

Fisher & Paykel Appliances Holdings Limited

Audit & Risk Management Committee Charter

Establishment of the Audit & Risk Management Committee

This Charter sets out the basis on which the Board has established an Audit & Risk Management Committee pursuant to the authority contained in, and subject to the provisions of, the Constitution.

Objectives

The Audit & Risk Management Committee is established to ensure oversight by the Board of all matters related to risk management and the financial accounting and reporting of the Company. The Audit & Risk Management Committee monitors the processes which are undertaken by management and both external and internal auditors. The Audit & Risk Management Committee shall ensure that the Board meet all financial corporate governance requirements.

Authority, Duties and Responsibilities

Specifically, the Audit & Risk Management Committee has the authority to fulfil the following duties and responsibilities:

External Audit

The Audit & Risk Management Committee shall:

1. establish guidelines for the selection and appointment of the external auditor if required, and the rotation of the principal external audit partner at least once every five years;
2. recommend to the Board the appointment and removal of the external auditors if required. This may include periodic reviews of the external auditor;
3. review, consider and advise the Board on:
 - a. the external auditor's annual plan;
 - b. all audit and non-audit fees proposed by the external auditor;
 - c. the qualification, expertise and resources of the external auditor annually; and
 - d. whether an effective, comprehensive and complete audit can be conducted for the fee;
4. monitor the effectiveness, objectivity, and independence of the external auditors; and
5. develop and recommend to the Board the Company's policy in relation to the provision of non-audit services by the auditor to ensure that the provision of such services does not impair the external auditor's independence or objectivity.

Financial Statements

The Audit & Risk Management Committee shall:

1. review with management and the external auditor at the completion of the half yearly audit review and the annual audit:
 - a. the Company's financial statements and related notes;
 - b. any contingent liabilities of the Company and/or claims against the Company;
 - c. the external auditor's audit of the financial statements;
 - d. any significant changes required in the external auditor's audit plan;
 - e. any serious difficulties and/or disputes that were encountered during the course of the audit; and
 - f. other matters related to the conduct of the audit that are communicated to the Committee;
2. review the significant financial reporting issues and judgements made in connection with the preparation of the Company's financial statements, interim reports, preliminary announcements and related formal statements;
3. review the clarity and completeness of disclosures in the financial statements and advise the Board whether they comply with the appropriate laws and regulations; and
4. require the Chief Executive Officer and Chief Financial Officer to state in writing to the Board that the Company's financial reports present a true and fair view, in all material respects, of the Company's financial condition and operational results and are in accordance with relevant accounting standards.

Internal Controls, Compliance and Risk Management

The Audit & Risk Management Committee shall:

1. Review and approve the annual Internal Audit Plan
2. Consider and review the adequacy of the Company's internal auditing practices
3. Review an executive summary of Internal Audit reports rated Good/Satisfactory Plus (otherwise review of the detailed report) and ensure management implement controls or agreed changes to existing controls
4. Consider and review any related significant findings and recommendations of the external auditor and management's responses thereto
5. Review the performance of the Risk & Compliance Manager and the Internal Audit function
6. Monitor and review the effectiveness of the Company's framework for monitoring operation risk (including insurance strategy) and compliance with applicable laws and regulations
7. Consider insurance renewals, review key policy terms and make recommendations to the Board

Audit & Risk Management Committee Composition

The Audit & Risk Management Committee shall consist of at least three members, each of whom will be appointed by the Board

All of the members of the Audit & Risk Management Committee shall be Directors who are not also members of the executive management. A majority of the members must be independent Directors.

At least one member of the Audit & Risk Management Committee must have an accounting or financial background¹.

The members of the Audit & Risk Management Committee shall elect one of their members who is an independent Director, but not the Board's chairperson, to be the chairperson of the Audit & Risk Management Committee. In that person's absence, any member may chair a meeting of the Audit & Risk Management Committee.

The Audit & Risk Management Committee may invite such other persons to attend their meetings, as they consider appropriate. Unless the Audit & Risk Management Committee determines otherwise, the Risk & Compliance Manager will act as Secretary to the Audit & Risk Management Committee.

Meetings and procedure

The Audit & Risk Management Committee should meet four times per year or more frequently if required but must meet at least twice each year.

A quorum for a meeting of the Audit & Risk Management Committee is two members.

The Audit & Risk Management Committee shall ensure that minutes of its meetings are kept and provide the minutes of each of its meetings to the Board in a timely manner.

The dates, times and venues of each meeting of the Audit & Risk Management Committee will be notified by the Secretary to all members as far in advance as possible. Supporting papers shall also be sent to members as far in advance as possible.

Proceedings of the Audit & Risk Management Committee will be governed by the provisions of the Constitution, in so far as they are applicable.

Consultation

The Audit & Risk Management Committee shall have unrestricted access to executive management, external and internal auditors, all employees, company records and to financial or legal advisers.

¹ A member of the Audit & Risk Management Committee will be deemed to have adequate accounting or financial background if such member:

- (a) is a member of the Institute of Chartered Accountants of New Zealand, or has held a Chief Financial Officer position at an "issuer" (as defined in the NZX Listing Rules) for a period greater than 24 months; or
- (b) has successfully completed a course approved by NZX for Audit Committee membership; or
- (c) has the experience and/or qualifications deemed satisfactory by the Board.

Reporting

The Audit & Risk Management Committee shall regularly report to the Board. The report should contain all matters, as they arise during the year, relevant to the Audit & Risk Management Committee's role and responsibilities including:

1. an assessment of whether external reporting is consistent with the Audit & Risk Management Committee members' information and knowledge and is adequate for shareholders' needs;
2. an assessment of the management processes supporting external auditing;
3. the procedures for the selection and appointment of the external auditor and for the rotation of external audit engagement partners;
4. an assessment of the performance and independence of the external auditors and whether the Audit & Risk Management Committee is satisfied that the independence of this function has been maintained having regard to the provision of non-audit services;
5. an assessment of the performance and objectivity of the Internal Audit function; and
6. the results of any review of risk management (including insurance strategy) and internal compliance and control systems.

The chair of the Audit & Risk Management Committee must be available at the Annual Shareholders' Meeting to respond to any shareholders questions on the Audit & Risk Management Committee's activities and areas of responsibility.

Review

The Audit & Risk Management Committee must conduct an annual review of its performance and effectiveness, inviting comments from all members of the Board. It must recommend to the Board any suggested changes in the duties and responsibilities of the Audit & Risk Management Committee and the terms of this Charter.