Audit & Risk Committee Charter

April 2026

UNION MEDICAL BENEFITS SOCIETY LIMITED

Contents

1. Purpose of the Charter 2
2. Purpose of the ARC 2
3. Responsibilities of the ARC 2
4. ARC Composition and Size 3
5. ARC Chair 4
6. ARC Procedures 4
7. Authority 4
8. ARC Conduct and Operation 5
9. ARC Evaluation 5
10. Review of the Charter 5
11. Associated Documents 5

Date of Issue	Review Cadence	Version No.	Responsible Executive	Operational Owner	Approver
April 2026	2 years	2	Chief Risk Officer	Governance Administrator	Board

1. Purpose of the Charter

This Audit and Risk Committee Charter sets out the purpose, responsibilities and procedures of the Audit and Risk Committee (ARC) of the Board of Union Medical Benefits Society Limited (UniMed).

The ARC is a committee of the Board established to assist the Board in fulfilling its independent oversight responsibilities relating to financial reporting, risk management, internal control systems, compliance, and audit functions.

2. Purpose of the ARC

The purpose of the ARC is to support the Board in ensuring that UniMed:

- Maintains robust financial reporting processes and internal control systems.
- Identifies, assesses, and manages risks appropriately in accordance with the Board's risk appetite.
- Complies with relevant laws, financial regulatory requirements, and internal policies.
- Maintains effective internal and external audit arrangements.
- Promotes a culture of accountability, transparency, and ethical conduct.

The ARC operates under authority delegated by the Board as defined in clause 7 of this Charter and reports regularly to the Board on its activities, findings and recommendations.

In performing its role, the ARC does not assume the responsibilities of management. Management remains responsible for the preparation of financial statements, the implementation of internal controls and risk management processes.

3. Responsibilities of the ARC

The ARC assists the Board by providing oversight and advice in relation to the following matters:

External Reporting

- Review and recommend to the Board for approval of half-year and full-year financial statements and associated regulatory declarations:
  - changes in accounting policy and practice.
  - Receive and review all significant accounting judgements
  - accounting implications of new and significant transactions.
  - tax and financial risks.
  - management practices and any significant disagreements between management and the external auditors.
  - compliance with applicable New Zealand standards, and legislative requirements
- Meeting with the external auditors to discuss the practices and issues surrounding external reporting.

External Audit

- Recommend to the Board approved candidates to act as external auditor.
- Recommend the appointment of the external auditor to the Board and annually review their independence and objectivity.
- Pre-approve all audit services provided by the external auditor.
- Review, at least yearly, all non-audit services provided by the external auditor.
- The ARC shall meet with the external auditor at least once a year, and for at least part of that meeting, management shall not be present.
- Establish the external auditor's fees, terms of engagement, and external audit work plan.
- Ensure that the audit partner is rotated every five years.

Internal Audit

- Assess the adequacy of and approve the internal assurance plan, monitor progress against the plan and review the timeliness of management's response to internal assurance recommendations.
- Regularly receive and consider internal assurance reports.

- Review and monitor the effectiveness of the internal assurance function.

Actuarial

- Assess the adequacy of and approve the internal assurance plan, monitor progress against the plan and review the timeliness of management's response to internal assurance recommendations.
- Regularly receive and consider internal assurance reports.
- Review and monitor the effectiveness of the internal assurance function.

Risk Appetite and Risk Management

- Review and recommend Risk Appetite Statements (RAS) to the Board for approval.
- Regularly review risk appetite tolerances that support the RAS.
- Review and recommend the Enterprise Risk Management Framework for approval by the Board.
- Monitor the effectiveness of the risk management framework which includes policies and procedures to identify, treat and monitor principal business risks.
- Review and recommend risk management policies for Board approval.
- Day-to-day engagement with external legal counsel is a management function; the ARC's role is oversight of legal risk and material legal matters (including significant legal opinions sought), and escalation to the Board where required.
- Receive and review regular reports on the key risks facing UniMed, including risk exposures, controls and management actions.

Capital Management

- Review and recommend Capital Management Plans (CMP) and related decisions to the Board for approval.
- Receive and review all RBNZ solvency returns and related decisions.
- Review and monitor capital levels to ensure alignment with RAS.

Fair Conduct Programme

- Review and monitor effectiveness of UniMed's Fair Conduct Programme and fair treatment of members, recommending any changes for Board approval.

Investment Committee

- The ARC oversees the Investment Committee (IC) as a sub-committee of the ARC, as set out in the IC Charter.

