



## AUDIT AND RISK MANAGEMENT COMMITTEE CHARTER

### 1. Purpose

The purpose of the Committee is to assist the Board in discharging its responsibilities with respect to financial reporting, compliance and risk management practices of Promisia Healthcare Limited (“Promisia”) and its wholly owned subsidiaries (together the “Promisia Group”).

### 2. Membership

All members of the Audit and Risk Management Committee (“ the Committee”) will be members of the Promisia Board of Directors. In accordance with rule 2.1.1 of the NZX Listing Rules, the Committee shall comprise a minimum of three directors at least two of whom must be independent.

The members shall be financially literate and at least one member shall have an accounting or appropriate financial background.

In line with best practice for audit committees, the Chair (Chair of the Audit and Risk Committee) is to be a non-executive director and not Chair of the Board.

If the Chair of the Promisia Board is not a nominated member of the Committee then that person may attend in an ex-officio capacity.

Where appropriate the Chief Executive and Chief Financial Officer will attend all Committee meetings unless the Chair requests Committee members only attend.

### 3. Accountabilities

The primary accountabilities for financial and other reporting, internal control, risk management and compliance with laws, regulations and ethics by the Company, rests with executive management.

However, the Promisia Board of Directors has the ultimate accountability in these areas, and the Committee assists the Board in fulfilling these responsibilities. The Committee will have unrestricted access to all information, including documents and personnel, and have adequate resources in order to fulfil its overview responsibilities.

### 4. Objectives and Functions

The key focus of the Committee is financial reporting, risk management and internal controls. The objectives and functions are:

1. To ensure that the requirements of the Promisia Board of Directors, for full and appropriate reporting by Promisia , is in accordance with financial reporting legislation and NZ Generally Accepted Accounting Practice. Assistance from the auditors in meeting this objective will be sought.
2. To receive assurance in consultation with the Auditors, that the internal control systems are sound and risk management practices for the Promisia Group instituted by management are effective.
3. To provide an avenue of communication between auditors and the Board, in particular in relation to matters requiring consideration by the Directors, which relate to financial reporting and risk management.
4. To act as a delegate of the Board of Directors on financial reporting, internal control and risk management issues.

5. To monitor Promisia 's compliance with laws and regulations affecting the financial stewardship of the Company.

## **5. Responsibilities**

The responsibilities of the Audit and Risk Committee include the following:

1. Review of half year and full year financial statements and consideration of whether the information contained in those documents is consistent with financial and other information provided. Recommendation to the Board that they adopt the interim and year-end financial statements and level of dividend where appropriate.
2. Review and monitor the adequacy and effectiveness of internal control systems and risk management practices (encompassing risk identification, measurement of exposure, impact/consequence, mitigation and reporting) including computerised information systems, security and insurance arrangements.
3. Ensure that processes are in place and monitor those processes so that the Board is properly and regularly informed and updated on corporate financial matters.
4. Review Promisia 's financial policies (eg Treasury) for clarity and quality.
5. Monitor the performance of management in relation to the matters covered by the scope of this committee.
6. Relations with external auditors including:
  - a. approval of the auditors engagement letter
  - b. pre and post audit meetings
  - c. review of the Promisia Group's annual audit plan
  - d. review of the audit timetable
  - e. review of the management letter
  - f. the setting of audit fees
  - g. review the auditor's performance.
7. Ensure that subsidiary and associate companies are made aware of required internal control systems, risk management practices and other matters of relevance.
8. Ensure that the solvency test in the event of distributions to shareholders is met.
9. Compliance with laws and regulations including the review of legal and regulatory matters that may have a material impact on the financial statements and related accounting policies.
10. Review and concur with the recommendations of the shareholders in the appointment, replacement, re-assignment or dismissal of the auditors.
11. Meet with the auditors or management in separate sessions to discuss any matters that the Committee or these parties believe should be discussed privately with the Audit and Risk Committee.
12. Supervise special investigations requested by the Board of Directors.

## **6. Authority**

The Committee is authorised by the Board to investigate any activity covered by its functions and responsibilities. It is authorised to seek any information it requires from any employee and all employees shall be directed to cooperate with any request made by the Committee.

The Committee shall have the authority of the Board to obtain legal or other independent professional advice, and to secure the attendance at meetings of third parties with the relevant experience and expertise if it considers this necessary,

The Committee shall have no executive powers with regard to findings and recommendations.

## **7. Relationships with Other Parties**

### **The Board of Directors**

The Committee is a committee of the Board of Directors and as such will seek approval of its scope, objectives, functions and responsibilities from the Board as recorded herein and report to the Board on its activities including recommendations.

### **Shareholders**

The Committee is to have no reporting relationship with shareholders.

### **Management**

Management is to promptly advise the Committee of any matters requiring its attention.

### **Auditors**

The Chair of the Committee may deal directly with the auditors on behalf of the Committee or through the Committee Secretary in relation to meetings and the content thereof. The Committee will require of the auditors:

- a summary of the audit approach including audit risks
- a budget and summary of audit staffing
- a summary of control weaknesses
- recommendations on changes to accounting policies and disclosures

The auditors will be instructed to advise the Committee promptly on any matter requiring its attention. The Chair or any member can be contacted individually on a formal or informal basis.

## **8. Secretarial and Meetings**

The Chief Financial Officer where appropriate or other Committee member shall be appointed Secretary of the Committee. The Secretary shall circulate an agenda during the week prior to each meeting of the Committee.

The Chair will call a meeting of the Committee if so requested by any committee member, Board member, the Chief Executive, Chief Financial Officer, or the auditors as appropriate.

The auditors shall be given notice of all meetings and have the right to attend and speak, as shall the Chief Executive and Chief Financial Officer.

The Committee will hold at least one meeting per year which shall be scheduled to suit any interim and final audit programs.

Scheduled meetings for the next year are to include:

- 1. Half yearly accounts and pre annual audit meeting; to review half year accounts and to approve scope, planning, strategy and costs for the annual audit - November.
- 2. Post interim audit report meeting; to discuss the findings of interim work, confirm internal control systems, consider and report to the Board the independent valuation of investment properties and reconsider scope of audit and planning matters - February.
- 3. Post annual audit meeting; to approve accounts/audit reports - May.

**9. Reporting Procedures**

The Chair shall make a report to the Board after each Committee meeting on the findings and recommendations of the Committee.

The minutes of all Committee meetings, signed by the Chair, shall be circulated to all directors, the Chief Executive Officer, the Chief Financial Officer and to other parties as the Board directs.

The Committee shall maintain direct lines of communication with the Chief Executive Officer and the External Auditors as appropriate.

<b>Document control</b>
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