



Audit Committee Charter

Version Adopted: March 2020

**Volpara Health Technologies Limited
(NZCN 2206998, ABRN 609 946 867)**

1. CONTENTS

1	PURPOSE & ROLE OF THE COMMITTEE	3
2	COMMITTEE MEMBERSHIP	3
3	AUTHORITY & ACCESS TO INFORMATION.....	4
4	MEETINGS	4
5	RESPONSIBILITIES.....	5
6	REPORTING TO THE BOARD	8
7	COMMITTEE REVIEW.....	9

1 PURPOSE & ROLE OF THE COMMITTEE

- (a) The Audit Committee (the **Committee**) is a committee of the Board of Volpara Health Technologies Limited (**Company**) with the specific powers delegated by the Board as set out in this Charter, in accordance with the Company's Constitution and Board Charter.
- (b) The role of the Audit Committee is to support the Board of Directors in fulfilling its oversight responsibilities with regard to the Company's financial reporting systems, the systems of internal control and internal and external audit functions and financial risks. In fulfilling this role, the Committee is responsible for maintaining free and open communication between the Board, the Committee, management and the auditors.
- (c) The Chairs of the Risk Committee and the Audit Committee shall coordinate on any overlapping risks, and support the other Committee in its review of the Company's risks that have been delegated to that Committee in its respective charter, as needed.
- (d) The existence of the Audit Committee does not relieve any directors of their responsibilities for these matters.

2 COMMITTEE MEMBERSHIP

- (a) The Committee members will comprise at least three (3) non-executive directors. A majority of the Committee members must be independent directors and the Chair of the Committee will be an independent non-executive Director, other than the Chair of the Board.
- (b) The Committee members must be proposed by the Chair of the Board and approved by the Board. In appointing members to the Committee, the Board will give regard to:
 - (i) at least one member of the Committee should have accounting and financial expertise;
 - (ii) each member of the Committee must be able to read and understand financial statements.
- (c) A member of the Committee may, with the approval of the Committee Chair and at Company expense, attend seminars or training courses in respect of issues related to the industry in which the Company operates, and functions and responsibilities of the Committee.
- (d) Cessation as a director of the Board will automatically terminate the appointment as a member of the Audit Committee.
- (e) The Committee Secretary will be the Company Secretary, or the Company Secretary's nominee.

3 AUTHORITY & ACCESS TO INFORMATION

- (a) The Committee has authority to seek any information it requires from any officer, employee or contractor of the Company, who are instructed by the Board of the Company employing them to respond to such enquiries.
- (b) The Committee has authority, as follows:
 - (i) Investigate any activity within its Charter and any matters specifically requested the Board;
 - (ii) Resolve any disagreements between management and the auditor regarding financial reporting;
 - (iii) Delegate authority to subcommittees; and
 - (iv) Obtain outside legal or other independent professional advice as necessary to assist the Committee in the proper exercise of its powers and responsibilities, with the cost to be borne by the Company.
- (c) The Committee may invite any executive director, executive, other staff member or external or internal auditor to attend all or part of a meeting of the Committee.
- (d) The Company CFO or any person with primary responsibility to manage financial risks, shall have a dotted line reporting relationship to the Chair of the Audit Committee and the Chair of the Board for reporting out on risk concerns.

4 MEETINGS

- (a) The Committee will meet regularly, at the times determined by the Committee Chair, but not less than two scheduled times a year.
- (b) A Committee Chair, any other member of the Committee or the external auditor may request that a meeting of the Committee be convened at any other time.
- (c) A quorum shall be any two (2) members.
- (d) The Committee may invite any of the following to attend a meeting of the Committee, in each case with or without management being present, at the discretion of the Committee Chair:
 - (i) The external auditor;
 - (ii) Any internal auditor;
 - (iii) Any other director, executive, employee or contractor of the Company; and
 - (iv) Any other person,

- (e) Board members may attend any meeting of the Committee.
- (f) Should the Committee Chair be absent from a Committee meeting, Committee members present at the meeting have the authority to choose one of their number to chair that particular meeting.
- (g) At least once per year the Committee shall meet with the external auditor absent members of management, unless otherwise invited by the Committee Chair.
- (h) The Committee Secretary will distribute in advance of a meeting the Committee agenda and any related papers to each member of the Committee and any other persons determined by the Committee Chair.
- (i) Where a Committee member has a conflict of interest in an agenda matter, the Committee Secretary will provide that member with a copy of the committee agenda but, unless the other members of the Committee determine otherwise, will not provide that person with papers in relation to that matter, and that member will be excused during any Committee discussion of the matter during the meeting.
- (j) The Committee Secretary will prepare minutes of meetings and have them approved by the Chair. Minutes of meetings shall be confirmed at the next Committee meeting.

