



# **Meat & Livestock Australia Limited**

## **Audit, Finance and Risk Committee Charter**

POLICY OWNER.....	<b>Chair – Audit, Finance and Risk Committee</b>
COMPLIANCE.....	<b>Mandatory</b>
APPROVED BY.....	<b>Board</b>
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## 1. Purpose

The Audit, Finance and Risk Committee (the Committee), appointed by the Board of Directors (the Board), assists the Board to fulfil its oversight responsibilities relating to:

- The preparation and integrity of the company's financial accounts and statements.
- Internal controls, policies and procedures that the company uses to identify and manage business risks, including fraud and corruption.
- The appointment of the external auditor and the assessment of their qualifications, independence, engagement, fees and performance.
- The external auditor's annual audit of the financial statements.
- The appointment of the internal auditor and the assessment of their qualifications, independence, engagement, fees and performance.
- The resources, performance and scope of work of the risk management function.
- Company compliance with legal, regulatory requirements and compliance policies.
- The oversight of MLA's Treasury function and compliance with the Treasury and Investment policies.
- The roles and responsibilities of the Investment Committee as set out in Investment Policy.

Effective corporate governance depends on the active collaborative participation of the Committee, Board of Directors, external auditors, internal auditors, other assurance providers and Management. Ensuring that this collaboration occurs effectively and efficiently is fundamental to the Committee's success.

The existence of the Committee does not diminish the Board's responsibility to ensure the integrity of the financial reporting and to manage risk.

## 2. Authority

The Board has authorised the Committee, within the scope of its duties and responsibilities set out in this Charter to:

- Perform the activities required to address its responsibilities and make recommendations to the Board.
- Resolve any disagreements between Management and the external auditor, with areas of significant disagreement being advised to the Board.
- Select, engage and approve the fees (within operational limits) for professional advisers that the Committee may require to carry out its duties.
- Subject to the agreed protocol:
  - Require the attendance of any company manager or staff member at meetings, as appropriate
  - Have unrestricted access to Management, employees and information it considers relevant to its responsibilities under this Charter.

## 3. Membership

The Board Chair is responsible for nominating Committee members for approval by the Board.

The Committee will comprise at least three members, all of whom should be independent (as defined in the Board Charter) non-executive directors.

The Committee members must be 'financially literate' (i.e. able to read and understand financial statements and challenge information presented in Committee meetings) and have a broad appreciation of broader corporate risks and mitigation frameworks. At least one Committee member must have 'accounting or related financial expertise' and at least one member must have relevant industry experience.

Committee member appointments are for an initial term of two years and the appointment is reviewed annually.

Committee member rotation is encouraged. Wherever possible, the Board also ensures that changes in Committee membership are staggered to maintain continuity.

The Company Secretary or their designate is the Committee Secretary.

#### **4. Chair**

The Board Chair is responsible for nominating the Committee Chair for approval by the Board.

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. Education**

The company will assist the Committee in maintaining skills commensurate to their role as a Committee member. This includes providing new members with an appropriate induction program and educational opportunities, and the full Committee with related educational resources such as accounting principles and procedures, current accounting, financial management, risk management and IT issues pertinent to the company, and other resources, as reasonable requested by the Committee.

#### **6. Remuneration of Committee Members**

Committee members may be reimbursed for travel and committee-related expenses as outlined in the *Director Travel and Expense Policy*. Payment rates and allowances for committee members' time and / or services are in line with the Independent Remuneration Tribunal with consideration of the director travel and expense framework published by the Institute of Chartered Accountants.

Directors and Officers insurance arrangements that are suitable to both Committee members and MLA must be established.

#### **7. Meetings**

The Committee must meet at least four times per year. If a member is unable to be physically present, they may participate by video or teleconference.

The Chair, in conjunction with the COO or their designate, shall prepare a work program each year designating the work to be completed at each meeting, to ensure the responsibilities laid out in this Charter are addressed. The Committee shall approve the work program at its first meeting of the year.

