

NZPM Group Limited

Audit and Risk Committee Terms of Reference

The NZPM Group Limited Board of Directors (“the Board”) has established a committee of directors known as the Audit and Risk Committee (“the Committee”).

1 OBJECTIVE

The objective of the Committee is to provide advice, assurance and observations to the Board relating to the effectiveness and adequacy of financial internal controls and risk management systems, processes and activities across NZPM and provide effective communication between the Board and the external and internal auditors.

2 COMPOSITION

The Committee is appointed by the Board and comprises a minimum of three Directors.

The Committee may co-opt any other Director in the event that one of the Committee members is absent or unavailable. The quorum of the Committee shall be three, which must include at least two of the named appointed members of the Committee. Any Director so co-opted shall be counted as part of the quorum.

The chair of the board must not be the chair of the Committee.

The ARC will have at least one member with an accounting or financial background.

The Chief Financial Officer will normally attend meetings of the Committee. Other persons or representatives of management may also attend meetings at the invitation of the committee.

3 AUTHORITIES

The Committee does not have the authority to make a decision in the Board’s name or on its behalf unless specifically authorised to do so by these terms of reference or as directed by the Board. The Committee will make recommendations to the Board as set out in these terms of reference.

Committee members have access to NZPM’s Senior Executive team through the Chair of the Committee at any time.

The Committee is authorised by the Board to obtain, at the expense of the Company, outside legal or other independent professional advice as it sees necessary to carry out its responsibilities. The Chair of the Committee will keep the Chair of the Board updated throughout any process that involves incurring external expenses.

4 RESPONSIBILITIES

The responsibilities of the Committee will be those delegated by the Board from time to time and shall include (without limitation) considering, reviewing, monitoring and approving:

- Risk management framework and processes;
- Financial internal control environment and mechanisms;
- Processes relating to the preparation and audit of financial statements of NZPM;
- The integrity of performance information (including financial reporting);
- Policies to ensure compliance with legislation, policies and procedures; and
- Statutory/regulatory disclosure and reporting.

The Committee shall undertake the following duties and others agreed by the Board as necessary to fulfil its purpose:

- Provide assurance to the Board that due process has been followed in the preparation and audit of the financial statements of NZPM;
- Satisfy itself that appropriate internal risk management and internal control processes and procedures are in place and are operating effectively to manage financial risk;
- Ensure there are appropriate policies to ensure compliance with relevant regulatory and statutory requirements;
- Liaise with the external auditors to agree audit plans and the nature and scope of the audits; to discuss any issues arising from audits; consider the external auditor's reports; and monitor and review the performance of the external auditors and provide feedback to the Board and the external auditors as appropriate.
- Reviewing and approving internal audit programmes and plans, and evaluating the overall effectiveness of these through regular meetings with the internal auditors, including determining that no management restrictions are being placed on the internal auditors.
- Monitor the implementation of any recommendations made by the external and/or internal auditors and the status of any corrective actions required.
- Review the process implemented by management to prepare and review the Annual Report and Half Year Report, and recommend the Financial Statements contained in these Reports for approval by the Board of NZPM;
- Facilitate an effective relationship between NZPM and the external auditors by providing a forum for open and frequent communication; and
- Review NZPM financial policies and approve any revisions to them (as delegated by the Board), or recommend them for approval by the Board.

5 FREQUENCY OF MEETINGS

The Committee will meet on an as required basis to ensure it fulfils its responsibilities to accommodate the NZPM's financial and non-financial reporting and audit cycles.

6 ADMINISTRATION

The Chief Financial Officer or their nominee shall act as secretary to the meeting.

7 REVIEW OF COMMITTEE TERMS OF REFERENCE

The Committee shall undertake an annual self-review of its objectives and responsibilities and of the terms of reference and report back to the Board.

Approved Date: 25 February 2021

Review Date: February 2023