

BOARD AUDIT & RISK MANAGEMENT COMMITTEE CHARTER

The purpose of this Charter is to set out the role, composition, responsibilities and operating procedures of the Audit and Risk Management Committee (the Committee) of Dairy Australia Limited (DA). The Committee is to provide assistance to the Board of Directors of DA (the Board) in fulfilling its responsibilities in relation to:

- a) The preparation and integrity of financial reporting, to ensure the balance, transparency and integrity of financial information.
- b) Appointment of the auditors, investment and other advisers, including the assessment of their qualifications, independence, engagement, fees and performance.
- c) Ensuring the effectiveness of the internal control system and risk management framework.
- d) Ensuring the effectiveness of the compliance management framework.
- e) Management of investments by reviewing the investment strategy and performance.

The existence of the Committee does not diminish the Board's responsibility to ensure the integrity of risk management and financial reporting.

2. Authority

The Board has authorised the Committee, within the scope of its duties and responsibilities set out in this Charter to:

- a) Perform the activities required to address its responsibilities and make recommendations to the Board.
- b) Resolve any disagreements between Management and auditors, with areas of significant disagreement being advised to the Board.
- c) Ensure appropriate procedures are in place to monitor the effectiveness of whistleblower, anti-bribery and corruption practices.
- d) Recommend to the Board the appointment or removal of the internal auditor, external auditor, investment advisers and other professional advisers that the Committee may require to carry out its duties. On an annual basis, review and agree the terms of engagement, fees, objectivity, independence and the performance of the approved professional advisers.
- e) The Chair of the Committee may require the attendance of any company manager or staff member at meetings, as appropriate. The Chair of the Committee has unrestricted access to Management, employees and information it considers relevant to its responsibilities under this Charter, but will, except in extenuating circumstances, make enquiries via the General Manager BOP or Managing Director at first instance.
- f) Approve policies within the Committee's authority and endorse other policies for Board approval in line with the Policy Governance Policy.

3. Membership of the Committee

Membership of the Committee is to be reviewed by the Board at least annually with the aim of maintaining some continuity. Committee membership must comprise:

- at least three non-executive directors of the Board.
- at least half of the members being independent non-executive directors (as per ASX Corporate Governance Principles definition).
- at least one member with significant accounting or financial expertise.
- at least one member with a strong understanding of the dairy industry.

The Board Chair will be an ex officio member of the Committee.

The Company Secretary will be Secretary of the Committee unless otherwise determined by the Committee.

4. Education and Collaboration

To perform their role effectively, the Committee members will:

- develop and maintain their skills and knowledge, including an understanding of the Committee's responsibilities and of the company's business, operations and risks. This will be supported by appropriate induction, continuing education and supporting materials provided by Dairy Australia.
- maintain effective and open working relationships with Board directors, management, auditors, investment managers and other advisers.

5. Chair

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, who should not be the Chair of the Board.

6. Role and Responsibilities

In assisting the Board fulfil its responsibilities, the duties of the Committee are:

6.1 Financial reporting and accounting policies

- a) Review and make recommendations to the Board in relation to whether the financial statements represent a true and fair view and whether they should be signed by the Board. This should be based on the Committee's assessment with consideration to appropriate factors.
- b) In order to satisfy itself of the foregoing the Committee shall:
 - i) Meet with management and the external auditor to review financial statements, accounting policies and the results of the audit prior to approval by the Board.
 - ii) Discuss significant adjustments, unadjusted differences, disagreements with management and critical accounting policies with the external auditor.
 - iii) Review other sections of the annual report, as necessary, prior to its release.

- iv) Review, at least annually, the written attestations provided by the Managing Director and GM BOP.

6.2 Professional Advisers

- a) In accordance with ASAE 3100, recommend to the Board the appointment or removal of the internal auditor, external auditor, investment advisers and other professional advisers that the Committee may require to carry out its duties.
- b) On an annual basis, review and agree the terms of engagement, fees, objectivity, independence and the performance of the approved advisers.

6.3 Internal and External Audit (Auditors)

- a) Review and approve the proposed audit approach and plans from internal and external audit.
- b) Discuss with the auditors any problems encountered during the course of the audit including restrictions in scope, access to information, differing views on accounting treatment.
- c) Resolve any disagreements between Management and auditors and advise any significant issues to the Board.
- d) Meet separately with the auditors without management present at least annually to discuss any matters the auditor or the Committee believe should be discussed privately. Ensure that the auditors have full access to meet with or otherwise liaise with the Chair of the Committee.
- e) Review reports of the auditor and assess the findings and recommendations contained in those reports. Monitor progress of management's actions to address the findings and recommendations from the auditors to ensure these are being appropriately addressed.

