



Australian Agricultural Company Limited

ABN 15 010 892 270

Audit and Risk Management Committee Charter

1. Introduction

On 8 September 2014, the Board of Australian Agricultural Company Limited (“**AACo**”) resolved to establish an Audit and Risk Management Committee (“**ARMC**”), to delegate the responsibilities set out in this Charter.

The ARMC’s role is to review and make recommendations to the Board.

2. Primary objectives

The primary objective of the ARMC is to assist the Directors of AACo in fulfilling their obligations in regard to:

- integrity and quality of interim and annual financial reporting and disclosures;
- identification and management of key contemporary and emerging risks;
- compliance with relevant laws, regulations, standards, and codes;
- adequacy of the internal control framework, including reviewing and setting AACo’s Risk Appetite Statement; and
- monitoring management’s performance against AACo’s risk management framework, including whether it is operating within AACo’s Risk Appetite Statement.

This includes oversight by the ARMC of risk management and compliance processes, and the conduct and effectiveness of external and internal audits.

Any reference to risk in this Charter covers both financial and non-financial risks.

3. Membership

Members of the ARMC will be appointed by the Board from the non-executive Directors of AACo. The ARMC will consist of not fewer than three members:

- who will:
 - be independent of senior management and the executives of AACo;
 - be free from any relationship which might in the opinion of the Board be construed as a conflict of interest;
 - possess the necessary technical, accounting and financial expertise, as well as a sufficient understanding of the industries in which AACo operates; and
- a majority of whom will be otherwise independent as determined by the Board.

A quorum shall be two of those three or more members.

The Chair of the ARMC is appointed by the Board. The Chair must be an independent director who is not chair of the Board.

The duties and responsibilities of a member of the ARMC are in addition to those duties as a member of the Board.

4. Attendance at Meetings

The Managing Director/Chief Executive Officer (“**MD/CEO**”), Chief Financial Officer (“**CFO**”) and a representative of the external auditors shall attend the meetings in addition to ARMC members upon invitation. Other Board members shall also have the right to attend if they wish. The ARMC will regularly meet with the external auditors without executive management present.

The Chair for the People & Culture Committee may attend any meeting of the ARMC at their discretion.

The Company Secretary shall be the secretary of the ARMC and shall minute all relevant discussion and decisions of the ARMC.

The ARMC Chair will also regularly meet with the respective chairs of other committees of the Board (including the People & Culture Committee) to report on any material matters arising from the ARMC meeting.

5. Frequency of Meetings

Meetings of the ARMC must be held at least four times a year and such additional meetings as the Chair shall decide in order to fulfil its duties. In addition, the Chair shall be required to call a meeting of the ARMC if requested to do so by any ARMC member, the Chair of the Board, MD/CEO, the CFO or the external auditor.

The focus of two of the ARMC meetings each year will be Risk Management, Internal Audit and Governance (including ESG and Cyber security). The other two ARMC meetings each year will focus on interim and annual financial statutory reporting and results, with updates on Risk Management, Internal Audit and Governance (including ESG and Cyber security) as required.

6. Responsibilities

The ARMC will carry out the following responsibilities:

6.1. External Auditor

- 6.1.1. Consider the appointment of the external auditor, the audit fees and any matter relevant to the auditor's re-appointment, resignation or dismissal.
- 6.1.2. Discuss with the external auditor before the audit commences, the nature, scope and general extent of the audit examination, including the engagement letter and to approve the audit plan.
- 6.1.3. Review the performance and independence of the external auditor.
- 6.1.4. Review and assess any non-audit and assurance related services to be provided by external auditors, with particular consideration to the potential of those services to impair external auditors' judgement or independence.
- 6.1.5. Discuss, in the absence of management if necessary, any problems and reservations arising from the interim and year-end audits, and any other issues that the auditor may wish to discuss.
- 6.1.6. Review the external auditor's management letter and the management's responses thereto.
- 6.1.7. Review the external auditor's management representation letter.
- 6.1.8. Review the co-operation received by the external auditors during their audit examinations, including their access to all requested records, data and other information.

6.2. Internal Audit

- 6.2.1. Review and approve the audit plan of the internal auditor.
- 6.2.2. Review and approve the Internal Audit Charter.
- 6.2.3. Evaluate the overall effectiveness of the internal audit function, its budget and staffing, including internal audit controls and procedures.
- 6.2.4. Determine that no management restrictions are being placed upon the internal auditors.
- 6.2.5. Review the reports of the internal auditor and approve the closure of management actions arising from internal audit recommendations.

6.3. Compliance Management

- 6.3.1. Review and approve AACo's compliance framework annually.
- 6.3.2. Monitor the adequacy and effectiveness of AACo's compliance framework.
- 6.3.3. Oversee and independently review whether AACo management is operating with due regard to the Risk Appetite Statement set by the Board.
- 6.3.4. Review reports from management on new and modified compliance obligations which are applicable to AACo and assess the adequacy of management response to these obligations.
- 6.3.5. Drive the development of a strong compliance culture and ensure there is a continuous process of improvement.

6.4. Financial Controls and Financial Reporting

- 6.4.1. Review the half-year and annual financial statements before submission to the Board, focusing particularly on the following:
 - (a) any relevant changes in accounting policies and practices;
 - (b) important judgment questions;
 - (c) significant adjustments to management accounts resulting from the audit;
 - (d) the going concern assumption;
 - (e) compliance with accounting standards;
 - (f) compliance with ASX and legal requirements; and
 - (g) compliance with the published governance guidelines of AACo, and once satisfied with the statements, recommend acceptance to the Board.
- 6.4.2. Review the adequacy and effectiveness of AACo's internal controls including information technology systems controls through discussions with external and internal auditors and management.
- 6.4.3. Evaluate AACo's exposure to fraud.

