



## **Orthofix Medical Inc. Audit and Finance Committee Charter**

This charter governs the operations of the Audit and Finance Committee (“Committee”) of the Board of Directors (“Board”) of Orthofix Medical Inc. (“Company”). The charter is intended to assist the Committee and the Company in complying with the Company’s certificate of incorporation and bylaws, and all applicable laws, rules, and regulations as prescribed by the U.S. Securities and Exchange Commission (“SEC”), Nasdaq listing standards and any other regulatory body related to audit and finance matters (collectively, “Requirements”). Any new Requirements enacted from time to time are deemed to be incorporated herein upon their effective date. The Committee shall review and assess the adequacy of this charter at least annually and recommend any proposed changes to the full Board.

### **1. Purpose**

The Committee shall act on behalf of, and provide assistance to, the Board in fulfilling its oversight responsibility to the shareholders and others relating to: the integrity of the Company’s financial statements; the financial reporting process; internal accounting and financial controls; the performance of the Company’s independent registered public accounting firm engaged by the Company for the purpose of preparing or issuing an audit report or related work or performing other audit, review or attest services for the Company (“Auditors”); the Auditors’ qualifications and independence; the performance of the Company’s internal audit function; and other duties established by applicable Requirements. In so doing, it is the responsibility of the Committee to maintain unrestricted and open communication among the Committee, the Auditors, the Company’s internal audit function, and management of the Company. The Committee shall have full power and authority to discharge all of its duties and responsibilities.

The Committee shall also assist the Board with oversight of Company finance matters as further described herein.

### **2. Membership**

The Committee shall be comprised of at least three directors of the Company who are appointed to the Committee by the Board. Members of the Committee shall serve until a successor is duly appointed by the Board or until the member resigns or is removed. The Board may remove any member from the Committee at any time, with or without cause. All members of the Committee (i) must have been determined by the Board to be independent, as defined in and to the extent required by the Requirements (including pursuant to Nasdaq Marketplace Rule 5605(a)(2) and Rule 10A-3(b)(1) of the Securities Exchange Act of 1934, as amended), and (ii) must not have participated in the preparation of the financial statements of the Company or any current subsidiary of the Company at any time during the past three years. All Committee members shall be financially literate as contemplated by Nasdaq Marketplace Rule 5605(c)(2)(A)(iv), and at least one member shall be an “audit committee financial expert” as defined in applicable SEC rules and financially sophisticated as contemplated by the last sentence of Nasdaq Marketplace Rule 5605(c)(2)(A). No member of the Committee may serve on the audit committees of more than three public companies (including the Company’s) unless the Board specifically determines that such simultaneous service will not impair the ability of such Committee member to serve on the Committee. To the fullest extent permitted by applicable law, any actions taken by the Committee during any period in which any member (or members) fails for any reason to meet the membership requirements set forth above shall nevertheless be duly authorized actions of the Committee for all corporate purposes.

### **3. Committee Structure and Operations**

The Board shall designate one member of the Committee as its chairperson. The Committee shall meet in person or telephonically at least four times a year and at such other times as deemed necessary or desirable by the Committee or its chairperson. The Committee may also take action by unanimous written consent. The Committee may establish its own procedures in a manner not inconsistent with this charter, the Company's certificate of incorporation, bylaws and other corporate governance documents, applicable laws, regulations, or listing standards (collectively, "Governance Requirements").

In discharging its role, the Committee is empowered to investigate any matter brought to its attention with full access to all books, records, facilities, and personnel of the Company. The Committee has the authority to engage independent counsel and other advisers, at the Company's expense, as the Committee may determine necessary to carry out its duties. The Company will provide for appropriate funding, as determined by the Committee, for payment of (i) compensation to the Auditors for their audit and audit-related review and attest services; (ii) compensation to any advisers engaged by the Committee; and (iii) ordinary and administrative expenses of the Committee that are necessary or appropriate in carrying out its duties. The Committee may request that any officer or employee of the Company, or the Company's outside counsel, accountant, or the Auditors, attend a meeting of the Committee or meet with any member (or members) of, or consultants to, the Committee.

