

Audit and Risk Management Committee Charter

Effective 1 July 2019

1. Constitution

The Audit and Risk Management Committee (“**Committee**”) is a Board committee of Good Spirits Hospitality Limited (“**GSH**” or the “**Company**”).

2. Purpose & Objectives of the Audit and Risk Management Committee

The objectives of the Committee are to assist the Board to fulfil its statutory and fiduciary responsibilities, by providing objective, non-executive review of the effectiveness of the external reporting of financial information, and the internal control environment of the Company, including obtaining an understanding of the tax and financial risks which face the Company. To do this, the Committee will provide oversight of:

- accounting policies and professional accounting requirements;
- external audit functions;
- all statutory regulatory requirements; and
- the internal control environment.

The existence of the Committee does not remove responsibility from the Board for duties which have been delegated to the Committee, or the need for the Board to monitor that delegation.

3. Membership

- Members of the Committee shall comprise non-executive Directors appointed by the Board.
- The number of members appointed to the Committee shall be no less than three.
- A majority of the members shall be Independent Directors, as defined by the NZX Listing Rules.
- All members of the Committee shall be financially literate and have a sufficient understanding of the industry in which the Company operates. At least one member of the Committee must be a chartered accountant or someone who has another recognised form of financial expertise (that is, they should be a member of Chartered Accountants Australia and New Zealand; have held a Chief Financial Officer position at a listed entity for a period greater than 24 months; have successfully completed a course approved by the NZX for Committee membership; or have the experience and/or qualifications deemed satisfactory by the Board). The chair of the Committee shall be appointed by the Board and shall not be the chair of the Board. He/she shall be an Independent Director. The Committee chair shall not have any long-standing association with the Company’s external audit firm as a current or retired audit partner or senior manager at the firm. In the case of retirees, the member will not be considered independent if there has not been at least three years since he/she was previously employed by the external audit firm.
- A member of the Board’s Investment Committee must sit on the Committee and vice-versa to ensure the flow of relevant information between the two committees.
- Other Directors who are not members of the Committee are entitled to attend Committee meetings and will receive appropriate copies of the papers.
- The Chairman shall appoint the Secretary who will normally be the Chief Financial Officer.

4. Meetings & Reporting

- The Committee may have in attendance such members of management (including the Chief Executive Officer and the Chief Financial Officer) and such other persons (including external auditors) as it considers necessary to provide appropriate information and explanations. Employees may only attend Committee meetings at the invitation of the Committee so as to protect the independence of the Committee from undue influence.
- All Directors who are non-members of the Committee shall be entitled, if invited by the Committee, to attend Committee meetings.
- If the Committee chair is absent from a meeting and no acting chair has been appointed, the Committee members present may choose one of them to act as chair for that meeting.
- Meetings shall be held half annually, and as required, having due regard to the Company's reporting and audit cycle. Any Committee member may request a meeting at any time if they consider it necessary.
- A notice and agenda shall be prepared and circulated to all members and attendees within a reasonable timeframe.
- Meetings of the Committee may be held or participated in by conference call or similar means, and decisions may be made by circular or written resolution.
- Minutes shall be kept of all meetings and circulated to all Committee members, Directors, and as appropriate, to attendees.
- A quorum for a meeting shall be two Independent Directors.
- Any senior manager in attendance may be excluded from the part of the meeting at which the Committee wishes to discuss any matter without the presence of senior management, particularly when the external auditor are present.
- Copies of all reports submitted to the Committee will be circulated to all Directors.
- After each Committee meeting the chair shall report the Committee's findings and recommendations to the Board. The Committee chair will provide the Board with sufficient information upon which make any required decision.
- Each member of the Committee will have one vote.
- The Committee chair will not have a casting vote. If there is a tied vote, the motion will lapse.
- The Committee must be provided with such internal resources as it considers necessary or desirable to fulfil its objectives.

