

# Audit & Risk Committee Charter

## 1. ORGANISATION

---

- 1.1 The Audit & Risk Committee (Committee) is a sub-committee of the Board.
- 1.2 The Committee of the Board of Directors shall be comprised of at least three Directors.
- 1.3 The Chairperson of the Committee, appointed by the Board, shall be an Independent Director and not the Chairperson of the Board. The Chairperson of the Committee shall not have any long-standing association with the Company's external audit firm as a current or retired audit partner or senior manager at the firm. In the case of retirees, the member will not be considered independent if there has not been at least 3 years since he or she was previously employed by the external audit firm.
- 1.4 The majority of Directors on the Committee shall be Independent Directors. All members of the Committee must be Non-Executive Directors.
- 1.5 All Committee members will be financially literate, and at least one member will have accounting or related financial management expertise.
- 1.6 The CEO and CFO may attend by invitation. Employees may only attend Committee meetings at the invitation of the Committee.
- 1.7 The members of the Committee will be selected at the Board meeting immediately following the Annual Meeting of shareholders and will hold office for the ensuing year. If no selection occurs, it shall be the same members as the previous year.
- 1.8 In carrying out its responsibilities, the Committee will:
  - a. Obtain the Board's approval of this Charter and review and reassess this Charter as conditions dictate.
  - b. Annually undertake a self-review of objectives and duties including input from appropriate management and internal and external auditors and report on the effectiveness of the Committee to the Board.

## 2. MEETINGS

---

- 2.1 Meetings of the Committee shall be held at least twice a year having regard to the Company's reporting and audit cycle, or at the discretion of the Chairperson or if requested by any Committee member, the CEO, external or internal audit. The Committee meet with the external auditors without employees present, at least on an annual basis.

- 2.2 A quorum shall be three members.
- 2.3 The secretary to the Board (if any) will also act as secretary to the Committee.
- 2.4 The Committee shall have in attendance, such representatives from management, internal and external audit, insurance brokers and other advisors, as it may deem necessary to provide appropriate information or explanation.
- 2.5 Any Non-Executive Director who is not a member of the Committee shall also be able to attend meetings of the Committee.
- 2.6 Minutes of all meetings shall be kept.
- 2.7 The Committee agenda, papers and minutes will be distributed to all Board members regardless of whether they are members of the Committee.

### **3. COMMITTEE OBJECTIVE**

---

- 3.1 The objective of the Committee is to provide assistance to the Directors in discharging their responsibilities in four distinct areas:
  - a. Financial Reporting
  - b. Audit Functions
  - c. Risk Management
  - d. Sustainability and Climate Related Disclosures.

In so doing, it is the responsibility of the Committee to:

- a. maintain free and open communication between the Directors, the external auditors, the internal auditors, and the financial management of the Company.
  - b. ensure that the ability of the external auditors to carry out their statutory audit role is not impaired or could reasonably be perceived to be impaired.
- 3.2 The CEO, CFO and COO shall be responsible for drawing to the Committee's immediate attention any material matter that relates to the delivery of the Committee's objectives.

### **4. ACCESS & AUTHORITIES**

---

- 4.1 The Committee shall have all necessary access to, and the authority of the Board to seek any information it requires from any employees to fulfil its function, duties and responsibilities. All employees will be directed to co-operate with any request made by the Committee.
- 4.2 The Committee will have direct and unrestricted access to the external auditors and any internal auditors or accountants.

- 4.3 The Committee shall have the authority of the Board to obtain independent professional advice and expertise if it considers this necessary.
- 4.4 The Committee will make recommendations to the Board on all matters requiring a decision. The Committee does not have the power or authority to make a decision in the Board's name or on behalf of the Board.

## **5. FINANCIAL REPORTING**

---

- 5.1 In carrying out these responsibilities, the Committee will:
- a. Review the financial statements contained in the annual report with management and the external auditors to determine that the external auditors are satisfied with the disclosure and content of the financial statements to be presented to the shareholders and that they comply with appropriate laws and regulations.
  - b. Review with financial management and the external auditors the results of their timely analysis of significant financial reporting issues and practices, including changes in, or adoptions of, accounting principles and disclosure practices, and discuss any other matters required to be communicated to the Audit & Risk Committee by the auditors.
  - c. Review with financial management and the external auditors their judgments about the quality, not just acceptability, of accounting principles and the clarity of the financial disclosure practices used or proposed to be used, and particularly, the degree of aggressiveness or conservatism of the organisation's accounting principles and underlying estimates, and other significant decisions made in preparing the financial statements.
  - d. Review the Company's tax position, compliance and any exposures.
  - e. Review financial reports required under Listing Rules before they are issued to the market and advising the board whether they comply with applicable laws and regulations.
  - f. Recommend to the Board for adoption significant changes in accounting policies and annual and six-monthly financial statements.

## **6. AUDIT FUNCTIONS**

---

- 6.1 In carrying out these responsibilities, the Committee will:
- a. Make recommendations to the Board as to the appointment or discharge of external auditors and the rotation of the key audit partner every five years in accordance with NZX Listing Rules.
  - b. Establishing the external auditor's fees, assuming that shareholders have approved the Board to do so.

