Audit and Risk Committee Charter

1. PURPOSE AND AUTHORITY

1.1 The purpose of this Audit and Risk Committee Charter is to specify the authority delegated to the Audit and Risk Committee ("Committee") by the board of directors of the Company ("Board") and to set out the role, responsibilities, membership and operation of the Committee.

1.2 The Committee is a committee of the Board established in accordance with the Company's constitution and is authorised by the Board to assist it in fulfilling its statutory and regulatory responsibilities. It has the authority and power to exercise the responsibilities set out in this charter and under any separate resolutions of the Board granted to it from time to time.

1.3 Effective corporate governance depends on the active and collaborative participation of the committee, board of directors, external auditors, internal auditors, other assurance providers and management. Ensuring this collaboration occurs effectively and efficiently is fundamental to the committee's success.

1.4 The Committee shall oversee Capral's compliance with climate-related financial disclosure requirements as outlined in AASB S2, ensuring that governance, strategy, risk management, and metrics and targets related to climate risks are appropriately addressed in financial reporting.

1.5 The existence of the committee does not diminish the board's responsibility to ensure the integrity of the financial reporting.

2. ROLE

2.1 The role of the Capral Limited (**Capral**) Audit and Risk Committee, appointed by the Capral board of directors, is to assist the Capral Board in fulfilling its accounting, auditing and financial reporting responsibilities, including oversight of:

i. the integrity of Capral's' financial reporting systems, internal and external financial reporting and preparation, reliability and integrity of the Capral financial statements;
ii. compliance with applicable legal and regulatory obligations and compliance policies;
iii. audit, accounting and financial reporting obligations of Capral;
iv. the qualifications, independence, engagement, fees and performance of the external auditor;
v. the external auditor's annual audit of the financial statements;
vi. internal controls, policies and procedures that the company uses to identify and

manage business risks; and
vii. the effectiveness of Capral's system of risk management.

2.2 In particular, the Committee is to undertake the functions of the Audit and Risk Committee referred to in the ASX Corporate Governance Council's Principles and Recommendations (**ASX Principles**).

3 MEMBERSHIP

3.1 The Committee will consist of:
i. only Non-Executive Directors;
ii. at least 3 Members;
iii. a majority of independent Non-Executive Directors;
iv. Members who are all financially literate (i.e. are able to read and understand financial statements and challenge information presented in committee meetings); and
v. at least one Member has financial expertise or significant experience of financial, accounting and commercial matters.

Membership is reviewed periodically and re-appointment to the Committee is not automatic. Appointments and resignations are decided by the Board.

3.2 Directors may attend Committee Meetings.

3.3 The Chairman of the Committee is to be an independent Non-Executive Director, who is not Chairman of the Board.

3.4 Committee Members and the Chairman of the Committee are appointed by the Capral Board. Committee Members may appoint Alternate Directors to act as an Alternate Member.

3.5 Ensure that Committee members receive ongoing training and updates on climate-related financial disclosure standards, including AASB S2, to maintain appropriate expertise.

4 RESPONSIBILITIES

4.1 Understanding the Business
The Committee should ensure it understands the structure, controls and types of transactions of Capral.

4.2 Financial Reporting
In assisting the Board, the Committee is responsible for:
i. Reviewing any significant accounting and reporting issues, including professional and regulatory announcements, and understand their effect on the company's financial statements;
ii. Considering the consistency of accounting policies and appropriate adoption of any new accounting standards;
iii. Considering the need for, appropriateness of and correct disclosure of, any changes made to the company's accounting policies
iv. Considering the treatment and disclosure of complex or unusual transactions

including off-balance sheet structures

v. Reviewing the appropriateness of the significant accounting judgements or choices exercised by management, including any significant accounting estimates, in the preparation of financial reports and the financial information presented by management to the Board, the market, security holders and regulators;
vi. Reviewing and making recommendations in relation to the adequacy of the Company's corporate reporting processes
vii. overseeing the effectiveness of administrative and accounting controls used by Capral;
viii. reviewing management's processes for ensuring and monitoring compliance with laws, regulations and other requirements relating to the preparation of accounts and external reporting by the Company of financial and non-financial information;
ix. assessing solvency and the going concern assumption;
x. assessing the management of non-financial information in documents to ensure that conflicts with financial statements and other documents do not occur;
xi. oversee and appraise the quality of the audits conducted by the external auditors; and
xii. maintain open lines of communication with the external auditors; and
xiii. reviewing and monitoring the propriety of related party transactions.

