

Audit and Risk Committee Charter

1.0 Purpose

The Audit and Risk Committee (ARC) is a subcommittee of the Board of the Company.

The principal purpose of the ARC is to assist the Board with the proper and efficient discharge of its responsibilities to exercise due care, diligence and skill in relation to the oversight of:

- > the integrity of external financial reporting
- > the appointment and performance of external and internal auditors
- > financial management and internal control systems
- > accounting policy and practice
- > risk management framework and the monitoring of compliance within that framework
- > compliance with applicable laws, regulations, standards, codes of practice and the Listing Rules, and
- > related party transactions.

The ARC discharges its responsibilities by making recommendations and reporting to the Board on all material matters and issues requiring decisions.

The Company's purpose is to bring places to life.

2.0 Composition

Membership of the ARC is determined by the Board. The ARC will comprise a minimum of three Directors, with a majority comprising independent Directors (as defined by the Listing Rules). The ARC will comprise solely non-executive Directors. The Chair of the ARC, who will be determined by the Board, will be an independent Director and cannot also be Chair of the Board.

At least one member must have an accounting or financial background (as defined by the Listing Rules), and all other members should be financially literate and have an understanding of risk and compliance management activities, given the specialised functions of the ARC.

Each member of the ARC will be identified on the Company's website and in its annual report.

3.0 Meetings

3.1 Frequency

The ARC will meet at least four times a year (having regard to the Company's financial and reporting cycle) or more frequently as circumstances require.

3.2 Quorum

A quorum is to be comprised of two members. No business may be transacted at a meeting of the ARC unless a quorum is present. A written resolution in lieu of a formal meeting may be passed by either all of the members or all of the members other than one, in each case of the members entitled to vote.

3.3 Committee material

To enable appropriate review by members, ARC papers will be sent to members approximately one week in advance of a scheduled meeting. In the case of an unscheduled meeting, ARC papers may be sent to members less than one week in advance of the meeting where it is not reasonably practicable to send them one week in advance. The content, presentation and delivery of papers to members are to be provided according to guidelines agreed by the ARC and as deemed necessary for its members to effectively discharge their roles and responsibilities. The Chair of the ARC will approve the agenda prior to each meeting.

3.4 Participation

The ARC may ask members of management and other advisors (including internal and external auditors) to attend a meeting and provide pertinent information as necessary. Employees should only attend ARC meetings at the invitation of the ARC to protect the independence of the ARC from undue influence.

All non-member Directors may attend each ARC meeting by standing invitation. Members may be present in person, or by direct electronic communication such as telephone or video link.

3.5 Minutes

A complete record of proceedings of all meetings will be kept. Minutes will include the key elements of debates, disclaimers or objections, decisions and the basis of decisions, action plans, matters arising and responsibilities for implementation and recommendations to the Board. Minutes will be maintained by the Company Secretary. Draft minutes will be provided to the Chair of the ARC within 10 business days of each meeting. The Company Secretary will be responsible for the distribution of draft minutes to all Directors following approval by the Chair of the ARC.

3.6 Reporting to the Board

The ARC is accountable to the Board and the Chair of the ARC shall report all material matters immediately to the Board and otherwise report on its activities through the circulation of its minutes, as well as formal and informal communications at the next available Board meeting.

4.0 Responsibilities

The responsibilities of the ARC are:

4.1 Financial reporting

- > Review and recommend to the Board for approval, the Company's annual and interim financial statements and in carrying out this exercise, consider and review:



- the integrity and truth and fairness of the Company's annual and interim financial statements
 - all reports and findings of the external auditors related to the financial statements
 - all representations from management
 - the public releases of financial information in the media and market, including the adequacy of information for Shareholders, and
 - the significant estimates and judgements in the financial reports by enquiring of management about the process used in making material estimates and judgements.
- > Advise all Directors on whether the financial reports (annual and interim financial statements) comply with appropriate laws and regulations.