### **4. Duties and Responsibilities**

- a. The Committee shall endeavor to assure that the Committee and the Company operate in accordance with all applicable Requirements on an ongoing basis. The primary responsibility of the Committee is to oversee the Company's accounting and financial reporting processes on behalf of the Board and report the results of their activities to the Board. For purposes of clarification, management is responsible for the preparation, presentation, and integrity of the Company's financial statements and for the appropriateness of the accounting principles and reporting policies that are used by the Company. The Auditors are responsible for auditing the Company's financial statements and for reviewing the Company's unaudited interim financial statements.
- b. The Committee shall, if and as it deems appropriate, discuss with management and the Auditors the overall corporate "tone" for quality financial reporting, sound business risk practices, and ethical financial behavior. The Committee shall develop and implement procedures, as it deems appropriate, to enable it to accomplish the tasks outlined in this charter. The procedures may be modified from time to time by the Committee to address any issues, concerns, or Requirements at the Committee's discretion.
- c. The Committee shall be directly responsible for the appointment, compensation, retention, termination, evaluation and oversight of the work of the Auditors (including resolution of disagreements between management and the Auditors regarding financial reporting). The Auditors report directly to the Committee and the Committee shall discuss with the Auditors the overall scope and plans for their respective audits, including the adequacy of staffing and compensation. The Committee shall pre-approve all audit, review, attest and permissible non-audit services provided by the Auditors (subject to the exceptions in respect of non-audit services that are described in Rule 2-01(c)(7)(i) of Regulation S-X) and shall not engage the Auditors to perform specific non-audit services proscribed by any Requirement. At least annually, the Committee shall receive and review a written report from the Auditors (i) describing the Auditors' internal quality control procedures, (ii) detailing (A) any material issues raised by the most recent internal quality-control review, peer review, or Public Company Accounting Oversight Board ("PCAOB") review or inspection of the firm or by any other inquiry or investigation by governmental or professional authorities in the past five years regarding one or more audits carried out by the firm, and (B) any steps taken to deal with any such issues, and (iii) delineating all

relationships between the Auditors and the Company; and the Committee shall consider and discuss with the Auditors any disclosed issues, relationships or services that could affect the Auditors' competence, objectivity and independence, and assess and otherwise take appropriate action to oversee the independence of the Auditors. The Committee shall confirm with the Auditors that the Auditors are in compliance with the partner rotation requirements established by the SEC.

- d. The Committee shall review management's report on its assessment of the effectiveness of internal control over financial reporting as of the end of each fiscal year and the Auditors' report on the effectiveness of internal control over financial reporting. The Committee shall discuss with management, the Company's internal audit function and the Auditors the adequacy and effectiveness of the Company's internal control over financial reporting, including any material weaknesses or significant deficiencies identified and any special audit steps adopted in light of any material weaknesses or significant deficiencies.
- e. The Committee shall discuss with management its evaluation of the effectiveness of the Company's disclosure controls and procedures.
- f. If and as it deems appropriate, the Committee shall meet separately with management, the Company's internal audit function and the Auditors to discuss issues and concerns warranting Committee attention. The Committee shall provide sufficient opportunity for the Company's internal audit function and the Auditors to meet privately with the members of the Committee.
- g. The Committee shall meet to review and discuss the annual financial statements, including Management's Discussion and Analysis of Financial Condition and Results of Operations, with management and the Auditors prior to the filing of the Company's Annual Report on Form 10-K ("Form 10-K"). The Committee shall recommend to the Board whether the Form 10-K should include the audited annual financial statements.
- h. The Committee shall review and discuss with the Auditors the report from the Auditors required by Section 10A(k) of the Securities Exchange Act of 1934, as amended, including (i) all critical accounting policies and practices to be used by the Company; (ii) all alternative financial treatments of financial information permissible within generally accepted accounting principles ("GAAP") that have been discussed with management, the ramifications of such alternative treatment, and the independent auditor's preferred treatment; and (iii) other material written communications between the Auditors and management, such as management letters or schedules of unadjusted differences.
- i. The Committee shall discuss with the Auditors the results of the annual audit, including (i) the quality and acceptability of accounting principles applied in the financial statements; (ii) new or changed accounting policies, the effect of regulatory and accounting initiatives and any off-balance sheet structures, and significant estimates, judgments, uncertainties or unusual transactions; (iii) the selection, application and effects of critical accounting policies and estimates applied by the Company; (iv) any major issues regarding accounting and financial statement presentations, including significant changes in the Company's selection or application of accounting principles; (v) issues raised by any management or internal control letter from the Auditors, problems or difficulties encountered in the audit (including any restrictions on the scope of the work or on access to requested information) and management's response to such problems or difficulties, significant disagreements with management, or other significant aspects of the audit; and (vi) and any other matters required to be communicated to the Committee by the Auditors under the standards of the PCAOB (including pursuant to Auditing Standard No. 16, as such standard may be amended or superseded).
- j. The Committee shall meet to review and discuss the quarterly financial statements, including Management's Discussion and Analysis of Financial Condition and Results of

Operations, with management and the Auditors prior to the filing of the Company's Quarterly Report on Form 10-Q. Also, the Committee shall discuss the results of the quarterly review and any other matters required to be communicated to the Committee by the Auditors under the standards of the PCAOB.