5. Authority

- The Committee is authorised by the Board to investigate any activity within this Charter or as directed by the Board.
- The Committee is authorised to seek any information it requires from any employee who will be directed to co-operate with any request made by the Committee.
- The Committee will make recommendations to the Board on all matters requiring a decision from the Board. The Committee does not have the power or authority to make a decision in the Board's name or on its behalf.
- The Committee is authorised to obtain, at the expense of the Company, outside legal or other independent professional advice and to arrange for the attendance at meetings, at the expense of the company, of outside parties with relevant experience and expertise if it considers this necessary.
- The Committee shall have direct communication with, and unrestricted access to, the independent auditor or accountants and any internal auditors or accountants.

6. Responsibilities and Duties of the Committee

The duties and responsibilities of the Committee are as follows:

- Review the Company's periodic reports and consider whether they are complete, consistent with information known to the Committee, reflect appropriate accounting policies and principles, comply with appropriate laws and regulations, and otherwise provide a true and fair view of the financial position and performance of the Company.
- Advising Directors on corporate and financial matters including the compliance of

- periodic reports with all applicable laws, regulations and standards.
- Receive and consider in connection with the Company's periodic reports letters of representation to the Board in respect of financial reporting and the adequacy and effectiveness of the Company's risk management, internal compliance and control systems and the process and evidence adopted to satisfy those conclusions.
 - Review the financial sections of the Company's Annual Report and related regulatory filings before release and consider the accuracy and completeness of the information.
 - Review with management and the external auditors the results of any audit.
 - Before the Board approves the Company's periodic reports receive from the Chief Executive Officer and the Chief Financial Officer a declaration that, in their opinion, the financial records of the Company have been properly maintained and that the financial statements comply with accounting standards and give a true and fair view of the financial position and performance of the Company, and they have formed this opinion on the basis of a sound and effectively operating system of risk management and internal control.
 - Review the Company's accounting policies from time to time.

Internal Control

- Monitor corporate risk assessment and the internal controls instituted in accordance with the Company's *Risk Management Policy*.
- Review the effectiveness of the Company's internal controls regarding all matters affecting the Company's financial performance and financial reporting, including information, technology, security and control.
- Review the scope of any internal and external auditor's review of internal control, review any related reports setting out significant findings and/or recommendations, together with any responses from management with respect to such findings and/or recommendations.
- Provide assurance on the governance and control for the Company covering key business processes including risk frameworks.
- Review the processes that are used to reach the opinions provided in the regulatory certifications of the Chief Executive Officer and the Chief Financial Officer on internal control over financial reporting, and the disclosures made.

External Audit

- Comply with the Company's *External Financial Auditors' Independence Policy*.
- Oversee, where required, the nomination of the external auditor to the Board for approval of the appointment by the shareholders, and review and approve the external auditor's fee.
- Oversee and appraise at least annually the independence, adequacy and effectiveness of the external auditors (including the rotation of the external audit partner), and the scope and progress of their audit plans.
- Review and advise, for the purposes of the Directors' report to be included in the annual financial report, the provision of all non-audit services by or on behalf of the external auditor during the year to the Company, whether those services comply with the regulatory auditor independence requirements and the reasons why.
- Confirm the appointment or dismissal of the Company's external Auditor.
- Oversee and monitor the resolution of significant internal control deficiencies identified by the Company's external auditor.
- Ensure that the ability of the external auditors to carry out their statutory audit role is not impaired, or could reasonably be perceived to be impaired.
- Meet with the external auditor to review any reports, and meet separately, at least once a year, to discuss in that regard any matters that the Committee or auditors believe should be discussed privately.
- Meet regularly to monitor and review the independence, objectivity, performance and effectiveness of external auditing practices.

Compliance

- Oversee any statutory reporting requirements and provide independent review of the Company's reporting under these requirements.
- Obtain regular updates from management regarding compliance matters.
- Review the effectiveness of the Company's system for monitoring compliance with laws and regulations and the results of managements' investigations and follow-up (including disciplinary action) of any instances of non-compliance.
- Review and assess the management process supporting external reporting.
- Review the findings of any examinations by regulatory agencies and authorities.