- A notice of each meeting, with relevant supporting agenda papers, confirming the date, time and venue is to be forwarded to each Committee member at least 5 working days before each meeting.
- The Committee Chair, the Board Chair, external auditor or any committee member may call a meeting of the Committee.
- The Committee Chair may invite any person or persons (other than duly appointed members) to attend meetings of the Committee, but not necessarily for the full duration of the meeting.
- The Chair may invite other members of the Board from time to time on a needs basis.
- Two members will constitute a quorum.
- The Committee Chair is not entitled to a second or casting vote.

## 8. Minutes

The Committee Secretary or delegate must prepare the minutes of the Committee meeting within 48 hours. After the Committee Chair has given preliminary approval, the draft minutes are circulated to all Committee members for feedback within seven working days.

Once an opportunity for feedback has been given to all members, the minutes of the meeting must be confirmed by the Committee Chair and filed in the minute book within one month of the meeting. A copy of the minutes will be included in the papers for the next Committee and Board meetings.

## 9. Communications

The Committee is expected to maintain free and open communication with the external auditor, any internal auditor(s) and management.

## 10. Conflict(s) of Interest

Committee members should adhere to MLA's code of values and ethics as outlined in MLA's *Code of Business Conduct and Ethics*. It is the responsibility of the Committee members to disclose any conflict of interest or appearance of a conflict of interest to the Committee. If there are any questions as to whether Committee member(s) should recuse themselves from a vote, the Committee should vote to determine whether the member should recuse himself or herself.

## 11. Duties and responsibilities

In assisting the Board to fulfil its responsibilities, the duties of the Committee are as follows:

### Assessment of financial information

- Review any significant accounting and reporting issues, including professional and regulatory announcements, and understand their effect on the company's financial statements.
- Review all published financial statements of the company, which require the approval of the Board, based on the recommendation of the Committee, and hold discussions regarding the financial statements with the external auditor and Management before submission to the Board.
- The Committee will pay specific attention to:
  - The consistency of accounting policies and appropriate adoption of any new accounting standards.
  - Considering the need for, appropriateness of and correct disclosure of, any changes made to the company's accounting policies.

- The treatment and disclosure of complex or unusual transactions, including off-balance sheet structures.
- Significant judgments made by management in preparing the financial statements, including any significant accounting estimates.
- The going-concern assumptions.
- Related party transactions disclosures, including, if relevant, disclosure of transactions with parties “related” by virtue of the SFA or MOU.
- Review, at least annually, the written attestations provided by the Managing Director and COO for Australian reporting purposes that:
  - The company’s financial records have been properly maintained.
  - The company’s financial statements and notes present a true and fair view, in all material respects, of the company’s financial condition, and are in accordance with relevant accounting standards.
  - The financial statements are founded on a sound system of risk management and internal compliance and control, and that the system is operating effectively in all material respects in relation to financial reporting risk.
  - The company’s risk management and internal control and compliance systems are designed and operating effectively in respect to its material business risks.

### External auditors

- Recommend to the Board the appointment, evaluation and removal of the external auditors.
- Review and approve the external auditors’ proposed audit plan and audit approach, including materiality levels.
- Review and agree on the terms of engagement and the audit fees for the external auditors prior to the commencement of each audit.
- Review the independence and objectivity of the external auditors and their compliance with all relevant independence requirements including:
  - Financial interests in clients and other business relationships
  - Employment and other personal relationships
  - The level of non-audit services provided
  - The rotation of audit partners
  - Limitations on external audit partner providing services other than audit, review or attestation.
- Understand any material alternative treatment of financial information that has been discussed with Management, including their ramification, together with the treatment preferred by the external auditor.
- Discuss the appropriateness of accounting policies, estimates and judgements. Review the external auditor’s summary management report, detailing the results and significant findings from the audit and management responses. Meet at least once per year with external auditor, without Management present.
- Resolve any disagreements between Management and external auditors in the financial reporting and advise any significant issue to the Board.
- Review and approve the external auditor’s process for the rotation and succession of audit and review partners, including their approach to managing the transition. Obtain from the external auditor, and review, the independence declaration required under the Corporations Act.

