



## **Audit and Risk Committee Charter**

### **1. Purpose**

The Audit and Risk Committee Charter (the "Charter") is to specify the authority delegated to the Audit and Risk Committee (the "Committee") by the board of Directors (the "Board") of Imagination Biosystems Limited ("Imagion") and to set out the duties and responsibilities, membership and operation of the Committee.

### **2. Role of the Committee**

The role of the Committee is to assist the Board in carrying out its corporate governance responsibilities and helping to safeguard the interests of Imagination. The Committee will review and have oversight of accounting, auditing, financial reporting, risk management and compliance responsibilities and make recommendations to the Board on

- the integrity and reliability of financial reports and financial statements;
- the appointment, remuneration, independence, competence and performance of external auditors and the review of audits;
- the effectiveness of the Company's risk management framework and internal controls;
- the process of identification and management of risk;
- applicable legal and regulatory requirements;
- the requirements for internal audit activities; and
- maintaining and promoting a culture of compliance within the Company and the Board.

### **3. Membership of the Committee**

The membership of the Committee should solely consist of at least three non-executive Directors with a majority being independent directors. The Committee will be chaired by an independent non-executive Director who is not Chair of the Board. Executive Directors shall normally attend the meeting of the Committee as observers. The Company Secretary is the secretary of the Committee and is to attend all Committee meetings.

It is intended that the members of the Committee between them should have the accounting and financial expertise, and a sufficient understanding of the industry in which the Company operates, to be able to charge the Committee's responsibilities effectively.

The Committee may have in attendance such members of management or any other party it may deem necessary.

Membership is reviewed periodically and re-appointment to the Committee is not automatic. Appointments and resignations are decided by the Board.

## **4. Duties and Responsibilities**

The key duties and responsibilities of the Committee are to review, recommend and report to the Board on matters relevant to this Charter.

### **Internal Controls**

The Committee will review and make recommendations to the Board in relation to:

- advise the Board on the appropriateness of significant policies and procedures relating to financial processes and disclosures and review the effectiveness of the Company's internal control framework;
- oversee investigations of breaches or potential breaches of internal controls, and incidents identified as risks, particularly in relation to accounts and financial reporting;
- monitor and report to the Board on taxation management and compliance; and
- ensure adequate procedures are established for the receipt, retention and treatment of concerns received by the Company regarding accounting, internal accounting controls and auditing matters.

### **Financial Reporting**

The Committee will review and make recommendations to the Board in relation to:

- the annual and half yearly financial statements of Imagion and its related bodies corporate (and any reports which accompany published financial statements);
- the appropriateness of the accounting principles adopted by management in the composition and presentation of financial statements and financial reports;
- review and assess the appropriateness of material estimates, accounting judgments and significant choices exercised by management in preparing the Company's financial statements (including the solvency and going concern assumptions) by:
  - examining the processes used; and
  - seeking verification from external auditors;
- all significant accounting and financial reporting issues raised by management or external audit;
- the systems in place which are aimed at ensuring accounting records are properly maintained in accordance with statutory requirements;
- fees payable to the auditor for audit and non-audit work;
- review and monitor the propriety and materiality of related party transactions and, where necessary, their appropriate disclosure;
- management's processes for ensuring and monitoring compliance with the law, regulations and other requirements relating to the preparation of accounts and external reporting by the company of information (both financial and non-financial); and
- whether Imagion's financial statements should be signed.

The Committee will confirm to the Board that:

- Imagion complies with relevant ASX Corporate Governance Principles and Recommendations on audit, risk and compliance;
- it has received from the CEO and CFO a declaration that, in their opinion, the financial records of Imagion have been properly maintained;
- the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity; and
- the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

### **External Audit**

The Committee will review and make recommendations to the Board in relation to:

- the external audit plan including nature, approach, scope and cost before each audit commences;
- the reports prepared by the external auditors relating to the audit, their review of internal controls and their identification and discussion of key audit matters;
- its assessment of the effectiveness of the annual audit and the external auditor's performance, competence, independence and the appropriateness of their remuneration;
- the selection, appointment, rotation or removal of the external auditor or an external audit partner;
- any proposal by the external auditor to provide non-audit services and consider whether it might compromise the independence of the external auditor; and
- all representation letters from management and management's response to the external auditors findings and recommendations.

