



Approved Date: 23 April 2020

The Meridian Board of Directors (“the Board”) has established a Committee of Directors known as the Audit and Risk Committee (“the Committee”).

OBJECTIVE

- 1.1 The objective of the Audit and Risk Committee is to assist the Board in fulfilling its responsibilities in all matters related to risk management and the financial accounting and reporting of Meridian.

COMPOSITION

- 2.1 The Committee is appointed by the Board and comprises a minimum of three Directors.
- 2.2 The Chairperson of the Committee will be an independent Director, who is not the Chair of the Board and is appointed by the Board.
- 2.3 The Committee will consist only of independent Directors.
- 2.4 The Committee will have at least one member with a recognised accounting or financial background.
- 2.5 The Committee may co-opt any other independent Director in the event that one of the Committee members is absent or unavailable. The quorum of the Committee shall be a majority of the members of the Committee.
- 2.6 The Chief Executive and Chief Financial Officer and the Company Secretary will attend meetings of the Committee by invitation. Other representatives of Management as considered appropriate may also attend meetings by invitation.

AUTHORITIES

- 3.1 The Committee does not have the authority to make a decision in the Board’s name or on its behalf unless specifically authorised to do so by this Charter or as directed by the Board. The Committee will make recommendations to the Board as set out in this Charter.
- 3.2 Directors have complete access to Meridian’s Senior Executive through the Chairman, Chief Executive or Company Secretary at any time.
- 3.3 Directors have complete access to and direct communication with auditors and accountants, internal and external, without Management present.
- 3.4 The Committee is authorised by the Board to obtain, at the expense of the Company, outside legal or other independent professional advice as it sees necessary in carrying out its responsibilities.

RESPONSIBILITIES

The responsibilities of the Committee will be those delegated by the Board from time to time and shall include (without limitation):

Financial Governance

- 4.1 Reviewing and approving all significant accounting policy changes, ensuring they comply with New Zealand law (including Financial Reporting Act 2013) and relevant exchange requirements.
- 4.2 Meeting with the external and internal auditors to discuss practices and issues surrounding financial governance.
- 4.3 Recommending to the Board the dividend policy for the Company and the dividends to be paid to shareholders.
- 4.4 Monitoring the Company’s debt and interest position and overall cash and treasury management.
- 4.5 Monitoring the Company’s tax position and areas of potential tax risk.
- 4.6 Setting the principles and standards with respect to the reporting of related party transactions, and providing oversight of relevant external reporting and its compliance with regulatory requirements.
- 4.7 Attending to any other matter relating to the financial affairs of the Company as would be appropriately dealt with by this Committee of the Board.

External Financial Reporting

- 4.8 Reviewing and recommending to the Board for approval, Meridian’s half-year and annual financial statements, including whether the reporting is adequate for shareholder needs and compliant with appropriate laws and regulations.

Considering when conducting that review:

- the underlying quality of the financial reporting as set out in the financial statements and the notes thereto;
- changes in accounting policy and practice;
- any significant accounting estimates and judgments included in the financial statements;
- accounting implications of new and significant transactions;
- the appropriate treatment and classification of costs as between capital and revenue;
- Management practices and any significant disagreements between Management and the external auditors;

- the propriety of related party transactions;
- the certification by the Chief Executive Officer and the Chief Financial Officer to the Board that the Company's financial reports represent a true and fair view in all material respects of the Company's financial position and operational results and are in accordance with relevant accounting standards, including that these certification statements are based on a comprehensive system of risk Management and internal control and compliance procedures.

External Audit

- 4.9 Reviewing the external auditor's fees, reviewing and signing terms of engagement and reviewing annual independence statement.
- 4.10 Providing feedback on behalf of the Board to the office of the Auditor General on matters relating to external auditor performance, and participating in the decision making process when the Office of the Auditor General undertakes a rotation of the lead audit partner, additionally ensuring the lead audit partner and concurring audit partners are rotated every five years.
- 4.11 Reviewing and approving the external audit plans and strategy. Evaluating the overall effectiveness of the external audit programme through regular meetings with the external auditors.
- 4.12 Consulting with the auditors on any significant proposed regulatory, accounting or reporting issues and assessing the potential impact of such on the Company's financial reporting processes.
- 4.13 Determining that no Management restrictions are being placed upon the external auditors.
- 4.14 Annually assessing and confirming to the Board the independence of the external auditor after consideration of the External Audit Independence Policy criteria including assessing whether the independence of the external audit process has been maintained in light of the performance of any non-audit services.
- 4.15 Pre-approving all non-audit services provided by the external auditor in accordance with the External Audit Independence Policy.
- 4.16 Pre-approving all audit services provided by firms other than the external auditor in accordance with the External Audit Independence Policy.
- 4.17 Reviewing the external auditor's half-yearly statement of non-audit fees and monitoring the ratio of non-audit fees to audit fees.

Internal Control Environment and Internal Audit

- 4.18 Monitoring the adequacy and effectiveness of the Company's internal control framework and environment including administrative, operating and accounting policies through active communication with operating Management, the internal and external auditors, and monitoring Management's responses and actions to correct any noted deficiencies.
- 4.19 Evaluating Meridian's potential exposure to fraud.
- 4.20 Recommending to the Board the delegation of authority levels and limits within the business.
- 4.21 Recommending to the Board the appointment of internal auditors.
- 4.22 Reviewing and approving internal audit programmes and plans, and evaluating the overall effectiveness of these through regular meetings

with the internal auditors, including determining that no Management restrictions are being placed upon the internal auditors.

- 4.23 Receiving and reviewing a detailed summary of internal audit findings and the status of any corrective actions required.
- 4.24 Reviewing on a six monthly basis (coinciding with the half-year and annual financial statements), an internal control opinion by the Chief Executive Officer and the Chief Financial Officer to the Board that the Company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects.

Risk Management, Compliance and Insurance

- 4.25 Ensuring that Management has established a risk management framework which includes policies and procedures to effectively identify, treat and monitor principal business risks.
- 4.26 Reviewing on an annual basis, the Company's risk management programme and business continuity plans.
- 4.27 Evaluating the effectiveness of the Company's risk management policies, practices and procedures.
- 4.28 Reviewing, at least, on an annual basis, the Company's risk profile.
- 4.29 Reviewing the Company's insurance covers and recommending the annual renewal of policies to the Board.
- 4.30 Annually reviewing compliance with applicable laws, regulations, and standards through Meridian's compliance frameworks.

General

- 4.31 Reviewing any regulatory reports submitted to the Company and monitoring Management's response to them.
- 4.32 Receiving reports as appropriate, from Meridian's auditors.
- 4.33 Identifying and directing any special projects or investigations deemed necessary.

FREQUENCY OF MEETINGS

- 5.1 The Committee will meet on an as required basis to ensure it fulfils its responsibilities.

ADMINISTRATION

- 6.1 The General Counsel or his or her nominee shall act as secretary to the meeting. The Office of the CEO shall provide all secretariat functions for the Committee.

REVIEW OF THE COMMITTEE CHARTER

- 7.1 The Committee shall undertake an annual self review of its objectives and responsibilities and of its Charter and report back to the Board. The Committee may at any time initiate a review of this Charter and make appropriate recommendations to the Board.