6.5. Risk Management

- 6.5.1. Oversee and review at least annually AACo's financial and risk management framework including AACo's Risk Appetite Statement, including monitoring its effectiveness.
- 6.5.2. Review AACo's risk profile to ensure that material business risks (both contemporary and emerging) to AACo, including those that threaten AACo's business model, future performance, solvency or reputation, are dealt with appropriately and reported to the Board in a timely manner.
- 6.5.3. Review and assess the adequacy of AACo's insurances, including Directors and Officers Liability insurance at least annually.
- 6.5.4. Oversee and review whether AACo management is operating with due regard to the Risk Appetite Statement set by the Board.
- 6.5.5. Review reports from management on new and emerging sources of risk and the risk controls and mitigation measures that management has or plans to put in place to deal with those risks.
- 6.5.6. Drive the development of a strong risk management and compliance culture and ensure risk and compliance management is dynamic and a continuous process of improvement.

6.6. Sustainability/Environmental, Social and Governance ('ESG')

- 6.6.1. Identify and monitor the management of material sustainability/ESG risks (both contemporary and emerging) for AACo.
- 6.6.2. Monitor the adequacy and effectiveness of AACo's risk management frameworks in respect of the group's material sustainability/ESG risks.
- 6.6.3. Oversee and review, at least annually, AACo's compliance with legal and other assurance requirements for best practice sustainability/ESG disclosures and reporting.
- 6.6.4. Monitor developments in domestic and international laws, regulations, standards and codes and stakeholder activism relating to sustainability/ESG matters and their anticipated impact on the standard of conduct expected of AACo.

6.7. Cyber Security and Data Protection

- 6.7.1. Actively promoting ethical and responsible decision making with regards to compliance, technology, privacy and data.
- 6.7.2. Consideration of material cyber security risks and understanding of new and emerging cyber security threats and regulatory obligations.
- 6.7.3. Responsibility for ensuring the company has in place an appropriate cyber security framework to mitigate cyber security risk including reviewing the effectiveness of disaster recovery plans and disaster recovery testing and receiving and reviewing reports from management on cyber security risk and any technology and cyber security incidents, and ensuring that, where appropriate, the Board receives prompt notification.

6.8. Other

- 6.8.1. Consider any special projects or investigations delegated by the Board or deemed by the ARMC to be necessary.
- 6.8.2. Review and investigate any matter within the scope of its responsibility (for example, without limitation, an incident involving fraud or a break-down of AACo's risk controls) and report on the "lessons learned".
- 6.8.3. Review this Charter and recommend any changes to the Board for approval.
- 6.8.4. Review the annual Modern Slavery Statement and endorse the Modern Slavery Policy as required and at least every two years.
- 6.8.5. Monitor the standard of corporate conduct in areas such as ethics, arm's length dealing with related parties and likely conflicts of interest.
- 6.8.6. Oversee the process for receipt, retention and treatment of information received under AACo's whistleblower policy and procedures.
- 6.8.7. Review any reports provided on any unlawful or unethical practices, including any whistle-blower reports.
- 6.8.8. Oversee external sustainability reporting, including tracking and monitoring AACo's progress against its sustainability goals as identified in AACo's Sustainability Policy or by the Board from time to time.
- 6.8.9. Require reports from management and the external and internal auditors on any significant regulatory, accounting or reporting development to assess potential financial reporting issues.
- 6.8.10. Review and recommend to the Board any significant change in accounting policy.
- 6.8.11. Review the compliance framework with respect to AACo's tax obligations.
- 6.8.12. Review all instances of litigation during the period including managements' resolution thereof.
- 6.8.13. Review the annual Corporate Governance Statement and required disclosures.
- 6.8.14. Review any other non-audited information intended for public release.

7. Reporting to the Board

The ARMC Chair will provide a report on the actions of the ARMC to the Board at the first meeting of the Board directly following any meeting of the ARMC. The report shall include any material matters arising from the ARMC meeting and any recommendations requiring Board approval and/or action.

The ARMC Chair will formally advise the Chairman of the Board of any matters or recommendations requiring the attention of the Board, and will ensure that the Board is promptly made aware of any matters brought to the attention of the ARMC Chair that may significantly affect the financial condition or reputation of AACo. Copies of ARMC papers and reports, together with minutes of each ARMC meeting, will be circulated to all Board members.

8. Authority

The ARMC is authorised by the Board to:

- request any officer or employee of AACo, external legal counsel, the external auditor or any person or group with relevant experience or expertise to attend meetings of the ARMC or to meet with any members of, or consultants to, the ARMC;
- investigate any matter brought to its attention within its scope of responsibility and, for this purpose, will have unrestricted access to records, external and internal auditors (with or without management present), lawyers retained by AACo and company officers, senior management and other personnel;
- approve all auditing and non-audit services;
- obtain outside legal advice or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this to be necessary; and
- delegate authority to subcommittees.

9. Annual Review

The ARMC will conduct an annual review of its performance and effectiveness by reference to this Charter and current best practice. This review process will include a review of the appropriateness of the terms of this Charter for current circumstances.

Where necessary, the ARMC may recommend to the Board alterations to its responsibilities, functions or membership of the ARMC. Formal adoption of the revised Charter requires Board approval.