

# Allied Farmers Limited

## Audit and Risk Committee Charter

### 1. Purpose/Role

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The Audit and Risk Committee (the **Committee**) is a Committee of the Board whose principal functions are to:

- assist the Board in ensuring that appropriate accounting policies and internal controls are established and followed;
- assist the Board in producing accurate financial statements in compliance with all applicable legal requirements and accounting standards; and
- ensure the efficient and effective management of all business risks.

### 2. Committee Composition

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The Board will appoint the members of the Committee, which shall be comprised of a minimum of three Directors. One of the members shall be appointed by the Board as Chair of the Committee and may also be the Chair of the Board.

A majority of members shall be independent directors.

One of the independent Directors shall have an accounting or financial background.

### 3. Procedures

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The Committee will meet as it deems necessary to properly fulfil its obligations and discharge its duties.

Directors who are not members of the Committee have a standing invitation to attend any meeting of the Committee. Members of management and the external auditor may be invited to attend any meeting of the Committee as considered necessary.

The agenda and Committee papers will be prepared and circulated to all Directors prior to Committee meetings.

A quorum shall be two members one of whom shall be the Chair.

The Chair of the Committee will report back to the full Board the recommendations of the Committee at the Board meeting immediately following the Committee meeting.

### 4. Responsibilities and Duties

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The Committee does not take any action or make decisions on behalf of the Board unless specifically mandated. The Board has delegated certain of its functions to the Committee which it is responsible for:

- Reviewing the effectiveness of the Company's internal control framework with management and the external auditor;
- Reviewing with management and the external auditor significant business risks and mitigation strategies;
- Reviewing the Company's accounting policies and financial reporting practices to ensure appropriateness and compliance with generally accepted accounting practice and applicable financial reporting standards;
- Reviewing all external financial reporting by the Company and advising the Board whether the financial statements comply with the appropriate laws and regulations;
- Confirming the integrity of the Company's financial statements in terms of relevance, reliability, comparability and timeliness;
- Ensuring that the Board is properly and regularly informed and updated on corporate financial matters;
- Maintaining direct and unrestricted lines of communication with the external auditor and management;
- Confirming the respective authorities and responsibilities of the Board, external auditor and management;
- Overseeing the external audit process;
- Recommending the appointment and removal of the external auditor, including reviewing audit fees and ensuring that the external auditor or lead audit partner is changed at least every five years; and
- Reviewing and confirming the independence of the external auditor.

## 5. Powers and Authority

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The Committee and each member of the Committee shall have the authority of the Board to:

- retain, terminate and consult with outside or other independent external advisers (including legal) at the Company's expense;
- secure the attendance at meetings of outsiders with relevant experience; and
- have unrestricted access to and direct communication with management, the internal and external auditors,

where the Committee or a Committee member deems it necessary to carry out the functions of the Committee.

Committee members (other than the member with an accounting or financial background) do not represent themselves to be experts in the fields of accounting or auditing. As such, it is not the responsibility of the Committee personally to conduct accounting or auditing reviews or procedures.

Committee members are entitled to rely on Allied Farmers's executives, on matters within their responsibility and on external professionals on matters within their area of expertise and may assume the accuracy of information provided by such persons, so long as the

Committee member is not aware of any reasonable grounds upon which such reliance or assumption may be inappropriate.

The Board may rely upon information provided by the Committee and its members in relation to matters within the Committee's responsibility under the terms of this Charter provided that it has evaluated the information and is not aware of any reasonable basis upon which to question its accuracy.

Management is responsible for the preparation, presentation and integrity of the financial statements. Management is responsible for implementing and maintaining appropriate accounting and financial reporting principles and policies and internal controls and procedures designed to assure compliance with accounting standards and applicable laws and regulations. In particular, the Chief Financial Officer is responsible for drawing to the Committee's attention any material adverse matters which relate to the financial condition of the Company, any material breakdowns in internal controls and any material events of fraud or malpractice.

The external auditors are responsible for planning and carrying out each audit and review, in accordance with applicable auditing and review standards. The external auditors are accountable to shareholders through the Committee.

## **6. Accountability**

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The Board shall annually review the Committee's performance against this Charter and the Board shall review the Charter from time to time as it considers appropriate.