

HRL Holdings Limited

Section 1 Audit and Risk Management Committee Charter

1.1 Committee members

- (a) The Board has established an Audit and Risk Management Committee comprising the current Directors :

- (1) James Todd - Chairman (Independent Non-Executive Director);
- (2) John Taylor (Independent Non-Executive Director; and
- (3) Kevin Maloney (Non Independent Non-Executive Chairman).

The Audit and Risk Management Committee will oversee:

- (1) the corporate reporting process; and
- (2) the Company's risk management framework.

In overseeing these matters, the Audit and Risk Management Committee will be guided by the Charter set out below. The Company will also provide details in its Corporate Governance Statement, Annual Report or on its website of the processes it employs to:

- (3) independently verify and safeguard the integrity of its corporate reporting (including but not limited to the appointment and removal of the external auditor and the rotation of the audit engagement partner);
 - (4) evaluate and continually improve the effectiveness of its risk management and internal control processes, noting that it does not currently have an internal audit function; and
 - (5) oversee the entity's risk management framework, noting that the Company does not currently have a Risk Management Committee.
- (b) The Audit and Risk Management Committee (in this Section, **Committee**) will ideally consist of the following:
- (1) a minimum of three members;
 - (2) only non-executive Directors (if the Company has three or more non-executive Directors, otherwise the Board may appoint executive Directors to the Committee);
 - (3) a majority of Independent Directors; and
 - (4) an Independent Director as the chairperson who is not the Chairperson of the Board.
- (c) Each member of the Audit and Risk Management Committee is to be financially literate and at least one member of the Committee is to have accounting or related financial management experience. The members of the Audit and Risk Committee should, between them, have the accounting and financial expertise, technical knowledge and a sufficient understanding of the industry in which the Company operates, to discharge the Charter.
- (d) The Company Secretary, Chief Financial Officer, any accounting personnel for the Company and any representatives of the auditors may be invited to form part of the Committee or to attend meetings of the Committee from time to time.

1.2 Purpose

- (a) The Audit and Risk Management Committee Charter (in this Section, **Charter**) sets out the role, responsibilities, composition, authority and membership requirements of the Committee.

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- (b) Key features of the Charter will be outlined in the Corporate Governance Statement, Annual Report or on the Company's website. The Charter is available to shareholders of the Company on the Company's website.

1.3 Definition and objectives of Committee

- (a) The Committee is a committee of the Board.
- (b) The Committee's primary function is to assist the Board in discharging its responsibility to exercise due care, diligence and skill in relation to the Company by:
 - (1) **Audit related**
 - (A) reviewing and making recommendations to the Board in relation to whether the Company's financial statements reflect the understanding of the members of the Committee, and otherwise provide a true and fair view of the financial position and performance of the Company;
 - (B) reviewing and making recommendations to the Board in relation to the appropriateness of the accounting judgments or choices exercised by Management in preparing the Company's financial statements;
 - (C) ensuring that the quality of financial controls is appropriate for the business of the Company;
 - (D) reviewing the scope, results and adequacy of external and internal audits;
 - (E) requiring the external auditors to report to the Committee;
 - (F) monitoring corporate conduct and business ethics and ongoing compliance with laws and regulations;
 - (G) maintaining open lines of communication between the Board, Management and the external auditors, thus enabling information and points of view to be freely exchanged;
 - (H) reviewing matters of significance affecting the financial welfare of the Company;
 - (I) ensuring that systems of accounting and reporting of financial information to shareholders, regulators and the general public are adequate and making recommendations in this regard;
 - (J) reviewing the Company's internal financial control system;
 - (K) considering and making recommendations regarding the appointment and removal of the external auditor and approving the remuneration and terms of engagement of the external auditor;
 - (L) monitoring and reviewing the external auditor's independence, objectivity and effectiveness, taking into consideration relevant professional and regulatory requirements and the performance of the external auditor;
 - (M) developing and implementing policy on the engagement of the external auditor to supply non-audit services, taking into account relevant ethical guidance regarding the provisions of non-audit services by the external audit firm and making recommendations on any proposal by the external auditor to provide non-audit services; and
 - (N) where the Company has an internal audit function, reviewing and making recommendations regarding:

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- (i) the appointment or removal of the head of internal audit;
- (ii) the scope and adequacy of the internal audit work plan; and
- (iii) the objectivity and performance of the internal audit function.

