

## AUDIT & RISK COMMITTEE CHARTER

### 1. Purpose

- (a) The Audit and Risk Committee (“the Committee”) is a Committee of the Board of directors (“Board”) of Metlifecare Limited and its related companies (“Company”). This Charter governs the Committee's authority, duties, responsibilities and relationship with the Board.
- (b) The primary purpose of the Committee is to assist the Board in fulfilling its responsibilities relating to accounting and reporting, external and internal audit, tax planning and compliance, treasury and liquidity, and risk management. The Committee will carry out this purpose by overseeing, reviewing and providing advice to the Board on the Company's:
- financial information prepared by management for publication to shareholders, regulators and the general public;
  - policies and procedures adopted to ensure compliance with legislative and regulatory requirements, codes of practice, NZX and ASX listing rules and governance requirements as they relate to financial and non-financial disclosure;
  - internal and external audit functions;
  - relationship and interaction with institutional investors and other shareholders; and
  - internal control and risk management policies and processes.

### 2. Responsibilities

- (a) The Committee does not take action or make decisions on behalf of the Board unless it has been given a specific mandate to do so. The Board has delegated the following functions to the Committee:

#### Financial Reporting and Regulatory Filings

Financial statements mean those of the Company and each of its subsidiaries (the Group's) interim and annual financial statements, associated documents and the

auditor's report on those statements.

- (i) Consider and review with management and the auditor changes in accounting policy, relevant accounting standards, listing rules and legislation impacting on the preparation of financial statements.
- (ii) Make recommendations to the Board regarding accounting policies and practices, application and any recommended changes.
- (iii) Consider and make recommendations to the Board on the accounting treatment of significant or unusual transactions, accounting estimates, accruals, provisions and judgments and related party transactions or transactions in areas where there may be no specific accounting standard to provide guidance.
- (iv) Review legal and regulatory matters that may have an impact on financial reporting.
- (v) Review with management and the auditor (as appropriate) the financial statements and all other financial reports and legal and regulatory filings prepared by the Company that are to be released to the market including:
  - reviewing the presentation and content of the financial statements, related note disclosures and associated documents that are required to be filed;
  - meeting with the auditor without management present as part of the review of the financial statements.
- (vi) Assess the fair presentation of the financial statements and obtain explanations from management in relation to whether:
  - statements are prepared in accordance with accounting standards and legal/regulatory requirements;
  - financial results vary significantly from budgeted or projected results;
  - disclosures in the financial statements and other documents released to the market are adequate and appropriate;
  - assets, including any relevant impairment assessments, are reported at appropriate values; and
  - significant or unusual events and related party transactions are adequately disclosed.

- (vii) Ensure the integrity of the Company's internal and external reporting.
- (viii) Consider (and recommend to the Board for approval) draft financial statements including related note disclosures and associated documents and any other documents that include financial information or that are required to be disclosed to NZX, ASX and any other regulatory body.
- (ix) Review with the auditor and management at the completion of the annual audit:
  - the auditor's audit of the financial statements and their audit opinion;
  - any significant findings or recommendations of the auditor and management's responses;
  - any disputes or difficulties encountered in the course of the audit, whether documented or not, including any restrictions on the scope of the audit work or access to required information;
  - any changes to be considered or that are required in the scope of the audit plan; and
  - any other matters related to the conduct of the audit.
- (x) Require bi-annual certification (in the management Warrant of Fitness) by the Chief Executive Officer (CEO), Chief Financial Officer (CFO) and Company Secretary/General Counsel (CS) that the Company's financial statements provide a true and fair view, in all material respects, of the Company's financial condition and operational results and are in accordance with applicable accounting standards.
- (xi) The Committee will receive, and is entitled to place reliance on, a representation letter from management (signed by the CEO and the CFO) in the form prescribed as appropriate, attesting to the validity and integrity of the financial statements and associated disclosure notes at the end of each half year and full year reporting period.

### Financial Management

- (i) Review and recommend the Dividend Policy to the Board.
- (ii) Recommend to the Board the Company's Treasury Policy.

