



Audit Committee Charter

Mad Paws Holdings Limited ACN 636 243 180

adopted on 17 March 2021



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1. Introduction

- 1.1 The Audit Committee (**Committee**) is a committee of the board of directors (**Board**) of Mad Paws Holdings Limited ACN 636 243 180 (**Company**).
- 1.2 The Board established the Committee in accordance with the Company's constitution.
- 1.3 This charter (**Charter**) sets out the Committee's role, responsibilities, membership and operation in relation to the Company and its related bodies corporate (**Group**).

2. Objective

- 2.1 The objectives of the Committee are to:
 - (a) assist the Board achieve its objectives in relation to:
 - (i) the integrity and reliability of the Group's financial reporting;
 - (ii) the application of accounting principles, policies, controls and procedures; and
 - (iii) the adequacy of practices and procedures in respect of achieving legal and regulatory compliance;
 - (b) maintain and improve the quality, credibility and objectivity of the financial reporting process;
 - (c) maintain effective communication between the Board and the Committee;
 - (d) oversee the relationship with the external auditor and the internal auditor (where one has been appointed) and assess the auditor's independence.

3. External financial reporting

- 3.1 The Committee is responsible for:
 - (a) overseeing the Company's financial controls, systems and corporate reporting processes (including its internal control framework), and making recommendations to the Board in relation to such systems, controls and processes;
 - (b) assessing the appropriateness and application of the Group's accounting policies and principles and any changes to them, so that they accord with the applicable financial reporting framework and accounting standards;
 - (c) obtaining an independent judgment from the external auditor about:
 - (i) the acceptability and appropriateness of accounting policies and principles put forward by management; and
 - (ii) the clarity of current or proposed financial disclosure practices as put forward by management;



- (d) assessing any significant estimates or judgments made by management and included in the financial reports, and the basis on which they have been made;
- (e) reviewing compliance with all related party disclosures required (where applicable) by accounting standards and the *Corporations Act 2001* (Cth) (**Corporations Act**);
- (f) reviewing the half-yearly and annual financial reports, including corporate (ASIC, ASX and other) filings, with management, advisers and the external auditor (as appropriate) to assess (among other things):
 - (i) the compliance of financial reports with accounting standards and the Corporations Act; and
 - (ii) the nature and impact of any changes in accounting policies and/or accounting standards during the applicable period;
- (g) discussing any draft audit opinion letter with the external auditor before it is finalised;
- (h) reviewing the management letter from the external auditor;
- (i) recommending to the Board whether the half year and full year financial reports (including financial and associated non-financial statements) should be adopted and signed based on the Committee's assessment of them, including whether they reflect the understanding of the Committee of, and otherwise provide a true and fair view of, the financial position and performance of the Company; and
- (j) following up on any matter raised by the Board regarding financial reports, audit opinions and management letters.

4. External audit

4.1 The Committee is responsible for:

- (a) assessing and recommending to the Board for approval, the terms of engagement with the external auditor at the beginning of each year, including fees payable to the auditor for audit and non-audit work;
- (b) regularly reviewing with the external auditor:
 - (i) the scope of the external audit;
 - (ii) identified risk areas; and
 - (iii) any other agreed procedures;
- (c) making recommendations to the Board on the scope and adequacy of the external audit;
- (d) monitoring the policies and procedures for appointing or removing an external auditor, including criteria for:
 - (i) technical and professional competency;
 - (ii) adequacy of resources;



- (iii) experience, integrity, objectivity and independence; and
 - (iv) lead audit partner rotation every five years;
- (e) reviewing and assessing on a regular basis the compliance of the external auditor with criteria referred to in paragraph (d);
- (f) recommending to the Board for approval, the appointment or removal of an external auditor;
- (g) recommending to the Board for approval the types of non-audit services that the external auditor may provide without impairing or appearing to impair the external auditor's independence;
- (h) pre-approving any non-audit service assignments proposed by management;
- (i) meeting periodically with the external auditor and inviting the auditor to attend Committee meetings to:
 - (i) review their plans for carrying out internal control reviews;
 - (ii) consider any comments made in the external auditor's management letter, particularly, any comments about material weaknesses in internal controls and management's response to those matters; and
 - (iii) to elicit any other relevant advice;
- (j) resolving any disagreements in respect of the financial reports between the external auditor and management which remain outstanding;
- (k) monitoring and reporting to the Board on management's response to the external auditor's findings and recommendations;
- (l) reviewing all representation letters signed by management; and
- (m) receiving and reviewing the reports of the external auditor.

