

## RISK ASSURANCE AND AUDIT COMMITTEE CHARTER

### PURPOSE

The purpose of the Risk Assurance and Audit Committee Charter is to outline the role, responsibilities and authority of the Risk Assurance and Audit Committee (RAAC) of Abano Healthcare Group Limited.

### DEFINITIONS

**Abano** refers to Abano Healthcare Group Limited, also referred to as **the Company**

**Abano Group** refers to Abano Healthcare Group Limited and all its subsidiaries

**Board and Directors** are the Board and Directors of Abano, unless specifically referred to as board and directors of a subsidiary business owned by Abano

**Officer** is the definition provided in Part 2 of the Securities Market Act as (a) means a person, however designated, who is concerned or takes part in the management of the public issuer's business; but (b) excludes any persons (whether described as a class or otherwise) that are declared by regulations not to be officers for the purposes of this definition

**RAAC** is the Risk Assurance and Audit Committee of Abano

**Subsidiary businesses** are included in the Abano Group definition unless specifically referred to as a subsidiary business

### CHARTER OVERVIEW

This Charter covers the following areas:

- Role
- Composition
- Procedure
- Responsibilities and Duties
- Members' Powers and Authority
- Accountability to the Board

### CHARTER DETAILS

#### Role

The role of the Risk Assurance and Audit Committee (the "Committee") is to assist the Board in fulfilling its risk assurance and audit responsibilities in relation to the Company and each of its subsidiaries.

Management retains responsibility for the implementation and operation of adequate risk assurance, internal control and audit systems within the Company. The Committee has delegated authority from the Board to oversee and monitor these activities.

The Board as a whole is responsible for determining the nature and extent of the principal risks it is willing to take in achieving its strategic objectives and will consider financial, strategic and environmental, social and governance (ESG) risks in so doing. The Committee provides additional monitoring of the Company's risk management processes and provides the Board with assurance that all key risks relevant to the Company have been appropriately identified, managed and reported to the Board.

The Board as a whole is also responsible for the accuracy and relevance of the Company's financial statements, however, the Committee provides an additional, and more specialised, oversight of the financial reporting process.

The existence and operation of the Committee does not relieve any director from having an appropriate knowledge and understanding of the Company's business, value drivers and risks, or from reading, carefully considering and raising any questions relating to the Company's accounts and financial statements, including, forecasts, dividends and dividend policy.

The existence of the Committee enhances the credibility and reliability of company financial information and is an integral component of good risk management practice.

### **Composition**

The Committee shall comprise at least three non-executive directors, of whom at least two must be independent and at least one must have financial expertise (that is, be a qualified accountant or other financial professional with financial and accounting experience). The Chairman of the Risk Assurance and Audit Committee shall not be the Chairman of Abano Healthcare Group Limited and shall be an independent director.

Other attendees at Committee meetings may include the Chief Executive Officer (CEO), the Chief Financial Officer (CFO) and the external auditor. A quorum for a meeting shall be two members of the Committee. There is a standing invitation to all Board members to attend any meeting of the RAAC. It is recommended that all Board members attend the RAAC Committee meeting when the draft financial statements are discussed.

The members of the Committee will be appointed and removed by the Board. The Company will identify the members of the Committee in its annual report.

### **Procedure**

The Committee will meet at least three times per year. Special meetings can be called by members and the Company's external auditor. Agenda and minutes of all meetings shall be circulated to all directors.

### **Responsibilities and Duties**

Specifically the Committee will have the following responsibilities:

#### **Risk Assurance**

- Enquire of management, the internal auditor and the external auditor about significant risks or exposures and assess the Abano Group's compliance with risk management policies and procedures and the steps management has taken to manage the risk of the Abano Group;
- Evaluate the steps management have taken to identify and manage risks and exposures and review whether management has instilled an effective risk management culture throughout the Abano Group;

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- Consider and review the Company's internal controls, including computerised information system controls, security, business continuity management, insurance, health safety, conflicts of interest, and prevention and identification of fraud;
- Ensure that there is a regular review of risk management, assurance and audit processes, whereby the review is conducted by an appropriately skilled and independent specialist, who may be an internal specialist, and where the review is formally responded to by management;
- Review major defalcations, thefts and frauds, and monitor procedures designed to ensure that the Company's fraud control plans are being implemented;
- Review arrangements by which staff of the company may, in confidence, raise concerns about possible improprieties in the financial reporting and other matters. The Chair of the RAAC will be accessible to staff who wish to report a concern and who do not feel comfortable talking to their manager, a member of the Executive team or Abano's CFO
- Oversee the Company's insurance programme including periodical review of insurance cover.

