



plexure

Plexure Group Limited Audit and Risk Management Committee Charter

JANUARY 2020

Role

The Audit and Risk Management Committee's (the **Committee**) role is to:

- assist the Board in discharging its responsibility to exercise due care, diligence and skill in relation to oversight of:
 - the integrity of external financial reporting;
 - financial management;
 - internal control systems;
 - accounting policy and practice;
 - the risk management framework and monitoring compliance with that framework;
 - related party transactions; and
 - compliance with applicable laws, regulations and standards;
- improve the quality, credibility and objectivity of the accounting process, including financial reporting;
- oversee and monitor the performance of the internal (if any) and external auditors;
- assess the external auditor's independence and qualifications and ensure that the external auditor's independence is maintained;
- consider the appropriateness of the appointment of internal auditors and if appointed, provide a structured reporting line for internal audit and ensure the objectivity of internal audit; and
- act as a formal forum for free and open communication between the Board, the internal and external auditors and management.

Composition

The quorum of the Committee shall be two members.

The Committee must have a minimum of two Directors. The majority of Committee members must be independent in accordance with the independence criteria set out in the Board Charter.

At least one member of the Committee will be a financial expert with a finance or accounting background.

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

The appointment and removal of Committee members shall be the responsibility of the Board.

Procedure

The Committee should meet the internal (if any) and external auditors without management present as a standing agenda item at each half yearly meeting, and at other meetings if requested by either party.

Attending each meeting by standing invitation are the Directors, Chief Executive Officer, Chief Financial Officer, and representatives from the external auditors. From time-to-time the Chairperson of the Committee shall be entitled to request that the Committee meet without any of those persons.

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.

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.

The Company Secretary will also act as Secretary to the Committee.

The Chairperson will report back to the Board the recommendations of the Committee at the Board meeting immediately following the Committee meeting.

Responsibilities

“External financial reporting” in this section means the half-yearly and annual financial statements, and the reports of the external auditor on the findings of their external audits/reviews. The Committee does not take action or make decisions on behalf of the Board unless specifically mandated. The Board has delegated certain of its functions to the Committee which is responsible for:

4.1 External Financial Reporting

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.

Considering, when conducting that review, the underlying quality, not just acceptability, of the external financial reporting, including:

- changes in accounting policy and practice;
- any significant accounting estimates and judgements;
- accounting implications of new and significant transactions;
- management practices and any significant disagreements between management and the external auditors;
- the frequency, significance and propriety of related party transactions; and
- compliance with applicable New Zealand accounting standards, New Zealand Stock Exchange requirements, and applicable legislative requirements.

Reviewing whether the financial reports represent a true and fair view in all material respects of the Company’s financial position.

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.

Discussing in a general manner the content of press releases and presentations given in respect of any financial reporting.

4.2 Internal Controls

Considering the adequacy of internal controls after consultation with the external auditors and management (who should report at least annually to the Committee) including the use or otherwise of internal auditors.

Reviewing accounting and financial management policies and recommend to the Board for approval, any changes to accounting and financial management policies.

Assessing whether there are adequate controls over special or complex transactions.

Overseeing compliance with statutory responsibilities relating to financial and other requirements.

Overseeing compliance with contractual obligations and covenants in relation to financing arrangements.

Overseeing tax management and compliance.

4.3 Risk Management

Reviewing the principal risks contained in the risk profile of the company on an annual basis.

Ensuring that management has established a risk management framework which includes policies and procedures to effectively identify, treat and monitor principal business risks, including consideration of internal audit.

At least annually assess the effectiveness of the implementation of the risk management system.

Monitoring compliance with the risk management framework.

4.4 External Audit Services

Approving the External Audit Independence Policy.

Recommending for shareholder approval candidates to act as external auditor only if they are appropriately qualified and meet the independence criteria set out in the External Audit Independence Policy.

Appointing the external auditor, subject to shareholder approval annually confirming the appointment of the external auditor (if required), and terminating the auditor's appointment as appropriate.

Pre-approving all audit and non-audit services provided by the external auditor in accordance with the External Audit Independence Policy.

Reviewing the external auditor's fees, terms of engagement, external audit work plan and annual independence statement.

Reviewing the external auditor's statement of non-audit fees and monitoring the ratio of non-audit fees to audit fees.

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.

Ensuring that the lead, engagement and concurring audit partners are rotated every five years.

Approving the hiring by the Company of any former partner or audit manager, of the external auditor, in accordance with the External Audit Independence Policy.

4.5 Related Party Transactions

Reviewing the status of related party transactions at each meeting, ensuring that:

- Related party transactions conform with the protocols established with the party;
- All material transactions are fairly and accurately disclosed; and

- Approvals of related party transactions are in accordance with the Related Parties Transaction Policy, the NZX Listing Rules and the Company's constitution and if required, the market is properly informed of the transactions.

4.6 Insurance

Review the companies insurance on to ensure that it is of an appropriate level and covers the companies risks.

4.7 Data Security

Review the companies data security policies to ensure that they are appropriate and that the security area is properly resourced.

4.8 Disclosure

Ensuring that the Committee Charter appears on Plexure's website.

4.9 Reporting

Regularly reporting to the Board on key matters considered by the Committee and their resolution.

Members' Powers and Authority

The Committee and each member of the Committee shall have the authority of the Board to:

- retain, terminate and consult with outside or other independent external advisers (including legal) at the Company's expense;
- secure the attendance at meetings of outsiders with relevant experience; and
- have unrestricted access to and direct communication with management, the internal and external auditors, where the Committee or a Committee member deems it necessary to carry out the functions of the Committee.

The Company will pay the ordinary administrative costs of the Committee. Committee members are not employees of Plexure.

Committee members do not represent themselves to be experts in the fields of accounting or auditing. As such, it is not the responsibility of the Committee personally to conduct accounting or auditing reviews or procedures.

Committee members are entitled to rely on Plexure executives, on matters within their responsibility and on external professionals on matters within their area of expertise and may assume the accuracy of information provided by such persons, so long as the Committee member is not aware of any reasonable grounds upon which such reliance or assumption may be inappropriate.

The Board may rely upon information provided by the Committee and its members in relation to matters within the Committee's responsibility under the terms of this Charter provided that it has evaluated the information and is not aware of any reasonable basis upon which to question its accuracy.

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 with accounting standards and applicable laws and regulations.

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.

Accountability to the Board

The Board reviews annually the Committee's performance against this Charter. The Board reviews this Committee Charter every two years, or earlier if review is requested by a Director or the Company Secretary.