- (iii) Monitor the Company's debt and interest position and overall cash and treasury management.
- (iv) Review and approve for recommendation to the Board any director certificates required pursuant to the Company's debt facilities.
- (v) Review and approve for recommendation to the Board any director certificates required for approval and payment of dividends or other shareholder distributions.
- (vi) Monitor the Company's Tax Policy.

### Risk

- (i) To annually review the risk profile and risk management policies of the Company in order to:
  - ensure that management has established a risk management framework that includes policies and procedures to effectively identify, treat and monitor principal business risks;
  - annually assess the effectiveness of the implementation of the risk management system; and
  - monitor compliance with the risk management framework.
- (ii) To review the Company's business continuity plans from time to time to ensure that the Company maintains a state of response capability to ensure business continuity in the event of adverse circumstances.
- (iii) To consider changes in the Group's internal controls and staffing which might impact the effectiveness of the Group's risk management and assurance programme.
- (iv) To ensure that the Board is properly and regularly informed and updated on risk and assurance related matters via appropriate management reporting.
- (v) Require annual certification by the CEO and CFO that the policies adopted by the Board in relation to risk management and internal control and compliance are reflected in the Company's systems, procedures and practices.
- (vi) Review policies and procedures relating to officers' and employees' delegated authority levels, expense claims and privileges and consider the results of any review of their use of Group assets.

- (vii) Review the Company's corporate governance practices for completeness and accuracy.

### Internal and External Audit Functions

- (i) The Committee will consider on an annual basis and make recommendations to the Board regarding the independence of the internal and external auditors, the internal and external auditors' performance, payment of the internal and external auditors' fees and expenses.
- (ii) The Committee will ensure that the internal and external auditors' fees are sufficient to ensure that a robust and quality audit is undertaken.
- (iii) The internal and external auditors will provide a written statement to the Committee on its independence prior to the commencement of any work set out in the annual audit plan. The statement will include an account of all relationships between the internal and external auditors and the Company and a confirmation that the internal and external auditors have maintained its independence and that it is, in its professional judgment, independent of the Company.
- (iv) The Committee will bi-annually consider the external auditor's independence statement (in the external auditor's half year and full year reports) and confirm to the Board the independence of the external auditor is in line with the Company's External Auditor Independence Policy.
- (v) The Committee will meet with the internal and external auditors at the beginning of the audit planning period to discuss materiality and any other matters associated with the proposed programme, and co-ordination of the internal and external audit plans.
- (vi) The Committee will pre-approve all external audit services and non-audit services provided by the external auditor/any audit provider having considered the External Auditor Independence Policy.
- (vii) The Committee will receive the internal and external auditors' report for the Committee in relation to the internal and external audit activity undertaken. The Committee will meet with the internal and external auditors to discuss any significant findings.

- (viii) The Committee will meet with the internal and external auditors without management present at least once a year.
  - (ix) The Committee will approve the hiring by the Company of any former partner or audit manager formerly employed by the external auditor in accordance with the External Auditor Independence Policy.
  - (x) The Committee will enquire of the external auditor whether the auditor has been quality reviewed by the Financial Markets Authority, what lessons were learnt by the external auditor from the review and what actions the external auditor has taken to address any issues identified.
  - (xi) The Committee will encourage professional skepticism from the internal and external auditors and will discuss the work performed and any concerns of the internal and external auditors regarding management's key judgments.
  - (xii) The Committee will ensure that management has provided all relevant information to the internal and external audit teams to assist in their assessment of the appropriateness of key judgments made by management.
  - (xiii) The Committee will ensure that no management restrictions have been placed on the internal and external auditors.
- (b) Report to the Board at least three times a year on audit matters affecting the Company and at other times as determined by the Committee or as directed by the Board.
- (c) Management is responsible for the preparation of the financial statements and implementing and maintaining appropriate accounting and financial reporting principles and policies and internal controls and procedures designed to ensure compliance with accounting standards, applicable laws and regulations. Management retains responsibility for the implementation and operation of adequate risk assurance, internal control and audit systems within the Company. The Committee shall review and assess the overall internal control environment. Management is responsible for drawing to the Committee's immediate attention any material matters that relate to the financial condition of the Company, any material breakdown in internal controls and any event of fraud or malpractice. The Committee has delegated authority from the Board to oversee and monitor these activities.

