



ELDERS LIMITED

**AUDIT, RISK AND COMPLIANCE
COMMITTEE CHARTER**



DOCUMENT CONTROLS

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1. Introduction

- 1.1. The Board of Elders Limited (the **Company**) has established an Audit, Risk and Compliance Committee (the **Committee**) to assist the Board to meet its oversight responsibilities in relation to:
- (a) the Company's financial statements and financial reporting;
 - (b) the Company's financial risk management processes, accounting and control systems;
 - (c) the Company's internal and external audit arrangements;
 - (d) the Company's compliance with legal, regulatory and internal policy requirements; and
 - (e) the Company's risk management programs, in particular how they aid risk identification, assessment, monitoring and management.
- 1.2. This Charter sets out the role and responsibilities delegated by the Board to the Committee and records how the Committee will operate.
- 1.3 In this Charter:
- (a) **CEO** means the Managing Director and Chief Executive Officer of the Company;
 - (b) **CFO** means the Chief Financial Officer of the Company;
 - (c) Company Secretary means a company secretary of the Company; and
 - (c) **Independent Director** has the meaning given to it in the Corporate Governance Principles and Recommendations of the ASX Corporate Governance Council.

2. Authority of the Committee

- 2.1 The Committee is to operate within the framework set out in this Charter, but Committee members may raise any other matters considered by them to be relevant to the Committee's responsibilities.
- 2.2 The Committee is a committee of the Board and has no authority independent of the functions delegated to it and is to report its findings and recommendations directly to the Board. The functions of the Committee do not relieve the Board from any of its responsibilities.
- 2.3 In performing its role the Committee may seek information from any employee or external party and may obtain external independent legal or professional advice at the expense of the Company.
- 2.4 The Committee's oversight authority covers the Company and its subsidiaries.

3. Composition

- 3.1 The Board will appoint all members of the Committee (on such conditions as it sees fit) and set the remuneration of each Committee member.
- 3.2 The Committee is to comprise at least three non-executive Directors of the Company, the majority being Independent Directors, all of whom must be financially literate.
- 3.3 The Committee Chair will be appointed by the Board and must be an Independent Director, but may not be the Chair of the Board.
- 3.4 At least one Committee member must possess accounting or related financial expertise and qualifications.
- 3.5 The secretary of the Committee is a Company Secretary.
- 3.5 The duties and responsibilities of a member of the Committee are in addition to that Director's duties as a member of the Board.

4. Responsibilities

4.1 Internal Control

The Committee will:

- (a) review the effectiveness of the Company's financial reporting and internal control policies and its procedures for the identification, assessment, reporting and management of financial risks.
- (b) review any material incident involving fraud or significant breakdown of internal controls.

4.2 Internal audit

The Committee will:

- (a) approve the appointment, replacement or termination of the head of internal audit and any internal audit outsource provider. Any proposed change of the holder of that post should be considered and approved first by the Committee;
- (b) approve the internal audit charter and annual internal audit plan, including reviewing the scope and adequacy of the internal audit work plan and level of co-ordination with the external auditors;
- (c) meet with the head of internal audit without the other members of management being present on a periodic basis and whenever deemed appropriate by the Chair of the Committee;
- (d) review the management of financial matters and the freedom allowed to the internal auditors;

- (e) review reports on the Company from the internal auditors; and
- (f) review and assess the performance and objectivity of the internal audit function.

4.3 External audit

The Committee will:

- (a) consider and make recommendations to the Board about the appointment and retirement of the Company's external auditors, and will ensure that the audit partner from the firm providing audit services is rotated from time to time in accordance with all applicable regulation and Company policy;
- (b) meet with the external auditors as frequently as considered necessary by the Committee Chair, but at least once at the audit planning stage and once after the audit but before reporting to the ASX, and, if the Committee Chair considers appropriate without management personnel being present;
- (c) review:
 - (i) any auditor's letters addressed to the Company; or
 - (ii) a register of such letters addressed to subsidiaries of the Company, and
 - (iii) management's responses to any such letters
- (d) approve the scope of the audit, the terms of the annual audit engagement letter and audit fees;
- (e) review both the independence and objectivity of the external auditors, and the policies for the provision of non-audit services by the external auditor and, where applicable, the framework for pre-approval of non-audit services;
- (f) review the performance of the external auditors and effectiveness of the annual audit;
- (g) review the nature and quantum of non-audit services provided by the external auditor, including the amount of fees paid for such services; and
- (h) review reports from the external auditor, including any recommendations as to compliance with accounting standards and any proposals in respect of the Company's internal auditing standards.

4.4 Other Audit Matters

The Committee will be responsible for co-ordination of the internal and external auditors and for reviewing and approving any integrated audit plans.

