

## QUEENSLAND SUGAR LIMITED

# AUDIT AND RISK COMMITTEE CHARTER

### 1. PURPOSE AND AUTHORITY

1.1 The Board of Queensland Sugar Limited (QSL) has established an Audit and Risk Committee (the Committee). The purpose of the Committee is to assist the Board discharge its responsibilities via:

- a. oversight of the enterprise risk management, control and compliance framework established by the Board and QSL management (excluding trading risk which is overseen by the Trading Risk Committee)
- b. review of QSL's risk management, insurance, finance and external and internal audit.

1.2 The Committee has authority from the Board to review and investigate any matter within the scope of this Charter and make recommendation to the Board in relation to any action.

1.3 Except where indicated to the contrary in this Charter, the Committee has no delegated authority from the Board to approve any action arising from its reviews and investigations and the Board retains authority over such matters.

1.4 This Committee and the functions it performs do not diminish the ultimate responsibility of the Board in the subject matter of this Charter.

### 2. COMMITTEE COMPOSITION

#### 2.1. Membership

- a. The Committee must have at least two members.
- b. The Chairman of QSL can be a member of the Committee and also the Chairman of the Committee.
- c. As per the QSL Constitution, persons who are not Directors of QSL can be members of the Committee, as the Committee thinks fit and determines.

#### 2.2. Appointment and term

- a. The members of the Committee will be determined by the Board. The QSL Board will appoint the Committee Chair.
- b. There is no prescribed term of membership of the Committee, but consideration will be given in January each year in relation to Committee makeup. Members will then be appointed or removed by resolution of the Board.
- c. Membership ceases when a Committee member (if a Director) ceases to be a Director of the Company or when otherwise removed by resolution of the Board.

### 3. COMMITTEE MEETINGS

- a. The Committee will meet as frequently as considered necessary by the Committee Chair for it to discharge its role effectively. To meet the responsibilities set out below, it is anticipated that the Committee would meet at least quarterly.
- b. The Committee Chair must convene a meeting if requested to do so by any Committee member, the Managing Director and Chief Executive Officer (CEO), QSL's Chief Finance Officer (CFO) or the Company Secretary.

- c. The Committee Chairman will decide on the timing of meetings of the Committee in consultation with other members and with management.
- d. Members of the Board who are not Committee members may attend Committee meetings, subject however to item 6.6.
- e. QSL's CEO and the CFO will usually be invited to attend Committee meetings. The Committee may, however, meet without management present as the Committee through the Chair considers it appropriate.
- f. The audit partner or partners of QSL's internal audit and/or statutory auditor will be invited to attend Committee meetings when appropriate.
- g. Meetings may be held in person, or by telephone, video or internet conferencing.
- h. The Committee Chair, assisted by the Risk and Compliance Manager, is responsible for creating and circulating the agenda for meetings, and keeping the minutes of meetings and circulating them to Committee members and to other Board members, subject however to the disclosure of such information and documents to the Board not giving rise to any conflicts of interest issues and/or competition law risks for QSL (refer to item 6.6) and also subject to the QSL Board Governance Protocol.
- i. A quorum for a meeting consists of two members of the Committee or such other number as determined by the Committee to be the quorum for meetings of the Committee.
- j. A motion will be passed by a simple majority of votes cast in favour by Committee members present and eligible to vote. In the event of an equal number of votes being cast for and against a motion, the motion will be referred to the Board for resolution. The Committee Chair does not have a casting vote.

#### **4. COMMITTEE REPORTING**

- a. The minutes of all Committee meetings will be circulated to Board members by the Risk and Compliance Manager, subject however to the disclosure of such information and documents to the Board not giving rise to any conflicts of interest issues and/or competition law risks for QSL (refer to item 6.6) and also subject to the QSL Board Governance Protocol.
- b. The Committee Chairman will report the findings, recommendations and decisions to the next Board meeting after each Committee meeting, subject however to the disclosure of such information and documents to the Board not giving rise to any conflicts of interest issues and/or competition law risks for QSL (refer to item 6.6) and also subject to the QSL Board Governance Protocol.

#### **5. ACCESS TO RESOURCES**

- a. The Committee is entitled to access to unlimited internal resources, and with the approval of the QSL Chairman, has the ability to consult and engage external expert advice at QSL's cost as considered appropriate.
- b. The Committee will table any externally sourced advice at the first Board meeting after receipt of the advice, subject however to the disclosure of such information and documents to the Board not giving rise to any conflicts of interest issues and/or competition law risks for QSL (refer to item 6.6) and also subject to the QSL Board Governance Protocol.

