

## RANGATIRA LIMITED

### BOARD AUDIT COMMITTEE CHARTER

#### 1. Purpose of Charter

- 1.1 This Charter sets out the authority, responsibilities, membership and terms of operation of the Board Audit Committee (**Committee**) of Rangatira Limited (**Company**).

#### 2. Authority

- 2.1 The Committee is appointed and authorised by the Board of Directors of the Company (**Board**).

- 2.2 The Committee's purpose is to assist the Board in fulfilling certain of its statutory, fiduciary and regulatory responsibilities and to provide an objective, non-executive review of the effectiveness of the Company's financial reporting, regulatory reporting, tax risk management frameworks effectiveness of internal control systems and processes, and legal and regulatory requirements. The authority of the Committee is sourced from:

- a) the Company's Constitution;
- b) this Charter; and
- c) separate Board delegations, resolutions and approvals granted to it from time to time.

- 2.3 The Committee has the authority to conduct or direct any investigation required to fulfil its responsibilities and may retain, at the Company's expense, such legal, accounting, tax, financial, corporate governance or other advisers, consultants or experts as it considers necessary from time to time in the performance of its duties.

2.4 The Committee may form and delegate authority to sub-committees comprised of one or more members. Any such sub-committee will have the full power and authority of the Committee, subject to the terms of its delegated authority, and must report to the Committee in relation to material developments arising in the exercise of that authority.

### **3. Duties and Responsibilities**

3.1 The Committee is responsible for the oversight of:

- a) the integrity of the accounting and financial statements and the financial and statutory reporting processes of the Company and subsidiary companies (**Group**);
- b) the Group's external audit processes, including the appointment, evaluation, management and removal of the Group's external auditor;
- c) compliance with applicable accounting standards, policies and practices, and statutory and regulatory accounting requirements to give a true and fair view of the financial position and performance of the Group;
- d) tax risk and tax governance arrangements;
- e) the effectiveness of internal control systems and processes including, but not limited to, risk management processes, delegations, policies and compliance processes;
- f) the Group's compliance with legal and regulatory requirements; and
- g) the Group's insurance policies.

3.2 In performing the oversight responsibilities referred to in Clause 3.1, the Committee will undertake the following:

- a) the Committee may make recommendations to the Board, as it sees fit.

### 3.3 Accounting Practices and External Reporting

#### Financial Statements

- a) review the audited annual and half-yearly financial statements and any reports that accompany published financial statements and, following discussion with management and the external auditor, recommend their approval by the Board;
- b) review and consider, with management, significant accounting and financial reporting matters raised by internal and external audit;
- c) review material Group accounting policies and changes proposed by management in relation to the application of those policies or principles, and advise, make recommendations to the Board or approve (as required) any significant new policies or significant changes in policy, principles or practices;
- d) review and consider material judgments made by management in relation to the quality and appropriateness of the Group's accounting principles and their application.

### 3.4 Whistleblower Disclosures

- a) review, and approve the Company's Group Whistleblower Protection Policy (**Policy**) and any related procedures for the receipt of confidential information regarding accounting, internal control, compliance, audit and other matters; and
- b) oversee the Group's ongoing compliance with the Policy, including reviewing processes for ensuring employee awareness of the Policy and for dealing with matters raised under the Policy by disclosing persons.

### 3.5 External Audit

#### Financial Statements

- a) in consultation with management, review the integrity and effectiveness of the Group's financial reporting systems and controls with the external auditor;

- b) review, with management, and make recommendations to the Board in relation to the scope of the external audit plan and oversee the scope of work of the external auditor performed for the purpose of preparing or issuing an audit report. This includes annually reviewing the external audit plan so that relevant material risks and financial reporting requirements are covered and that the external auditor is present at the annual general meeting to answer questions from shareholders;
- c) regularly review the external audit findings with management and Internal Audit, and monitor that matters are being managed and addressed in an appropriate and timely manner by management; and
- d) meet privately, on at least an annual basis, with the external auditor.