4.5 Financial statements

The Committee will:

- (a) review the consistency of the Company's accounting policies and the application of those policies both on a year to year basis and across the Company and the Group; and
- (b) review the Company's statutory half and full year financial statements having particular regard to:
 - (i) critical accounting policies and practices and any changes in them;
 - (ii) decisions requiring a significant exercise of judgement;
 - (iii) the extent to which the financial statements are affected by any unusual transactions;
 - (iv) the clarity of disclosures;
 - (v) significant adjustments resulting from the audit;
 - (vi) going concern and solvency;
 - (vii) compliance with accounting standards;
 - (viii) compliance with the *Corporations Act*, the rules of the ASX and other legal requirements (including any relevant foreign jurisdiction laws); and
 - (ix) the CEO and CFO statements to the Board made pursuant to the requirements of the *Corporations Act*.
- (c) review and make recommendations to the Board in relation to whether the financial statements reflect the understanding of the Committee members of, and otherwise provide a true and fair view of, the financial position of the Company and performance of Elders.

4.6 Dividends

The Committee will review and make a recommendation to the Board regarding any proposed payment of dividends to shareholders.

4.7 Compliance

The Committee will:

- (a) review the effectiveness of the Company's compliance programme including the design, implementation and management of the Company's compliance framework;
- (b) review specific policies, systems and processes for addressing compliance with applicable laws and Company policy;

- (c) review the Company's material governance policies, and compliance with those policies, including (but not limited to) the Delegations of Authority, the credit policy, and the financial risk management policy;
- (d) review the Company's tax management policies and processes, and compliance with those policies, including the tax risk management policy;
- (e) receive reports from management regarding compliance with laws, including material notices to or inquiries received from regulators or government agencies;
- (f) receive recommendations from management on compliance policies, systems and processes relating to significant legal, compliance or regulatory matters that may have a material effect on the Company's legal liabilities or financial statements;
- (g) review the policies, processes and framework for identifying, analysing and addressing complaints (including whistleblowing) and review material complaints and their resolution; and
- (h) oversee the Company's process for dealing with the reporting of unacceptable conduct.

4.8 Resilience and Risk Management

The Committee will:

- (a) review the Company's resilience framework, at least annually, to satisfy itself that the framework is operating effectively, including identifying and monitoring significant areas of risk;
- (b) oversee management's implementation of and performance against the Company's resilience framework, including whether it is operating within any risk appetite set by the Board;
- (c) review and assess management information systems and ensure there is a mechanism for assessing the efficiency and effectiveness of those systems;
- (d) approve and recommend to the Board adoption of policies and procedures on risk oversight and management to establish an effective and efficient system for:
 - (i) identifying, assessing, monitoring and managing risk; and
 - (ii) disclosing any material change in the risk profile.
- (e) regularly review the risk profile;
- (f) review the insurance programme for the Company, its subsidiaries, including Directors and Officers Liability insurance at least annually; and
- (g) in principle, approve the Directors and Officers Liability insurance following its review.

4.9 Other

The Committee will:

- (a) review and make recommendations to the Board in relation to disclosures on matters referred to in this Charter.
- (b) be responsible for such other matters as the Board may refer to it from time to time.

5. Meetings

- 5.1 The Committee is to meet at least four times each year and more frequently as circumstances dictate. Meetings may be convened at the request of the Committee Chair or the Board.
- 5.2 A quorum consists of 2 Directors.
- 5.3 The Committee Chair is responsible for overseeing the agenda and presiding over the meetings.
- 5.4 Directors of the Company who are not Committee Members may attend meetings and receive copies of the Committee papers but are not entitled to vote.
- 5.5 The CEO, the CFO, the senior executive responsible for risk and compliance, the head of internal audit and the audit engagement partner from the Company's external auditors each has a standing invitation to attend all meetings and should attend unless prevented by extenuating circumstances.
- 5.6 The Committee may extend invitations (as it considers appropriate) to any person to attend all or part of any meeting. In particular the Committee may meet with external advisers, any executive or other employee, any other non-executive Director, and may do so with or without management present.
- 5.7 The Company Secretary will:
 - (a) in conjunction with the Committee Chair and the CFO, settle agendas for and arrange meetings of the Committee so as to ensure coverage of all the Committee's business particularly the business covered by the Committee's 12 month rolling agenda;
 - (b) distribute agendas and supporting papers to members of the Committee in advance of the relevant meeting (preferably at least 5 business days); and
 - (c) attend all Committee meetings to take minutes and have these approved by the Committee Chair as soon as practicable after each meeting.

6. Reporting

- 6.1 The Committee Chair will regularly update the Board on the proceedings of each meeting of the Committee and refer matters of concern and make appropriate recommendations to the Board.

- 6.2 The Committee Chair will report to the Board on such other matters as the Board may refer to the Committee from time to time.
- 6.3 Minutes of Meetings of the Committee are provided to the Committee Chair within 5 business days of the meeting, approved by the Committee within one month and are tabled at the following Committee meeting.

7. Review

- 7.1 The Committee will review this Charter every second year and recommend to the Board the adoption of any amendments to it considered desirable.
- 7.2 The full Board of Directors is responsible for reviewing the performance of the Committee annually; and
- 7.3 The Committee will provide any information the Board may request to facilitate its review of the Committee's performance and its members.