(2) Risk related

- (A) reviewing and making recommendations to the Board in relation to the adequacy of the Company's processes for managing risks, including:
 - (i) in relation to any incident involving fraud or other break down of the Company's internal controls; and
 - (ii) in relation to the Company's insurance program, having regard to the Company's business and the insurable risks associated with the business;
 - (B) ensuring the development of an appropriate risk management policy framework that will provide guidance to Management in implementing appropriate risk management practices throughout the Company's operations, practices and systems and overseeing this framework;
 - (C) defining and periodically reviewing risk management as it applies to the Company and clearly identifying all stakeholders;
 - (D) ensuring the Committee clearly communicates the Company's risk management philosophy, policies and strategies to Directors, Management, employees, contractors and appropriate stakeholders;
 - (E) ensuring that the Board and Management establish a risk aware culture which reflects the Company's risk policies and philosophies;
 - (F) reviewing methods of identifying broad areas of risk and setting parameters or guidelines for business risk reviews;
 - (G) making informed decisions regarding business risk management, internal control systems, business policies and practices and disclosures; and
 - (H) considering capital raising, treasury and market trading activities with particular emphasis on risk treatment strategies, products and levels of authorities.
- (c) Membership of the Committee will be disclosed in the Corporate Governance Statement, the Annual Report or the Company's website, together with details of the relevant experience and qualifications of members of the Committee.

1.4 Reporting

- (a) Proceedings of all meetings are minuted and signed by the chairperson of the Committee (in this Section, **Committee Chairperson**).
- (b) The Committee, through the Committee Chairperson, is to report to the Board at the earliest possible Board meeting after each Committee meeting regarding the determinations and conclusions of the Committee at its meetings. Minutes of all Committee meetings (and circular resolutions of the Committee) are to be circulated to the Board. The report will include but is not limited to:
 - (1) the minutes of the Committee and any formal resolutions;

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- (2) information about the audit process including the results of internal and external audits;
 - (3) an assessment of:
 - (A) whether external reporting is consistent with Committee members' information and knowledge and is adequate for shareholder needs; and
 - (B) the management processes supporting external reporting;
 - (4) procedures for the selection and appointment of the external auditor and for the rotation of external audit partners;
 - (5) recommendations for the appointment or removal of an auditor;
 - (6) any determination by the Committee relating to the performance and independence of the external auditor and whether the Committee is satisfied that independence of this function has been maintained having regard to the provision of non-audit services;
 - (7) assessment of the performance and objectivity of the internal audit function;
 - (8) results of its review of risk management and internal compliance and control systems;
 - (9) information about its assessment of any material exposure of the Company to economic, environmental and social sustainability risks (if any) and how it proposes that these risks may be managed;
 - (10) any matters that in the opinion of the Committee should be brought to the attention of the Board and any recommendations requiring Board approval or action; and
 - (11) at least annually, a review of the Company's risk management policy framework and of the formal written Charter and their continuing adequacy, and an evaluation of the extent to which the Committee has met the requirements of the Charter.
- (c) In addition, the Committee Chairperson must submit an annual report to the Board (at the Board meeting at which the year end financial statements are approved) summarising the Committee's activities during the year including:
- (1) a summary of the Committee's main authority, responsibilities and duties;
 - (2) biographical details of the Committee's members, including expertise, appointment, dates and terms of appointment;
 - (3) member and related party dealings with the Company;
 - (4) details of meetings, including the number of meetings held during the relevant period and the number of meetings attended by each member;
 - (5) explanation of any departures from recommendations 4.1, 7.1, 7.2, 7.3 and 7.4 of the Corporate Governance Principles and Recommendations;
 - (6) details of any change to the independent status of each member during the relevant period, if applicable; and
 - (7) details of any determination by the Committee regarding the external auditor's independence.

1.5 Risk management policies

The Committee will ensure that the necessary controls are in place for an appropriate risk management framework to be maintained by:

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- (a) devising a means of analysing the effectiveness of risk management and internal compliance and control systems and of the effectiveness of their implementation; and
- (b) reviewing the Company's risk management framework at least annually to satisfy the Committee that it continues to be sound.

1.6 Attendance at meetings

- (a) Other Directors (executive and non-executive) have a right of attendance at meetings. However, no Director is entitled to attend that part of a meeting at which an act or omission of that Director or a contract, arrangement or undertaking involving or potentially involving that Director or a related party of that Director is being investigated or discussed.
- (b) Notwithstanding subclause 3.6(a), if in the opinion of the Committee, their investigation or discussion will be assisted by hearing from the interested Director, the Committee may invite that Director to address the Committee. The Committee will give fair consideration to that address. The Director will not, however, be invited to take part in the deliberations following that address.

1.7 Access

- (a) The Committee will have unlimited access to the external and internal auditors, and to senior management of the Company and any group member. The Committee will also have the ability and authority to seek any information it requires to carry out its duties from any officer or employee of the Company and such officers or employees will be instructed by the Board to co-operate fully in provision of such information. The Committee will also have the ability to interview Management and internal and external auditors (with or without Management present).
- (b) The Committee also has the authority to consult independent experts where they consider it necessary to carry out their duties. Any costs incurred as a result of the Committee consulting an independent expert will be borne by the Company.