



## Audit and Risk Committee Charter

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The company has established an Audit and Risk Committee (“Committee”) to assist the Board in fulfilling its corporate governance responsibilities in respect of corporate reporting and risk matters.

### 1. Membership

1.1 The Committee is to be appointed by the Board.

1.2 The Committee is to consist of:

1.2.1 A minimum of three (3) non-executive directors and a majority of whom are independent directors of the Company; and

1.2.2 A Committee Chair who is an independent director and not the Chair of the Board. The Committee Chair will be appointed by the Board.

1.3 The Committee should be of sufficient size and independence, and its members between them should have the accounting, financial and risk-management related/technical expertise as well as a sufficient understanding of the biotechnology industry to be able to discharge the Committee’s mandate effectively.

1.4 The Board may appoint additional directors to the Committee or remove or replace members of the Committee by resolution. Members may withdraw from membership by written notice to the Board.

1.5 If a Committee member ceases to be a director of the Company, their appointment as a member of the Committee is automatically terminated with immediate effect.

### 2. Meetings

2.1 The Committee shall meet at least twice each financial year (“Meetings”).

2.2 The Committee is to meet as requested by the Board, the Chair or the external auditor.

### **3. Attendance at Meetings**

3.1 Directors who are non-Committee members, may attend all or part at the invitation of the Committee Chair, subject to no conflict of interest on the matters being discussed.. Management and third parties may be invited by the Committee to attend Meetings.

3.2 The Company Secretary or such other person as nominated by the Board will act as Secretary of the Committee.

### **4. Role of the Audit and Risk Committee**

The role of the Audit and Risk Committee is to review and make recommendations to the Board in relation to:

- 4.1.1 the annual report, the half-year financial report and financial forecasts (including going concern analysis provided by management at interim and full year report) or guidance released to the market;
- 4.1.2 the adequacy and effectiveness of the organisation's internal control environment covering:
  - 4.1.2.1 effectiveness and efficiency of operations,
  - 4.1.2.2 reliability of financial reporting, and
  - 4.1.2.3 compliance with applicable laws and regulations.
- 4.1.3 the adequacy of Starpharma's corporate reporting processes;
- 4.1.4 whether the entity's financial statements reflect the understanding of the Committee members of, and otherwise provide a true and fair view of, the financial position and performance of the entity;
- 4.1.5 the appropriateness of the accounting judgements or choices exercised by management in preparing the entity's financial statements;
- 4.1.6 the appointment, removal and remuneration of the external auditors, and review the terms of their engagement, including the scope and adequacy of the audit and assessment of performance;
- 4.1.7 the independence and performance of the external auditor on an ongoing basis and the rotation of the audit engagement partner;
- 4.1.8 fees payable to the auditor for audit and non-audit work;
- 4.1.9 any proposal for the external auditor to provide non-audit services and whether it might compromise the independence of the external auditor;
- 4.1.10 related party transactions and assessing their propriety;
- 4.1.11 monitoring of statutory compliance and ethics programs;

- 4.1.12 its assurance that the Board is receiving adequate, up to date and reliable financial and risk related information;
  - 4.1.13 matters relevant to the committee's role and responsibilities;
  - 4.1.14 the adequacy of Starpharma's processes for managing risk;
  - 4.1.15 any material incident involving fraud or other breakdown of Starpharma's risk controls and any remedial actions required;
  - 4.1.16 oversee Starpharma's insurance program, having regard to its business and insurable risks associated with its business;
  - 4.1.17 its review of material exposures to economic, environmental and social sustainability risks, and if such risks are identified, recommendations on ways to manage those risks;
  - 4.1.18 matters relevant to the Committee's role and responsibilities; and
  - 4.1.19 any other matter referred to it by the Board from time to time.
- 4.2 The Committee will oversee the effective operation of the risk management framework by:
- 4.2.1 Satisfying itself that the entity has in place an appropriate risk management framework (for both financial and non-financial risks) and monitoring management's performance against Starpharma's risk management framework, including whether it is operating within the risk appetite set by the Board;
  - 4.2.2 Reviewing reports from management at each Committee meeting outlining new and emerging sources of risk and the risk controls and mitigation measures that management have put in place to deal with those risks;
  - 4.2.3 Making recommendations to the Board in relation to changes that should be made to Starpharma's risk management framework or the risk appetite set by the Board;
  - 4.2.4 ensuring staff charged with risk management responsibilities have appropriate authority to carry out their functions and have appropriate access to the Audit and Risk Committee; and
  - 4.2.5 ensuring the allocation of sufficient resources for the effective management of risk.
- 4.3 The Committee shall review Starpharma's risk management framework at least annually to satisfy itself that it continues to be sound and effectively identifies all areas of current, emerging and potential risk such that Starpharma is operating with due regard to the risk appetite set by the Board.

## **5. Fulfilling the Audit and Risk Committee's Role**

5.1 In fulfilling its responsibilities, the Audit and Risk Committee:

- 5.1.1 receives regular reports from management and the external auditors;
- 5.1.2 reviews the declarations made by the Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") in relation to the Company's financial statements, financial records, financial position and performance and systems;
- 5.1.3 develop and assist the Board in the implementation of the Company's process for verifying the integrity of each periodic report it releases to the market that has not been audited or reviewed by an external auditor;
- 5.1.4 reviews the processes the CEO and CFO have in place to support their certifications to the Board;
- 5.1.5 reviews any significant disagreements between the auditor and management, irrespective of whether they have been resolved;
- 5.1.6 has the opportunity to meet separately with the external auditor at least twice a year without the presence of management; and
- 5.1.7 provides the external auditor with a clear line of direct communication at any time to either the Chair of the Committee Chair or the Chair of the Board.

## **6. Authority and Resources**

- 6.1 Starpharma is to provide the Committee with adequate resources to undertake its duties, including provision of educational information on accounting policies, financial and risk related topics relevant to the Company.
- 6.2 The Committee has the power to conduct or authorise investigations into any matter within the Committee's role or function. This includes a right to obtain information and interview management and the auditor (with or without management present).
- 6.3 The Committee has the authority, as it deems necessary or appropriate, to retain independent legal, accounting or other advisers. Prior approval of the Board Chair is required, but this will not be unreasonably withheld.

## **7. Performance Assessment**

- 7.1 A performance assessment of the Committee will be undertaken annually to determine whether it is functioning effectively by reference to current best practice. The Board will oversee this assessment, with a view to ensuring that the evaluation processes accord with the best practice.

## **8. Disclosure**

8.1 The Company Secretary will make available at the end of each reporting period:

- a) the number of times the Committee met throughout that period and the individual attendances of the members at those meetings; and
- b) whether the Committee has undertaken a review of the Company's risk management framework.

## **9. Review**

9.1 This Charter will be reviewed by the Board on an annual basis, or as often as it considers necessary, to ensure it remains effective and meets the best practice, listing rules and the Company's needs.