5 RESPONSIBILITIES

Financial reporting and financial risk management are the responsibility of the Company's management. The Audit Committee has an oversight role and in fulfilling that role, it relies on the reviews and reports described below. The Audit Committee has the following specific responsibilities with respect to the functions delegated to it by the Board:

- (a) Financial reporting:
 - (i) reviewing significant accounting and reporting issues, including recent professional and regulatory pronouncements, and understand their impact on the financial statements;
 - (ii) overseeing the periodic financial reporting process implemented by management and review the interim financial statements, annual financial statements and preliminary announcements prior to their public release to determine whether they are complete, reflect appropriate accounting principles, contain appropriate disclosure, and are consistent with the information known to the members of the Committee;
 - (iii) ensuring accounting policies are applied consistently and any new accounting standards requirements relevant to the Company are applied appropriately;
 - (iv) paying particular attention to large, complex and/or unusual transactions

such as business combinations, restructuring charges and measurement and recognition of financial instruments;

- (v) focusing on judgmental areas of the financial statements, for example those involving revenue recognition, valuation of assets and liabilities, product or environmental liabilities and other commitments and contingencies;
- (vi) obtaining regular updates from management and the Company's legal counsel regarding compliance matters which may have a material impact on the Company's reputation or financial statements;
- (vii) reviewing management processes designed to support the Company's external reporting obligations;
- (viii) making appropriate enquiries to satisfy itself that all regulatory compliance matters related to the business of the Company have been considered in the preparation of the financial statements;
- (ix) meeting with management and the external auditors to review the financial statements and the results of the audit; and
- (x) ensuring that any significant adjustments, unadjusted differences, disagreements with management and critical accounting policies and practices have been discussed with the external auditor.

(b) Internal control:

- (i) overseeing the processes used in producing financial statements;
- (ii) evaluating the process the Company has in place for assessing the effectiveness and efficiency of internal controls, particularly those related to areas of significant risk;
- (iii) assessing whether management has appropriate controls in place for unusual types of transactions and/or any particular transactions that may carry more than an acceptable degree of risk; and
- (iv) monitoring implementation by management of any internal control recommendations made by the internal and external auditors and approved by the Committee, or any internal control policies required by the Board.

(c) External audit:

- (i) reviewing the external auditor's proposed strategy and audit approach for the current year in the light of the Company's circumstances and changes in regulatory and other requirements;
- (ii) regularly reviewing with the external auditor any audit problems or

difficulties the auditor encountered in the normal course of audit work including any restriction on audit scope or access to information;

- (iii) liaising with the external auditor and ensure that the annual audit is conducted in an effective manner that is consistent with the Committee members' information and knowledge and is adequate for shareholder needs;
- (iv) reviewing external audit reports to ensure that, where significant deficiencies or breakdowns in controls or procedures have been identified, appropriate and prompt remedial action is taken by the Company;
- (v) discussing with the external auditor the quality of accounting policies applied in the Company's financial reporting;
- (vi) advising the Board on the appointment, independence, terms of engagement, performance and, if necessary, the termination/retirement of the external auditor;
- (vii) reviewing fees payable to the auditor for both audit, and non-audit work;
- (viii) reviewing any proposal for the external auditor to provide non-audit services and whether it might compromise the independence of the external auditor;
- (ix) ensuring the Company does not employ audit firm personnel in senior positions within 1 year of those personnel leaving the audit firm; and
- (x) reviewing all representation letters signed by management and ensure that the information provided is complete and appropriate.

(d) Internal audit (if applicable):

- (i) reviewing and approving the internal audit plan, its scope and progress, and any significant changes to it, including any difficulties or restrictions on scope of activities, or significant disagreements with management;
- (ii) confirming the appointment, promotion or dismissal of the head of internal audit (if a member of staff) or termination of any outsourced internal audit function;
- (iii) reviewing the effectiveness of the internal audit function and ensure that it has appropriate standing within the Company and that the independence, objectivity and performance of the internal function is maintained.
- (iv) ensuring significant findings and recommendations made by the internal auditor are received, discussed with a course of action agreed that this is implemented on a timely basis; and

- (v) ensuring that the annual work plan of internal audit includes an analysis of the effectiveness of the Company's risk management, internal compliance and control system.
- (e) Selection and rotation of the external auditor:
- (i) the external auditors are selected according to criteria set by the Committee which include:
 - a) the lack of any current or past connection or association with the Company or with any member of senior management which could in any way impair, or be seen to carry with it any risk of impairing, the independent external view the external auditor is required to take in relation to the Company;
 - b) their general reputation for independence and probity and professional standing within the business community; and
 - c) their knowledge of the industry within which the Company operates;
 - (ii) the Committee has discretion to require rotation of the audit staff employed by the external audit partner, including the partner or other principal with overall responsibility for the engagement.

(f) Corporate Governance:

- (i) reviewing for completeness and accuracy the reporting of the Company's main corporate governance practices as required under the ASX Listing Rules;
- (ii) reviewing the effectiveness of the Company's policy and procedures on continuous disclosure to the ASX;
- (iii) approving the Company's internal policy on the delegation of authority which sets out matters reserved to the Board and delegated to management;
- (iv) reviewing and monitoring the propriety of related-party transactions.

6 REPORTING TO THE BOARD

- (a) The Chair of the Committee will report the findings and recommendations of the Committee to the Board after each Committee meeting.
- (b) The minutes of all Committee meetings shall be circulated to members of the Board.
- (c) The Committee does not have executive powers with regard to its findings and recommendations.

7 COMMITTEE REVIEW

- (a) The Committee will review its performance periodically.
- (b) The Charter will be viewed annually by the Committee. All amendments to the Charter are to be considered and approved by the Board.