## **6. COMMITTEE RESPONSIBILITIES**

### **6.1. Risk management**

The Committee will review and, where appropriate and subject to item 6.6, make recommendations to the Board on the following matters:

- a. formulation of the Board's risk appetite with reference to QSL's strategic objectives.
- b. at least annually, QSL's enterprise risk management framework and strategic risk management plan.
- c. reports from QSL management concerning the implementation of QSL's enterprise risk management framework and risk management plan in order to oversee their effectiveness and recommend variations if deemed appropriate.
- d. reports from QSL management concerning enterprise and operational risk in order to oversee the related treatment plans and assess their effectiveness.
- e. risk management associated with individual high-risk projects and major change initiatives.
- f. reports from QSL management concerning changes anticipated in the economic, business and regulatory environment, the implications of new and emerging risks, legislative or regulatory initiatives and the factors considered relevant to future strategy and achievement of business objectives.
- g. reports from QSL management concerning significant risk exposures and risk events, in order to monitor the associated treatment plans and, if thought fit, endorse any residual risk.
- h. reports from QSL management concerning QSL's insurance strategy, including the coverage and limits of the insurance policies, and, if thought fit, endorse policies or formulate amendments for Board consideration.
- i. the continuing appropriateness of QSL's risk management policies. Where necessary, the Committee will recommend to the Board amendments to such policies, which cover matters including, but not limited to:
  - enterprise risk management
  - liquidity risk management
  - credit risk - financial institutions
  - credit risk - suppliers
  - financial delegations and authorities
  - environmental management and compliance
  - competition law compliance
- j. Trading risk is overseen by the Trading Risk Committee.

### **6.2. Compliance**

The Committee will review and where appropriate and subject to clause 6.6, make recommendations to the Board on the following compliance matters:

- a. reports from QSL management concerning QSL's compliance principles and policies, strategies, processes and controls.
- b. reports from QSL management concerning the compliance implications of new and emerging risks, legislative or regulatory initiatives and changes, organisational change and major initiatives.

- c. QSL's compliance with applicable external obligations and significant internal policies.
- d. any correspondence from regulators and others regarding QSL's financial reporting and related matters and management's response to them.
- e. compliance with ASIC statutory reporting requirements and QSL's constitution.

### **6.3. Internal audit**

With respect to internal audit, the Committee will, where appropriate and subject to clause 6.6:

- a. recommend to the Board the appointment (and, where appropriate, replacement) of the internal auditors.
- b. approve the annual internal audit plan to ensure it covers all material risks.
- c. review summaries of internal audit reports, QSL management's response and internal audit's recommendations and monitor the rectification of issues in an appropriate and timely manner.
- d. review assessments of the effectiveness of internal controls and procedures.
- e. assess the effectiveness and independence of internal audit.

### **6.4. External audit**

With respect to external audit, the Committee will, where appropriate and subject to clause 6.6:

- a. recommend to the Board the appointment (and where appropriate, replacement) of the external auditors.
- b. review and recommend to the Board the external audit plan and fee.
- c. review reports prepared by the external auditors and QSL management's response.
- d. evaluate the overall effectiveness of the external audit.
- e. periodically evaluating the independence of the external auditors by considering the relationships and services provided by the external auditors and others that may lead to actual or perceived lack of independence.
- f. recommend to the Board the categories of non-audit services that may be undertaken by the external auditors.

### **6.5. Financial management reporting**

With respect to financial reporting, the Committee will undertake detailed reviews and, where appropriate and subject to clause 6.6, make recommendations to the Board on:

- a. reports from management and the internal and external auditors on any significant proposed regulatory, accounting or reporting changes, to assess their impact upon the QSL's financial reporting process.
- b. the QSL's draft annual financial statements, and notes to the financial statements.
- c. the draft of the annual Directors' report.
- d. certifications provided by the CEO and senior management on annual reports and the processes used to reach the opinion provided.
- e. the adequacy and effectiveness of the QSL's management information, accounting control systems and accounting policies.

## 6.6 Management of Conflicts of Interests and Competition Law Risks

- a) Clause 6.6 sets out overriding principles in relation to the operation of the Committee.
- b) Where the appointment of industry directors on the QSL Board and/or where the activities by QSL in operating the BSTs gives rise to conflict of interest issues and/or competition law risks for QSL, the Committee has the delegated authority from the Board to approve and make decisions binding the Board in relation to any actions arising from its reviews and investigations relevant to the Committee's responsibilities, in order to manage these governance and legal issues.
- c) In the event that a member of the Committee has a potential or actual conflict of interest in relation to an item of business that is to be considered by the Committee, then that Committee member must not be present at the Committee meeting while the matter is being considered and cannot vote on that matter.
- d) In the event that the Committee will be reviewing or considering information or documents which are of a confidential or commercially sensitive nature which, if provided or made available to a Committee member, will give rise to competition law risks, then that Committee member will not be provided with that information or documents and in addition, that Committee member must not be present at the Committee meeting while the information is being reviewed or considered and cannot vote on matters that relate to such information or documents.

## 7. REVIEW

- a. This Charter will be reviewed by the Committee, and if necessary, updated annually and any changes will be recommended to the Board for the Board's approval.
- b. The Committee will review its performance annually and report to the Board.

**Approved by the Board on:**                      **October 2016**  
**Review date:**                                      October 2016  
**Next review date:**                                September 2017