financial accountability process (including financial reporting on a consolidated basis);
- (c) promote a culture of compliance across the Group;
- (d) provide a forum for communication between the board and management in relation to audit and compliance matters;
- (e) ensure effective internal and external audit functions and communication between the board and the internal and external auditor; and
- (f) review and comment on management's plans for managing the material risks faced by the Group.

3. Audit and risk committee composition

- 3.1 The Audit and risk committee should (and, if the Company is included in the S&P ASX 300 Index, must) comprise:
 - (a) at least 3 directors;
 - (b) all non-executive directors; and
 - (c) a majority of independent directors.

- 3.2 The Audit and risk committee will appoint its chairperson. The chairperson should ideally be an appropriately qualified independent director and must not be the chairperson of the board.
- 3.3 The Audit and risk committee will appoint a secretary.
- 3.4 The Audit and risk committee must be of sufficient size, independence and technical expertise to effectively discharge its mandate.
- 3.5 Each member of the Audit and risk 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.
- 3.6 Each member of the Audit and risk committee should have an understanding of the industry in which the Group operates.
- 3.7 The board will decide appointments, rotations and resignations within the Audit and risk committee having regard to the ASX Listing Rules, the *Corporations Act 2001* (Cth) and the general law applicable to such matters.
- 3.8 A member may act by their alternate.

4. External financial reporting

The responsibilities of the Audit and risk committee are:

- (a) engaging in the pro active oversight of the Company's financial reporting and disclosure processes and overseeing and reviewing the outputs of that process;
- (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;
- (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 any significant estimates or judgments in the financial reports of the Company;
- (e) assessing information from the external auditor that may affect the quality of the Company's financial reports;
- (f) 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;
- (g) discussing any draft audit opinion letter and management letter with the external auditors before it is finalised;
- (h) reviewing and approving as required, documents and reports to regulators;
- (i) following up on any matter raised by the board regarding financial reports, audit opinions and management letters;

- (j) establishing procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls and auditing matters, and procedures for the confidential, anonymous submission of concerns by employees regarding accounting and auditing matters;
- (k) reviewing management processes supporting external reporting, and any complaints or concerns raised internally regarding financial or accounting processes and practices;
- (l) ensuring that procedures are in place designed to verify the existence and effectiveness of accounting and financial systems and other systems of internal control which relate to financial risk management; and
- (m) any other responsibilities as determined by the Audit and risk committee or the directors from time to time.

5. Risk management and internal control

The responsibilities of the Audit and risk committee are:

Risk management and internal compliance and control systems

- (a) overseeing the establishment and implementation of risk management and internal compliance and control systems and ensuring that there is a mechanism for assessing the ongoing efficiency and effectiveness of those systems;
- (b) reviewing 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;
- (c) receiving reports from management concerning the Group's material risks in order to assess the internal processes for determining, monitoring and managing these risks and to monitor the risk profile of the Group;

Disclosure and reporting

- (d) ensuring that management establishes a comprehensive process to capture all information that must be disclosed to ASX;
- (e) reviewing management's processes for ensuring and monitoring compliance with all laws, regulations and other requirements relating to the external reporting of financial and non-financial information; and

Other responsibilities

- (f) any other responsibilities as determined by the Audit and risk committee or the directors from time to time.

6. External audit

The responsibilities of the Audit and risk committee are, among other things:

- (a) approving 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 the external audit;
 - (ii) identified risk areas; and
 - (iii) any other agreed procedures;
- (c) approving 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 Audit and risk committee meetings to:
 - (i) review their plans for carrying out internal control reviews; and
 - (ii) 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) receiving and reviewing the reports of the external auditor; and
- (k) any other responsibilities as determined by the Audit and risk committee or the directors from time to time.

7. Other responsibilities

The responsibilities of the Audit and risk committee are:

- (a) assessing and recommending to the board for adoption the scope, cover and cost of insurance, including insurance relating to directors and officers liability, company reimbursement and professional indemnity;
- (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; and
- (d) any other responsibilities as determined by the Audit and risk committee or the directors from time to time.

8. Audit and risk committee meetings

8.1 The Audit and risk committee will meet as often as it considers necessary.

- 8.2 A quorum for a Audit and risk committee meeting is two Audit and risk committee members.
- 8.3 Audit and risk 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.
- 8.4 The Audit and risk committee may invite other persons it regards appropriate to attend and contribute to Audit and risk committee meetings.

9. Minutes of Audit and risk committee meetings

- 9.1 The Audit and risk committee must keep minutes of its meetings.
- 9.2 Minutes of each Audit and risk committee meeting must be included in the papers for the next full board meeting after each meeting of the Audit and risk committee, except if there is a conflict of interest.
- 9.3 Minutes must be distributed to all Audit and risk committee members, after the Audit and risk committee chairperson has approved them.
- 9.4 The agenda and supporting papers are available to all directors upon request to the Audit and risk committee secretary, except if there is a conflict of interest.

10. Access to information and independent advice

- 10.1 The Audit and risk committee may seek any information or advice it considers necessary to fulfil its responsibilities.
- 10.2 The Audit and risk committee has access to:
 - (a) management, to seek explanations and information from them; and
 - (b) external auditors to seek explanations and information, without management being present.
- 10.3 The Audit and risk committee may seek professional advice from appropriate external advisers, at the Company's cost. The Audit and risk committee may meet with these external advisers without management being present.

11. Review and changes to this charter

- 11.1 The Audit and risk committee will review this charter annually or as often as it considers necessary.
- 11.2 The board may change this charter from time to time by resolution.

12. Approved and adopted

This charter was approved by the board on 16 July 2014.