## Internal auditor

- Approve the appointment, remuneration and removal of the internal audit service provider.
- In conjunction with Management, set and review the internal audit program to ensure the appropriate organisational structures, authority, access and reporting arrangements are in place. Ensure appropriate resources are applied to the internal audit process.
- Approve and review progress against the internal audit work plan:
  - Review the internal audit coverage and annual work plan and monitor progress of the work plan.
  - Advise the Board on the adequacy of internal audit resources to carry out its responsibilities, including completion of the approved internal audit plan.
  - Oversee the co-ordination of audit programs conducted by internal and external audit respectively. Review significant internal audit reports and findings.
- Review progress on management actions on issues identified. Monitor progress against the annual work plan, including any significant changes to it, any difficulties or restrictions on the scope of activities and any significant disagreements with Management.
- Consider the major findings of the internal audit reports and review Management's response in terms of content and timeliness. Monitor Management's implementation of internal audit recommendations. Periodically review the performance of the internal audit process.

## Risk management and internal controls

- Approve the company's risk management policy and oversee the risk management system including the risk management function and its resourcing.
- Review the company's risk register at least once a year and / or on an exceptions basis at each other meeting of the Committee.
- Review the operational effectiveness of the policies and procedures relating to risk and the company's internal control environment.
- Review management evaluation of the effectiveness of internal controls. Review the effectiveness of the company's insurance activities.
- Review the effectiveness of the company's management of intellectual property.
- Review compliance and effectiveness of the company's treasury, investment and foreign exchange activities.
- Review the company's governance processes in relation to financial reporting, IT, IP and risk management.

## Compliance

- Review effectiveness of the company's approach to achieving compliance with laws, regulations, industry codes and company policies.
- Obtain reasonable assurance with respect to compliance with the company's values and ethics, as well as the code of conduct.
- Obtain regular updates from Management, matters that may have a material impact on the company's activities. Review any correspondence from regulatory bodies regarding significant issues.

## Investments

Execute the role and responsibilities of the 'Investment Committee' as set out in the Investment Policy. Responsibilities will include:

- Recommendation of the appointment or termination of the Investment Manager.
- Adoption and periodic review, and revision of the Investment Policy.

- Monitoring the performance of investment funds and Investment Managers in accordance with the Investment Policy.
- Retain or replace Investment Managers and / or investment funds for the Portfolio.
- Determine the amount of contributions necessary for the Portfolio.
- Review all fees incurred by or on behalf of the Portfolio for reasonableness.
- Prepare and file such forms as may be required by government entities.
- Review the audited and unaudited financial statements of the Portfolio.
- Approve or disapprove Investment Managers' portfolio recommendations.

### Other responsibilities

- Ensure that there is a process in place for the Board Chair and Committee Chair to be immediately informed of any issue of significant non-compliance or litigation. Oversee the process for the receipt, retention and treatment of information receiving from the internal whistleblower policy and procedures, and also from the external complainants regarding matters relating to audit, the financial statements, internal controls or possible fraud.
- Review any fraud reports. Review and discuss any reports concerning any breach of fiduciary duty. Hold regular executive sessions with the Managing Director, COO and other senior management to discuss relevant matters with the Committee.
- Act as a forum for the communication between the Board and senior management and internal and external audit. Review the effectiveness and level of cooperation between Management and the external auditors. Review reports to the stakeholders on the role and responsibilities of the Committee. Conduct special investigations (if required). Perform any other duty or undertaking that the Board may request from time to time.
- Review, for potential conflict of interest situations, and pre-approve related party transactions on an ongoing basis.
- Conduct the Committee in accordance with the code of values and ethics of MLA as outlined in MLA's *Code of Business Conduct and Ethics*.

## **12. Reporting**

In addition to providing the Board with a copy of the minutes of its meetings, the Committee will ensure that:

- The Committee Chair reports to the Board on Committee meetings, regarding all relevant matters and appropriate recommendations for noting or approval by the Board.
- The Committee addresses any other responsibilities.

## **13. Reviews**

To ensure that the Committee is fulfilling its stewardship duties to the Board, the Committee will:

- Review, at least annually, the Committee Charter and recommend to the Board any appropriate amendments for approval.
- Review the annual agenda incorporating any changes in the Charter.
- Conduct an annual assessment of its performance against its chartered duties and responsibilities and provide a report of the findings to the Board.
- Conduct an annual assessment of each committee member (the Committee Chair should provide a report of the findings to the Board Chair).