4.3 Sustainability Reporting

i. Monitor developments in climate-related financial reporting standards, including AASB S2 and other applicable regulations, and oversee Management's approach to ensuring ongoing compliance.
ii. Review and provide oversight of Management's assessment of the effectiveness of internal controls and assurance processes that support climate-related disclosures.
iii. Endorse Management's approach to identifying, assessing, and managing climate-related risks and opportunities, including their integration into Capral's enterprise risk framework.
iv. Oversee the appropriateness of disclosures to ensure they reflect Capral's governance structure, strategic response, risk management processes, and performance metrics in relation to climate-related risks and opportunities.
v. Provide oversight and challenge in respect of the adequacy and accuracy of climate-related disclosures presented in Capral's general purpose financial reports in accordance with AASB S2.

4.4 Review of Financial Information

The Committee will review:

i. the draft half yearly and annual financial statements of Capral, prior to consideration by the Board, to ensure they represent a true and fair view of Capral's financial position and performance and assess whether external reporting is consistent with the understanding of the Committee members; and
ii. the declaration signed by the Managing Director and Chief Financial Officer required by section 295A of the Corporations Act and the statements requirement by Recommendations 7.2 and 7.3 of the ASX Principles.

4.5 Regulatory and compliance

The Committee is responsible for:

i. Reviewing the effectiveness of the company's approach to achieving compliance with laws, regulations, industry codes and company policies

ii. monitoring the processes in place to ensure compliance with statutory and ASX requirements, including the continuous disclosure obligations;
iii. review relevant regulatory information (including tax and legal) submitted to the Committee; and
iv. assess whether such matters have a material impact on Capral's financial statements.

4.6 Risk Management and internal controls

The Committee is responsible for:

i. Approving the company's risk management policy and overseeing the risk management system, including the risk management function and its resourcing
ii. Approving and monitoring the company's risk profile developed by management, covering the principal enterprise-wide risks, including strategic, operational, legal and financial
iii. ensuring Capral's management has established and operates a risk management system which is designed to identify, assess, monitor and manage risk including financial reporting risk and other risks such as operational, economic/ environmental/ social sustainability and compliance.
iv. Reviewing the operational effectiveness of the policies and procedures relating to risk and the company's internal control environment.
v. Reviewing the management evaluation of the effectiveness of internal controls
vi. Reviewing the effectiveness of the company's insurance activities
vii. Ensuring that key risks are reported to the Board
viii. Overseeing the preparation of a summary of the main internal and external risk sources that could adversely affect the Company's prospects for future financial years, for inclusion in the operating and financial review section of the directors report; and
ix. Assessing and monitoring matters related to the Company's risk appetite and risk culture

4.7 External Auditor

In relation to the external auditor, the Committee is responsible for:

i. the policies and procedures for the selection, appointment and re-appointment of the external auditor and the rotation of external audit engagement partners;
ii. making recommendations to the Board:
    a) on appointment and removal of the external auditor;
    b) terms of appointment or re-appointment of the external auditor; and
    c) level of fees payable to the external auditors;
iii. at least annually, assess the performance and independence of the external auditor and whether the independence of this function is maintained having regard to the provision of non-audit related services, and provide to the Board the written advice as required by section 300(11D)(a) of the Corporations Act;
iv. on an annual basis, obtain and review a report from the external auditor describing:
    a) the audit firm's internal quality control and conflict procedures;
    b) material issues raised by the most recent quality control, or peer review, of the audit firm, and steps taken to address such issues; and
    c) relationships between the external auditor and Capral.

