

# AUDIT COMMITTEE CHARTER

Owner: Vector's board of directors  
Approved: 26 August 2024  
Date of next review: June 2026

## 1 STATUS, PURPOSE AND OBJECTIVES

### 1.1 Status

The audit committee (**committee**) is a sub-committee of Vector's board.

The committee exercises the board's authority for those responsibilities delegated to it by the board and is accountable to the board for its performance.

### 1.2 Purpose

The purpose of the committee, in accordance with this charter, is to assist the board in fulfilling its responsibilities for the:

- (a) Quality and integrity of Vector's external financial and climate related reporting;
- (b) Independence and performance of external auditors; and
- (c) Effectiveness of the internal control system for financial and climate related reporting and accounting records.

### 1.3 Objectives

The objectives of the committee are to:

- (a) Assist the board with its oversight of:
  - (i) Vector's external financial and climate related external reporting;
  - (ii) Financial management;
  - (iii) Accounting policies and practices; and
  - (iv) Compliance with applicable laws, regulations and standards relating to financial and climate related information;
- (b) Ensure the quality, credibility and objectivity of Vector's accounting process, including financial reporting;
- (c) Maintain oversight of external auditors and the overall integrity of the audit process;
- (d) Ensure objectivity and fairness of Vector's financial reporting process, system of internal financial control and external audit process;
- (e) Review treasury risk management controls; and
- (f) Act as formal forum for free and open communication between the board, external auditors, internal auditors and management for matters relating to Vector's financial management and reporting and climate related external reporting.

## 2 RESPONSIBILITIES

### 2.1 Committee responsibilities

The committee is responsible for oversight and recommending to the board for approval of:

- (a) **Accounting policies and practices**
  - (i) Reviewing current accounting policies and practices to ensure compliance with generally accepted accounting practice and applicable financial reporting standards; and
  - (ii) Recommending changes to accounting policies and practices where appropriate.
- (b) **Financial reporting**
  - (i) Reviewing financial statements;
  - (ii) Reviewing external financial reporting<sup>1</sup>;
  - (iii) Recommending financial statements to the board and advising whether they comply with applicable laws and regulations;
  - (iv) Reviewing financial information provided to regulatory bodies; and
  - (v) Monitoring Vector's internal control environment with respect to controls over the quality and integrity of external financial reporting.
- (c) **Climate related reporting**
  - (i) Reviewing climate related disclosures and reporting including the calculation of greenhouse gas emissions and the financial quantification of climate related risks and opportunities;
  - (ii) Recommending climate related disclosures and reporting to the board and advising whether they comply with applicable laws and regulations;
  - (iii) Reviewing climate related information provided to regulatory bodies; and
  - (iv) Monitoring Vector's internal control environment with respect to controls over the quality and integrity of external climate related reporting.
- (d) **External audit relationship**
  - (i) Considering, reviewing performance of, and recommending appointment and removal of external auditor;
  - (ii) Ensuring independence of external auditors;
  - (iii) Oversight of audit planning;
  - (iv) Meeting with external auditors to facilitate open and frank engagement;
  - (v) Consulting with external auditors on any significant proposed regulatory, accounting or reporting issues and assessing the potential impact on the Vector's financial and/or climate related reporting processes;
  - (vi) Reviewing and recommending external audit fees;
  - (vii) Reviewing external reporting matters requiring significant judgements and estimates and recommending for approval;
  - (viii) Considering audit opinions;
  - (ix) Considering audit representation letters to external auditors;

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<sup>1</sup> External financial reporting encompasses the annual and interim financial statements and related profit announcement materials, regulatory filings which require external audit, and any other market publications and announcements that contain financial information.

- (x) Ensuring an external audit of the share register and bonds registers;
  - (xi) Ensuring the rotation of the Key Audit Partner (as that term is defined in the NZX Listing Rules) for the statutory audit after no more than five years;
  - (xii) Evaluating the performance of external auditors; and
  - (xiii) Pre-approving all non-audit services proposed to be undertaken by external auditors.
- (e) **Other**
- (i) In coordination with the board risk and assurance committee, reviewing the annual internal audit programme, the performance and objectivity of the internal audit function;
  - (ii) In coordination with the board risk and assurance committee, reviewing internal audits and reviews relating to financial controls and other finance functions and climate relating disclosures controls;
  - (iii) In coordination with the board risk and assurance committee, ensuring the direct reporting line between internal audit and the chairs of the committees and review of the performance and remuneration arrangements for key internal audit personnel;
  - (iv) Reviewing reports, financial statements and certificates including funding compliance certificates required to be furnished to lenders, trustees and credit wrappers under various lending documents;
  - (v) Delegating to the chair of the committee the approval of funding compliance certificates when needed and reporting these for ratification by the committee and then the board at their next meetings; and
  - (vi) Reviewing and recommending Vector's delegated authorities framework (including levels and limits), treasury policy, fraud control policy, tax governance policy, and external auditor independence policy;
  - (vii) Recommending to the board Vector's dividend policy and dividends to be paid to shareholders;
  - (viii) Monitoring Vector's capital management framework, including its debt and interest position and overall cash and treasury management;
  - (ix) Monitoring Vector's tax position in areas of potential tax risk;
  - (x) Setting principles and standards for reporting of related party transactions, and providing oversight of relevant external reporting;
  - (xi) Monitoring Vector's exposure to fraud related risks including oversight of appropriate investigation and management reporting of allegations of fraud and any other significant risk events and incidents; and
  - (xii) Meeting regularly to monitor and review external and internal auditing practices.

