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## **1 Purpose of Charter**

1.1 This is the Charter of the Audit & Risk Management Committee established by the Board of the Company. This Charter governs the operations of the Audit & Risk Management Committee and sets out the Committee's purpose, composition, scope and responsibilities, powers, procedures for the selection of auditors, audit planning and rules regarding its proceedings.

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## **2 Purpose of Audit and Risk Management Committee**

2.1 The Audit and Risk Management Committee's role is to:

- (a) establish and maintain a framework of internal controls for the Group's management;
- (b) assist with policy on the quality and reliability of financial information prepared for use by the Board;
- (c) review the Company's risk management framework and policies and monitor their implementation; and
- (d) recommend the appointment of the external auditor, liaise with the external auditor and review external audit reports.

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## **3 Composition**

3.1 Subject to paragraph 3.2, the Audit & Risk Management Committee will be of sufficient size, independence and technical expertise to discharge its role and in any event it must have at least three members.

3.2 If the Board is not of a sufficient size to enable the Audit & Risk Management Committee to consist of a majority of independent Directors, the Audit & Risk Management Committee will be undertaken by the full Board.

3.3 The Board will appoint one member to act as the Chair of the Audit & Risk Management Committee (such member must not be the Chair of the Board).

3.4 The Audit and Risk Management Committee will have a secretary which will be the Company Secretary or such other person as nominated by the Board from time to time.

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## **4 Scope of responsibility**

4.1 The Audit and Risk Management Committee is responsible for:

- (a) establishing an appropriate internal control framework, including information systems, and its operation and considering enhancements;
- (b) assessing corporate risk and compliance with internal controls;
- (c) overseeing business continuity planning and risk mitigation arrangements;
- (d) assessing the objectivity and performance of the internal audit function and considering enhancements;
- (e) reviewing reports on any material misappropriation, frauds and thefts from the Group;
- (f) reviewing reports on the adequacy of insurance coverage;
- (g) monitoring compliance with relevant legislative and regulatory requirements (including continuous disclosure obligations) and declarations by the Company Secretary in relation to those requirements;

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- (h) reviewing the Company's risk management framework at least once annually to satisfy the Audit and Risk Management Committee that it continues to be sound and that the Company is operating within the risk appetite set by the Board.;
- (i) reviewing material transactions which are not a normal part of the Group's business;
- (j) reviewing the nomination, performance and independence of the external auditors, including recommendations for the appointment or removal of any external auditor;
- (k) liaising with the external auditors and monitoring the conduct of the annual audit;
- (l) reviewing management processes supporting external reporting;
- (m) reviewing financial statements and other financial information distributed externally;
- (n) preparing the Corporate Governance Statement for inclusion in the annual report or any other public document;
- (o) reviewing external audit reports and monitoring where major deficiencies or breakdowns in controls or procedures have been identified or remedial action has been taken by management;
- (p) recommending the appointment or removal of the external auditor;
- (q) reviewing the independence and performance of the external auditor;
- (r) considering the adequacy of the Company's corporate reporting processes;
- (s) reviewing and monitoring compliance with the Code of Conduct; and
- (t) making recommendations to the Board in relation to the items referred to in (a) to (s) above.

## **5 Powers**

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5.1 The Audit and Risk Management Committee has unrestricted access to management and to internal audit personnel as well as to the external auditors (with or without management present) to carry out its function. In addition, the Audit and Risk Management Committee may seek advice from external consultants or specialists where the Committee considers that necessary or appropriate.

## **6 Selection of auditors**

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6.1 External auditors are selected according to the criteria determined by the Audit and Risk Management Committee from time to time which include:

- (a) the lack of any current or past relationship with the Company or with any Senior Executive that could impair, or risk impairing, the independent external view they are required to take in relation to the Company and the Group;
- (b) the external auditor's general reputation for independence, probity and professional standing within the business community; and
- (c) the external auditor's knowledge of the industry in which the Company and the Group operate.