### Financial Reporting

- Monitor the Company's financial reporting to ensure it complies with the Financial Reporting Act 2013, Companies Act 1993, the NZSX Listing Rules and all other applicable legislation, regulations, codes of practice and government requirements;
- Review the accounting policies of the Company and the impact of new accounting standards on the financial statements of the Company and make recommendations to the Board on any proposed changes;
- Review with management and the external auditor financial statements and other financial information that is to be distributed to shareholders, regulators and the general public including:
  - The content of the relevant financial statements including discussing with the auditor any material matters relating to the financial statements
  - Meeting with the external auditor without management present as part of the process to reviewing the Company's financial statements
  - The external auditor's audit of the financial statements and their formal audit opinion
- Consider and recommend for Board approval, draft financial statements, reports and company announcements regarding financial matters which must be disclosed to the NZX and any other regulatory body;
- Review and make proposals and recommendations in regard to the below items for Board approval:
  - Nomination, performance and compensation of the Company's taxation advisors;
  - Applicable taxation policies of the Company and the Company's taxation position;
  - Delegated authorities
  - Recommendations on proposed dividend policy and payment
- Regularly review the Company's Treasury Policy and practices and recommend any material changes to funding or financial arrangements to the Board;
- Consider and review the Company's internal control systems to ensure that processes are in place to deliver accurate financial and accounting records, and to protect the assets of the Group.

### External Audit

- Make proposals and recommendations to the Board in regard to the appointment and compensation of the external auditor;
- Meet with the external auditor at the beginning of the audit planning phase to discuss areas of mutual interest and concern, including consideration of levels of materiality to be adopted by the auditor in respect of the Company;
- Consider and review with the external auditor any significant findings, together with management's responses and recommended actions;

- Liaise with the external auditor to ensure that the annual audit is conducted efficiently and effectively;
- Review internal and external audit reports to ensure that where deficiencies or breakdowns in controls and procedures have been identified, appropriate and prompt remedial action is instituted;
- Monitor compliance with the Company's auditor independence policy;
- Review the performance of the external auditor and advise the Board as to whether the Committee is satisfied as to their competency.

**The Committee can provide further benefits to the Board, the Company and shareholders by:**

- Demonstrating the Board's intention to exercise due care in reviewing financial information;
- Giving directors more insight into the Company's accounting and control systems and the impact of emerging and new accounting standards;
- Improving communication between the Board and the external auditor;
- Ensuring effective risk management and financial reporting processes are in place;
- Helping improve the quality of financial reporting;
- Creating a forum for the CFO to raise issues of concern.

**Members' Powers and Authority**

The Committee is not a decision making body. The Board authorises the Committee, within the scope of its responsibilities, to:

- Seek any information it requires from any officer or employee of the Group and from any adviser or consultant to the Group;
- Meet with the external auditor without management being present, at its discretion;
- Take such independent professional advice as it considers necessary to assist the Committee with discharging its responsibilities at the Company's expense; and
- Require the attendance of the Company officers at meetings as appropriate.

**Accountability to the Board**

The Committee is accountable to the Board. In this regard, the Committee shall:

- Regularly update the Board on the Committee's activities and make appropriate recommendations to the Board on all matters requiring a decision;
- Give clear guidance to the Board with respect to risk management or audit policy;
- Ensure that the Board is made aware of any matters which may significantly impact on the financial condition or affairs of the Company and its business; and
- Provide copies of minutes of all Committee meetings to all members of the Board at the next scheduled meeting of the Board.

The Committee does not have the power or authority to make a decision in the Board's name or on its behalf.

**COMPLIANCE MONITORING AND REPORTING**

The Committee regularly reviews this Committee Charter and makes recommendations on any changes to the Board.

The performance of the Committee will be reviewed regularly by the Board.

The Committee will self assess the performance of the Committee on an annual basis.

The Committee will report on its work in discharging its duties in the Annual Report, including significant issues that the committee considered in relation to the financial statements and how these were addressed; and an explanation of how the committee assessed the effectiveness of the external audit process.

## REVIEW AND APPROVAL

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| Reviewed and approved | By the Board | December 2015 |
| Next review date      |              | February 2018 |