

Audit and Risk Committee Charter

1. Audit and Risk Committee Charter

This Charter governs the operations of the Audit and Risk Committee ('Committee'). The Committee shall review and reassess the Charter regularly and obtain the approval of the Board of Directors ('Board').

2. Membership

The Committee shall, wherever possible, consist of:

- non-executive directors.
- a majority of independent directors.
- an independent chairperson, who is not chairperson of the Board.
- at least three members.

The size and composition of PolyNovo's Audit and Risk Committee will have regard to factors such as the size and complexity the Company's and its projects, stakeholders and legislative or other requirements. All Committee members shall be financially literate. Where possible, at least one member shall have accounting and/or related financial management expertise as determined by the Board of Directors.

The terms of their appointment to the Committee are ongoing until the Board resolves to appoint or remove members. The Chief Executive Officer and Chief Financial Officer shall not be members of the Committee, although it is customary for them to be invited during meetings.

3. Meetings

The Committee shall meet as often as necessary to undertake its role effectively, but at least twice each year to:

- Review and approve external audit plans.
- Review and approve the half-year financial report.
- Update the external audit plans.
- Review and approve the Annual Financial Report; and
- Review and monitor the Risk Management process.

A quorum for the Committee meetings is two and voting on recommendations to be put to the Board requires majority in favour. The procedure for inviting non-Committee members to attend meetings requires reasonable notice and Chairman approval.

4. Roles and Responsibilities

- The Committee shall provide assistance to the Board in fulfilling its corporate governance and oversight responsibilities in relation to the company's financial reporting, internal control structure, risk management systems, and the external audit function.
- The Committee shall be given the necessary power and resources to meet its charter and is empowered to investigate any matter brought to its attention with full access to all books, records, facilities, personnel, management of the Company, including external auditors without management present and the authority to engage independent counsel and other advisers at the Company's expense as it determines necessary to carry out its duties.
- The Committee shall oversee and review the integrity of the Company's financial reporting process on behalf of the Board and make recommendations as to whether financial disclosures made by management reasonably portray the company's financial condition, results of operations and plans and long-term commitments. The Committee shall report the results of its activities to the Board.
- The Committee has the responsibilities and powers set forth in this Charter but it is not the duty of the Committee to plan or conduct audits.
- The Committee shall discuss with management and the external auditors, the adequacy and effectiveness of the accounting and financial controls, including the Company's policies and procedures to assess, monitor, and manage business risk, and legal and ethical compliance programs (including the Company's Code of Conduct). Any opinion obtained from the external auditors on the Company's choice of accounting policies or methods should include an opinion on the appropriateness and not just the acceptability of that choice or method.
- The Committee shall meet separately, as necessary, with management and the external auditors to discuss issues and concerns warranting committee attention, including but not limited to their assessment of the effectiveness of internal controls and the process for improvement. The Committee will review with the external auditors any audit problems or difficulties and management's response.
- The Committee shall be responsible for making recommendations to the Board on the appointment, reappointment or replacement (subject, if applicable, to shareholder ratification), remuneration, monitoring of effectiveness and independence of the external auditors. The Committee shall pre-approve all audit and non-audit services provided by the external auditors and shall not engage the external auditors to perform any non-audit/assurance services that may impair or appear to impair the external auditor's judgement or independence in respect of the Company.
- The Committee is to ensure rotation of the external auditor's engagement partner at least every period of five years or such other period of time as may be deemed fit.

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- The Chairman will also report to the Board on all matters relevant to the committee's role and responsibilities as set out in this charter, including comment on the charter, the committee's operation and the membership composition.
- The Committee shall report to the Board regarding the assessment of the performance and objectivity of the internal audit function and the results of the Committee's review of risk management and internal control systems.
- The Committee shall review and assess the independence of the external auditor, including but not limited to any relationships with the Company or any other entity that may impair or appear to impair the external auditor's judgment or independence in respect of the Company.
- The Committee shall discuss with the external auditors the overall scope of the external audit, including identified risk areas and any additional agreed-upon procedures.
- The Committee shall review the half-year and full-year financial reports prior to the filing of these with the ASX. The Committee shall discuss the results of these reports and any other matters required to be communicated to the Committee by the external auditors under generally accepted accounting standards.
- The Committee shall review all representation letters signed by management to ensure that the information provided is complete and appropriate.
- The Committee shall complete an evaluation of its performances at least annually to determine whether it is functioning effectively by reference to current best practices.

PolyNovo's policy/charter is in accordance with PolyNovo's Constitution and changes are made with the approval of the Board.