

Safety and Enterprise Risk Committee Charter

1 Purpose

The purpose of the Safety and Enterprise Risk Committee is to assist the Board of Mercury NZ Limited (**Mercury**) to fulfil its corporate governance role and responsibilities relating to health and safety and enterprise risks, including overseeing and monitoring Mercury's Risk Management Framework and risk assurance and internal audit activity as it relates to non-financial risk.

This Charter sets out the composition, authority, roles and responsibilities and procedures of the Committee.

2 Composition

- > The Committee is a committee of the Board.
- > The Board will approve all appointments to the Committee.
- > The Committee comprises a minimum of three directors plus the Chair of the Board as an ex officio member.
- > All members will be non-executive, independent directors.
- > The Chair of the Committee will be appointed by the Board.
- > A quorum will be at least two Committee members.
- > The Committee will appoint a secretary who will be the Company Secretary or other Mercury employee as nominated by the Committee.
- > The Committee may invite members of management, any employee, internal or external auditors or any other person to attend meetings as required.

3 Management role

The Board delegates responsibility for managing risk to the Chief Executive. Management retains responsibility for the implementation and operation of adequate risk assurance, internal control, and audit systems within Mercury.

The Head of Risk Assurance has reporting lines to the Chief Financial Officer and each of the Safety and Enterprise Risk Committee and Audit and Financial Risk Committee (**AFRC**) Chairs. The Chief Executive has access to the Head of Risk Assurance as required to enable the Chief Executive to fulfil their risk management responsibility.

The Committee secretary, in conjunction with the Committee Chair and the Head of Risk Assurance, will be responsible for the co-ordination of all Committee business including meeting scheduling, agendas, scheduling policy reviews, distribution of papers, minutes and communication with the Board.

4 Authority

The Committee does not have the authority to make decisions for or on behalf of the Board unless specifically authorised to do so by this Charter or as directed by the Board. The Committee will make recommendations to the Board as set out in this Charter.

The Committee may delegate any of its responsibilities to the Committee Chair or a subset of Committee members from time to time and on such conditions as the Committee considers appropriate.

5 Roles and responsibilities

The Board has delegated authority to the Committee to oversee and monitor Mercury's Risk Management Framework and risk assurance and internal audit activity as it relates to non-financial risk.

The Committee has the following specific responsibilities:



5.1 Health and safety

- > Monitor compliance with health and safety legislation, regulation, and Mercury's health and safety policies.
- > Oversee Mercury's health and safety environment and consider management reports on health and safety performance, systems, initiatives, culture and outcomes.
- > Oversee the proper identification, management, communication, and reporting of health and safety risks.
- > Review, monitor, and verify the effectiveness of Mercury's health and safety risk controls and mitigations.
- > Review and monitor the effectiveness of reporting lines and information flow relating to health and safety risks within Mercury.
- > Review significant health and safety related incidents, subsequent investigations, and the remedial actions taken by management.
- > Identify and recommend health and safety related technical or professional development opportunities and appropriate Mercury site visits for directors.
- > Review and recommend to the Board the format of reporting to the Board on health and safety performance.
- > The People and Performance Committee will be responsible for matters relating to employee wellbeing.

5.2 Enterprise risk

- > Monitor compliance with Mercury's policies related to enterprise risks, including compliance (political, regulatory), reputational and operational (technological and environmental) risks.
- > Oversee the proper identification, management and reporting of enterprise risks, including emerging and strategic risks.
- > Review the adequacy and effectiveness of Mercury's internal controls, including information system, physical and cyber security, conflicts of interest, and fraud, bribery and corruption prevention and identification. The Committee undertakes this review in consultation with Mercury's internal auditor, external auditor and in coordination with the AFRC, where appropriate.
- > The AFRC will be responsible for matters relating to financial risk.

5.3 Risk management framework

- > Oversee the establishment of effective audit, risk management, and compliance systems and the monitoring of these systems to protect Mercury's assets and to minimise the possibility of Mercury operating beyond legal or regulatory requirements or acceptable risk parameters.
- > Review annually Mercury's Risk Management Framework (encompassing the Risk Management Policy, Safety and Enterprise Risk Committee Charter, Risk Appetite Statements and Risk Classification Matrix) and recommend proposed changes for Board approval.
- > Oversee and monitor the implementation and maintenance of the Risk Management Framework.
- > Enquire of management, the internal auditor and external auditor (in coordination with the AFRC) regarding significant risks or exposures and assessing Mercury's compliance with policies and procedures to effectively manage risk.
- > Evaluate the steps management has taken to identify and manage risks and exposures and review the extent to which management has instilled an effective risk management culture throughout Mercury.
- > Report to the Board on the state, nature and effectiveness of Mercury's risk assurance policies, practices and plan.
- > Consult with the AFRC to the extent any of the above matters relate to financial risks and controls.

5.4 Risk assurance and internal audit

- > In conjunction with the AFRC:
 - Approve the appointment, replacement, reassignment or dismissal of internal auditors and reviewers.
 - Review and agree the nature, scope, and objectives of Mercury's Risk Assurance Plan with management and internal auditors, and review and approve any planned changes during the year.
 - Review with management the internal audit budgets for the year ahead, including ensuring adequate resourcing.
 - Consider and review with internal auditors and the Head of Risk Assurance any significant findings of internal audits and risk assurance reviews, together with management's responses and recommend appropriate actions.
 - Oversee the process to review and record internal audit and risk assurance review recommendations.
 - Consider and review with management and internal auditors, any difficulties encountered in the course of internal audits and risk assurance reviews, including any restrictions on the scope of the work or access to required information.
 - Meet with internal auditors at least annually without management present.



> Review the following key policies as required and recommend any proposed changes for Board approval:

- Market Disclosure Policy
- Trading in Company Securities Policy
- Health, Safety and Wellbeing Policy

5.5 Other

- > Review disclosures for inclusion in Mercury's annual report in relation to risk identification and management and recommend for Board approval and release.
- > Review and report to the Board on the effectiveness of Mercury's insurance policies and approve insurance renewals.
- > Provide an open avenue for communication between the internal auditors and the Board.
- > Identify and direct any special projects or investigations it deems necessary to achieve the Committee's purpose.
- > Report actions to the Board with such recommendations as deemed appropriate.

6 Meetings

The Committee will meet as required, and at least three times per year.

The Committee secretary will produce minutes of each meeting. Following approval by the Committee, these will be signed by the Committee Chair as a correct record of the proceedings of the meeting. The Committee Chair will report the findings and recommendations of the Committee to the Board after each Committee meeting and will provide copies of the minutes to members of the Board.

7 Access and independent advice

The Committee and its individual members are entitled to:

- > have access to any officer, employee, consultant, or advisor of Mercury at any time to request additional information or explanations;
- > have access to internal and external auditors without management present, to request additional information or explanations. Despite the existence of the Committee, the external auditor and internal auditor have direct access to the full Board if required; and
- > with the Committee Chair's consent, seek independent professional advice at Mercury's expense.

8 Review and approval of Charter

This Charter has been approved by the Board. The Committee will review the Charter as required, and at least every two years, and recommend any proposed changes to the Board for approval.