6.4 Risk management and internal control

- a) Evaluate the effectiveness of the risk management framework at least annually including:
 - whether management is operating within the risk appetite set by the Board
 - whether management is demonstrating appropriate commitment through communication, resourcing and fulfilling their risk responsibilities.
 - management's identification, analysis and evaluation of both financial and non-financial business risks. This includes new and emerging risks.
 - the treatment and monitoring plans to effectively manage risk.
 - effectiveness of the reporting and review processes including notification of incidents, near misses, root cause analysis and escalation of incidents of DA operating outside the risk appetite.
- b) Review the effectiveness of policies, procedures and internal controls including the management of fraud, intellectual property, financial reporting, information technology and information security.
- c) Review the insurance program to ensure that it is consistent with the risk profile, as approved by the Board.

- d) Meet separately with the manager(s) having responsibility for Risk without other management personnel being present.

6.5 Compliance

Review the effectiveness of the compliance framework to ensure compliance with laws, regulations, industry codes, company policies, key contractual conditions, code of conduct and values is achieved. This includes:

- a) Oversight of the processes to comply with compliance obligations including the Statutory Funding Contract (SFC) and Constitution.
- b) Updates from management, the Legal Manager and the Company Secretary regarding compliance matters which may have a material impact on DA's reputation or the financial reports.
- c) Review the results of management's investigation and action in relation to identified acts of non-compliance and near misses.
- d) Review the findings and recommendations of any examinations of DA (and others RDCs as applicable) by key regulatory agencies.
- e) Meet separately with the manager(s) having responsibility for Compliance without other management personnel being present.
- f) Completion of relevant compliance training by staff and directors.

6.6 Investments and Reserves

- a) Review and recommend to the Board:
 - i) the investment policy and reserves policy;
 - ii) any changes to the investment strategy and investment portfolio after appropriate consideration and advice from DA management and investment advisors.
- b) Report to the Board on the financial performance of investments on a regular basis.

7. Other Responsibilities

- a) Ensure there is a process for the Board and Committee Chair to be immediately notified of any material issues.
- b) Ensure the SFC performance principle for governance arrangements and practices to fulfil legislative requirements and align with contemporary Australian best practice for open, transparent and proper use and management of funds is met. This includes review of DA's corporate governance statement and any other disclosures made about corporate governance in DA's annual report.
- c) Ensure that DA has an effective approach for managing Whistleblower and Anti-Bribery and Corruption matters including appropriate policies and procedures, reporting of matters and near misses, oversight and action on matters raised including escalation to the Board and relevant authorities as appropriate.
- d) Review for potential conflict of interest situations and pre-approve related party transactions on an ongoing basis.

- e) Review policies in line with the policy governance framework including those that can be approved by the Committee or endorsed to the Board as appropriate e.g. Delegated Authorities.
- f) Assess the independence of Dairy Australia directors on an annual basis for approval by the Board.
- g) Address any other matters referred to the Committee by the Board.

8. Meetings

- a) The Committee Chair, with the GM BOP or their designate, shall prepare a work program each year, to ensure the responsibilities laid out in this Charter are met. The work program will be approved at the first meeting of the year.
- b) The Committee shall meet on at least a quarterly basis.
- c) The agenda and papers for each meeting is to be forwarded to each Committee member at least five working days before each meeting.
- d) Meetings are called by the Secretary as directed by the Committee Chair, Board Chair, external auditor or any Committee member.
- e) The Committee Chair may invite any person/s to attend meetings of the Committee, for all or part of the meeting. This would generally include the Managing Director, Financial Controller and GM, BOP. Any other Board member may attend meetings of the Committee as a right.
- f) A quorum shall comprise two of the Committee members present.
- g) The Committee Chair does not have a casting vote.
- h) Meetings can be held electronically (e.g. web or phone conference), in person or as otherwise agreed by the Committee.

9. Minutes and Reporting to the Board

- a) The Company Secretary, or delegate, must prepare the minutes of the Committee meeting within 48 hours and circulate to the Committee Chair for preliminary approval. The draft minutes are circulated to all Committee members, other Directors in attendance and Management with an interest in the meeting for feedback within seven working days. Once all stakeholders have been given an opportunity for feedback, a copy of the minutes will be confirmed by the Committee Chair, circulated and included in the papers for the next Committee and Board meeting.
- b) The Chair of the Committee shall report to the Board following each meeting of the Committee and ensure that any recommendation requiring a formal resolution go to the Board with appropriate explanatory material for consideration.

10. Written Resolutions

If all the Committee members sign a document containing a statement that they are in favour of the resolution set out in the document or otherwise indicate their approval by electronic means, a Committee resolution is passed at the time when the last Committee member signs in accordance with Rule 20.2 of the Constitution.

11. Committee Performance Review

- a) The Chair of the Committee, in consultation with the Board Chair, will conduct a review of the performance of the Committee annually. The evaluation will take account of its performance in relation to this Charter and serve to ensure that it is operating in line with accepted practice for Audit & Risk Management committees.
- b) The performance of the Committee will be externally evaluated as part of the Board performance review required to be carried out every three years.

12. Review of this Charter

The Committee will review this Charter at least annually. Any material changes to the Charter will be recommended to the Board for formal approval.

13. Publication

This Charter will be published on the website and any amendments will be updated. A copy will be made available to members if requested.