

## AUDIT AND RISK COMMITTEE CHARTER

### PURPOSE

The Board has established an Audit and Risk Committee (the **Committee**) to assist the Board in discharging its responsibilities with respect to financial reporting, compliance and risk management practices of Arvida. This Audit and Risk Committee Charter is intended to guide the Committee members in fulfilling their responsibilities to the Board.

### COMPOSITION

The Board will annually confirm the membership of the Committee. The Committee shall have a minimum of three Directors each appointed by the Board and a majority of those Directors must be Independent Directors. All members shall be non-executive Directors.

The Board shall appoint one of the members of the Committee to be the chairperson. The Chairperson of the Board shall not be eligible to be chairperson of the Committee. The Chairperson of the Committee should be an Independent Director.

At least one member should be literate in business and financial reporting and control, including knowledge of the regulatory requirements and have past employment experience in finance or accounting. Employees will only attend Committee meetings at the invitation of the Committee.

### DUTIES, RESPONSIBILITIES AND SCOPE

#### FINANCIAL REPORTING

- Reviewing earnings releases and financial reports prior to public release to applicable securities regulatory authorities;
- Assessing the appropriateness of, and making recommendations for Board approval on, the senior management team's selection of accounting policies and disclosures and considering whether these have been consistently applied and adequately disclosed;
- Consider the external auditor's judgments about the quality and appropriateness of accounting policies as applied and significant judgments affecting its financial reporting;
- Reviewing and approving changes in significant or unusual transactions and accounting estimates;
- Assessing significant estimates and judgements made by the senior management team in the preparation of the financial statements;
- Conferring with the senior management team and the external auditor about the financial reports and all other financial statements prepared by Arvida that are to be released to the market including:
  - a) the content of the relevant financial statements;

- b) discussing with the external auditor any material matters relating to the financial statements, and considering their views as to the accuracy of such financial statements where the relevant financial statements are unaudited;
  - c) meeting with the external auditor without any of the senior management team present as part of the process for reviewing the financial statements;
- and, if the financial statements are audited:
- d) the external auditor's audit of the financial statements and their formal audit opinion;
  - e) any serious difficulties or disputes encountered during the course of the audit;
  - f) any other matters related to the conduct of the audit that are to be communicated to the committee under generally accepted auditing standards;
- Assessing whether the financial reports represent a true and fair view of Arvida's financial position and performance and advising the Board whether it complies with appropriate laws and regulatory requirements;
  - Requiring annual certification by the CEO and CFO that:
    - a) the financial statements present fairly, in all material respects, the financial condition and operational results of Arvida and are in accordance with applicable accounting standards; and
    - b) the above statement was based on a sound system of risk management and internal control and compliance which implements the policies adopted by the Board;
  - Considering, and recommending for Board approval, draft financial statements, reports and company announcements regarding financial matters which must be disclosed to the NZX Main Board and any regulatory body; and
  - Reviewing and discussing the financial systems supporting the financial statements.

## **RISK AND CONTROLS**

- Reviewing and assessing Arvida's business and financial risk management process, including the adequacy of the overall control environment and controls in selected areas representing significant risk;
- Reviewing and assessing Arvida's system of internal controls for detecting accounting and financial reporting errors, fraud and defalcations, legal violations and non-compliance with Arvida's Code of Conduct. Entails review of related findings and recommendations of the external auditor and the senior management team's responses;
- Ensuring that processes are in place so that the Board is regularly updated on financial, operational, organisational and other risk matters (including information on any material business risks raised by any of the senior management team or added to the risk register and whether the material business risks are being managed effectively);
- Reviewing and monitoring insurance arrangements with the senior management team and recommending changes, if considered appropriate;
- Considering annually, the need for internal audit as required; and
- Ensuring there are appropriate arrangements in place for employees to raise concerns about any improprieties.

## EXTERNAL AND INTERNAL AUDITORS

- Recommending the engagement, reappointment and removal of the external auditor;
- Confirming the independence of the external auditor in line with the Policy on Audit Independence, including reviewing the non-audit services provided by the external auditor and their related fees, conflicts of interest and rotation of the key audit partner (who must change at least every five years);
- Considering and reviewing with the external auditor any significant findings of the external auditor, together with the senior management team's responses and recommending appropriate actions;
- Reviewing the external auditor's fees;
- Reviewing the scope and performance of the external auditor;
- Ensuring direct communication with and unrestricted access to the independent and any internal auditors or accountants;
- Following completion of the annual audit, review separately with the senior management team any significant difficulties encountered during the course of the audit, including any restrictions on the scope of work or access to required information; and
- Monitor and review the internal auditing processes.

## OTHER

- Reviewing and assessing Arvida's treasury management strategy;
- Reviewing adherence to Arvida's treasury management policies;
- Regularly reviewing the following policies and recommending to the Board any materials changes:
  - a) Financial Product Trading Policy;
  - b) Delegations Policy;
  - c) Market Disclosures Policy;
- Review all serious wrongdoings brought to the attention of the Committee;
- Annually reviewing and updating the Committee Charter; and
- Any other matters the Board may refer to it from time to time.

## AUTHORITY

The Committee is authorised by the Board to investigate any activity covered by its functions and responsibilities.

The Committee and its individual members are authorised to:

- Seek any information or explanations it requires from any officer, employee, external auditor, financial and legal advisor of Arvida at any time which shall be so directed to cooperate with any request made by the Committee; and
- Have access to external auditors, without members of the senior management team present, to request additional information or explanations.

The Committee may obtain legal or other independent professional advice, and may secure the attendance at meetings of third parties with the relevant experience and expertise if it considers this necessary.

The Committee is accountable to the Board and may make recommendations to the Board. The Committee shall have no executive powers with regard to findings and recommendations.

## PROCEDURAL REQUIREMENTS

The Committee is required to meet at least four times a year in order to carry out its duties.

A quorum for a meeting of the Committee is two members.

The Committee may invite such other persons (such as the CEO, CFO, General Manager Finance and external auditors) to attend their meetings as they consider appropriate. The chairperson will call a meeting of the Committee if requested to do so by any committee member or by Arvida's internal or external auditors. The proceedings of the Committee will be governed by the provisions of the Constitution that govern meetings of Directors, where applicable.

Minutes of the meetings are to be recorded and circulated to the Board on a timely basis.

The chairperson of each meeting of the Committee is required to report back to the Board on key points of discussion and present the recommendations of the Committee at the next scheduled meeting of the Board.

All Directors have a standing invitation to attend any meetings of the Committee.

The Committee will meet with the external auditors in a one-on-one session at least twice a year.

## REPORTING

The Committee is required to prepare an annual report to the Board. The report shall contain matters relevant to the Committee's role and responsibilities, including:

- An assessment of whether external reporting is consistent with the Committee members' information and knowledge and is adequate for shareholders' needs;
- The procedures for the selection and appointment of the external auditor and for the rotation of the external key audit partner;
- An assessment of the performance and independence of the external auditors and whether the Committee is satisfied that the independence of this function has been maintained;
- Whether the risk management principles and internal control are operating effectively in all material respects, including the results of any review of risk management or internal controls; and
- Whether the material business risks are being managed effectively.

## **REVIEW OF THE AUDIT AND RISK COMMITTEE**

The Board shall undertake an annual review of the Committee's objectives and activities in terms of its responsibilities as set out in this Charter.

## **REVIEW OF CHARTER**

This Charter has been approved by the Board. The Committee will review the Charter at least every two years and recommend any proposed changes to the Board for approval.