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- (d) The internal and external auditors are responsible for planning and carrying out each audit and review, in accordance with applicable auditing and review standards.

### 3. Membership

- (a) The Committee shall consist of at least three non-executive directors of the Company. The majority of members will be independent directors as defined under the NZX Listing Rules. At least one member will have an accounting or financial background (as defined under the NZX Listing Rules). The appointment and removal of Committee members shall be the responsibility of the Board.
- (b) The Board shall appoint the Chairperson of the Committee, who shall be an independent director and not the Chairperson of the Board and not have a long-standing association with the company's external audit firm as a current, or retired, audit partner or senior manager at the firm within the last five years. In that person's absence, any member may chair a meeting of the Committee.
- (c) A quorum of the Committee shall be two members. A response from all members is required for any items considered by circulation out-of-session. The CS shall be the secretary of the Committee. The secretary will be responsible for the co-ordination of all Committee meetings, agendas, distribution of papers and preparation of minutes.
- (d) The Committee members shall be identified in the Company's Annual Report.
- (e) Committee meetings will be attended by:-
- the CEO, in an ex officio capacity;
  - the CFO to report on accounting policies, the Company's financial statements and tax matters; and
  - the CS to record and distribute the minutes to all directors.

### 4. Powers and Authority

- (a) The Committee is authorised by the Board to investigate any activity covered by its roles.

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- (b) Committee members may communicate with any Company employee, via the Committee Chairperson (copying in the Company's CEO), to seek any information they require in order for the Committee to carry out its role.
- (c) Committee members (other than the financial expert(s)) do not represent themselves to be experts in the fields of accounting, auditing, tax or risk management.
- (d) The Committee may delegate any of its responsibilities to the Chairperson of the Committee from time to time and on such conditions as the Committee considers appropriate.
- (e) The Committee shall have the authority of the Board to secure the attendance at meetings of outside parties with relevant experience and expertise where the Committee or a Committee member deems it necessary to carry out the functions of the Committee.

### 5. Procedures

- (a) The Committee will meet at least four times a year and as it deems necessary to properly fulfil its obligations and discharge its responsibilities. Directors who are not members of the Committee may attend any meeting of the Committee as is appropriate.
- (b) The Chairperson will call a meeting of the Committee if requested to do so by any Committee member, the CEO, the CFO, the General Counsel, or the Company's internal or external auditors.
- (c) The Committee may invite any employee of the company to attend meetings and provide appropriate information and explanations.
- (d) The Chairperson may convene meetings of the Committee at which only members shall attend.
- (e) The Committee may, in carrying out its responsibilities and duties, obtain external advice subject to prior notification to the Chair of the Board.
- (f) The Committee shall ensure that minutes of its meetings are kept and provided to the Board in a timely manner.



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- (g) The dates, times and venues of each meeting of the Committee will be notified to all members and invited persons as far in advance as possible. The agenda and supporting papers shall also be sent to members as far in advance as possible – the aim being one week prior to each meeting.
- (h) The Committee will be governed by the provisions of the Company’s constitution, in so far as they are applicable.
- (i) The Chairperson of the Committee will report back to the Board on the Committee’s recommendations at the Board meeting following the Committee meeting.
- (j) The Committee shall have unlimited access to the Company’s internal and external auditor and to the Executive members of the Company.

### 6. Other Activities

- (a) The Committee will receive periodic presentations from management and consider wider issues as appropriate, such as the following:

#### Asset Valuation/Revaluation

- (i) Consider the qualifications and performance of independent valuers used by the Group and recommend appointments to the Board.
- (ii) Determine the frequency and timing of independent valuation(s) of the Group's real estate.
- (iii) Consider valuation reports received by the Group and the financial reporting implications of those reports.

#### Insurance

The Committee shall consider the insurance covers, including the Company’s directors and officers insurance, as to adequacy, pricing, and insurer capability, then recommend the annual renewals of covers to the Board.

### 7. Reviews

The Board annually reviews this Charter. The Committee annually reviews its personnel, performance and operations.

### 8. Publication

This Audit & Risk Committee Charter is available on the Company's website, [www.metlifecare.co.nz](http://www.metlifecare.co.nz).