



# Audit and Finance Committee Charter

The Board is responsible for approving this Charter and any amendments to it.  
This Charter was last reviewed by the Board in May 2022



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## 1. Introduction

- 1.1 The Audit and Finance Committee (**Committee**) is established as a committee of the Board of Directors (**Board**) of Channel Infrastructure NZ Limited (the **Company**).
- 1.2 This Charter sets out the roles and responsibilities, authorities, membership and structure of the Committee.

## 2. Role of the Committee

- 2.1 The role of the Committee is to assist the Board to discharge its responsibility to exercise due care, diligence and skill in relation to corporate financial matters (including financial reporting and treasury risk management).
- 2.2 The Committee will request, receive and review information from Management in order to make recommendations and provide assurance to the Board, in relation to the matters referred to in paragraph 2.1 above.
- 2.3 The Committee does not remove from the Board any of its responsibilities and legal duties.

## 3. Duties and Responsibilities

- 3.1 The Committee is responsible for:

### 3.1.1 Financial reporting:

- a) Ensuring that processes are in place and monitored so that the Board is properly and regularly informed and updated on corporate financial matters.
- b) Ensuring that financial statements are prepared in accordance with applicable financial reporting standards, NZX requirements and other New Zealand legislative requirements.
- c) Reviewing all proposed external financial reporting with Management, taking into account:
  - The quality of the proposed reporting;
  - Changes in accounting policies and practices, including those imposed by new or amended New Zealand International Financial Reporting Standards;
  - Significant accounting estimates and judgements;
  - Implications of new and/or significant transactions;
  - Circumstances that may give rise to or indicate improper earnings management;
  - Company's system of internal controls;
  - Management's representations to the Board and the external auditors;
  - The external auditor's opinion on whether the financial statements give a true and fair view of the financial position of the Group; and
  - Any significant disagreements between Management and the external auditors.
- d) Considering Management's recommendations with respect to dividends and other distributions and providing advice to the Board.



### 3.1.2 External audit

- a) Recommending to the Board the appointment and termination of the external auditor, taking into consideration guidance included in the Company's Auditor Independence Policy Statement.
- b) Approving the scope and emphasis of the annual audit plan, external auditor's terms of engagement, timetable and audit fee.
- c) Pre-approving all other assurance and other services to be provided by the external auditor.
- d) Establishing a formal and transparent framework for the Company's relationship with the external auditor that includes procedures to:
  - Ensure that the ability and independence of the auditor to carry out their statutory audit roles is not impaired, or could not reasonably be perceived to be impaired;
  - Address what, if any, services (whether by type or level) other than their statutory audit roles may be provided by the external auditor to the Company or Group;
  - Provide for the monitoring and approval by the Committee of any service provided by the external auditor to the Company and Group other than the statutory audit role.
- e) Receiving, considering and ensuring appropriate action is taken on the external auditor's management report regarding the status of internal control and management systems.
- f) Having direct communication with and unrestricted access to the external auditor and meet regularly with them to discuss and monitor their audit work and its results.
- g) Considering and resolving any differences of opinion between Management and the external auditor.

### 3.1.3 Internal audit and assurance activities

- a) Endorsing the appointment, replacement or dismissal of the internal auditor (financial).
- b) Reviewing the annual assurance programme prepared by the internal auditor in consultation with Management which encompasses activities undertaken by the internal auditors and other external providers in respect of which assurance is required by the Company and Group;
- c) Confirming to the Board, after its review of the annual internal audit programme, that it:
  - Has a clearly defined scope, covering the Company's key financial risks;
  - Is appropriately resourced.
- d) Ensuring that effective financial risk management and compliance systems are in place and monitored to protect the Company's assets and to minimise the possibility of the Company operating beyond applicable financial legal or regulatory requirements or beyond acceptable financial risk parameters.
- e) Meeting regularly to monitor and review the effectiveness of the Company's internal auditing practices including information technology, security and control.
- f) Reporting to the Board and making recommendations in relation to any incident involving fraud or other break-down of internal controls.



- g) Monitoring and procuring that Management ensures work progresses in accordance with the annual assurance programme and it is of an acceptable standard and reporting on a regular basis to the Board on monitoring activities.
- h) Having direct communication with and unrestricted access to the internal auditor and regularly meeting with them to discuss and monitor their work and its results.