## 2.2 Delegations

The board has delegated the responsibilities outlined above to the committee.

### **2.3 Management responsibilities**

Management retains responsibility for:

- (a) Development, implementation and operation of effective financial reporting systems, internal controls, and accounting policies and practices within Vector;
- (b) Preparation and presentation of Vector's financial statements and external reporting; and
- (c) Preparation and presentation of Vector's climate related disclosures and external reporting.

Vector's external auditors are responsible for planning and carrying out each audit and review, in accordance with applicable auditing and review standards.

### **2.4 Advice from management and advisers**

Committee members are entitled to rely on information and advice from Vector employees on matters within their responsibility, and on professional advisers or experts on matters within their professional or expert competence, provided that committee members:

- (a) Do not know, or have reason to believe, that reliance is unwarranted;
- (b) Have reasonable grounds to believe that any person on whom the committee relies is reliable and competent in relation to the matter; and
- (c) Make proper inquiry where necessary in the circumstances (for example, requesting further information or clarification).

All committee members will apply an independent and enquiring mind, as well as their individual knowledge of Vector, to evaluate and form opinions on matters before the committee. Although committee members may rely on information from employees and advisers, they will not substitute such advice for their own diligent examination of important matters.

## **3 COMMITTEE ACCOUNTABLE TO BOARD**

The committee is accountable to the board, and will:

- (a) Report its decisions and recommendations to the board; such report to be made at the next scheduled meeting of the board;
- (b) Ensure the board is made aware of matters within the committee's scope which may significantly affect Vector; and
- (c) Ensure accurate minutes of all meetings are kept and provided to the board at the next scheduled board meeting.

The board may rely on information provided by the committee in relation to matters which the committee is responsible for, but subject to the same provisos set out in section 2.4 of this charter.

## **4 COMPOSITION**

### **4.1 Membership and qualifications**

The committee must comprise at least three members, all being non-executive directors of Vector. At least one member must have an adequate accounting or financial background and a majority must be independent as determined by the board.

A director shall be considered to have an adequate accounting or financial background if the director:

- (a) Is a member of Chartered Accountants Australia and New Zealand (CAANZ) or Certified Practising Accountants Australia (CPA Australia), or has held a chief financial officer position at a listed company for a period greater than 24 months; or
- (b) Has successfully completed a course approved by NZX for audit committee membership; or
- (c) Has experience and/or qualifications deemed satisfactory by the board.

### **4.2 Chair**

The chair of the committee must not be the chair of the board. The chair must also be independent and not otherwise have a long-standing association with Vectors' external auditors, as a current or retired audit partner or senior manager at the firm. The chair of the committee will generally be perceived to be independent if there has been a period of at least three years between previously being employed by the external audit firm and serving as chair of the committee.

### **4.3 Secretary**

The secretary of the committee is the company secretary.

### **4.4 Appointment and removal of members**

The nominations committee may recommend appointments to and removals from the committee. The board appoints the members and chair of the committee. Members may be removed by the board at any time during their tenure.

### **4.5 Coordination with board risk and assurance committee**

To facilitate communication and coordination between the committee and the board risk and assurance committee, there shall be at least one common member between the board risk and assurance committee and the committee.

## **5 MEETINGS AND PROCEDURE**

### **5.1 Meetings**

The committee shall meet formally at least four times per year and at such other times as the committee considers appropriate to fulfil its responsibilities, including any meetings requested by external auditors or internal auditors.

## 5.2 **Board procedure to apply**

The procedure of the board in relation to meetings shall apply to the committee with all necessary modifications.

## 5.3 **Quorum**

A quorum for a committee meeting shall be a majority of members.

## 5.4 **Attendance at meetings**

Directors have a standing invitation to attend meetings of the committee. An invitation may also be extended to the group chief executive and management. The committee chair has discretion over attendance at meetings of the committee. Employees can only attend committee meetings at the invitation of the committee.

The external auditors and internal auditors shall be invited to attend those parts of any meetings related to their responsibilities as required.

## 5.5 **Meeting with external and internal auditors**

The committee will meet with Vector's external auditors and internal auditors regularly, and for at least part of those meetings no executive director or other employee of Vector should be present.

# 6 **AUTHORITY**

6.1 The board authorises the committee, within the scope of its responsibilities to:

- (a) Seek any information it requires from any employee of Vector and external parties;
- (b) Liaise with and have access to the reports of the board risk and assurance committee in respect of internal audit practices in relation to matters included in this charter, and to have unrestricted access to the internal auditor, as the committee deems necessary;
- (c) Have unrestricted access to external auditors, as the committee deems necessary;
- (d) Obtain external legal or other professional advice;
- (e) Require the attendance of Vector officers at meetings as appropriate; and
- (f) Perform or undertake on behalf of the board any other such tasks, investigations, or actions it deems appropriate and consistent with its responsibilities and duties.

# 7 **REVIEW OF COMMITTEE**

The committee will review its performance as part of the external review conducted under the board charter, having regard to the committee's objectives and responsibilities contained in its charter.

## **8 REVIEW OF CHARTER**

This charter should be reviewed by the committee and updated at least every two years, having regard to the NZX Listing Rules and Corporate Governance Code. Any changes to the charter are to be recommended to the board for approval.

