



Fisher & Paykel Healthcare

Audit & Risk Committee Charter

Establishment of the Audit & Risk Committee

This Charter sets out the basis on which the Board has established an Audit & Risk Committee pursuant to the authority contained in, and subject to the provisions of, the Constitution.

Objectives

The objective and purpose of the Audit & Risk Committee is to assist the Board in fulfilling its responsibilities relating to the Company's risk management and internal control framework, its financial reporting and the Company's auditing processes and activities.

Authority, Duties and Responsibilities

In addition to any other authorities, duties and responsibilities which have been assigned to it from time to time by the Board, the Audit & Risk Committee has the authority, duty and responsibility to:

1. monitor, and where necessary, instruct management to update the risk management framework to ensure the Company continues to have an appropriate and effective framework, mechanisms and internal controls in place to identify and manage material business risks;
2. review and recommend to the Board the adoption of the Company's financial reports to external parties;
3. monitor and oversee the Company's relationship with its external auditors; and
4. provide an open avenue of communication among the external auditors, financial and senior management, and the Board.

To fulfil its responsibilities and duties, the Audit & Risk Committee shall:

Risk Management and Internal Control Framework

1. Review and monitor the Company's risk management framework to ensure that the Company has in place mechanisms and internal controls to identify and manage areas of material business risk, excluding any risks related to the Company's quality and regulatory functions. The Board considers that, given the importance of the product quality and regulatory functions to the Company's continued ability to design, develop, manufacture, market and sell products, any risks related to the quality and regulatory functions fall within the oversight responsibilities of the Quality, Safety and Regulatory Committee, and do not fall within the responsibilities and duties of the Audit & Risk Committee. In addition, the oversight of the Company's health and safety risk management falls within the oversight responsibilities of the Quality, Safety and Regulatory Committee. Accordingly, any references in this Charter to risk matters expressly excludes any risks related to the Company's product quality and regulatory functions and health and safety functions.
2. Ensure that processes are in place so that the Board is properly and regularly informed and updated on corporate, financial, operational, organisational and other risk matters (including information on any material business risk issues raised by senior management and whether the material business risks are being managed effectively).
3. Review with the external auditors and the Company's management policies and procedures with respect to material business risks, including financial and accounting controls.
4. Review and monitor the Company's insurance program in conjunction with management and recommend changes where deemed appropriate.

Financial Reporting

5. Review and discuss with management and the external auditors the Company's annual audited financial statements and the interim financial statements, including the constant currency financial information, prior to publicly releasing earnings reports to the applicable securities regulatory authorities.
6. Review and consider the external auditors' report(s) on the Company's annual and

interim financial statements.

7. Obtain appropriate reporting from management of all significant judgements made in management's preparation of the financial statements.
8. Consider the external auditors' judgements about the quality and appropriateness of the Company's accounting principles as applied and significant judgements affecting its financial reporting.
9. Review any significant disagreement among management and the external auditors in connection with the preparation of the financial statements.
10. Require the Chief Executive Officer and Chief Financial Officer to state in writing to the Board that, to the best of their knowledge:
 - a. the Company's financial reports present a true and fair view, in all material respects, of the Company's financial condition and operational results and are in accordance with relevant accounting standards; and
 - b. those reports are founded on a sound system of risk management and internal control and that system is operating effectively in all material respects in relation to financial reporting risks.
11. Review financial reports and advise all Directors whether they comply with the appropriate laws and regulations.

Auditing Processes and Activities

12. Review and recommend to the Board the engagement, reappointment and retirement of external auditors including their fee and the scope and timing of their audit of the Company's financial statements.
13. Establish guidelines for the selection and appointment of the Company's external auditors. Ensure that the external auditor or lead audit partner is changed at least once every five years.
14. From time to time, as appropriate, actively engage the Company's external auditors in a dialogue with respect to any disclosed relationships or services that may impact the objectivity and independence of such auditors and recommend to the Board appropriate action in response to the external auditors' report to satisfy itself of the auditors' independence. In particular, where the external auditor provides non-audit services, the Committee shall satisfy itself that the provision of non-audit services has not compromised the auditor's independence.
15. Periodically discuss with the external auditors out of the presence of management the Company's internal control systems and processes, the integrity of the Company's financial statements and financial reporting processes, the external auditors' perception of the Company's financial and accounting personnel and any other matters the Audit & Risk Committee deem appropriate.
16. Following completion of the annual audit, review separately with management any significant difficulties encountered during the course of the audit, including any restrictions on the scope of work or access to required information.
17. Review and approve the Annual Internal Audit Plan.
18. Review all Internal Audit reports and ensure management implement agreed

changes to controls or implementation of controls.