#### Adequacy and Independence

- e) review the adequacy, independence and effectiveness of the external audit function. Obtain, at least annually, from the external auditor a formal written statement delineating all relationships (including both audit and non-audit services) between the external auditor and the Group to assess the auditor's independence;
- f) maintain oversight of and approve all auditing services and all permitted non-audit services (including fees and terms thereof) to be performed for the Group by the external auditor, to the extent required by law, according to established Committee procedures; and
- g) approve the external auditor's annual fees.

#### Relationship/Term

- h) select, evaluate, approve compensation of and, where appropriate, replace the external auditor, subject to shareholder approval where required;
- i) review the external audit service at least every three years from execution of the audit tender. The criteria for this evaluation of the external auditor's performance will include value delivered to shareholders and the Group under the audit plan, its cost effectiveness, fee benchmarking, independence and performance against key performance indicators;

- j) ensure that controls are in place regarding the term of appointment of the external audit engagement partner and lead review partner, including:
  - i) preventing the external audit engagement partner and lead review partner from being reassigned to the Group's audit for at least two years if they have acted in that capacity in relation to the Group's audit for five successive years out of the last seven years; and
  - ii) considering and recommending to Board, if appropriate, an extension of the five-year appointment of the external audit engagement partner and lead audit partner by not more than two successive years subject to compliance with the Companies Act 1993.

### 3.6 Risk Management, Compliance, Legal and Regulatory

- a) taking into account the Board's allocation of responsibility for review of risk, compliance, legal and regulatory to the Board, review the policies, internal control systems and compliance processes, legal, regulatory and tax obligations;
- b) overseeing the operation of the Group's risk management and compliance framework (including key controls), and reviewing reports on to ensure that it continues to be appropriate, adequate and effective and is complied with;
- c) reviewing the risk management, compliance framework and policies (including material changes to those frameworks or policies);
- d) review the major reports of financial sector regulators that relate to accounting and external financial reporting of the Group and management's response; and
- e) establish and maintain procedures so that relevant matters that come to the attention of the Committee are referred to the Board.

3.7 Tax

- a) in consultation with management, review the effectiveness of the tax risk management framework and governance arrangements;
- b) endorse tax risk settings to the Board for approval, having regard to management recommendations; and
- c) oversee and monitor tax risks.

3.8 Other Responsibilities

- a) maintain and encourage open lines of communication with subsidiary audit committees;
- b) receive minutes and reporting from significant subsidiary audit committees;
- c) review the Group's insurance policies and ensure cover is sufficient;
- d) examine any other matters referred to it by the Board; and
- e) members will be available to meet with regulators on request.

Limitation

3.9 The Committee does not have the duty to:

- a) conduct audits (it is the external auditor's responsibility, in consultation with management, to plan and conduct the audit, although the Committee does review audit plans); or
- b) determine that the Group's financial statements and disclosures are complete and accurate and in accordance with general accepted accounting principles and applicable rules and regulations (it is the Board's responsibility, in consultation with management and the external auditor, to do this).

- 3.10 The Committee's principal function is one of supervision, oversight and monitoring. The Committee performs its principal function based on information provided to it by management. Management is responsible for the preparation, presentation and integrity of information provided to the Committee. Without limiting the Committee's duties, as described in this Charter, neither the Committee, as a committee, nor any member of it by virtue of being a member, has the duty to actively seek out activities occurring within the Group that are not compliant with the Group's policies and procedures, although they have a duty to act promptly if any such activity comes to their attention.

#### Operational Procedures

- 3.11 A separate Committee Work Programme detailed agenda items to be considered by the Committee over a full year is used as a means to fulfil the Committee's responsibilities. This Committee Work Programme is maintained by the Committee Secretary and is regularly updated to reflect relevant accounting, legal and regulatory matters.

### **4. Reporting and Evaluation**

- 4.1 Minutes must be kept of all Committee meetings and circulated to the Board.
- 4.2 The Committee, through its Chair, will report to the Board at the earliest possible Board meeting after each Committee meeting, any matters that should be brought to the attention of the Board and any recommendations requiring Board approval and/or action.
- 4.3 The Committee should make recommendations to the Board regarding acceptance of annual and half-yearly financial statements.
- 4.4 The Committee should provide the Board with an assessment of:
- a) the performance and independence of the external auditor;
  - b) the management controls and internal compliance systems that support external financial and statutory reporting.
- 4.5 A review of this Charter and its continuing adequacy will be performed on a regular basis, as required.