6.2 Employees of the external audit partner (including the partner or other principal with overall responsibility for the engagement), should be rotated periodically (at least every five years) to avoid any risk of impairing the independent external view that the external auditors are required to take in relation to the Company and the Group.

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**7 Audit planning**

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7.1 The Audit and Risk Management Committee reviews the performance of the external auditors throughout the year.

7.2 During each year, the Audit and Risk Management Committee should meet with the external auditor to:

- (a) discuss the external audit plan;
- (b) discuss any potential significant problems;
- (c) discuss the impact of proposed changes in accounting policies on the financial statements;
- (d) review the nature and impact of any changes in accounting policies adopted by the Group during the year; and
- (e) review the proposed audit fees.

7.3 Before the announcement of the Company's results, the Audit and Risk Management Committee should meet with the external auditor to:

- (a) review the pro-forma half-yearly and pro-forma preliminary final report before lodgement of those documents and consider any significant adjustments required as a result of the audit;
- (b) review the results and findings of the audit, the adequacy of accounting, financial and operating controls, and monitor the implementation of any recommendations made; and
- (c) review the draft financial report and the audit report.

**8 Proceedings**

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8.1 Meetings of the Audit and Risk Management Committee are held at least three times during each year and more often as required in order to fulfil its role.

8.2 The external auditor, the Managing Director/CEO and the CFO should be invited to attend meetings, or specific parts of meetings, at the discretion of the Audit and Risk Management Committee.

8.3 Any meeting may be held by means of conference call or any other means of communication that may, under the Corporations Act or the Constitution, be used for Board meetings.

8.4 The quorum for a meeting of the Audit and Risk Management Committee is any two members.

8.5 The Company Secretary has responsibility for coordinating the completion and despatch of the Audit and Risk Management Committee agenda and briefing materials, as well as drafting minutes of meetings of each Audit and Risk Management Committee for approval at the next meeting.

**9 Sub-Committees**

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9.1 The Audit and Risk Management Committee may delegate any specific task to one of its members or to a sub-committee consisting of two or more of its members.

9.2 The provisions of this Charter apply in relation to any sub-committee of the Audit and Risk Management Committee.

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## **10 Performance review and evaluation**

- 10.1 The Audit and Risk Management Committee must review this Charter annually. Any amendments to this Charter must be approved by the Board.
- 10.2 External reviews of this Charter may be undertaken at the request of the Board.

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## **11 Miscellaneous**

### **11.1 Publication on ASX and Company website**

A copy of this document (or a summary of it) may be made available on the Company's website and to ASX to the extent necessary.

### **11.2 Endorsement**

- (a) The Company is committed to this Charter and its implementation.
- (b) This Charter was adopted by the Board on **22<sup>nd</sup> May 2015**.

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## **12 Definitions**

In this Charter:

|                          |   |
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| <b>Board</b>             | means the board of the Company.   |
| <b>CEO</b>               | means the chief executive officer or equivalent officer (by whatever title known) of the Company.   |
| <b>CFO</b>               | means the chief financial officer or equivalent officer (by whatever title known) of the Company.   |
| <b>Chair</b>             | means the Director of the Company appointed as the chair of the Audit & Risk Management Committee from time to time.  |
| <b>Code of Conduct</b>   | means the code of conduct of the Company.   |
| <b>Company</b>           | means National Veterinary Care Ltd ACN 166 200 059.   |
| <b>Company Secretary</b> | means the person appointed company secretary of the Company.  |
| <b>Corporations Act</b>  | means the <i>Corporations Act 2001</i> (Cth).   |
| <b>Director</b>          | means a director of the Company.  |
| <b>Group</b>             | means the Company and its controlled entities.  |
| <b>Managing Director</b> | means the managing director (or if there is no managing director, the CEO) or equivalent officer (by whatever title known) of the Company.  |
| <b>Senior Executives</b> | means the senior management team (excluding Board members), being those who have the opportunity to materially influence the integrity, strategy and operation of the Company, and its financial performance. |