

RISK & ASSURANCE COMMITTEE CHARTER

Owner: Vector's board of directors
Approved: 30 June 2020
Date of next Review: 30 June 2022

1 STATUS, PURPOSE AND OBJECTIVES

1.1 Status

The board risk and assurance committee (**Committee**) is a subcommittee of Vector's board.

The Committee exercises the board's authority in respect to 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 to ensure Vector manages its risks and compliance appropriately.

1.3 Objectives

The objectives of the Committee are to:

- (a) Provide strategic guidance and feedback to the board and to the Vector executive on the oversight and continuing maturity of Vector's enterprise risk management; and
- (b) Assist the board to discharge its responsibility to exercise due care, diligence and skill in relation to oversight of the effective management of the company's material business risks.

2 RESPONSIBILITIES

2.1 Committee responsibilities

The Committee is responsible for oversight and approval of:

- (a) Vector's enterprise risk management framework, its maturity, and the effectiveness of the management of the framework;
- (b) Vector's risk management policies;
- (c) Vector's risk capacity and exposure limits (risk tolerance and risk appetite) and the alignment of Vector's risk profile with the limits set by the board;
- (d) Vector's management of material business risks;
- (e) Matters relating to the security of electricity and gas supply;
- (f) Vector's internal audits including the annual internal audit programme and the performance and objectivity of the internal audit function;
- (g) The direct reporting line between audit and the chair of the committee and review of the performance and remuneration arrangements for key internal audit personnel;
- (h) Vector's legal compliance framework, its maturity, and the effectiveness of the management of the framework; and
- (i) Vector's whistleblowing policy and the treatment of any whistleblowers.

2.2 **Delegations**

The board has delegated the responsibilities outlined above to the Committee. The Committee may, at its discretion, allocate specific responsibilities to Vector management, but remains responsible for all matters delegated to it by the board.

2.3 **Management responsibilities**

Management retains responsibility for the development, implementation and effective operation of the enterprise risk management framework, internal controls, and compliance systems within Vector.

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 not less than three members, being directors of Vector, at least two of whom must be independent.

4.2 **Secretary**

The secretary of the committee is the Company Secretary.

4.3 Appointment and removal of members

The board appoints the members and chair of the Committee. Members may be removed by the board at any time during their tenure. The chair of the board audit committee shall be an appointed member of the Committee. The chair of the Committee shall be appointed as a member of the board audit committee.

5 MEETINGS AND PROCEDURE

5.1 Meetings

The Committee shall meet at least four times per year and at such other times as the Committee considers appropriate to fulfil its responsibilities.

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 two members.

5.4 Attendance at meetings

Only Committee members shall attend Committee meetings unless an invitation to attend is extended by or on behalf of the Committee chair to other directors, the group chief executive, management and/or other guests.

6 AUTHORITY

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) Have complete access to auditors, internal and external, without management present.
- (c) Obtain external legal or other professional advice;
- (d) Require the attendance of Vector officers at meetings as appropriate; and
- (e) Perform or undertake on behalf of the board any such other tasks, investigations or actions it deems appropriate and consistent with its responsibilities and duties.

7 REVIEW OF COMMITTEE

The Committee shall undertake an annual self-review of its performance having regard to:

- (a) The Committee's objectives and responsibilities contained in the Charter; and
- (b) The NZX Listing Rules and Corporate Governance Code.

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.