General / Other Responsibilities

- Consider the adequacy of internal controls after consultation with the external auditors, internal assurance and management.
- Review the findings of any examinations relating to financial matters by any regulatory or Government agency.
- Review compliance with standards, applicable laws, regulations, financial regulatory requirements and internal policies.
- Review the scope, cover and cost of insurance arrangements. Undertake periodic reviews of the ARC's own performance.
- ARC members will be available to meet with regulators as required.

4. ARC Composition and Size

The ARC will comprise no less than three members of the Board.

Members should collectively possess skills and experience relevant to the responsibilities of the ARC.

The ARC must have at least one member who is a financial expert. A financial expert is someone who has all the following attributes:

- an understanding of generally accepted accounting principles and financial statements.
- the ability to assess the general application of such principles in connection with the accounting for

estimates, accruals and reserves
- experience preparing, auditing, analysing or evaluating financial statements, or experience of actively supervising one or more people engaged in such activities**;** and
- an understanding of audit committee functions.

The Board has the power to appoint and remove ARC members and the Chair of the ARC.

The Chair of the Board will not chair the ARC. The Chair and Deputy Chair are ex-officio members of all Board Committees. As such should the Chair and Deputy attend Board Committee meetings, of which they are not already appointed, they will attend as a full participant with voting rights and be counted as part of the quorum. The attendance is to be recorded in the minutes and be noted in the Annual Report.

The Appointed Actuary will be a standing attendee at ARC meetings.

Generally, the Chief Executive Officer, Chief Corporate Services Officer and Chief Risk Officer will be invited to attend ARC meetings. Other UniMed staff can be invited to attend ARC meetings as appropriate.

5. ARC Chair

The Chair of the ARC is responsible for:
- Leading ARC Meetings.
- Ensuring the ARC operates effectively and fulfils its responsibilities.
- Facilitating open discussion and ensuring appropriate challenge and oversight.
- Ensuring matters requiring Board attention are reported to the Board promptly.
- Overseeing the annual workplan of the ARC.

6. ARC Procedures

Secretary

The Secretary appointed to support the Board will also provide administrative support to the ARC. The Secretary will ensure appropriate governance processes are followed and maintain accurate records of ARC meetings.

ARC Meetings

The ARC will normally meet **at least four times per year** and more frequently where required. A quorum will be a majority of ARC members who are not conflicted on the matter being considered. Meetings may be held in person or via audio/video conferencing or other virtual meeting technology. The ARC may invite members of management, external auditors or other advisors to attend meetings as required. The ARC has the mandate to hold meetings in private if deemed necessary.

Reporting to the Board

The Chair of the ARC will report to the Board following each committee meeting and provide recommendations on matters requiring Board approval. Minutes of ARC meetings will be provided to the Board in a timely manner following approval.

7. Authority

The ARC is authorised by the Board to:

- Execute its Responsibilities under clause 3 of this Charter.
- Access any information or documentation required to fulfil its responsibilities.
- Seek independent professional advice where appropriate.
- Request the attendance of management or external advisors at meetings.

The ARC acts collectively and has authority only when acting as a committee. No individual Director has authority to direct management, commit the organisation, or make decisions on behalf of the ARC unless specifically authorised by a Board resolution.

8. ARC Conduct and Operation

Members of the ARC will conduct themselves in accordance with the standards expected of Directors as outlined in the Board Charter and related governance policies.

The Chief Corporate Services Officer (CCSO) and Chief Risk Officer (CRO) are to have unfettered access to the ARC and wider Board. Any ARC member is also entitled to have access, at all reasonable times, to all relevant UniMed information and to management.

ARC members must disclose any conflicts of interest and manage them in accordance with UniMed's Conflicts of Interest Policy.

9. ARC Evaluation

The ARC will review its performance annually as part of the Board's overall governance evaluation process.

10. Review of the Charter

The Board will review this Charter every two years or more frequently where required.

11. Associated Documents

Other documents relevant to this Charter are listed below:

UniMed Documents	NZ Legislation
• Rules of UniMed • Governance Statement • Board Charter • Fit & Proper Policy • Conflicts of Interest Policy • Director Code of Conduct • Employee Code of Conduct • People and Culture Committee Charter • Investment Committee Charter • Protected Disclosures (Whistleblower) Policy • Director Appointment and Election Procedure • Board Skills Matrix • Director Remuneration and Expenses Policy • Delegated Authority Board to CEO • Remuneration Framework • Risk Management Framework • Risk Appetite Statement • Capital Management & Liquidity Policy	• Industrial and Provident Societies Act • Financial Markets Conduct Act 2013 • Insurance (Prudential Supervision) Act • Health and Safety at Work Act