

TasFoods Limited

## Audit & Risk Committee Charter

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TasFoods Limited

ACN 084 800 902

## 1. Commitment

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The Audit & Risk Committee (the Committee) is appointed and authorised by the Board of TasFoods Limited to assist it –in fulfilling its statutory and fiduciary responsibilities. The authority of the Committee is sourced from:

- statute, regulation and/or regulatory authority obligations
- the Audit & Risk Committee charter
- separate Board resolutions/approvals granted to it from time to time

## 2. Role

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The role of the Committee is to:

- Monitor the integrity of the financial statements of the Company, reviewing significant financial reporting judgments to ensure they provide a true and fair view of the financial position and performance of TasFoods;
- Assess the adequacy of internal risk controls and reporting on the management of the Company's material business risks;
- Monitor and review compliance with the Company's Code of Conduct;
- Perform such other functions as assigned by law, the Company's constitution, or the Board;
- Monitor the effectiveness of the Company's internal financial control system and risk management system used by and its Subsidiaries; and
- Remuneration, independence and non-audit services and the integrity of the audit process as a whole.

The Committee may make recommendations to the Board as it sees fit.

## 3. Authority

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The Company is to provide the Committee with sufficient resources to undertake its duties, including provision of educational information on accounting policies and other financial topics relevant to the Company, and such other relevant materials requested by the Committee.

The Committee has the authority to conduct or direct any investigation required to fulfil its responsibilities and has the ability to retain at TasFoods' expense such legal, accounting or other advisers, consultants or experts as it considers necessary from time to time in the performance of its duties.

## 4. Membership

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The members of the Committee are all Board members of TasFoods. The Committee consists of not fewer than three members, who are non-executive directors, a majority of which are independent.

The Chairman of the Board may not be the Chairman of the Committee, and that the Committee Chair is appointed by the Board.

All members of the Committee are to be financially literate and have sufficient financial knowledge, understanding and experience to discharge their duties.

The Board recognises the importance of the Committee having at least one member with accounting or financial expertise, as required by applicable laws, corporate governance guidelines and listing standards.

## **5. Conduct of meetings**

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The Committee meets at least half yearly with further meetings on an as required basis. A quorum is two Committee members.

The Committee may conduct meetings without all Committee members physically present provided that all committee members are able to participate in discussion.

In addition, the Chairman will call a meeting of the Committee if so requested by any member of the Committee, by the external auditors or by the Chairman of the Board.

The Chief Financial Officer is expected to attend each meeting of the Committee. The Committee shall meet with the external auditor without management present, at least twice per year.

Other members of management and/or external parties may be invited to attend any meeting of the Committee or part thereof at the discretion of the Chairman.

The Company Secretary is the secretary of the Committee. Minutes are to be kept of all Committee meetings and circulated to the Board.

## **6. Reporting to the Shareholders**

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The Directors' Report is to contain a separate section that describes the role of the Committee and what action it has taken.

The Chairperson of the Committee is to be present at the Annual General Meeting to answer questions, through the Chairman of the Board.

## **7. Responsibilities**

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Annual responsibilities of the Committee are as set out in the Audit & Risk Committee Action Points (attached).

## **8. Action Points**

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### **8.1 Financial Reporting**

- Review and recommend to the Board for approval the draft half-year and annual financial statements;

- Consider management's selection of accounting policies and principles including;
  - o Major estimates or judgemental areas/unusual transactions;
  - o Significant accounting issues;
    - o Treatment and disclosure of any litigation;
    - and
    - o Interpretation of accounting standards.
- Review of the representations provided by the management in relation to the statutory financial reports;
- Consider the external audit of the financial statements and the external auditor's report thereon, including corrective actions taken/to be taken by management to address identified weaknesses in internal control; and
- The budgeting/forecasting systems, financial reporting systems and controls.

## **8.2 Internal Controls over Financial Reporting and Risk Management**

- Consider internal controls including the Company's policies and procedures to identify, assess, monitor and manage financial, business and strategic risks;
  - At regular intervals assess the Company's risk profile, help identify material changes to the Company's risk profile and make recommendations to the Board of any changes it considers necessary;
  - The evaluation of the effectiveness of the processes and reporting systems put in for the management of material business risks;
  - The design, maintenance and effectiveness of disclosure controls and procedures to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to the Chief Executive Officer and Chief Financial Officer by others within those entities;
  - The application of the principles of the Australian Securities Exchange's Corporate Governance Council Recommendations;
  - [Review compliance with the Company's banking covenants;]
  - Consider Management Representation letter for the reporting period to Auditors prior to issue, and to receive Representation letter to the Board;
  - Consider the Declaration of Chief Executive Officer and Chief Financial Officer -regarding the financial records and financial statements for the reporting period;
- and Evaluate the Audit Representation letter prior to its adoption by the Board.

