



GREEN CROSS HEALTH LIMITED

AUDIT COMMITTEE CHARTER

1. Constitution

1.1 The Audit Committee (Committee) shall be a committee established by the Board.

2. Purpose

2.1 The purpose of the Committee is to assist the Board in fulfilling its responsibility to exercise due care, diligence and skill in relation to oversight of financial reporting, audit, regulatory conformance and risk management.

2.2 The Committee will carry out this purpose by overseeing, reviewing and providing advice to the Board on:

- (a) the integrity of external financial reporting;
- (b) compliance with applicable laws, regulations, NZX listing rules, codes of practice and governance requirements as they relate to financial and nonfinancial disclosure;
- (c) the application of accounting policies, including:
 - ensuring assets are reported at appropriate value considering impairment where required;
 - material, complex or unusual transactions;
- (d) financial management;
- (e) related party transactions;
- (f) the internal and external audit function including external auditor appointment & removal, independence and performance;
- (g) internal control systems;

- (h) improving the efficiency of the Board by allowing for the delegated issues to be discussed in sufficient depth and providing a formal forum for communication between the Board and senior financial management.

3. **Membership**

3.1 The Committee will comprise of a minimum of three members of the Board and be appointed by the Board. Only non-executive Directors are entitled to become members of the Committee and the majority of the members of the Committee must be Independent Directors.

3.2 All Committee members shall be financially literate.

3.3 The Committee must have at least one member who has an accounting or financial background (as defined under the NZX Listing Rules). This person may be someone who:

- is a member of the Institute of Chartered Accountants of New Zealand or Chartered Accountants Australia and New Zealand; or
- has held a Chief Financial Officer position at an issuer for a period greater than 24 months; or
- has completed a course approved by the NZX for Audit Committee membership; or
- has the experience and/or qualifications deemed satisfactory by the Board.

3.4 The Chair of the committee should not have been a previous senior manager or partner at the current auditor of the company

3.5 The Board shall appoint the Chairperson of the Committee who shall not be the Chairperson of the Board.

3.6 The Committee members shall be identified in the annual report.

3.7 The secretary of the Committee shall be appointed by the Board.

3.8 A quorum of members of the Committee shall be two.

4. **Procedure**

4.1 Meetings shall be held not less than three times a year having regard to the company's reporting and audit cycle.

- 4.2 Employees will attend the Committee meetings by invitation from the Chair. Committee meetings are expected to be attended by Chief Executive Officer, Chief Financial Officer and representatives from the external auditors. The Chairperson of the Committee shall be entitled to request that the Committee meet without any of those persons.
- 4.3 The external auditors are encouraged to meet as appropriate with the Committee Chairperson, independent of management. The Committee Chairperson will generally meet with management, and the external auditors (either together or separately as the chairperson deems appropriate) before each Committee meeting and at other times as required.
- 4.4 The agenda and Committee papers will be prepared and circulated to all Directors of the Company including the members of the Committee prior to Committee meetings.
- 4.5 The Chairperson will report back to the Board the recommendations of the Committee at the Board meeting immediately following the Committee meeting.

5. **Duties and Responsibilities**

- 5.1 For the purposes of this section:
- “Statutory Audit Role” means services required by any law to be provided by the auditors, acting as such; and
 - “External financial reporting” means the half yearly and annual financial statements, external audits/reviews, management discussion and analysis, and any management letters (including management responses).
- 5.2 The Committee does not take actions or make decisions on behalf of the Board unless specifically mandated. The Board has delegated certain functions to the Committee which is responsible for:

General Responsibilities

- reviewing and discussing the “external financial reporting” with management, including whether the reporting is consistent with the Committee members’ information and knowledge and whether it is adequate for shareholder needs;
- meeting with the external auditors to discuss the practices and issues surrounding the external financial reporting;
- reporting the results of the review to the Board and recommending, if appropriate, the Board adopt the external financial reporting;

- liaison with external auditors;
- review of the annual audit plan with the external auditors;
- assessment of the performance of financial management;
- review of audit findings and the annual financial statements;
- review of half-year (interim) financial information;
- prior clearance of public releases of financial information to the media;
- review of accounting policies, including approving assumptions adopted and key areas of judgement and estimation applied in preparing the financial statements;
- oversight of compliance with statutory responsibilities relating to financial reporting and other accounting related requirements;
- review of the frequency and significance of all transactions between the company and related parties and assessment of their propriety;
- review of the appointment of the external auditors and their fees;
- monitoring of material corporate risk assessment and the internal controls instituted;
- supervision of special investigations when requested by the Board;
- examination of any other matters referred to it by the Board.

Responsibilities regarding Auditor Independence

- addressing what, if any, services other than in their Statutory Audit Role may be provided by the auditors;
- ensuring that the ability and independence of the auditors to carry out their statutory Audit Role is not impaired, or could reasonably be perceived to be impaired;
- ensuring that the external auditor or lead audit partner is changed at least every five years or as otherwise required by law or regulation;

- providing for the monitoring and approval by the Committee of any service provided by the auditors to the company other than in their Statutory Audit Role; and
- review of the independence of the external auditors and the appropriateness of any non-audit services they undertake for the company.

6. **Members' Powers and Authority**

- 6.1 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.
- 6.2 The Committee is authorised by the Board to investigate any activity covered by its role.
- 6.3 The Committee members may communicate with any Company employee to seek any information they require in order for the Committee to carry out its role. All Company employees will be directed to co-operate with any request made by the Committee.
- 6.4 The Committee will encourage employees to raise, in confidence, concerns about financial improprieties or irregularities. The Code of Ethics and Protected Disclosure Policy detail the current Company processes in effect.
- 6.5 The Committee is authorised by the Board to obtain, at the Company's expense, outside legal or other independent professional advice and to arrange for the attendance at meetings, at the Company's expense, of outside parties with relevant experience and expertise if it considers this necessary.
- 6.6 Management is responsible for the preparation, presentation and integrity of the financial statements. Management is responsible for implementing and maintaining appropriate accounting and financial reporting principles and policies and internal controls and procedures designed to assure compliance and accounting standards and applicable laws and regulations. The Board are responsible for assessing the adequacy and appropriateness of the accounting and financial policies, controls and procedures in order to satisfy themselves that they are able to assess the financial performance of the Company and compliance with relevant laws and regulations.
- 6.7 The external auditors are responsible for planning and carrying out each audit and review, in accordance with applicable auditing and review standards. The external auditors are accountable to shareholders through the Committee.

7. Reporting Procedures

- 7.1 The Committee shall maintain direct lines of communication with the external auditors, the Chief Executive Officer, the Chief Financial Officer, and with management generally including those responsible for non-financial risk management.
- 7.2 The Chief Executive Officer and the Chief Financial Officer shall be responsible for drawing to the Committee's immediate attention any material matter that relates to the financial condition of the company, any material breakdown in internal controls, and any material event of fraud or malpractice.
- 7.3 The Chairperson of the Committee will report back to the Board the findings and recommendations of the Committee at the Board meeting immediately following the Committee meeting.
- 7.4 The minutes of all Committee meetings shall be circulated to members of the Board, the Chief Executive Officer, the Chief Financial Officer, the external auditors and to such other persons as the Board directs.

8. Accountability to the Board

- 8.1 The Board reviews the Committee's performance against the Charter annually.
- 8.2 The Board reviews this Committee Charter annually.

9 Publication

- 9.1 This Charter is available on the company website www.greencrosshealth.co.nz.
- 9.2 Last reviewed 28th March 2019.