- c. Have a clear understanding with the external auditors that they are ultimately accountable to the Board and Committee, as the shareholders' representatives, who have the ultimate authority in deciding to engage, evaluate, and if appropriate, terminate their services.
- d. Meet with the external auditors and financial management of the Company to review the scope of the proposed audit and half year review for the current year and the procedures to be utilised, the adequacy of the external auditor's compensation and at the conclusion review such audit or review, including any comments or recommendations of the external auditors.
- e. Review reports received from regulators and other legal and regulatory bodies, matters that may have a material effect on the financial statements or related Company compliance policies.
- f. Report the results of the annual audit to the Board.
- g. If requested by the Board, invite the external auditors to attend the Board of Directors meeting to assist in reporting the results of the annual audit or to answer other Directors' questions (alternatively, the other Directors, particularly the other Independent Directors, may be invited to attend the Committee meeting during which the results of the annual audit are reviewed).
- h. Provide sufficient opportunity for the external auditors to meet with the members of the Committee without members of management present. Among the items to be discussed in these meetings are the external auditors' evaluation of the Company's financial, accounting, and auditing personnel, and the co-operation that the external auditors received during the course of audit.
- i. Review and approve the nature and scope of other professional services provided by the Company by the external auditors and consider the relationship to the auditors' independence. In connection with this, the Committee will monitor any services provided by the external auditors other than statutory audit services.
- j. On an annual basis assess and confirm to the Board the independence of the external auditor.
- k. On an annual basis, review and monitor the ratio of non-audit to audit fees.
- l. Approve in advance the hiring of an existing/former audit manager/partner having regard to independent considerations.

## **7. RISK MANAGEMENT**

---

- 7.1 The Board is responsible for risk management generally and delegates this responsibility to the CEO who may further delegate such responsibilities to the CFO, COO and other officers as determined by the CEO.
- 7.2 The Committees risk management responsibilities will be to:

- a. Ensure that management has established a risk management framework which includes policies and procedures to effectively identify, treat, monitor and report key business risks.
- b. Review the procedures of identifying business risks and controlling their financial impact on the Company and its subsidiaries.
- c. Review management's and the external auditor's reports on the effectiveness of systems for internal control, financial reporting and risk management.
- d. Ensure that the Board reviews reports on the principal business risks at least annually.
- e. Review key insurance policy terms and cover adequacy and make recommendations to the Board for adoption of the insurance cover.
- f. Undertake a Periodic review of the Company's Treasury Policy including review of any breaches of the Policy.
- g. Overseeing compliance of the Company's Treasury activities including periodic review of performance against the Policy.
- h. Ensuring Treasury issues raised by auditors (both internal and external) are resolved and/or a plan to resolve is agreed immediately.

## **8. SUSTAINABILITY & CLIMATE -RELATED DISCLOSURES**

---

8.1 In carrying out its responsibilities, the Committee will provide oversight and assess the progress and the delivery of its commitments made in the Sustainability Policy which is segregated into four areas:

a) Environmental

Pacific Edge aims to protect the environment through responsible management of operations, design of product, reduction in consumption and waste and consideration of sustainability in planning and investment decisions.

b) Social Commitments

Pacific Edge aims to improve people's lives through the development and commercialisation of leading solutions for the early detection and management of cancer. Pacific Edge will comply with its environmental, social, and human rights obligations.

c) Operations

Pacific Edge will implement targets and objectives to achieve continual improvement and sustainable development.

The Operations of Pacific Edge aim to minimise the environmental impacts of the operations through best practice management of use of energy, transportation, water use, waste and emissions.;

d) Engagement and Transparency

Pacific Edge will work to raise awareness and support from its employees on the implementation of the Sustainability initiatives. The reporting of the Sustainability performance will also be reported transparently through the company website and current reporting practices.

8.2 The Committee will report to the Board on the delivery of the Sustainability Policy and progress with adoption and compliance with the *Aotearoa New Zealand Climate Standards (Climate Reporting Standards)* published by the XRB after:

- a. Reviewing with management the implementation of climate-related policies, strategies, and targets that are aligned to the Sustainability Policy.
- b. Reviewing with management the setting and monitoring progress against goals and targets for addressing climate-related issues.;
- c. Reviewing with management the progress in implementation of the non-climate elements of the Sustainability Policy..
- d. Where appropriate, working with the People and Culture Committee, align the implementation of Sustainability related policies / strategies / targets to performance targets of Management which are reflected in obtainment of Short-Term Incentives.
- e. Engaging Management and external auditors if appropriate to ensure that the external auditors are satisfied with the disclosure and content of the statements and metrics presented and that they comply with appropriate laws and regulations.
- f. Reviewing the Climate Change reporting required under the Climate Reporting Standards before they are issued to the market and advising the board whether they comply with applicable laws and regulations.

8.3 Noting the disclosure requirements of the Climate Reporting Standards, the Committee will report to the Board on the Physical and Transitional Climate related risks and opportunities facing the Company after meeting with management at a minimum annually to:

- a. Review that management has established a risk management framework which includes policies and procedures to effectively identify, treat, monitor, and report Climate related risks.
- b. Review the key Climate related risk register, which is to include at a minimum
  - A description of the risk or opportunity (physical or transitional) identified over the short, medium and long term.
  - A description of the impact of climate-related risks and opportunities on its business model, strategy and financial planning.
  - A description of the resilience of its business model and strategy to different climate-related scenarios.

- The methodologies and assumptions underlying the climate-related scenarios used, and the scenario analysis process employed.
- c. Identify, assess, monitor, and review the key Climate related risks facing the company, including emerging risks.
- d. Consider the impact and adequacy of controls and other risk mitigation strategies.
- e. Consider any movement in likelihood, detectability or consequence.
- f. Make a recommendation to the Board for any update to the risk register for Climate related risks.

Publishing Date	September 2023
Next Review Date	September 2025