

# DAIRY AUSTRALIA

## AUDIT & RISK MANAGEMENT COMMITTEE CHARTER

### 1. Introduction, Purpose and Role

The purpose of this Charter is to set out the role, responsibilities, duties, composition and membership requirements of the Audit and Risk Management Committee (the Committee) of Dairy Australia Limited. The Committee is to assist the Board of Directors of Dairy Australia (the Board) in fulfilling its oversight responsibilities in relation to:

- a) Ensuring the integrity of statutory financial reports, the financial reporting process and internal control structure.
- b) The external audit and other assurance (internal audit) processes including the appointment of auditors and other advisers.
- c) Ensuring the effectiveness of risk management systems (financial and non-financial).
- d) Ensuring the effectiveness of compliance management systems including compliance with applicable legal, regulatory and other material obligations.
- e) Investment strategy, composition of the investment portfolio and the appointment and removal of investment advisers.

The existence of the Committee does not diminish the Board's legal or other regulatory obligations.

### 2. Authority

The Board authorises the Committee, within the scope of its responsibilities and duties to:

- a) investigate any matter brought to its attention with full access to all books, records and facilities;
- b) seek any information it considers relevant to its responsibilities from an employee or external parties;
- c) ensure the attendance of other persons at meetings as the Chair deems appropriate; and
- d) obtain external accounting, legal, insurance, compliance, risk management or other professional advice as it determines necessary to carry out its duties.

Requests for access to information and employees under a) and b) are to be co-ordinated with the General Manager BOP or the Managing Director, except in extenuating circumstances.

### 3. Membership of the Committee

Membership of the Committee is to be reviewed by the Board at least annually with the aim of maintaining some continuity. Committee membership must comprise:

- at least three non-executive directors of the Board.

- at least half of the members being independent non-executive directors (as per Dairy Australia's Independence of Directors Policy).
- at least one member has financial expertise i.e. is a qualified accountant or other financial professional with experience in financial and accounting matters.
- at least one member with a strong understanding of the dairy industry.

The Board Chair will be an ex officio member of the Committee.

The Company Secretary will be Secretary of the Committee unless otherwise determined by the Committee.

#### **4. Chair**

The Chair of the Committee must be an independent, non-executive director and not the Chair of the Board. Should the Committee Chair be absent from a meeting, the Committee members present must appoint a Chair for that particular meeting, who should not be the Chair of the Board.

#### **5. Responsibilities**

The Committee will:

##### ***5.1 External Financial reporting and accounting policies***

- a) Review and make recommendations to the Board in relation to whether the financial statements represent a true and fair view of the financial position and performance of the company and whether they should be signed by the Board. This should be based on the Committee's assessment with consideration to appropriate factors.
- b) In order to satisfy itself of the foregoing the Committee shall:
  - i) Meet with management and the external auditor to review financial statements, accounting policies and the results of the audit prior to approval by the Board.
  - ii) Discuss significant adjustments, unadjusted differences, disagreements with management and critical accounting policies with the external auditor.
  - iii) Review other sections of the annual report, as necessary, prior to its release.
  - iv) Review, at least annually, the written attestations provided by the Managing Director and GM BOP relating to the integrity of the financial statements and the risk management and internal compliance and control systems of the organisation.

##### ***5.2 Professional Advisers***

- a) Recommend to the Board the appointment or removal of the internal auditor, external auditor, investment advisers and other professional advisers that the Committee may require to carry out its duties.

- b) On an annual basis, review and agree the terms of engagement, fees, objectivity, independence and the performance of the internal auditor, external auditor and other approved advisers.

### **5.3 Internal and External Audit (Auditors)**

- a) Review and approve the proposed audit approach and plans from internal and external audit.
- b) Discuss with the auditors any problems encountered during the course of the audit including restrictions in scope, access to information, differing views on accounting treatment.
- c) Resolve any significant disagreements between Management and auditors and advise any significant issues to the Board.
- d) Review reports of the auditor and assess the findings and recommendations contained in those reports. Monitor progress of management's actions to address the findings and recommendations made by the auditors to ensure these are being appropriately addressed.

### **5.4 Risk management and compliance**

At least annually:

- a) Evaluate the overall effectiveness of the risk management framework and management's implementation of that framework in light of the risk appetite set by the Board.
- b) Review the overall adequacy and effectiveness of the methodology and processes for identifying, assessing, monitoring and managing financial and non-financial risks. This includes new and emerging risks.
- c) Review the effectiveness of the compliance system relating to compliance with laws, regulations, industry codes, company policies, key contractual conditions and the code of conduct. This includes oversight of processes to ensure compliance with the Statutory Funding Contract (SFC) and the Constitution.

### **5.5 Investments and Reserves**

- a) Review and recommend to the Board:
  - i) the investment policy and reserves policy
  - ii) the investment strategy, the composition of the investment portfolio and any changes to these.

## **6. Other Responsibilities**

- a) Ensure there is a process for the Board and Committee Chair to be notified of any material issues as soon as practicable.
- b) Ensure the SFC performance principle for governance arrangements and practices to fulfil legislative requirements and align with contemporary Australian best practice for open, transparent and proper use and management of funds is met. This includes the review of Dairy Australia's corporate governance

statement and any other disclosures made about corporate governance in Dairy Australia's annual report.

- c) Ensure the policies and procedures delegated to the Committee are effective and reviewed in accordance with the Policy Governance Procedure
- d) Review and monitor related party transactions.
- e) Review the insurance program to ensure that it is consistent with the risk profile approved by the Board.
- f) Assess the independence of Dairy Australia directors on an annual basis for approval by the Board.
- g) Address any other matters referred to the Committee by the Board.

## **7. Meetings**

- a) The Committee Chair, with the GM BOP or their designate, shall prepare a work program each year, to ensure the responsibilities laid out in this Charter are met. The work program will be approved at the first meeting of the year.
- b) The Committee shall meet at least four times a year.
- c) The agenda and papers for each meeting is to be forwarded to each Committee member at least five working days before each meeting.
- d) Meetings are called by the Secretary as directed by the Committee Chair, Board Chair, external auditor or any Committee member.
- e) A quorum shall comprise two of the Committee members present.
- f) The Committee Chair does not have a casting vote.
- g) Meetings can be held electronically (e.g. web or phone conference), in person or as otherwise agreed by the Committee.

## **8. Minutes and Reporting to the Board**

- a) The Company Secretary, or delegate, must prepare the minutes of the Committee meeting within a timely manner.
- b) The Chair of the Committee shall report to the Board following each meeting of the Committee and ensure that any recommendation requiring a formal resolution go to the Board with appropriate explanatory material for consideration. A copy of the minutes of each meeting of the Committee is to be provided to the Board.

## **9. Written Resolutions**

If all the Committee members sign a document containing a statement that they are in favour of a resolution set out in a document or otherwise indicate their approval by electronic means, a resolution is passed at the time when the last Committee member signs in accordance with Rule 20.2 of the Constitution.

## **10. Committee Performance Review**

- a) The Chair of the Committee, in consultation with the Board Chair, will conduct a review of the performance of the Committee annually. The evaluation will take account of its performance in relation to this Charter and serve to ensure that it is operating in line with accepted practice for Audit & Risk Management committees.
- b) The performance of the Committee will be externally evaluated as part of the Board performance review required to be carried out every three years.

## **11. Review of this Charter**

The Committee will review this Charter annually. Any material changes to the Charter will be recommended to the Board for formal approval.

## **12. Publication**

This Charter will be published on the website and any amendments will be updated. A copy will be made available to members if requested.