Risk Management

- Consider and comply with the Company's *Risk Management Policy*.
- Annually consider the overall risk management framework (other than management of health and safety risks and compliance which are monitored by the Board) and review its effectiveness in meeting sound corporate governance principles.
- Keep the Board informed of all significant business risks.
- Review, with management, the adequacy of the Company's systems for identifying, managing, and monitoring the key risks to the Company.
- Obtain reports from management on the status of any key risk exposures or incidents.
- Review the adequacy of the Company's process for managing risk (other than management of health and safety risks and compliance which are monitored by the Board) and provide a recommendation to the Board regarding the same.
- Review any incident involving fraud or other break down of the Company's internal controls.
- Review any incident involving any break down of the Company's risk management framework.
- Review the Company's insurance program having regard to the Company's business and the insurable risks associated with its business and update the Board periodically on this matter (as appropriate).
- Review whether the Company has any material exposure to any economic, environmental and social sustainability risks and, if so, develop strategies to manage such risks to present to the Board.

Reporting Responsibilities

- Regularly report to the Board about Committee activities, issues, and related recommendations. Such report should include the results of the Committee's:
 - assessment of whether external reporting is adequate for the needs of the Company's shareholders based on information that has periodically been made available to the Committee and the collective knowledge of the Committee members;
 - assessment of the management processes which supports external reporting;
 - assessment of the Company's corporate reporting processes;
 - assessment of the appropriateness of the accounting choices made by management in preparing the Company's financial statements;
 - procedures for the selection and appointment of the Company's external auditor and for the rotation of external audit engagement partners;
 - recommendations for the appointment or, if necessary, the removal of the external auditor;
 - assessment of the performance and independence of the Company's external auditor. Where the external auditor provides non-audit services, the report should also state whether the Committee is satisfied that provision of those services has not compromised the auditor's independence;
 - assessment of the performance and objectivity of the Company's internal audit function (if one is appointed);
 - review of the Company's risk management and internal control systems; and
 - recommendations for the appointment, or if necessary, the dismissal of the

head of internal audit (if one is appointed).

- Provide an open avenue of communication between the internal auditor, the external auditors and the Board. For the purpose of supporting the independence of their function, the external auditor and the internal auditor will have a direct line of reporting access to the Committee.
- Review any other reports the Company issues that relate to Committee responsibilities.

Related Party Transactions

- Review and monitor related party transactions and investments involving the Company and its Directors (including any associated person) including maintaining a register of related party contracts which is reviewed at least annually.
- Review and approve all transactions in which the Company is a participant and in which any parties related to the Company (including its senior managers, Directors, holders of a relevant interest in 5% or more of the Company's shares, immediate family members of the foregoing persons and any other persons whom the Board determines may be considered a related party of the Company) has or will have a direct or indirect material interest. The Committee should only approve those related party transactions that are determined to be in, or are not inconsistent with, the best interests of the Company and its shareholders, after taking into account all available facts and circumstances as the Committee or the Chairperson of the Board determines in good faith to be necessary. Transactions with related parties may also be subject to shareholder approval under the NZX Listing Rules.

Other responsibilities

- Review the adequacy of external reporting by the Company to meet the needs of shareholders.
- Perform other activities related to this Charter as requested by the Board.
- Initiate and oversee special investigations as needed.
- Annually confirm that all responsibilities outlined in this Charter have been carried out.
- Evaluate the Committee's and individual members' performance on a regular basis.
- Review and provide prior clearance of public releases of financial information to the media.
- Supervise special investigations when requested by the Board.
- Ensure the external auditor and/or lead audit partner is replaced at least every five years.

7. Review of the Committee and this Charter

- The Board shall undertake a regular review, at least annually of the Committee's performance, objectives, responsibilities, and the Committee's processes and procedures, to ensure that they are not unduly complex, and are designed to assist the Board in effectively fulfilling its role and are delivering to a high standard. The Committee shall also assist and advise the Board with respect to the Board's own review of these matters.
- The Committee, in order to ensure that it is fulfilling its duties to the Company and its shareholders, will periodically:
 - obtain feedback from the Board on the Committee's performance and implement any agreed actions; and
 - provide any information the Board may request to facilitate its review of the Committee's performance.
- The Committee is responsible for reviewing the effectiveness of this Charter and the operations of the Committee. The Committee may recommend to the Board any amendments to this Charter. Any amendments to this Charter must be approved by the Board.
- This Charter has been approved shall be reviewed by the Board every three years, or earlier if requested by a Director.

8. General

A copy of this Charter shall be made available on the Company's website at all times.