### **Risk**

The Committee will review and make recommendations to the Board in relation to:

- the appropriateness of Imagion's Risk Management Framework;
- changes that should be made to the risk appetite set by the board;
- improvements to prevent material incidents involving fraud or a failure in Imagion's risk controls and the "lessons learned";
- improvements to reports received from management on new and emerging risks and mitigation measures to manage those risks;
- the effectiveness of policies and procedures for the management of risk (financial and non-financial);
- whether proper remedial action is undertaken to address identified areas of weakness;
- the risks identified in Risk Register to ensure that all significant and material risks are reported to the Board;

- ensuring that a whistleblower facility is maintained and communicated across Imagion
- all incidents involving actual or alleged bribery, fraud or other breakdown of internal controls; and
- policies and culture with respect to prescribed Imagion ethical standards and practices (including the Code of Conduct).

The Committee will coordinate with the Remuneration and Nomination Committee in relation to risks pertaining to remuneration and nomination matters.

#### **Other responsibilities**

The Committee will review and make recommendations to the Board in relation to:

- 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;
- if it considers appropriate, investigating any complaint or allegation made to it; and
- any other responsibilities as determined by the Board from time to time.

## **5. Administrative Matters**

### **Meetings**

Meetings and proceedings of the Committee are governed by the provisions in the Company's constitution regulating meetings and proceedings of the Board and committees of the Board in so far as they are applicable and not inconsistent with this charter.

Committee members may attend meetings in person or by electronic means.

### **Frequency and calling of meetings**

The Committee will meet as frequently as required to perform its functions but no less than twice per year.

The Chair must call a meeting of the Committee if requested by any member of the Committee. The Company will disclose in relation to each reporting period, the number of times the Committee met throughout the period and the individual attendances of the members at those meetings.

In cases where circumstances make it impractical to convene and hold a meeting, the Committee may pass resolutions by each member signing a circular resolution.

### **Quorum**

Two members constitute a quorum for meetings of the Committee.

### **Attendance by officers and advisers**

The Committee Chair may invite any other directors of the Company who are not member of the Committee and external advisers to attend meetings of the Committee.

### **Notice, agenda and documents**

Unless otherwise agreed or considered necessary by the Chair, notice of each meeting confirming the venue, date and time together with an agenda of items to be discussed and supporting documentation, will be circulated by the Secretary to each Committee member and any other individual invited to attend, not less than five days before the meeting if practicable.

### **Minutes**

The Secretary will keep minute books to record the proceedings and resolutions of the Committee meetings, including the names of those present.

The Chair of the Committee, or delegate, will report to the Board after each Committee meeting. Minutes of Committee meetings will be provided to the Board for the next Board meeting after each Committee meeting.

The Committee must refer any matter of significant importance to the Board for its consideration and attention.

### **Access to information and advisers**

The Committee has direct and unlimited access to all resources necessary to discharge its duties and responsibilities, including engaging counsel or other experts as it considers appropriate. This may include requesting management or external consultants to provide information to the Committee.

The Committee also has the authority to conduct or direct any investigation required to fulfil its responsibilities.

## **6. Conflicts of Interest**

Members of the Committee will not participate in discussions and will not vote on any issue in respect of which there is an actual or perceived conflict of interest. Any member of the Committee with a material personal interest in a matter being considered must not be present for consideration of that matter.

## **7. Review**

The Board will review this Charter at least every two years to determine its adequacy for current circumstances. This Charter was approved by the Board on 17 February 2022.