

## MAYNE PHARMA GROUP LIMITED

# AUDIT AND RISK COMMITTEE CHARTER

### 1. Purpose

The Board of Mayne Pharma Group Limited (**Mayne Pharma** or **Company**) has established an Audit and Risk Committee (the **Committee**). The purpose of the Committee is to assist and advise the Board in fulfilling its responsibilities to oversee the Company's internal control framework, financial reporting obligations, risk management and adherence to legal and regulatory requirements.

It is the Board's responsibility to ensure that an effective internal control framework exists within the Company, including internal controls to deal with both the effectiveness and efficiency of significant business processes. Effective internal controls include the safeguarding of assets, the maintenance of proper accounting records, managing and mitigating business risks and the reliability of financial information.

The Board has delegated the responsibility for the establishment and maintenance of a framework of internal control and ethical standards for the management of the Company to the Committee.

### 2. Membership of the Committee

Unless otherwise determined by the Board, the Committee comprises a minimum of three members, all of whom must be non-executive directors and the majority of whom must be independent directors.

The Board will appoint the Chair and members of the Committee and may remove and replace the Chair and members of the Committee by resolution. The Chair of the Committee must be an independent director and must not be the Chair of the Board.

All persons appointed to the Committee will be financially literate (able to read and understand financial statements) and have sufficient financial knowledge and understanding to allow them to discharge their responsibilities.

### 3. Meetings and Reporting

The Committee will meet as often as required to fulfil its role and objectives set out in this Charter, but not less than four times per year.

Where not appointed as a member of the Committee, the Chair of the Board may attend meetings of the Committee at his or her discretion, in an ex-officio capacity. The Chief Financial Officer, Chief Executive Officer, members of management, the external audit partner and any other person deemed necessary by the Chair of the Committee may also attend meetings by invitation of the Chair of the Committee.

A quorum shall be at least two members of the Committee, unless the Board determines a greater number.

Meetings shall be called by the Company Secretary as directed by the Chair of the Committee or at the request of any individual director. The Company Secretary may attend Committee meetings as minute secretary. All minutes of the Committee will be entered into a minute book maintained for that purpose and will be open at all times for inspection by any director. The Company Secretary will be responsible for preparing, in consultation with the Committee Chair and the Chief Financial Officer, the agenda for each

meeting of the Committee and in consultation with the Chief Financial Officer, for compiling papers for the Committee to consider.

The Committee may meet with the external auditors in the absence of management whenever it is deemed appropriate.

Any directors of the Board who are not Committee members may attend meetings of the Committee and are entitled to receive copies of the Committee papers.

The Chair of the Committee will report to the Board following each Committee meeting. The Committee will consider if any matters arising from a Committee meeting should be advised or referred to any other Board committee and, if so, ensure that this referral occurs.

#### **4. Responsibilities**

The duties and responsibilities of the Committee are as follows:

##### **4.1. Financial Reporting and Audit**

- ensuring appropriate accounting policies and procedures are defined, adopted and maintained;
- ensuring that the operating and management reporting procedures, and the system of internal control, are of a sufficiently high standard to provide timely, accurate and relevant information as a sound basis for management of the Company's business;
- reviewing the Financial Statements including ASX reports and the Company's Annual Report for accuracy and to ensure they reflect a true and fair view, prior to their presentation to the Board;
- reviewing the scope of work including approval of annual audit plans and effectiveness of the external and internal audit (if any) functions within the Company;
- where an internal audit function exists, appointing, on recommendation by the Chief Executive Officer or Group Chief Financial Officer, a person(s) responsible for internal audit functions as specified from time to time and, where an internal audit function exists, reviewing the scope and adequacy of the internal audit work plan and the independence, objectivity and performance of the internal audit function;
- making recommendations to the Board of Directors on the appointment, reappointment or replacement of the external auditors (subject, if applicable, to shareholder ratification), and monitoring the effectiveness and independence of the external auditors;
- reviewing and approving the terms of engagement and fees of external auditors;
- reviewing and making recommendations to the Board of Directors on the rotation of the audit engagement partner and the scope and the adequacy of the external audit;
- reviewing and assessing non-audit and assurance-related services to be provided by external auditors, and considering the potential for those services to compromise external auditors' judgement or the auditor independence requirements under the Corporations Act; and
- obtaining an independence declaration from each external auditor, as required.

##### **4.2. Risk Management and Compliance**

- approving and monitoring the Company's risk management strategy as set out in the Company's Risk Management Framework;
- review, recommend and approve policies and procedures for managing and mitigating risks across the Company;
- regular review of the Company's Risk Management Framework and key risks and make recommendations to the Board in relation to any changes to the Risk Management Framework;
- monitoring management's performance against the Company's Risk Management Framework;
- reviewing any material incident involving fraud, or related to a breakdown of the Company's risk controls; and

- receiving reports from management on new and emerging sources of risk that may affect the Company, as well as information on the risk controls and mitigation measures that management has put in place to manage those risks.

#### 4.3. Governance and compliance

- ensuring that appropriate processes are in place to ensure compliance with legal and regulatory requirements affecting the Company;
- ensuring that internal and industry codes of conduct and standards of corporate behaviour are being complied with;
- obtaining regular updates from the General Counsel and other management (as appropriate) regarding material litigation, regulatory investigations or other material risks related to the Company's compliance with statutory requirements; and
- overseeing the process for receipt and treatment of information received under the Company's Misconduct and Whistleblowing Policy and procedures for breaches of this policy and the Company's Business Code of Conduct.

#### 4.4. Other matters

- oversee the Company's insurance program, having regard to insurable risks associated with the Company's business; and
- actioning any other business processes or functions which may be referred to it by the Board of Directors.

### 5. Appointment of external auditors

The Audit Committee is responsible for making recommendations to the Board of Directors on the appointment, reappointment or replacement (subject, if applicable, to shareholder ratification) and the remuneration of the external auditors and is responsible for monitoring of effectiveness and independence of the external auditors, including resolution of disagreements between management and the auditor regarding financial reporting.

The Committee must approve all audit and non-audit services provided by the external auditors and must not engage the external auditors to perform any non-audit/ assurance services that may impair or appear to impair the external auditor's judgement or independence in respect of the Company. The Committee may delegate approval authority to a member of the Committee. The decisions of any Committee member to whom approval authority is delegated must be presented to the full Committee at its next scheduled meeting.

When reviewing the auditor's independence, the Committee will require the rotation of the audit partner at least once every five years, in accordance with the Corporations Act.

### 6. Access to information and independent advice

The Committee shall have the authority to discuss directly with management, and the external auditors (without management present if so decided by the Committee) any issue within its remit. The Committee may also request reports, explanations, and information of any activity, procedure or accounts of the Group. The Committee may seek the advice of the Company's auditors, solicitors or such other independent advisers as to any matter pertaining to the powers or duties of the Committee or the responsibilities of the Committee, as the Committee may require.



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## 7. Review

The Committee will review this Charter and evaluate its performance periodically to ensure that it meets best practise standards, complies with the ASX Corporate Governance Principles and Recommendations and meets the needs of the Company.

Any proposed changes to the Charter must be referred to the Board for approval.