



Meat & Livestock Australia Limited

Audit, Finance and Risk Committee Charter

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COMPLIANCE.....	Mandatory
APPROVED BY.....	Board
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CONTACT.....	COO
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1. Purpose

The MLA Audit, Finance and Risk Committee (the Committee) has been established by the MLA Board of Directors (the Board) to assist the Board with the integrity of financial reporting, legal and regulatory compliance, risk management, ensuring the independence of external auditors and internal audit and approvals of the investment portfolio as set out in the investment policy.

The Committee, appointed by 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 effectiveness of the organisation's governance, risk management and internal control frameworks
- The resources, performance and scope of work of the risk management function.
- Company compliance with applicable laws, regulations, standards and internal policies
- 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 the Investment Policy.

Effective corporate governance depends on the active collaborative participation of the Committee, the Board, 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 financial reporting or to oversee the management of 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 matters of significant disagreement being advised to the Board.
- Select, engage and approve the fees (within approved 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; and
 - Have unrestricted access to Management, employees and information it considers relevant to the performance of 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 are reviewed annually.

Rotation of Committee members is encouraged. Wherever practicable, the Board will ensure that changes in Committee membership are staggered to maintain continuity and the retention of institutional knowledge.

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. The appointed Chair must 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 as outlined in the *Director Training Policy*.

6. Remuneration of Committee Members

Committee members may be reimbursed for travel and Committee-related expenses in accordance with the *Directors Travel and Expenses Policy*.

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 via video or teleconference.

The Chair, in conjunction with the Chief Operating Officer (COO) or their designate, shall prepare an annual work program outlining the work to be completed at each meeting, to ensure the responsibilities set out in this Charter are addressed. The Committee shall approve the work program prior to the first meeting of each calendar year.

- A notice of each meeting, with the agenda and relevant supporting papers, confirming the date, time and venue must be provided to each Committee member at least five working days prior to 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 Committee members) to attend meetings of the Committee, either for specific agenda items or for part of a meeting.
- The Committee Chair may invite other members of the Board to attend Committee meeting from time to time, as required.
- 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 must adhere to MLA's code of values and ethics as outlined in MLA's Code of Conduct. Committee members are responsible for disclosing to the Committee any actual, potential or perceived conflicts of interest. Where any question arises as to whether Committee member(s) should recuse themselves from a decision, discussion or vote, the Committee will determine, by resolution, whether the member should recuse himself or herself.

11. Duties and responsibilities

It is the responsibility of the Committee to provide the Board with independent and objective advice on the adequacy of Management's arrangements with respect to the following aspects:

Assessment of financial information

- Review any significant accounting and reporting issues, including relevant professional and regulatory announcements, and understand their impact on the company's financial statements.
- Review all published financial statements of the company, which require the Board's approval and based on the recommendation of the Committee's recommendation, discuss those financial statements with Management and the external auditor prior to 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 Statutory Funding Agreement (SFA) or Memorandum of Understanding (MOU).
- Review, at least annually, the written attestations provided by the Managing Director and COO for Australian reporting purposes confirming 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 position, performance 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 controls and compliance systems are designed and operating effectively with respect to the company's material business risks.

External auditor

- 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 the assessment of 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 the external audit partner providing services other than audit, review or attestation.
- Understand any material alternative accounting 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 audit results and significant findings from the audit and management responses.
- Meet at least once per year with the external auditor, without Management present.
- Resolve any disagreements between Management and the external auditors in relation to the financial reporting and escalate 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 should there be inadequate 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 framework and oversee the effectiveness of the risk management system, including the risk management function and its resourcing.
- Review the company's risk register at least annually and where appropriate, review material risk exceptions at other Committee meetings.
- Review the operational effectiveness of the policies and procedures relating to risk management and the company's internal control environment.
- Review management evaluation of the effectiveness of internal controls.
- Review the effectiveness of the company's insurance arrangements.
- 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 and cybersecurity, IP and risk management.

Compliance

- Review the effectiveness of the company's approach to achieving compliance with applicable laws, regulations, industry codes and company policies.
- Obtain reasonable assurance regarding compliance with the company's values and ethics, as well as the *Code of Conduct*.
- Obtain regular updates from Management on matters that may have a material impact on the company's activities and 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 the appointment or termination of the Investment Manager.
- Adoption, 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 processes are in place for the Board Chair and the Committee Chair to be immediately informed of any instances of significant non-compliance or litigation. Oversee the process for the receipt, retention and treatment of information received from the internal whistleblower policy and procedures, as well as from the external complainants regarding matters relating to audit, the financial statements, internal controls or possible fraud.
- Review any reports relating to fraud 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 communications between the Board and senior management and internal and external audit.
- Review the effectiveness of and the 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 duties or undertaking requested by the Board from time to time.
- Review 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 Conduct*.

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 matters discussed at Committee meetings, including any significant issues and relevant 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 responsibilities to the Board, the

Committee will:

- Review the Charter at least annually and recommend to the Board any amendments it considers appropriate for approval.
- Review the annual Committee agenda incorporating any changes in the Charter.
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