19. Recommend to the Board the appointment and/or dismissal of any chief risk and/or internal audit executive, if required.
20. Review group tax exposures and meet with a member of Group Tax not less than twice a year.
21. Monitor and review the internal auditing processes.

Other

22. Consider and recommend to the Board, if appropriate, major changes to the Company's financial reporting, auditing and accounting principles and practices as suggested by the external auditors or management.
23. Review with the external auditors and management the extent to which changes or improvements in financial or accounting practices, as approved by the Audit & Risk Perform any other activities consistent with this Charter, the Company's constitution and applicable law, regulation or listing rule as the Audit & Risk Committee or the Board deems necessary or appropriate.
24. Subject to the requirements of the Company's Market Disclosure Policy, which regulates the Company's processes for managing its continuous disclosure obligations, the Chief Financial Officer has the duty and responsibility to draw to the Committee's and the Board's attention any material adverse matters which relate to the financial position of the Company, any material breakdowns in internal controls and any material events of fraud or malpractice once evidence of such events is known.

Audit & Risk Committee Composition

The Audit & Risk Committee shall be comprised of at least three members each of whom will be appointed by the Board.

The Audit & Risk Committee shall be comprised solely of "non-executive Directors"¹, a majority of whom shall be Independent Directors², each of whom is able to read and understand financial statements, including a company's statement of financial position, statements of financial performance and cash flow statement, or will become able to do so within a reasonable period of time after his or her appointment to the Audit & Risk Committee. At least one member of the Audit & Risk Committee shall have past employment experience in finance or accounting and be a member of the Institute of Chartered Accountants of New Zealand or have held a Chief Financial Officer position at a public issuer for greater than 24 months, or have any other comparable experience and/or qualifications deemed satisfactory by the Board which results in the individual's financial sophistication (including being or having been a chief executive officer, chief financial officer or other senior officer with financial oversight responsibilities).

The Board shall appoint one of the members of the Audit & Risk Committee, who is an Independent Director, but not the Board's Chairperson, to be the Chairperson of the Audit & Risk Committee. In that person's absence, any member may chair a meeting of the Audit & Risk Committee.

¹ Non-executive Directors are Directors who are not also members of the executive management.

² Independent Directors are as defined in the NZX Listing Rules

The Audit & Risk Committee may, if it considers it appropriate, appoint a secretary.

Meetings and procedure

The Audit & Risk Committee will meet four times a year or more frequently if required. A quorum for a meeting of the Audit & Risk Committee is two members.

The Audit & Risk Committee may invite such other persons to attend their meetings as they consider appropriate and determine the procedures under which this occurs. Audit & Risk Committee meetings will normally be attended by the Chief Financial Officer and the Chief Executive Officer.

The Audit & Risk Committee shall ensure that the minutes of its meetings are kept and provided to the Board in a timely manner.

The dates, times and venues of each meeting of the Audit & Risk Committee will be notified by the Company to all members as far in advance as possible. Supporting papers shall also be sent to members as far in advance as possible.

The proceedings of the Audit & Risk Committee will be governed by the provisions of the Constitution that govern meetings of Directors, in so far as they are applicable.

Consultation

In the course of carrying out its duties, the Audit & Risk Committee shall have direct communication with, and unrestricted access to, executive management, external and internal auditors and accountants (with or without management present), all employees, company records and to financial or legal advisors.

Reporting

The Chairperson of the Audit & Risk Committee (or a person nominated by the Audit & Risk Committee for that purpose) shall ensure an annual report is prepared and provided to the Board summarising the activities of the Audit & Risk Committee during the previous 12 months.

Review

Every two years, the Audit & Risk Committee shall undertake the following review:

1. an evaluation of the performance of the Committee against the objectives set out in this Charter; and
2. a review of the terms of this Charter, including the objectives, duties and responsibilities of the Audit & Risk Committee, and shall recommend to the Board any suggested changes to the objectives, duties and responsibilities of the Committee.

Last approved by the Board on 20 November 2017.