

HALLENSTEIN GLASSON HOLDINGS LIMITED

AUDIT COMMITTEE CHARTER

The HGHL audit committee (the *Committee*) is a committee of the board of HGHL (the *Board*). It is appointed by, and responsible to, the Board.

The Committee is established to assist the Board in discharging its responsibilities with respect to financial reporting and compliance and internal control practices of HGHL.

1 RESPONSIBILITIES

The main responsibilities of the Committee are as follows.

- 1.1 Ensuring the integrity of the company's internal and external financial reporting.
- 1.2 Ensuring the integrity of the company's financial management and internal control processes and systems, and working with management on identifying and implementing improvements to such processes and systems.
- 1.3 Subject to shareholder approval at the company's annual meeting, setting the fees for the external audit work.
- 1.4 Recommending the appointment (and removal) of the external auditor.
- 1.5 Ensuring the independence of the external auditor and that the lead audit partner is changed at least every 5 years.
- 1.6 Reviewing the financial information presented by HGHL to shareholders, regulators and the general public.
- 1.7 Consulting with the external auditor on any significant proposed regulatory, accounting or reporting issues and assessing the potential impact of such on the company's financial reporting processes.
- 1.8 Determining that no management restrictions are being placed upon the external auditor, and having direct communications with the external auditor.
- 1.9 Reviewing and approving all significant accounting policy changes.
- 1.10 Reviewing the company's annual financial statements and the form and content of stock exchange financial reporting with the Group COO and the external auditor and making recommendations to the board.
- 1.11 Ensuring the company is appropriately insured to cover losses which may occur as a result of adverse circumstances.

The Board has also adopted an audit independence policy, which provides further details and guidance on how HGHL intends to maintain external auditor independence.

2 **MEMBERSHIP**

- 2.1 The Committee will be appointed by the board and will comprise a minimum of three directors, all of whom will be non-executive and a majority of whom will be independent.
- 2.2 One of the members is appointed chairperson of the Committee by the board of directors. The chairperson shall be re-appointed annually by the board of directors. The chairperson of the board may not also be the chairperson of the Committee and must be an independent director.
- 2.3 At least one member of the Committee must have financial expertise, including a knowledge and understanding of accounting rules and standards.

3 **MEETINGS**

- 3.1 The Committee holds at least two scheduled meetings in a financial year plus such additional meetings as the Committee shall decide are required in order to carry out its responsibilities.
- 3.2 HGHL group employees will only attend Committee meetings at the invitation of the Committee. The Group CEO and the Group COO attend each meeting of the Committee in an ex officio capacity.
- 3.3 A quorum is a majority of members attending a meeting of the Committee.
- 3.4 All directors have a standing invitation to attend any meetings of the Committee.
- 3.5 The chairperson of each meeting of the Committee will report back to the Board on the key points of discussion, the decisions taken, and the recommendations of the Committee, to the next scheduled meeting of the Board.
- 3.6 Minutes of all meetings of the Committee are to be recorded and circulated to the Board on a timely basis.

4 **ACCESS**

The Committee shall have unlimited access to the company's external auditors and to senior management and other employees of the HGHL group, as well as to HGHL's financial and legal advisors. The Committee is authorised to consult independent experts where it considers it necessary or appropriate in order to carry out its duties.

5 **ACCOUNTABILITY TO THE BOARD**

The Board annually reviews this Charter and the Committee's performance in terms of its responsibilities as set out in this Charter.

6 **DISCLOSURE**

A copy of this Charter is maintained on the company's website at www.hallensteinglasson.co.nz