



## AUDIT POLICY

### Exopharm Limited ACN 163 765 991

Date Adopted: 1 November 2018

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#### 1. Preamble

- 1.1 The Board of Directors (**Board**) of Exopharm Limited (ACN 163 765 991) (**Company**) is responsible for overseeing the management of the Company and its subsidiaries, including its control and accountability systems.
- 1.2 The Board has not established a separate audit committee. The Board considers that, having regard to the Company's current size and scope, as well as the current size of the Board, efficiencies would not be gained by establishing a separate audit committee.
- 1.3 The Board is responsible for overseeing audit and compliance matters. As the Company's operations grow and evolve, the Board will reconsider whether establishment of a separate audit committee is appropriate.
- 1.4 This Audit Policy (**Policy**) outlines various matters concerning the audit and compliance function performed by the Board (**Audit Function**).

#### 2. Objectives

In performing the Audit Function, the Board will primarily focus on discharging its obligations with respect to:

- (a) the integrity and quality of interim and annual financial reporting and disclosures;
- (b) identification of key business, financial and regulatory risks;
- (c) compliance with relevant laws, regulations, standards and codes;
- (d) the adequacy of the internal control framework; and
- (e) the integrity of internal and external audits.

#### 3. Role and responsibilities

- 3.1 The Board will consider (amongst other things) the following in performing the Audit Function:
  - (a) the adequacy of the Company's corporate reporting processes;

- (b) whether the Company's financial statements reflect a true and fair view of the financial position and performance of the Company;
  - (c) the appropriateness of the accounting judgements or choices exercised by management in preparing the Company's financial statements; and
  - (d) the independence and performance of the external auditor when required.
- 3.2 The Board may consider any matter concerning the financial affairs of the Company, the internal audit, the external audit, risk management and any other issues considered material and relevant to discharging the Audit Function.
- 3.3 The Board will adopt the following procedure in discharging the Audit Function:
- (a) **Risk**  
  
Review the adequacy of the risk management processes developed by the Company's management (and approved by the Board) for assessing and managing key business and financial risks.
  - (b) **Compliance**
    - (i) Review compliance with relevant laws and regulations and determine whether the organisational programmes in place provide reasonable assurance of compliance.
    - (ii) Review compliance with statutory financial and remuneration reporting requirements.
  - (c) **Reporting**
    - (i) Review all quarterly, half yearly and annual reports.
  - (d) **Internal control**  
  
Monitor the establishment and maintenance of an appropriate internal control framework.
  - (e) **External audit**  
  
Monitor the activities and performance of the external auditor, including:
    - (i) review the annual audit plan of the external auditors, and approve the external audit remuneration;
    - (ii) review the external auditors report to the board; and
    - (iii) oversee the process, and review the procedures, for the selection, appointment and removal of the external auditor; and
    - (iv) assess the performance and independence of the external auditors and consider whether the provision of any non-audit services compromises the independence of the external auditors where required.

(f) **Corporate Code of Conduct**

Ensure that the Company's Corporate Code of Conduct is maintained and that there are processes in place for administering the code. This duty includes the duty to review related party transactions and potential conflicts of interest.

**4. Rights of access**

4.1 In discharging the Audit Function, Board members have:

- (a) rights of access to management, rights to seek explanations and additional information and access to auditors, internal and external, without management present; and
- (b) authority to seek any information it requires from any employee of the Company.

4.2 The external auditor, and any internal auditor if appointed, will have unlimited free access to members of the Board.

**5. Meetings**

5.1 The Board will meet to discharge the Audit Function at least twice per year, with additional meetings called by the Chairperson of the Board (**Chairperson**), as required, or if formally requested by any member of the Board, the Chief Executive Officer or the Company's auditor.

5.2 After endorsement by the Chairperson, the agenda papers will be distributed to all meeting invitees approximately 2 working days prior to each meeting.

5.3 The Company Secretary or other person appointed secretary to any meeting will maintain a formal record of the business of each meeting.

**6. Attendance at meetings by invitation**

The following people may be invited to attend all or part of Board meetings for the performance of the Audit Function:

- (a) each Director;
- (b) the Company's external auditor;
- (c) any internal auditor appointed by the Company; and
- (d) any other staff members or external parties as requested by the Board.

**7. Professional advice**

The Board is authorised to take such independent professional advice as it considers necessary.

**8. Further information**

8.1 The Company will publish this Policy on the Company's website: [exopharm.com](http://exopharm.com).

8.2 If you have any questions or need further information in relation to this Policy, please contact the Company Secretary.