- k. The Committee shall review and discuss with management and the Auditors, as appropriate, earnings press releases (including the use of any pro forma or adjusted non-GAAP information) as well as the substance of financial information and earnings guidance provided to analysts and ratings agencies.
- l. The Committee shall discuss with the Company's Chief Legal and Administrative Officer or outside counsel any legal or regulatory matters brought to the Committee's attention that could reasonably be expected to have a material impact on the Company's financial statements.
- m. The Committee shall discuss the Company's major financial risk exposures and the steps management has taken to monitor and control such exposures. The Company's policies with respect to risk assessment and risk management, including the risk of fraud, shall be the responsibility of the full Board, with specific oversight responsibilities for enterprise risk management delegated to the Board's Nominating and Governance Committee.
- n. The Committee shall establish and discuss with management the procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters, including the confidential and anonymous submission by employees of concerns regarding questionable accounting or auditing matters.
- o. The Committee shall periodically review and discuss with management the Company's policies and procedures for reviewing and approving or ratifying transactions between the Company and any related person (as defined in Item 404 of Regulation S-K). The Committee shall review and approve all such related person transactions on an ongoing basis, in accordance with the Company's applicable policies and procedures. The Committee will report its actions with respect to any related party transactions to the Board.
- p. The Committee shall meet with the management of the Company's internal audit function to (i) review and approve the annual internal audit plan and budget and (ii) review the results of internal audit activities. The Committee shall monitor and review the effectiveness of the Company's internal audit function in the context of the Company's overall risk management system.
- q. The Committee shall be responsible for overseeing, monitoring and evaluating the Company's compliance with financial reporting and disclosure matters and similar requirements under U.S. federal securities laws. All other compliance matters shall be overseen, monitored and evaluated by the Compliance and Ethics Committee of the Board.
- r. The Committee shall provide oversight and, where it deems appropriate, make recommendations to the Board regarding:
  - 1. policies relating to the Company's cash flow, cash management and working capital, shareholder dividends and distributions, share repurchases, and investments;
  - 2. financing plans, including capital market, secured or unsecured borrowing, and/or off balance sheet activities (debt, equity, and sale-leaseback) that may have a material effect on the Company's financial position;

3. capital expenditure budgets and proposed capital expenditure projects that may have a material effect on the Company's financial position;
4. tax policy, the Company's effective tax rate, and tax planning proposals; and
5. other transactions or financial issues that management desires to have reviewed by the Committee.

## **5. Delegation of Authority**

The Committee may delegate approval authority to any member of the Committee. The decisions of any Committee member to whom approval authority is delegated shall be presented to the full Committee at its next scheduled meeting.

## **6. Committee Reports**

The Committee shall make regular reports of its meetings and activities to the Board (to the extent that the full Board has not otherwise been made aware of such meetings and activities in the interim, including by guest attendance at the applicable Committee meeting). The Committee shall also produce the following reports and provide them to the Board.

- a. An annual report of the Committee for inclusion in the Company's annual proxy statement in accordance with the Governance Requirements.
- b. An annual performance evaluation of the Committee, which shall be conducted in such manner as the Committee deems appropriate, and which may be reported to the Board by way of an oral report by the chairperson of the Committee or any other member of the Committee designated by the Committee to make this report.

## **7. Governance Requirements**

The chairperson of the Committee or a majority of Committee members may call meetings of the Committee at any time and for any reason. The notice of meeting need not include specified agenda items and must be provided to Committee members no less than 24 hours prior to any meeting using any method available under the Governance Requirements. Attendance at any meeting of the Committee shall constitute a waiver of the notice requirement by such member. Meetings may be held using any form of communications equipment, so long as all directors can communicate with each other in real-time, including, but not limited to, via conference call, e-mail, instant messaging or otherwise over the Internet. A majority of the Committee members will constitute a quorum for the transaction of Committee business, and the vote of a majority of Committee members present at a meeting at which a quorum is present will be the act of the Committee, unless in either case a greater number is required by the Governance Requirements. Additionally, the Committee may act by unanimous written consent of all Committee members, or by unanimous consent evidenced by any other form of communication, whether or not directly involving the physical transmission of paper, that creates a record that may be retained, retrieved, and reviewed by a recipient thereof, and that may be directly reproduced in paper form by such a recipient through an automated process, unless such action in such matter is expressly prohibited by the Governance Requirements.

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