



POLICY	
Title: Audit and Finance Committee Charter	Document ID: CP001

TABLE OF CONTENTS

1.0 Purpose	1
2.0 Roles and Responsibilities	2
3.0 Definitions and Abbreviations	2
4.0 Consitution.....	3
5.0 Membership	3
6.0 Meetings	3
7.0 Reporting	4
8.0 Responsibilities.....	4
9.0 Attendance at Meetings.....	7
10.0 Review of Charter.....	7
11.0 Authorisation	7
12.0 Review Details.....	7

1.0 PURPOSE

- 1.1** The Board of Directors ("the Board") of Cannasouth Limited ("Cannasouth" or "Company") has established a Committee known as the Audit and Finance Committee ("the Committee").
- 1.2** The primary purpose of the Committee is to assist the Board of Cannasouth in fulfilling its responsibilities relating to the company's management systems, accounting and reporting, and external and internal audit activities.
- 1.3** The principal objectives of the Committee are to:
- 1.3.1** Consider as and when in the opinion of the Board, trading and circumstances warrant, the appointment of an internal auditor
 - 1.3.2** Assist the Board in fulfilling its responsibilities relating to the accounting and reporting practices of Cannasouth;
 - 1.3.3** Review the financial statements of the Company and advising the Board as to their compliance with applicable law;
 - 1.3.4** Serve as an independent and objective party to review the financial information presented by Management for shareholders;

POLICY	
Title: Audit and Finance Committee Charter	Document ID: CP001


- 1.3.5** Oversee and appraise the audits conducted by Cannasouth's external and internal auditors;
 - 1.3.6** Recommend and implement a framework to ensure that the external auditors retain the appropriate level of independence from the Company and to ensure the ability of the auditors to undertake the audit;
 - 1.3.7** Give proper consideration to the scope of non-audit work undertaken by the external auditor;
 - 1.3.8** Maintain open lines of communication between the Board, external and internal auditors and Management to exchange views and information, as well as confirm their respective authorities and responsibilities.
- 1.4** The Committee in its relationship with the external and internal auditors will be upholding the interests of the Company's shareholders and stakeholders.

2.0 ROLES AND RESPONSIBILITIES

ROLES	RESPONSIBILITIES
Management	Is responsible for ensuring the Charter is accurate and fit for purpose, and preparing the first review of the policy for presentation to the AF Committee.
AF Committee	Is responsible for the final review of the Charter and recommendation to the board.
Board	Is responsible for approving the Charter on recommendation from the AF Committee.

3.0 DEFINITIONS AND ABBREVIATIONS

TERM/ABBREVIATION	DEFINITION
Act	Means the Financial Markets Conduct Act 2013
AF Committee	Audit and Finance Committee
Board	Means the Board of Directors of the company
CEO	Means the Chief Executive Officer of the company
Chairperson	Means the Chair of the Committee
Charter	Audit and Finance Committee Charter
Company	Means Cannasouth Limited and its subsidiaries
Director	Means a member of the Board

POLICY	
Title: Audit and Finance Committee Charter	Document ID: CP001

Secretary	Means the CFO, Company Secretary or the person normally exercising the functions of a Company Secretary
Shareholders	Means the shareholders of the Company, and Shareholder means any one of them

4.0 CONSTITUTION


- 4.1 The Audit and Finance Committee is a committee of the Board.
- 4.2 The Committee is authorised by the Board to investigate any activity within its terms of reference as set out in this Charter.
- 4.3 The Committee has the authority to seek any information it requires from any officer or employee of Cannasouth and from any adviser or consultant to Cannasouth.
- 4.4 The Committee is authorised by the Board to take such independent professional advice as it considers necessary.
- 4.5 Notwithstanding the existence of the Audit and Finance Committee, the external and internal auditors have direct access to the Committee Chairperson and Board if required.
- 4.6 Unless otherwise directed by the Board, or identified in this Charter, the Committee will have no executive powers in regard to its findings and recommendations.
- 4.7 The Committee will make recommendations to the Board for its approval.