4.6 An evaluation of the Committee's performance as it relates to the requirements of this Charter will be performed every three years.

4.7 The Committee must refer any matter of significant importance to the Board for its consideration and attention.

## **5. Composition**

5.1 The Committee must consist of a minimum of three members (including the Committee Chair). All members must be independent, non-executive directors of the Company. 'Independence' for these purposes will be assessed by reference to the Standards adopted by the Board from time to time consistent with the law and current governance guidelines issued by the New Zealand Stock Exchange and other regulatory bodies.

5.2 Members of the Committee are appointed by the Board. The Chair of the Board will make a recommendation to the Board on the appointment or reappointment of each member of the Committee.

5.3 Having regard to the operational, financial and strategic risk profile of the Group, it is appropriate that members of the Committee have a diverse range of backgrounds, skills and experiences. All members of the Committee must be financially literate.

5.4 The Committee is required to have at least one member with accounting or financial expertise (i.e. such a member must be a qualified chartered accountant or other financial professional with appropriate experience of financial and accounting matters), as required by applicable laws, corporate governance guidelines and listing standards.

## **6. Term**

6.1 Each member will be appointed for an initial term of three years, or shorter if circumstances dictate. The performance of each member will be reviewed by the Committee Chair in conjunction with the Chair of the Board.

6.2 Periodic rotation of members' appointments is encouraged. No more than one member should leave the Committee pursuant to rotation in any one year.



**7. Committee Chair**

- 7.1 The Committee Chair will be appointed by the Board and must be an independent non- executive director of the Company.
- 7.2 Should the Committee Chair be absent for all or part of a meeting, a designated member of the Committee will deputise, based on a vote of Committee Members.

**8. Meetings**

- 8.1 Members may attend meetings in person or by electronic means.
- 8.2 The Committee should meet often enough to undertake its role effectively, but not less than six-monthly.
- 8.3 In addition, the Committee Chair may call a meeting at any time and will call a meeting of the Committee if so requested by any member of the Committee, by the external auditors or by the Chair of the Board.
- 8.4 A quorum will be two members.
- 8.5 Directors who are not members of the Committee, the CEO and other executives may attend meetings at the invitation of the Committee Chair.
- 8.6 The CFO is expected to attend each scheduled meeting of the Committee.
- 8.7 Any other persons and/or parties external to the Company may be invited to attend all or part of any Committee meeting by the Committee Chair.
- 8.8 Company Secretary or a designate will be appointed Secretary of the Committee.
- 8.9 Senior representatives of the external auditor are expected to attend each scheduled meeting of the Committee.

**9. Direct Access**

- 9.1 To draw appropriate matters to the attention of the Committee and foster open communication, the following individuals have direct and unfettered access to the Committee:
  - a) CFO
  - b) CFO.

9.2 The Committee Chair will normally keep the CFO fully informed of relevant matters. The Committee will also have unfettered access to external and internal auditors.

**10. Fees**

10.1 Members are entitled to receive remuneration as determined from time to time by the Board.

This Charter supersedes any terms of reference previously in force.

## Appendix One - Indicative Audit Committee Calendar

Responsibility	June	December
External Auditors Report	✓	✓
Consolidated Financial Statements and Annual Report	✓	
Six-monthly Consolidated Financial Statements		✓
Dividend Consideration	✓	✓
Internal Audit / Extended Assurance	✓	✓
External Audit: a) Audit Timetable b) Engagement Letter c) Representation Letter d) Audit Planning Report		✓
Valuation of Unlisted Investments	✓	✓
Operating Earnings and Net Asset Value	✓	✓
External auditor private session	✓	
Annual Audit Plan (and updates)	✓	
Review of Company Policies		✓
Review of Group Insurance Policies		✓
Review of Audit Charter (Triennially)		✓