

## **Risk Management Policy – Summary**

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The Company has a number of risk management policies, as well as related internal compliance systems that are designed to:

1. optimise the return to, and protect the interests of, stakeholders;
2. safeguard the Company's assets and maintain its reputation;
3. improve the Company's operating performance; and
4. fulfil the Company's strategic objectives.

### **Board is Ultimately Responsible**

The Board, through management, ultimately has responsibility for internal compliance and control.

## External Auditors Policy – Summary

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The procedures for the selection and appointment of the Company's external auditor is based on the following framework:

1. the Company's external auditor is reappointed every year at the Annual Shareholders' Meeting unless:
  - a. the Company's external auditor ceases to be qualified for appointment; or
  - b. the Company passes a resolution at the meeting appointing another person to replace him or her as external auditor; or
  - c. the auditor has given notice to the Company that he or she does not wish to be reappointed.

In the case of a. and c., the Company will appoint a new external auditor at the relevant Annual Shareholders' Meeting in accordance with the Companies Act 1993.

2. the Company's Audit Committee is responsible for:
  - a. monitoring the performance, and independence, of the Company's external auditors; and
  - b. implementing a selection process and making a recommendation to the Board, if required.

The assessment of responses from potential external auditors takes into account a number of key criteria, including audit approach and methodology, internal governance processes, global resources, key personal and cost.

Once the review process has taken place the Audit Committee provides the Board with information concerning the process adopted in undertaking the review, the recommended external auditor and the reasons for the final recommendation.

### Rotation of External Audit Engagement Partners

In line with current professional standards, the Company requires the audit partners and review partners of its external auditor to change every five years.

### Policy to Ensure Auditor Independence

This policy is designed to ensure that the Company's external auditors remain independent.

1. The Company's external auditors will agree annually with the Audit Committee the scope of audit services and fees.
2. The Company's external auditors are required to abide by the independence regulations set out in the Code of Ethics on Independence issued by IFAC.
3. To ensure that the provision of non-audit services does not compromise the Company's external auditors independence, the Company's external auditors will:

- a. obtain prior approval from the Chief Financial Officer for any assignment, unless the threshold in b. is reached; or
  - b. obtain prior approval, in the form of a Major Expenditure Request, from the Chairperson of the Audit Committee for any assignment for which the fees are estimated to be greater than levels approved by the Audit Committee from time to time.
4. The Chief Financial Officer will report at each Audit Committee meeting the fees paid to the Company's external auditors for non-audit services.

## **Reporting**

The Company's external auditors are required to report in writing to the Committee on an annual basis:

1. All relationships that may bear on independence, including but not limited to:
  - The provision of non-audit service.
  - Financial relationships.
  - Employment relationships.
2. Any other matters that may reasonably be thought to have a bearing on the Company's external auditors' independence.
3. That the Company's external auditors are independent, having regard to their firm's policies, and the IFAC and New Zealand rules regarding auditor independence.