## **8.3 Annual meeting with External Auditor**

- Discuss the Company's choice of accounting policies and methods, and any recommended changes;
- Discuss the adequacy and effectiveness of the Company's internal controls;
- Discuss any significant findings and recommendations of the external auditor and management's response thereto;
- Discuss any difficulties or disputes with management encountered during the course of the audit including any restrictions or access to required information and resolve

any disagreements between the external auditors and management regarding financial reporting; and

- Provide a forum (without the management team present) for discussing and resolving problems raised by the external auditor.

#### **8.4 External Auditor Engagement**

- Establish/review criteria for the selection, appointment and rotation of external auditor;
- Recommend to the Board to appoint and replace the external auditor and approve the terms on which the external auditor is engaged;
- Oversee the independence of external auditors, including
  - (a) Periodically assess the independence of the external auditors by considering the relationships and services provided by the external auditors that may lead to an actual or perceived lack of independence.
  - (b) Review and receive from the external auditors a formal written statement stating that they have complied with all professional and regulatory requirements relating to auditor independence prior to the completion of each year's financial report, and delineating all relationships between the auditors and the Company. Any disclosed relationships or services that may impact the objectivity and independence of the auditor must be assessed by the Committee, who will recommend the Board take appropriate action to oversee and ensure the independence of the external auditor.
  - (c) Oversee the following policies relating to external audit relationships and non-audit services;
    - The Board should not invite any past or present lead audit partner of the Company's current external audit provider to fill a vacancy on the Board.
    - Audit partners who have had significant roles in the statutory audit will be required to rotate off the audit after the involvement of 5 successive years (or involvement of 5 years within a 7 year period) and there will be a period of at least 2 successive years before that partner can be involved in the Company's audit again.
    - The Company should not employ a former audit partner who was directly involved in the external audit to a position involving responsibility for fundamental management decisions within a mandatory period of 2 years following resignation from the audit firm. In doing so no more than 1 former partner can be employed at any one time.
    - The external auditors shall not provide services which are considered to be in conflict with the role of statutory auditor. These include investigations and consulting advice, or sub-contracting of activities normally undertaken by management, where the auditor may ultimately be required to express an opinion on its own work. Examples of services that should not be provided by external auditors include: -
      - Preparation of accounting records and financial statements.
      - Design and implementation of new IT systems and financial controls.

- Valuation services in relation to amounts which are included in the Company's financial reports.
  - Actuarial reports.
  - Internal Audit services.
  - Management functions including senior management secondments.
  - Recruitment and Human Resource services.
  - Broker, Dealer or Investment Advisor services.
  - Legal services.
- The external auditors will be permitted to provide specified non-audit services that are not perceived to be in conflict with the role of auditor without pre-approval and with no financial limits. Examples of services that may be provided without Committee approval includes:-
    - Tax compliance services.
    - Advice on application of appropriate accounting standards.
    - Audits or verification of regulatory returns.
    - Other services of an assurance nature.
  - The external auditors may be permitted to provide other non-audit services where their detailed knowledge of the Company's activities could permit cost and output efficiencies, providing stringent independence requirements are satisfied. These services, based on recommendations from management, must be approved by the Chairman of the Committee, who will consult with the other members of the Committee, the external auditors and management as appropriate. The pre-approval of non-audit services, under this paragraph, is not required if the aggregate amount of such services do not exceed 5% of total audit fees paid by the Company to the external auditor during the preceding year. Examples of services that may be provided without Committee approval includes:-
    - Strategic tax advice.
    - Due diligence on potential acquisitions/investments.
    - Investigating accounting assignments.
    - Corporate finance advice (deal structuring and execution) including Independent Accountant's Statements.
- (d) Require management to report to each Committee meeting, details of non-audit services provided by the external audit firm, including fees paid.
- (e) Recommend to the Board, on a transparent basis, the appropriate disclosure in the Annual Financial Report and Directors' Report of the full details of fees paid to the external auditors, including each category of non-audit services performed.
- Ensure that the external auditor is requested to attend the AGM of the Company and is available to answer questions from shareholders; and
  - The external auditor may request a member to call a meeting of the Committee.

## **8.5 Internal Communications and Reporting**

- Regularly update the Board about Committee activities and make appropriate recommendations; and
- Ensure the Board is fully aware of matters which may significantly impact the financial conditions or affairs of the business.

## **8.6 Other**

- Review and update the summary of the Company's policies on risk oversight and management of material business risks on a regular basis and recommend changes to the Board;
- Review the independence of each Committee member based on ASX Corporate Governance Guidelines;
- Review and update the Committee Charter and Action Points on a regular basis and recommend changes to the Board;
- Develop and oversee procedures for treating complaints or employee concerns received by the Company regarding accounting, fraud, internal accounting controls, auditing matters and breaches of the Company's Code of Conduct;
- Review the Committee's performance at least annually and report findings and recommendations to the; and

Consider the adequacy of financial resources at least annually.