

AUDIT & RISK COMMITTEE CHARTER



1 Purpose and Powers

1.1 The Board of Directors have established a Committee of the Board to review the scope, integrity and effectiveness of:

- the external audit;
- financial reporting;
- the internal audit function; and
- risk management.

This Committee is known as the Audit and Risk Committee.

1.2 The function of the Committee is to:

- review, consider and if necessary, investigate any reports or findings arising from any audit function either internally or externally;
- evaluate financial information submitted to it, along with relevant policies and procedures; and
- assess the effectiveness of risk management throughout the company and the Group.

1.3 The Committee has no powers unless delegated specifically on specific issues by the Board from time to time.

2 Membership

2.1 The membership of the Committee is to comprise at least three directors, all of whom are non-executive, with the majority also being independent directors (and at least one member must have an accounting or financial background). Other Directors may be called upon as required.

2.2 The Chair of the Committee shall be appointed by the Board from the non-executive, independent members of the Committee, and the Chair of the Board shall not be eligible to be Chair of the Committee. Without limiting the requirement that the Chair of the Committee shall be a non-executive, independent director, the Chair of the Committee must not have a long-standing association with NZME Limited's (the "**Company**") external audit firm as a current, or retired, audit partner or senior manager at the firm. The Chair of the Committee will generally be perceived to be independent for this purpose if there has been a period of at least three years between previously being employed by the external audit firm and services as Chair of the Committee

- 2.3 Two Directors who are members of the Committee are required to form a quorum. Committee meetings are held as required.
- 2.4 Committee meetings are regularly attended by the Chief Executive, the Chief Financial Officer, other senior management and the external auditors, by invitation.

3 Reviewing Financial Statements

This function is to take place before the Board of Directors meet to approve the interim and annual financial statements.

The objectives of such a review are:

- 3.1 to ensure full compliance with accounting standards, Financial Markets Conduct Act 2013, Companies Act 1993, Financial Reporting Act 2013 and Regulations and other mandatory professional reporting requirements and best practice;
- 3.2 to ensure that the interim and annual financial statements present fairly, in all material respects, the financial position of the Company and are free from material misstatements;
- 3.3 to ensure that there are adequate disclosures and that the financial statements are consistent with previous statements and disclosures;
- 3.4 to assess the consistency of disclosures in the financial statements with other disclosures made by the Company to the financial markets and other public bodies; and
- 3.5 to review the interim and annual financial statements.

4 Engagement of the External Auditors

The Committee should assess the following:

- 4.1 the independence of the auditors;
- 4.2 the ability of the auditors to provide additional services which may be occasionally required;
- 4.3 the competency and reputation of the auditors;
- 4.4 the proposed audit fees;
- 4.5 the appointment, performance and remuneration of external auditors, including ensuring the Key Audit Partner is replaced every five years.

The Committee will monitor and approve any service provided by the auditors other than in their statutory audit role.

5 **Oversee Internal Audit Function**

The Committee is responsible for:

- 5.1 the appointment of Internal auditors;
- 5.2 agreeing the nature and scope of internal audit plan;
- 5.3 reviewing issues identified by internal audits
- 5.4 monitoring resolution of issues by management

6 **Communication with Auditors**

The Committee should consult with auditors in relation to the following:

6.1 The Annual Audit Plan:

- (a) nature and scope of planned external and internal audits;
- (b) to highlight areas of risk, potential problems or issues; and
- (c) to ensure that all areas of concern to the Committee and the auditors are addressed.

6.2 The Post Audit Review:

- (a) to discuss and review in detail any Board report prepared by the auditors;
- (b) to understand and consider the actions taken in relation to the issues identified in 5.2(a) above;
- (c) to focus on areas which might be the subject of differences between management and the auditors;
- (d) to review and assess the adequacy of compliance with all regulatory requirements and generally accepted accounting principles;
- (e) to review the auditor's report and discuss it in detail with the auditor; and
- (f) to have particular regard to issues the resolution of which require significant levels of judgment.

6.3 Management Controls:

- (a) to review and monitor internal controls to ensure they are adequate and effective to minimise financial and other major operating risks;
- (b) to review the integrity and prudence of procedures for management control;
- (c) to consider the adequacy of internal controls by reviewing external audit

management letters and internal audit reports and the response of management;

- (d) to assess the extent of any corrective action being taken by management; and
- (e) to determine whether the auditor is satisfied that the response to previous letters and reports has been adequate.

6.4 Other:

The Committee should encourage the auditor to discuss frankly any issues that require review and should afford the auditor the opportunity to do so, through arranging the absence of management, if necessary.

The external auditor should attend NZME's annual meeting to answer questions from shareholders in relation to the audit.

7 Risk Management

The Committee is responsible for the oversight and independent review of the company's and group's risk management framework, including:

- 7.1 review and approval of risk management policy;
- 7.2 receiving and considering reports on risk management;
- 7.3 assessing the effectiveness of the company's responses to risk; and
- 7.4 providing the Board with regular reports on risk management.

8 Legal and Other Regulatory Obligations

In enhancing its understanding of the Company and its business, the Committee may request management to furnish it with reports on topics such as:

- 8.1 budgets and budgetary scenarios;
- 8.2 the legal environment facing the Company including any potential actions arising;
- 8.3 the insurance coverage of Company employees and Directors;
- 8.4 current issues affecting the industry;
- 8.5 the effect of change in taxation or company legislation; and
- 8.6 to oversee the processes governing related party transactions.

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