5. Other responsibilities

- 5.1 The Committee is responsible for:
- (a) if it considers appropriate, investigating any complaint or allegation made to it;
 - (b) monitoring that the audit policies and procedures are followed and ensuring they are adequately documented and that those documents are reviewed and updated for any legal and regulatory developments.

6. Committee composition

- 6.1 It is the Company's intention that the Committee will be comprised of:
- (a) at least three non-executive directors; and



(b) a majority of independent directors.

- 6.2 The Board will appoint the Committee chairperson. The chairperson must be an independent director and may not be the chairperson of the board.
- 6.3 While the Company will aim to have a Committee of at least the size and composition outlined in paragraphs 6.1 and 6.2 above, this may not always be practicable given the size of the Board and the circumstances of the Group, including the nature of the Group's business. Accordingly, the Board has absolute discretion to determine the appropriate size and composition of the Committee from time to time.
- 6.4 The company secretary of the Company will act as secretary to the Committee.
- 6.5 The Committee must be of sufficient size, independence and technical expertise to effectively discharge its mandate.
- 6.6 Each member of the Committee must be able to read and understand financial statements and at least one member must be a qualified accountant or other financial professional with experience of financial and accounting matters.
- 6.7 Each member of the Committee should have an understanding of the industry in which the Group operates.
- 6.8 The Board will decide appointments, rotations and resignations within the Committee having regard to the Corporations Act, the ASX Listing Rules and other rules and recommendations that may apply from time to time.

7. Committee meetings

- 7.1 The Committee will meet as often as it considers necessary but not less than four times in each financial year.
- 7.2 A quorum for a Committee meeting is two Committee members.
- 7.3 Committee meetings may be held by any technological means allowing its members to participate in discussions even if all of them are not physically present in the same place. A member who is not physically present but participating by technological means is taken to be present.
- 7.4 The Committee may invite non-committee members it regards as appropriate to attend Committee meetings.
- 7.5 The secretary is required to convene a meeting of the Committee if requested to do so by any member of the Committee or the external auditor.
- 7.6 All directors who are not members of the Committee will have the right to attend (but not vote at) meetings of the Committee.

8. Minutes of Committee meetings

- 8.1 The Committee must keep minutes of its meetings.



- 8.2 Minutes of each Committee meeting must be included in the papers for the next full Board meeting after each meeting of the Committee.
- 8.3 Minutes must be distributed to all Committee members, after the Committee chairperson has approved them.
- 8.4 Minutes, agenda and supporting papers are available to directors upon request to the Committee secretary, except if there is a conflict of interest.

9. Reporting to the board

- 9.1 The Committee chairperson must report the Committee's findings to the Board after each Committee meeting.
- 9.2 The Committee should review its own effectiveness and make any necessary recommendations to the Board to improve its own effectiveness.

10. Access to information and independent advice

- 10.1 The Committee may seek any information it considers necessary to fulfil its responsibilities.
- 10.2 The Committee has access to:
 - (a) management to seek explanations and information from management; and
 - (b) the external auditor and internal auditor (if appointed) to seek explanations and information from them, either with or without management being present.
- 10.3 The Committee may seek professional advice from employees of the Group and from appropriate external advisers, at the Company's cost. The Committee may meet with these external advisers without management being present.

11. Approval, review and changes

- 11.1 This Charter was approved and adopted by the Board on 17 March 2021.
- 11.2 The Committee will review this Charter annually or as often as it considers necessary to ensure this Charter remains effective and relevant to the current needs of the Company.
- 11.3 The Board may amend this Charter from time to time by resolution.