4.2 Risk and compliance management and internal controls

- > Monitor the adequacy and effectiveness of the Company's:
- risk management policy, risk management framework and related risk policies
 - internal control environment, framework and structure, business continuity framework (including crisis management and IT disaster, and recovery)
 - compliance policy and compliance framework, and
 - internal audit function.
- > Review the risk management framework and related risk appetite and risk tolerances and recommend any changes to the Board for approval.
- > Provide risk management oversight for all classes of risk: strategic, financial, operational and compliance.
- > Review the compliance policy and framework and recommend any changes to the Board for approval.
- > Establish and review the cyber security governance framework for the organisation, review the risk appetite and strategy in relation to cyber security and recommend any changes to the Board for approval.
- > Provide compliance management oversight regarding applicable laws, regulations, standards, codes of practice and the Listing Rules.
- > Review the investigation and resolution of any incidents of fraud.
- > Review corporate governance practices and recommend any changes to the Board for approval.
- > Evaluate the adequacy of insurance coverage.

4.3 Audit (internal and external)

- > Review and recommend to the Board the appointment, and removal, of the internal and external auditors and their fees.
- > Confirm and ensure the independence of the external auditors, including a review of non-audit services provided and related fees in accordance with the Company's External Auditor Independence Policy.



- > Review and recommend to the Board the annual internal audit plan and any subsequent changes to the plan.
- > Regularly meet to monitor and review the internal and external audit practices and reports and report any material matters to the Board.
- > Regularly meet separately and have direct communication with, and unrestricted access to, the internal and external auditors, and establish a procedure for sustaining direct and unrestricted communication between the ARC and the internal and external auditors.
- > Review and assess the performance of the internal and external auditors.
- > Ensure that the Key Audit Partner (as that term is defined in the Listing Rules) is changed at least every five years.
- > Monitor management's execution of the recommendations included in the internal and external auditors' reports.

4.4 Financial management

- > Assess the performance of financial management.
- > Review accounting and financial management policies and recommend to the Board for approval any changes to accounting and financial management policies.
- > Ensure processes are in place so that the Board is properly and regularly informed and updated on corporate financial matters and monitoring those processes.
- > Oversee compliance with statutory responsibilities relating to financial and other requirements.
- > Oversee compliance with contractual obligations and covenants in relation to financing arrangements.
- > Oversee tax management and compliance including the appointment of a tax advisor and the evaluation of the performance of that advisor.
- > Review the propriety of all transactions between the Company and related parties and make an assessment of their propriety.

4.5 Environmental, Social & Governance (ESG)

- > The Company is committed to embedding ESG principles throughout the business in order to achieve its purpose of bringing places to life. Our overarching ESG objective is to embed ESG consciousness and practices throughout our business, as we strive to achieve our purpose.
- > The ARC is to apply any applicable ESG principles (which are set out in the ESG Policy) and ESG practices.
- > The ARC is to consult, co-operate with and co-ordinate its activities with the ESG Committee when it is necessary or desirable to do so.

4.6 General

- > Supervise any special investigation when requested by the Board.
- > Examine and report to the Board on any matters referred to the ARC by the Board.
- > Establish and review the schedule of annual activities of the ARC.



5.0 Authority and access

The ARC has the power to conduct or authorise investigations into any matters within the ARC's scope of responsibilities. The ARC is empowered to retain independent counsel, accountants, or others to assist it in the conduct of any investigation. Such advice is to be co-ordinated by the Chair of the Board and all associated costs should be met by the Company.

The ARC has a clear line of direct communication with management, the auditors (internal and external) and the Board. Any employee has access to the Chair of the ARC at any time. The ARC must meet with the external and internal auditor at least once bi-annually without management present.

6.0 ARC performance review

The ARC will regularly review the performance and effectiveness of the ARC as a whole and report its findings to the Board, in accordance with procedures adopted by the ARC from time to time for that purpose. The performance review process may include the engagement of an external consultant to facilitate the performance evaluation of the ARC, if the ARC determines such facilitation would be of value. Any recommended improvements or changes should be reflected in the ARC Charter.

7.0 Review of charter

The ARC Charter is to be reviewed at least every two years or immediately if there has been a change in the structure of the Company.

For definitions of all capitalised terms contained in this document, please refer to our 'Glossary', which can be found on the Company's website kp.co.nz/about-us/corporate-governance

Policy owner:	Chief Financial Officer
Review date:	February 2021
Next review date:	February 2023
Policy approver:	Board

