

Aroa Biosurgery Limited

Audit Committee Charter

The board of directors of Aroa Biosurgery Limited (**Company**) has established the Audit Committee (**Committee**). The Committee is accountable to the Company's board (**Board**) for its performance in respect of the responsibilities delegated to the Committee by the Board.

This Charter outlines the objectives, roles, responsibilities, authority, composition and procedural matters relating to the Committee.

1. Purpose/Objectives

- 1.1 The purpose of the Audit Committee is to assist the Board in performing its responsibilities relating to, and ensuring the integrity of, the Company's:
 - 1.1.1 financial reporting processes; and
 - 1.1.2 financial risk management system; and
 - 1.1.3 internal and external audit processes including, without limitation, financial audits.

Ultimate responsibility for the integrity of the Company's financial reporting process rests with the full Board notwithstanding the establishment of the Committee.

2. Roles and responsibilities

The Committee shall have the following responsibilities:

Financial reporting

- 2.1 Review the Company's annual audited financial statements and recommend approval by the Board. The Committee's review should cover the following:
 - 2.1.1 Any significant accounting estimates and judgements included in the financial statements.
 - 2.1.2 Compliance with applicable accounting standards, stock exchange requirements and statutory requirements relating to financial reporting.
 - 2.1.3 Receipt of a declaration from the Chief Executive Officer and Chief Financial Officer to the Board that, in their opinion, the financial records of the Company have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the Company and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.
- 2.2 Review and make recommendations to the Board in relation to the appropriateness of the accounting policies, judgements and positions adopted by management in preparing the Company's financial reports.
- 2.3 Review and approve all significant changes in accounting policies or practices.

- 2.4 Review the impact of any significant regulatory, accounting or reporting issues on the Company's financial reporting processes.
- 2.5 Consider the external auditors' report on the Company's financial statements.
- 2.6 Review and recommend for Board approval, releases relating to interim and annual financial statements which are required to be made to the ASX.
- 2.7 Review and confirm the integrity with the CFO of any periodic corporate report that contains financial information that is not subject to an audit or review by an external auditor prior to release to market, and discuss the material with the CFO, before recommending the periodic corporate report for Board approval and release to the market;

Auditing Processes

- 2.8 Review and recommend to the Board the engagement, appointment and retirement of external financial auditors including the fee (subject to shareholder approval, if required), scope and timing for audit of financial statements.
- 2.9 Oversee the independence of external financial auditors including review of disclosed relationships, amount of non-audit services performed and rotation of lead financial audit partner at least once every five years.
- 2.10 Providing a formal forum of communication between the Board, external financial auditors and management including addressing any difficulties encountered during the course of the audit, any restrictions on the scope of work or access to required information.
- 2.11 Review reports of external auditors and discuss with external auditors the Company's internal control systems and processes, the integrity of the Company's processes and any other related matters.
- 2.12 Review and approve annual audit plans and any changes to the audit plans for both internal and external audits (financial).
- 2.13 Ensure that procedures are in place designed to verify the existence and effectiveness of accounting and financial systems and other systems of internal control which relate to financial risk management
- 2.14 Oversee and review the quality and objectivity of the audits conducted by internal and external auditors (financial).
- 2.15 Monitor and review the Company's internal auditing processes including review of all internal audit reports and ensuring management implement agreed changes.

Other

- 2.16 Reviewing annually the Company's treasury policies including debt, interest and foreign exchange management.

- 2.17 Reviewing and monitoring the Company's tax position and areas of potential tax risk.
- 2.18 Considering any proposal for the external auditor to provide non-audit services to the Company and whether it might compromise the independence of the external auditor.
- 2.19 Monitoring and supervising the implementation and effectiveness of the Company's Anti-Bribery and Corruption Policy and considering and taking appropriate action with respect to reported material breaches of the Anti-Bribery and Corruption Policy.
- 2.20 Any other duties or responsibilities assigned to it by the Board, from time to time.

3. Authority

- 3.1 The Committee shall have access to senior executives, all employees, Company records, the Company's financial advisors and legal advisors.
- 3.2 The Committee may also seek independent advice from external consultants and may require the attendance of such external consultants at Committee meetings, as appropriate.
- 3.3 The Committee may undertake on behalf of the Board any such tasks including investigations or actions it deems appropriate and consistent with its responsibilities.

4. Composition

- 4.1 To the extent practicable given the size and composition of the Board from time to time, the Audit Committee shall comprise of at least three members appointed by the Board, a majority of whom shall be independent directors. The Company will aim to ensure that the Committee comprises as many non-executive directors as is practicable in the circumstances. The members of the Committee will be appointed and removed by the Board.
- 4.2 All members of the Committee must be able to read and understand financial statements and at least one member of the Committee must have financial expertise or past employment experience in finance or accounting and an understanding of the industry in which the entity operates.
- 4.3 The Chairperson of the Committee will be appointed by the Board and shall be an independent director who is not the chair of the Board.

5. Meetings and Procedures

- 5.1 The Committee shall meet as frequently as required to fulfil its responsibilities, but no less than two scheduled meetings shall be held in a year.

- 5.2 The quorum for a meeting of the Committee is at least two members of the Committee.
- 5.3 If the Chairperson of the Committee is absent from a meeting, the members of the Committee participating in that meeting may elect one of themselves as the chairperson for the meeting.
- 5.4 The Committee shall ensure that meeting minutes are kept.
- 5.5 The proceedings of the Committee will be governed by the provisions of the Constitution that govern meetings of the Board of directors with all necessary modifications.
- 5.6 The Committee may invite such other persons to attend Committee meetings as it deems necessary or required. The CEO and CFO shall attend each meeting of the Committee.
- 5.7 All directors have a standing invitation to attend any meetings of the Committee.

6. Reporting

- 6.1 The Chairperson of the Committee will report back to the Board at its next scheduled meeting the key matters discussed, its decisions and any recommendations of the Committee.
- 6.2 The minutes of the Committee meetings will be provided to the Board at the next scheduled meeting of the Board.

7. Review

- 7.1 The Committee shall conduct an annual review of the Committee's objectives and activities.
- 7.2 The Committee will undertake an annual review of this charter. Any changes to this charter will be recommended to the Board for approval.

Approved by the Board on 17 December 2020
Last reviewed on 17 December 2020