5.0 MEMBERSHIP

- 5.1 The Audit and Finance Committee shall have at least 3 members, comprised solely of the Company's directors and have a majority of independent directors with at least one member having an accounting or financial background.
- 5.2 The Committee Chairperson ("the Chairperson") will be appointed by the Board.
- 5.3 The Chairperson of the Board shall not be Chairperson of the Audit and Finance Committee.
- 5.4 The composition and performance of the Committee will be reviewed annually.
- 5.5 Payment in addition to normal board fees may be made to Committee members within the overall total board fees as approved by the shareholders from time to time.

6.0 MEETINGS

- 6.1 A quorum of members of the Committee shall be two. If only two members are present, the Chairperson shall not have a casting vote.
- 6.2 The Committee will meet not less than two times a year. In addition, the Committee will hold such additional meetings as the Chairperson deems necessary in order to fulfil its duties.

POLICY	
Title: Audit and Finance Committee Charter	Document ID: CP001


- 6.3** The CFO for Cannasouth will act as Secretary for the Audit and Finance Committee and give reasonable notice of the meetings to all members of the Committee and other Directors of the Board.
- 6.4** The Secretary of the Committee will be responsible for drafting and circulating Committee agendas and explanatory papers based on advice provided by the Chairperson.
- 6.5** The Secretary will record minutes of the Committee and circulate the minutes to all Directors.
- 6.6** Directors who are not members of the Audit and Finance Committee and employees of the company may only attend meetings at the invitation of the Committee.
- 6.7** The external and internal auditors will attend meetings as requested by the Chairperson. A meeting will be held, at least annually, with the external and internal auditors.
- 6.8** An indicative annual work plan will be drafted by the Committee and updated annually.

7.0 REPORTING

- 7.1** The Secretary will ensure the Committee minutes are distributed with Board agenda papers for the next Board meeting following a meeting of the Audit and Finance Committee.
- 7.2** After each Committee meeting the Chairperson shall report the Audit and Finance Committee's findings and recommendations to the Board.
- 7.3** The CFO will be responsible for drawing to the Committee's immediate attention:
 - 7.3.1** any material matters which relate to the financial condition of Cannasouth;
 - 7.3.2** any material breakdowns in internal controls;
 - 7.3.3** any material events of fraud or malpractice;
 - 7.3.4** any significant legislative non-compliance.
- 7.4** Any reporting of a matter requiring the Committee's immediate attention as outlined in 7.3 above shall be accompanied with Management's proposed corrective actions.
- 7.5** The Chairperson of the Audit and Finance Committee is required to be present at the Annual General Meeting of shareholders.

8.0 RESPONSIBILITIES

- 8.1** The Audit and Finance Committee is responsible for:
 - 8.1.1** The Audit Functions;
 - 8.1.2** Auditor Independence;
 - 8.1.3** Accounting and Treasury Processes and Policy;
 - 8.1.4** General Compliance;
 - 8.1.5** Other General Responsibilities.
- 8.2** The Audit and Finance Committee Functions are:


POLICY	
Title: Audit and Finance Committee Charter	Document ID: CP001

- 8.2.1** Recommend the appointment and removal of the external and internal auditors, their fees and terms of engagement; ¹
- 8.2.2** Monitor and review the annual audit plans, practices, and policies of the external and internal auditors;
- 8.2.3** Evaluate the overall effectiveness of the external and internal auditors through regular meetings;
- 8.2.4** Determine that no restrictions are being placed upon the external and internal auditors by Management;
- 8.2.5** Review the external and internal auditors' comments, recommendations, and reports;
- 8.2.6** Discuss with Cannasouth's external auditors the auditor's judgements about the quality, not just the acceptability, of the Cannasouth accounting principles as applied in its financial reporting; and
- 8.2.7** Follow protocol to ensure the continued independence of the external audit function, which shall include:
 - 8.2.7.1** annual receipt from the external auditors, of a formal written statement which delineates all relationships between the external auditor and the Company, as well as confirms the external auditor's compliance with the professional standards and ethical guidelines of Chartered Accountants Australia and New Zealand;
 - 8.2.7.2** only recommending the appointment (or re-appointment) of an external auditor, where a reasonable investor, with full knowledge of all relevant facts and circumstances, would consider the external auditor to be capable of exercising objective and impartial judgement on all issues encompassed within the external auditor's engagement; and
 - 8.2.7.3** ensuring the external auditors rotate their audit partner at least every five years, with suitable succession planning to ensure continuity.

8.3 Process and Policy

- 8.3.1** Evaluate and report on the adequacy and effectiveness of Cannasouth's management systems, and accounting policies through active communication with Management and external and internal audit;
- 8.3.2** Develop and define clear lines of authorisation for spending and decision making between management and board and review this annually.

¹ Any reference in this Charter to an auditor is a reference to a qualified auditor as defined in section 35 of the Financial Reporting Act 2013.

POLICY	
Title: Audit and Finance Committee Charter	Document ID: CP001

8.3.3 Monitor management systems by reviewing written reports from the external and internal auditors, and monitoring Management's responses and actions to correct any noted deficiencies;

8.3.4 Review compliance with internal controls;

8.3.5 Review all significant accounting policy changes and recommend approval to the Board;

8.3.6 Review the financials including half yearly, annual financial statements, reforecasts and reports and recommend approval to the Board;

8.3.7 Review and approve compliance of the half yearly and annual reports with applicable law; and

8.3.8 Review financial information prior to its release to the public and media.

8.4 General Compliance

8.4.1 Monitor ethical considerations and standard of corporate conduct in areas such as arms-length dealings with likely conflicts of interest;

8.4.2 Check for statutory compliance, procedures, and controls;

8.4.3 Receive reports considering significant regulatory issues and recommend action to the Board;

8.4.4 Review the process of assessing the risk of fraudulent financial reporting.

8.5 Other General Responsibilities

8.5.1 Establish a clear line of communication between the Audit and Finance Committee and the CEO, the Manager responsible for Cannasouth's accounting and operational functions, and the external and internal auditors;

8.5.2 Review and update this Charter annually and submit to the Board for endorsement;


8.5.3 Report Committee actions to the Board with such recommendations as the Audit and Finance Committee may deem appropriate;

8.5.4 Prepare a statement for inclusion in the annual report that describes the Audit and Finance Committee's composition and responsibilities and how they were discharged;

8.5.5 The Committee has the authority to conduct or authorise investigations into any matters within the Committee's scope of responsibility;

8.5.6 The Committee has the ability to retain independent counsel, accountants, or others to assist it in the conduct of any investigation;

8.5.7 The Committee will perform such other functions as assigned by law, NZX Listing Rules or the Board of Directors.

POLICY	
Title: Audit and Finance Committee Charter	Document ID: CP001

9.0 ATTENDANCE AT MEETINGS

- 9.1** Except by agreement or as a result of sudden illness of a member or their immediate family, members are expected to attend all scheduled Audit and Finance Committee meetings (either in person or via teleconference) and other activities deemed by the Chairperson to be official business of the Committee. Requests for absence from meetings shall be approved by the Chairperson of the meeting and requests for extended leave of absence from meetings are to be in writing and approved by the Board.

10.0 REVIEW OF CHARTER

- 10.1** This Charter and the Committee's performance against the Charter, will be reviewed annually by the Board.

11.0 AUTHORISATION

- 11.1** This Cannasouth Limited Audit and Finance Charter was first authorised by the Board of Cannasouth on 24 April 2019.

12.0 REVIEW DETAILS

Adopted: April 2019

Last revised: October 2022

Next review due: October 2023