4.8 Other

Other responsibilities of the Committee include:

i. ensuring that significant findings and recommendations by the internal audit function and/or the external auditors are actioned as appropriate;

ii. reviewing other matters referred to the Committee by the Board, including policies and practices on sensitive issues; and
iii. identifying and directing special projects or investigations as deemed necessary.

5 MEETINGS

5.1 The Committee should meet at least twice per year (or as often as the Chairman of the Committee determines necessary for the Committee to undertake its role effectively). Committee Meetings may be requested by a Member or the external auditor. If a member is unable to be physically present, they may participate by video or teleconference.

5.2 The chairperson of the Committee determines the meeting agenda after appropriate consultation. The secretary distributes the agenda with relevant supporting documents to all Committee members and other attendees at least 5 working days before each proposed meeting.

5.3 A quorum for a Committee Meeting is at least 2 Members.

5.4 At each Meeting, the Committee may:
i. meet privately;
ii. meet with executive management (without the external auditor) to ensure there are no issues relating to the external audit; and
iii. meet with internal audit function and/or the external auditors (without management) to allow sensitive issues to be discussed and to seek assurance that no management restrictions are being placed upon the internal audit function or the external auditors (as the case may be).

5.5 The Company Secretary of Capral will be the secretary to the Committee and will be responsible for maintaining minutes of the Committee Meetings to record the proceedings and resolutions of its meetings. Minutes of Committee meetings will be included in the papers for the next Committee meeting.

5.6 The Committee chairperson may also invite directors who are not members of the Committee, other relevant Capral employees (including the Chief Financial Officer) and external advisors including representatives of the external auditor to attend meetings of the Committee. The Committee may request management and/or others to provide such input and advice as required.

6 REPORTING

6.1 The Committee will report on its Meetings to the Board.

6.2 In conjunction with the recommendation for approval of the Annual Financial Reports, the chairperson of the Committee, or a delegate, will report to the Board on matters relevant to the Committee's role and responsibilities, including:
i. assessment of whether external reporting is consistent with Committee Members' information and knowledge and is adequate for security holders' needs;
ii. assessment of the management processes supporting external reporting;
iii. to the extent necessary (and having regard to paragraph 4.7):
   a) procedures for the selection and appointment of the external auditor and for the rotation of external audit engagement partners;
   b) recommendations for the appointment or removal of an external auditor; and

iv. assessment of the performance and independence of the external auditor and whether the Committee is satisfied that independence of this function has been maintained having regard to the provision of non-audit services.
v. on the appropriateness of climate-related financial disclosures and any material risks or opportunities identified

7 ACCESS TO INFORMATION AND ADVICE

7.1 Committee Members have unlimited, direct access to the external auditors. The Committee has authority to interview the external auditors (with or without management present).

7.2 The Committee may seek information it requires from Capral employees and those employees must comply with such requests and provide any information or advice that the Committee requires. The Committee has authority to interview management as needed.

7.3 The Committee has access to all the Company's documents and records.

7.4 The Committee may take independent legal, accounting or other professional advice or assistance, at the reasonable expense of Capral, in carrying out its functions. Unless a conflict exists or to do so would be inconsistent with the Committee's duties, the Committee may request such information, advice or assistance via the Chairman.

8 COMMITTEE PERFORMANCE EVALUATION AND REVIEWS

8.1 To determine whether it is functioning effectively, the Committee will review its performance at least annually.

8.2 The performance evaluation will have regard to the extent to which the Committee has met its responsibilities in terms of this charter.

8.3 The Committee will review the annual agenda incorporating any changes in the charter

9 REVIEW AND PUBLICATION OF CHARTER

The Board will review this charter at least every two years to ensure it remains relevant to the current needs of the Company. The charter may be amended by resolution of the Board.

Document Version Control Change History

Date	Author	Reason for Change or Action
August 2011	Tertius Campbell CFO / Company Secretary	Last published
April 2021	Tertius Campbell CFO / Company Secretary	Reviewed – no change
November 2023	Kathy Ostin Chair of Audit and Risk Committee	Review – amendments required. Approved by Audit Committee
August 2025	Tertius Campbell	Sustainability Reporting