







**Ruralco Holdings Limited  
Audit, Risk & Corporate Governance  
Committee Charter**

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## **1. Introduction and Overview**

This charter sets out the Committee's objectives, authority, responsibilities, composition and tenure, reporting and administrative arrangements.

## **2. Objective**

The objective of the Committee is to provide independent assurance and advice to the Board on Ruralco Holdings Limited's (Ruralco) risk, control and compliance framework, and its financial statement responsibilities.

## **3. Authority**

The Board authorises the Committee, within its responsibilities, to:

- obtain any information it requires from any employee or external party (subject to any legal obligation to protect information);
- discuss any matters with the external auditor, or other external parties (subject to confidentiality considerations);
- request the attendance of a Director or any employee, including the Chief Executive, at Committee meetings; and
- obtain legal or other professional advice, as considered necessary to meet its responsibilities, at Ruralco's expense.

## **4. Composition**

The Audit Committee comprises at least three Non- Executive directors, the majority of which must be independent. Committee members between them should have accounting and financial expertise and a sufficient understanding of the industry in which Ruralco operates to be able to discharge their duties.

The Board will appoint an independent non-executive director as the Chair of the Committee; who must have leadership experience and a strong finance, accounting or business background.

The Committee acts as a forum for communication between the Board, senior management and internal and external audit. Management and external auditors may attend meetings by invitation of the committee Chair, and they may participate in discussions, but they do not vote.

The Chair of the Ruralco Board has a standing invitation to attend Committee meetings and Directors who are not Committee members may also attend Committee meetings.

## **5. Responsibilities**

### **5.1 Risk management**

- review the adequacy of Ruralco's risk management framework for effective identification and management of Ruralco's business and financial risks, including fraud, consistent with Ruralco's risk appetite;
- review the effectiveness of the system for monitoring Ruralco's compliance with applicable laws and regulations;
- determine whether a sound and effective approach has been followed in establishing, refreshing and testing Ruralco's business continuity planning arrangements; and

- ensure that a framework is in place for reporting on changes in Ruralco's risk profile, adverse events and fraud so that such issues are escalated to the right level.

## **5.2 Internal Control**

- determine whether Ruralco has in place relevant internal control policies and procedures that these are periodically reviewed and updated, and that there are effective processes in place to assess the effectiveness of the policies and procedures;
- assess how well Ruralco has embedded a culture which is committed to ethical and lawful behaviour.

## **5.3 Financial Statements**

- confirm that the financial statements are supported by appropriate accounting judgments or choices exercised by management in preparing the financial statements;
- ensure the financial statements reflect the understanding of the committee members, and otherwise present a true and fair view, of the company's financial position and performance in accordance with relevant accounting standards;
- in conjunction with management and the external auditor: review the financial statements and management representations and provide advice to the Board; (including whether appropriate action has been taken in response to audit recommendations and adjustments to the draft financial statements) and recommend their signing by the Board.

## **5.4 Internal audit**

- review the adequacy of Ruralco's internal audit control framework including the scope and adequacy of the internal audit work plan;
- advise the Board on the adequacy of internal audit resources to carry out its responsibilities, including completion of the approved internal audit plan;
- coordinate, as far as practicable, audit programs conducted by internal audit and other review functions;
- review all audit reports and provide advice to the Board on significant issues identified in audit reports and action to be taken on issues raised, including identification and dissemination of good practice;
- monitor management's implementation of internal audit recommendations;
- periodically review the objectivity and performance of internal audit; and
- review the performance of the head of the internal audit function and/or recommend to the Board the appointment of the internal auditor where outsourced or co-sourced.

## **5.5 External audit**

- review the performance and independence of the external auditor;
- recommend to the Board the appointment and removal of the external auditors and reviewing the terms of engagement.
- review the scope and adequacy of the external audit program, plans and reports including in respect of planned or completed audits;

- monitor management's response and implementation of external audit recommendations; and
- provide advice to the Board on action to be taken on significant issues raised in relevant external audit reports or better practice guides.

## **5.6 Governance arrangement**

- review Ruralco's annual corporate governance statement and make recommendations to the Board.
- periodically review Ruralco's governance arrangements or elements of the arrangements as determined by the Board and suggest improvements, where appropriate, to the Board.
- review Ruralco's annual corporate governance statement and make recommendations to the Board.

## **6. Responsibilities of Committee Members**

Members are expected to:

- act in the interests of Ruralco;
- apply good analytical skills, objectivity and good judgment;
- ask intelligent questions; and
- express opinions constructively and openly.

## **7. Reporting**

The Committee will as often as necessary, and at least once a year, report to the Board on its operation and activities during the year. The report should include:

- a summary of the work the Committee performed;
- a summary of Ruralco's progress in addressing the findings and recommendations made in internal and external audit; and
- an overall assessment of Ruralco's risk, control and compliance framework, including details of any significant emerging risks or legislative changes impacting Ruralco.

At any time an individual Committee member may request a meeting with the Chair of the Board.

## **8. Administrative arrangements**

### **8.1 Meetings**

The Committee will meet at least four times per year.

The Chair must call a meeting if asked to do so by the Chair of the Board, and will decide if a meeting is required if requested by another member.

## **8.2 Planning**

The Committee will develop a forward meeting schedule that includes the dates, location, and proposed agenda items for each meeting for the forthcoming year, that cover all the responsibilities outlined in this charter.

## **8.3 Quorum**

The quorum for meetings of the Committee is two persons or if the majority of the Committee is greater than two persons, then that number of persons.

## **8.4 Secretariat**

The Company Secretary will provide secretariat support to the Committee.  
The Company Secretary will prepare minutes of each Committee meeting, for signature by the Chair.

## **8.5 Conflicts of interest**

At the beginning of each Committee meeting, members are required to declare any potential or actual conflicts of interest that may apply to specific matters on the meeting agenda. Where required by the Chair, the member will be excused from the meeting or from the Committee's consideration of the relevant agenda item(s). Details of potential or actual conflicts of interest declared by members and action taken will be appropriately minuted.

## **8.6 Reviews**

The Committee must conduct an annual review of its performance and effectiveness, inviting comments from all members of the Board.

The Board will review the role of the Committee and this charter from time to time. The Board will take into account the Committee's recommendations on its role and charter.

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This Charter was approved by the Ruralco Holdings Limited Board on 05 September 2016.