

External Financial Auditors Independence Policy

Fisher & Paykel Healthcare Corporation Limited

1. Purpose

Fisher & Paykel Healthcare is committed to maintaining external financial auditor independence consistent with the requirements of the applicable Listing Rules and best practice.

The Audit & Risk Committee has oversight responsibility for the Company's external audit arrangements as set out in the Audit & Risk Committee Charter. This Policy complements the Audit & Risk Committee Charter by outlining requirements for the provision of services by any External Auditor engaged by the Company.

The purpose of the Policy is to ensure that the Company's External Auditor carries out its function independently and without impairment, safeguarding the reliability and credibility of Fisher & Paykel Healthcare's external financial reporting.

2. Procedures for Selection and Appointment of External Auditors

The procedures for the selection and appointment of the external financial auditors ("External Auditors") are based on the following framework:

- i. The External Auditors are automatically reappointed every year at the Company's Annual Shareholders' Meeting unless:
 - a. the External Auditors cease to be qualified for appointment; or
 - b. the Company passes a resolution at the meeting appointing another person or persons as External Auditors; or
 - c. the External Auditors have given notice to the Company that they do not wish to be reappointed.

In the case of a. and c., the Company will appoint new External Auditors in accordance with the Companies Act 1993.

- ii. The Company's Audit & Risk Committee is responsible for:
 - a. monitoring the performance, and independence, of the External Auditors; and
 - b. implementing a selection process and making a recommendation to the Board, if required.

The assessment of responses from potential External Auditors takes into account a number of key criteria, including audit approach and methodology, internal governance processes, global resources, key personnel and cost.

Once the review process has taken place, the Audit & Risk Committee provides the Board with information concerning the process adopted in undertaking the review, the recommended External Auditors and the reasons for the final recommendation.

3. Services Provided by External Auditors

The External Auditors' firm will not be used for any purpose which could reasonably be regarded as compromising the independence of the External Auditors.

The monitoring and approval of the Audit & Risk Committee is required for non-audit services provided by the External Auditors. For this purpose, the Audit & Risk Committee has classified services into the following three categories:

- i. Services that **are permitted** and pre-approved by the Audit & Risk Committee;
- ii. Services that may be performed, but only with **prior approval** from the Audit & Risk Committee (the Audit & Risk Committee has delegated authority to the Chair of the Audit & Risk Committee for this purpose); and
- iii. Services that are **not permitted**.

A schedule of services is set out in Appendix 1 of this Policy. Where a service is not specifically addressed in Appendix 1, or where a variation to this policy is sought, the Chair of the Audit & Risk Committee is to be consulted.

Provision of services other than audit or assurance type services shall be subject to the overriding limitation that, in any financial year, the fees for such services should not exceed the annual fees for the audit of the financial statements of the Fisher & Paykel Healthcare group of companies.

4. Responsibilities of the External Auditors

The External Auditors are required to report in writing to the Audit & Risk Committee on an annual basis:

- i. That the External Auditors are independent, having regard to their firm's policies, and the requirements of the New Zealand External Reporting Board (XRB) regarding auditor independence.
- ii. All relationships that may bear on independence, including but not limited to:
 - The provision of non-audit services;
 - Financial relationships;
 - Employment relationships;
 - Any other matters that may reasonably be thought to have a bearing on the External Auditors' independence.

The total fees received by the External Auditors from Fisher & Paykel Healthcare and that the services were permitted under XRB rules.

In line with current professional standards, the Company requires the lead partner and review partner of its External Auditors to change every five years.

5. Roles and Responsibilities

The Chair of the Audit & Risk Committee and the Chief Financial Officer have overall responsibility for meeting the requirements of this policy.

The Chief Financial Officer will be responsible for:

- i. Facilitating the regular review of this policy;
- ii. Ensuring that services are only procured from the External Auditors in accordance with the Appendix 1;
- iii. Reporting at each Audit & Risk Committee meeting on any work conducted by the External Auditor – including the fees paid to the External Auditors for non-audit services.

The External Auditors will annually agree the scope of audit services and fees with the Audit & Risk Committee.

Last approved by the Board on 29 March 2019

APPENDIX 1: Schedule of Services

Service / Examples	Permitted & Pre-Approved	Permitted Subject to Prior Approval of the Chair of the Audit & Risk Committee	Not Permitted
Financial review and audit engagements			
Financial audits, both of financial statements and existing company systems and processes.	✓		
Review of interim financial statements of the Company.	✓		
Bookkeeping or other services related to the accounting records or financial statements			
Taking responsibility for the preparation of financial statements.			✗
Assistance with preparation of statutory financial statements (outside New Zealand).	✓		
Other attest services			
Audits of regulatory requirements.	✓		
Reporting engagements to third parties e.g. Bank compliance, Constant Currency reporting, Tax compliance and Research and Development review engagements.	✓		
Attendance at the Annual Shareholder Meeting.	✓		
Accounting opinions, advice or training			
Advice on appropriate accounting standards and the interpretation and application of those standards.	✓		
Providing accounting and technical training.	✓		
Financial information systems design and implementation			
Design and implementation of key financial information systems and processes.			✗
Secondments			
Secondments of junior staff.	✓		
Secondments to management positions.		✓	
Assisting in recruiting senior management.		✓	
Internal Audit			
Internal audit assistance - Assurance services under the overall direction of an Internal Audit manager or the Company's senior management.	✓		
Taking responsibility for internal audit.			✗
Taxation services			
Preparation of tax computations.			✗
Advice on the interpretation and application of Inland Revenue Department taxation policies.	✓		
Tax planning and strategy development.			✗
Taxation services of an assurance nature e.g. review of tax computations and returns prior to filing.	✓		
Legal services			
Provision of any service that can only be provided by those licensed, admitted, or otherwise qualified to practice law in the jurisdiction in which the service is provided			✗
Valuations			
Valuation of assets and liabilities other than as required to complete regulatory audit requirements.			✗
Other services			
Advice that has a significant impact on the value of a material asset or liability.		✓	
Advice on the structuring or pricing of any deal, asset or company acquisition.		✓	
Strategic business planning.		✓	
Advice on executive remuneration.		✓	