#### **3.1.4 Treasury function**

- a) Reviewing proposed financing arrangements and recommend (or not) approval of these to the Board.
- b) Reviewing the treatment of financial transactions that are significant, unusual and/or require substantial judgement.
- c) Reviewing compliance with the financial conditions of bank covenants.

#### **3.1.5 Post investment reviews**

- a) Evaluating post implementation reviews on significant CAPEX projects and investments (>\$10m) within two years of the completion.

#### **3.1.6 Tax Governance**

- a) Receiving and reviewing Management's report on taxation matters in accordance with the Tax Governance Policy.

#### **3.1.7 Other**

- a) Regularly reporting to the Board about Committee activities and issues that arise with respect to the quality or integrity of the Group's financial statements, the Group's compliance with financial reporting requirements, and the performance and independence of the Group's external auditors.
- b) Reviewing the following policies and practices, on an annual or bi-annual basis (as appropriate), and recommending to the Board any material changes:
  - Treasury Policy;
  - Tax Governance Policy;
  - Securities Trading Policy;
  - Continuous Disclosure Policy;
  - Auditor Independence Policy Statement.
- c) Putting in place arrangements by which employees may, in confidence, raise concerns about



possible improprieties.

## **4. Authority of the Committee**

- 4.1 The Committee has the authority of the Board to obtain any information and investigate any matters within its terms of reference.
- 4.2 The Board authorises the Committee, within the scope of the Charter, to obtain outside legal or other independent professional advice, as the Committee deems necessary to execute its duties and responsibilities at the expense of the Company.
- 4.3 The Committee does not have the authority to make a decision in the Board's name or on its behalf. The Committee will make recommendations to the Board on all matters requiring a decision.
- 4.4 The Committee is authorised to seek any information it requires from any officer or employee of the Group and all employees are directed by the Board to respond cooperatively with any request made by the Committee.
- 4.5 The Company shall provide for appropriate funding, as determined by the Committee, for payment of compensation to any advisors or auditors employed by the Committee.

## **5. Membership**

- 5.1 The Committee shall comprise of not less than three and no more than five Directors of the Company, a majority of whom are Independent Directors as defined in the NZX Listing Rules.
- 5.2 The Committee shall comprise members with a high standard of financial literacy, experience and ability, and at least one member shall have an accounting or financial background which complies with NZX's guidance and the recommendations of the NZX Corporate Governance Code.
- 5.3 The Board will appoint the Committee Chairperson. The Chairperson of the Board of Directors may be a member of the Committee, however, he or she shall not be the chairperson of the Committee. The Chairperson will also be an Independent Director, without a long-standing association with the Company's external audit firm.

## **6. Secretary of the Committee**

- 6.1 The Secretary of the Committee will be the Company Secretary or such other person as nominated and agreed by the Board.

## **7. Meetings of the Committee**

- 7.1 Meetings of the Committee shall be held at the discretion of the Committee Chairperson or if requested by any member of the Committee, the Board, the Chief Executive, the external auditor or the internal auditor. At least three meetings will be held per calendar year: in February and August, to coincide with the publication of financial statements.
- 7.2 A quorum for a meeting of the Committee shall be three members.
- 7.3 Other than in exceptional and urgent circumstances, Management will provide the meeting agenda, papers and recommendations to the Committee members at least five business days before the meeting.
- 7.4 The Committee may invite to its meetings any Management other personnel of the Company, or any third parties, as it deems appropriate in order to carry out its responsibilities.



- 7.5 Committee members may participate in, or conduct a meeting of the Committee through the use of any means of communication by which all members participating can hear each other during the meeting and participation by such means shall constitute presence in person at the meeting.
- 7.6 The procedural requirements for the Committee meetings, including those relating to the keeping of minutes, shall be the same as those detailed in the Constitution of the Company for a meeting of the Board.
- 7.7 After each meeting the Committee chairperson will report the Committee's recommendations and findings to the Board. The minutes of all Committee meetings will be circulated to members of the Board and to such other persons as the Board directs.
- 7.8 The Committee will meet separately without Management with each of the external auditor, the internal auditor, and where necessary the Chief Financial Officer or the Chief Executive, at the conclusion of each meeting, and at any other time if requested by any party.

## **8. Review of the Committee**

- 8.1 The Committee will review its performance annually against this Charter by means of a self-assessment. The Committee will report the results of this review to the Board so that the Board is able to review the performance of the Committee in accordance with this Charter.
- 8.2 The Committee will review this Charter annually and recommend any proposed amendments to the Board for approval.
- 8.3 The Committee Charter will be posted on the Company's website.